

# New Product Innovation May Call for New Supply Chain Innovation

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Innovation is now standard. Wired Magazine said businesses have to constantly reevaluate their business practices and product offerings. If a company is slow to diversify merchandise and provide service based around advancing technology, it will lose customers to businesses that demonstrate greater flexibility.

Many manufacturers attempt to capitalize on modern trends by introducing new merchandise that captures an audience's attention. The price of innovation can be

high, though, and supply chain logistics must account for products rapidly introduced into procedures.

### **Innovative products and campaigns**

A recent example of a business introducing new products based on consumer desires is the Frito-Lay Brand "Do us a Flavor" competition. The company invited customers to suggest possible new flavors for its Lay's potato chip products. Audiences flooded social media and other channels with ideas and the business put the top picks on store shelves.

Millions of consumers participated in the Lay's potato chip promotion. AdWeek reported the Do us a Flavor campaign has proven more successful than the company hoped for. The idea began in 2012 in the U.S. It is now an annual event that incorporates numerous countries around the world. The company increased its profits and online presence.

Many companies offer audiences a chance to directly influence which products get manufactured and how. Canadian Business offered examples of a food retailer that asked consumers to choose between multiple product options for distribution and a gum company that had customers design packaging. Promotions like these provide a chance for consumers to form a relationship with a business. Audiences have a platform to speak their minds and companies demonstrate they listen by creating merchandise directly influenced by consumer ideas.

### **The Obstacles**

Rapidly introducing new products and packaging based on user input is no easy task and some companies just aren't up to the challenge. The Wall Street Journal said numerous corporations lose time and resources to innovation plans they simply aren't ready for.

The cost of new products isn't always worth the risk. The Journal reported the number of new products introduced between 2010 and 2015 expanded by 32 percent, but sales in that time only increased 4 percent. Companies usually have to discontinue new items shortly after launching them.

The Harvard Business Review detailed reasons why companies fail to receive ROI on new products and services. Marketing for innovative products may make

claims the merchandise cannot meet, businesses may introduce goods in the wrong market or the company doesn't have infrastructure to support another item in the supply chain.

When companies introduce a new product, they have to determine how to prioritize distribution compared to normal operations. Innovative items may take precedence to meet certain schedules of advertising hype or the business might rely on consistent performance from standard stock to support new strategies. Employees must integrate the data involved with new products into a central inventory management system and discover where it belongs.

### **Finding Success**

When companies fail to prepare for innovation, they cannot profit from it. A business must make a few considerations before introducing new products.

First, a company should determine whether there is a need for product or process innovation. An RFgen customer case explained how a diaper manufacture, Arquest, had to adjust to a changing market by offering a new service package. The company responded to customer's need for optimal delivery during a time of stiff competition.

Second, a business should evaluate its existing products and services and see where innovation could apply. Arquest felt it had a superior product so it decided to renovate its distribution procedures. Ipsos Marketing said potato chips are perfect for consumer-designed products because they are inexpensive, consumable and appeal to younger audiences who use social media. Organizations must track data coming in from customers, manufacturing, suppliers and warehouse management to determine where there is a need for ideas.

Finally, companies must audit current infrastructure to ensure they can keep up with innovation. Manufacturing plants have to be flexible enough to adjust procedures to make new versions of standard products and supply chains must prepare to track a new type of inventory. Arquest used an automated data solution to upload distribution information in real time.

Mobile data technology is beneficial for companies looking to change up operations. Real-time automated data collection devices provide accurate information for decision makers to weigh opportunities against risks.