

## THE NEW PRODUCTS CREATION AND THE MARKETING OF RESEARCH IN THE DIETARY SUPPLIMENTS MARKET, ACCORDING WITH THE ISO 22 000 (HACCP) REQUESTS

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### Abstract

*The Marketing, under the classical aspect regarding the market research and the promotional activities, plays an essential role in the process of careful market segmentation, of choosing target consumer categories and in determining marketing position. All these elements prepare the launch for the Research and Development Department (R& D) the new product request; and the creation and launch on the market suitable, and hopefully, successful product, too. Without to minimize the role of the documentation, testing and validation processes into the R&D Department (like essential steps for a new product innovation), it is essential a “Marketing of research” co-existent during every stage of the process of creating the product.*

**Keywords:** *research, new product, marketing, HACCP, Hofigal*

### Introduction

**Any company should create new products.** The replacement of products directly aims to maintain or expand future sales volumes. Consumers want new products, while competitors will do their best to offer what consumers want. A company may expand its portfolio via the acquisition or creation of new products. There are three types of acquisition:

- A company may acquire other companies;
- A company may buy certain patents from other companies;
- A company may buy a license/close a franchise contract.

The *creation* of a new product implies two paths:

- The company may make new products in its own laboratories;
- The company may co-operate with independent researchers or specialized companies, with a view to creating, for the company, certain products.

Many companies combine acquisition with the creation of new products.

“**New products**” means products that are: *original, improved, modified, new brands*. Were identified six categories of new products in relation to their newness for the company and for the market:(Booz, Allen, 1999):

1. *Products that are “world firsts”* (new products that create a completely new market);
2. *New product lines* (new products that permit certain companies to break through for the first time into a well organized market);
3. *Additions to existing product lines* (these are new products that expand a company’s existing product lines, e.g.: through enlarging packaging size, new flavors, new design);
4. *Improvements to existing products* (these are new products with improved performance or superior value, that replace existing products);
5. *Repositioning* (existing products destined for new markets/market segments);
6. *Lines with low price* (these are new products with improved performance or superior value, that replace existing products, to a lower price);

Usually, the company *Product Mix* is a combination between six presented new product categories. In reality, just the 10<sup>th</sup> part from the total new products represents a real world new. These products possess the highest prices and risks because are new for the company and for the market, too. In general, the companies focus on the improvement of the existing products, not on creating the new one. (Modesto A., 2006)

Since January 2007, starting with the Romania’s aderation to the European Union, should implemented –like a necessity asked by the market – the requests and exactingness of the **International Organization for Standardization (ISO)** regarding: the Quality Management (ISO 9000), the Environment Quality (ISO 14 000), the Trade Health and Security (OHSAS 18000), HACCP (Hazard Analysis and Critical Control Point) with all it’s 7 main principles:

*1.the Hazard Analysis 2.determinate Critical Control Points 3.establish critical limits for CCPs 4.establish a monitoring system for CCPs 5.establish corrective actions 6.establish verification procedures 7.establish documentation and record keeping*, Food Safety and Security (ISO 22000).

Starting from the first sign of the market needs and the beginning of the R&D process at the new product’s obtain, testing and marketing, all must be to a high quality, safety and security standards, which is equivalent with an Integrate Management System.

## Experimental

The share-held company **Hofigal Export Import** Bucharest, producer of drugs and dietary supplements from plants (CAEN 2442), company comprising an exclusively Romanian private capital and with his own R&D Department (CAEN 7310).

The brand became like acronym from: **H**omeopathy-**F**itoterapy-**G**alenicals.

Creating new products suppose an innovative process with different organizational structure links, like Mix Teams:

- **Committee for new products** (General Manager, Quality Assurance & Integrate Management Director, R&D Manager, Marketing Coordinator, Financial Coordinator),
- **Research and Development Board** (R&D Manager, New Therapies Advise, Project Managers, Clinical Studies Monitor, Product Manager).
- **HACCP Team** (through Prerequisite Programs = P.R.P.) like:
  - **G.A.P.** = Good **Agricultural** Practice
  - **G.H.P.** = Good **Hygienic** Practice
  - **G.C.P.** = Good **Clinical** Practice
  - **G.M.P.** = Good **Manufacturing** Practice
  - **G.L.P.** = Good **Laboratory** Practice
  - **G.T.P.** = Good **Trading** Practice
  - **G.D.P.** = Good **Distribution** Practice
  - **G.P.P.** = Good **Promotional** Practice

## Results and discussions

Because of the strong competition, the companies which can not create new products are into a big issue. Their existing products are vulnerable, the customer's needs and wishes changes, the new technologies and the national and international competition increase.

In the same time creating new products implies some risks, too. It is estimated that around 75% from the total new products failed since their launch on the market (this opinion is based on the "failure" definition of the authors): if the product doesn't generate any profit or the waiting one").(Cooper R.G., Kleinschmidt, 2001) Why many new products are not successful? For the following reasons:

- A decision person from the company's administration may put in practice a favorable idea, even the conclusion of the market research was negative;
- The idea may be a good one, but the market size is overestimated;
- The new product has not a right description;
- The product is incorrectly placed on the market;
- The advertising made for this product is not efficient;
- The new product's price is too high.

Often the new product development cost is higher than the estimated ones or the reaction of the competition is more powerful than expected.

A successful innovation supposes an efficient way to organize all the process. In the same time, the company must apply the most efficient tools and analyses for each stage of the new product's innovating process.

One of the most important decisions of the management must be regarding its necessary budget for the new products. Because the Research & Development Department results are not simple to quantify, it's not so easy to use the normal criterion to evaluate the budget of investment. The efficacy of the creation/innovation process depends from the beginning on the close collaboration between the R&D, Planning, Manufacturing, Supplying, Marketing and Financial Departments.

In our study case the company portfolio, after 16 years of activity (1991–2007) has been developed from 3 to approx. 400 products made in the form of pharmaceutical products, dietary supplements and cosmetics.

The R&D process is sustained from own (internal) financing sources and/or external finance/co-financing sources, into different national (PN type) or international (type FP 7) research programs.

Examples of programs: CERES (physis), VIASAN (health), RELANSIN (pharmaceutical chemical products technology), BIOTECH (agriculture, biotechnology), CALIST, AGRAL, INFAR, PROBIOL, etc

For part of its innovative products the company has: Patents of invention (4), requests for Patents of inventions (11). The Brand Portfolio for different groups of products and services contain: Registered Trademarks (9), requests for trademark (11), portfolio for industrial design and models (44), around 80 gold and silver medals to the internal Innovation Exhibition (Cluj, Arad, Bucuresti) and external Innovation Exhibition (Geneve, Bruxelles). Because was certificate again for ISO 9001:2000 since 2006 (TÜV Tübingen Germany) and has implemented HACCP system, in

November 2007 the company will be hearing for ISO 22000 certificate, like part of the Integrate Management System.

**ISO 9001:2000 + HACCP = ISO 22000**

### **Conclusions**

- 1) The organizations realize more and more the necessity and the advantages of creating regularly new products and services. The existing products - that reach maturity - have to be replaced by the new ones.
- 2) On the other hand the new products can fail. The risks of innovation are as big as the chances of success. The key to success for the new product is to create a better organizing structure, in order to present the ideas of new products, to create research procedures and to take suitable decisions in each stage of the creative process.
- 3) In terms of food safety and security (focus on the producer of dietary supplements from the study case) the ISO 22000 certification suppose the HACCP system implementation (including its all 7 main principles).
- 4) The new product necessity must be analyze and launch through the *casual Marketing*; following this, a *multifunctional team* must assist all R&D process, looking to each process stage for a *Marketing of Research*.

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