Unit 3: Food Product Development

Definition & Types of FPD
Food product development is an integrated system involving expertise in the fields of marketing and manufacture. The food product development process applies knowledge and skills developed through study of a range of areas, including nutrition, food properties and food manufacture.
**Outcomes Assessed**

**H1.3:** Justifies processes of food product development and manufacture in terms of market, technological and environmental considerations

**H4.1:** Develops, prepares and presents food using product development processes.
What do you know about Food Product Development?
What is Food Product Development?

The process of designing and creating a new or improved food product that meets consumer trends/ needs.
Types of & Reasons for Food Product Development
Reasons for and types of food product development

- **drivers of the development of food products:**
  - market concerns such as health, dietary considerations and the environment
  - consumer demands such as convenience foods and cost
  - societal changes including increasing ageing population, single person households and longer working hours
  - technological developments such as processing equipment and packaging materials
  - company profitability such as increasing market share

- **types of food product development:**
  - line extensions
  - me toos
  - new to world
New products are sorted into one of **THREE** categories:

➔ New-to-the-world products
➔ Line Extensions
➔ Me-too products
**DEFINITION:** New-to-the-world products are those which are completely new and different to pre-existing products, and have not been on the market before.

New-to-the-world products are far less common than line extensions and me-too products.

New-to-the-world product ideas are derived from technological advances and new found ingredients.

<table>
<thead>
<tr>
<th>NEW TECHNOLOGIES</th>
<th>NEW INGREDIENTS</th>
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<tbody>
<tr>
<td>● Biotechnology (e.g: GM Foods)</td>
<td>● Soy Derivatives</td>
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<td>● Packaging Developments</td>
<td>● Traditional Indigenous Foods</td>
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<tr>
<td>● Extrusion</td>
<td>● GM Ingredients</td>
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<tr>
<td>● Domestic Appliances (e.g: Microwave Ovens)</td>
<td>● Food Additives (e.g: Olestra)</td>
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1. **New-to-the-world products**

**EXAMPLES:**

- U Energy Drink
- Pringles Chips
- Yakult Drink
- Vegie Delights BBQ Sausages
1. **New-to-the-world products**

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
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<tbody>
<tr>
<td>New-to-the-world products are more likely to be successful, simply on the</td>
<td>New to the world products are difficult to develop as many unique food ideas</td>
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<td>basis of their novelty to consumers.</td>
<td>already exist. This is mainly due to globalisation.</td>
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<tr>
<td>If successful, new-to-the-world products will result in the company</td>
<td>The development and promotional costs of new-to-the-world products are</td>
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<tr>
<td>gaining more profit and remaining competitive on a world scale.</td>
<td>greater</td>
</tr>
<tr>
<td></td>
<td>Manufacturers may need to obtain new processing equipment, provide up-dated</td>
</tr>
<tr>
<td></td>
<td>staff training and any new ingredients must be sourced.</td>
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<tr>
<td></td>
<td>Marketing of new-to-the-world products must be strong in order to convince</td>
</tr>
<tr>
<td></td>
<td>the target market.</td>
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**DEFINITION:** Line Extensions are food products which are changed in some way. For example; new flavour, package size, package features, colour, health and diet-related variations.

It is not uncommon for a manufacturer to use a number of line extension strategies for the same basic product.

**WHY LINE EXTENSIONS?**

- The market share of existing products is declining.
- In recognition of new consumer demands.
- The identification of a new market segment.
- The emergence of new processing technology.
- The availability of new ingredients.
- New value-adding strategies.
2. **Line Extensions**

**EXAMPLES:**

[Image of Vegemite jar]

[Image of Vegemite Cheesybite jar]

[Image of Vegemite Cheesybite snack pack]
Product Life Cycle

The product life cycle traces the growth, stationary and decline phases of a product’s sales generation life on the retail market.

Once a food product is no longer profitable for a manufacturer, it is regarded as ‘dead’ and decisions need to be made as to whether it should be taken off the market or revived by actions such as development of line extensions or strong promotional activity.
## 2. Line Extensions

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Allows a company to meet consumer needs, thus, increasing market share.</td>
<td>Line extensions that do not meet a consumer’s sensory preferences may be rejected.</td>
</tr>
<tr>
<td>Increases shelf space and thus, promotes the company as their brand is the most prominent.</td>
<td>If a colour of a food is very different to consumer expectations, it is likely to be rejected by consumers.</td>
</tr>
<tr>
<td>Easy and inexpensive since processing methods and formulations are similar to those used with the manufacturer’s existing products.</td>
<td>An unsuccessful line extension may possibly tarnish a company’s image.</td>
</tr>
<tr>
<td>Manufacturers already have the appropriate equipment and staff expertise for manufacturing the line extension.</td>
<td></td>
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</table>
3. Me-Too Products

DEFINITION: Me-too products are copies of existing products.

Most food products developed are me-toos, and likewise most failed products are also me toos.

EXAMPLES:

1. The manufacturer of this type of me-too product will seek to compete with the original product head on - same target market, price and quality. This relies heavily on aggressive marketing and advertising.

FOR EXAMPLE: PEPSI COLA IS A ‘ME TOO’ OF COCA COLA.
3. Me-Too Products

EXAMPLES:

2. A manufacturer may try to compete with another company’s product range by developing a cheaper or generic product.
### 3. Me-Too Products

<table>
<thead>
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<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>The development of me-too products is easy and inexpensive since the processing methods are well known and ingredients can be found on the ingredients list of other products.</td>
<td>If a me-too product is competing directly with a well-established product (e.g. Coca Cola and Pepsi Cola) then aggressive marketing and promotional activities are needed. These are expensive and risky.</td>
</tr>
<tr>
<td>Manufacturers already have the appropriate equipment and staff for processing the me-too product. If they don’t, they may either purchase or lease them, or by contracting another company to manufacture the product for them.</td>
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<tr>
<td>Manufacturers may minimise the costs by using less expensive ingredients, lower quality packaging, low-cost promotion and labelling. Thus, reducing the overall cost of a product.</td>
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</table>
1. New food products are developed because:

(A) There is not enough choice in the marketplace

(B) The Australian food supply does not meet market needs

(C) Food companies recognise an opportunity to increase profit

(D) There is too much unemployment
2. Which new food products are most likely to be successful in the marketplace?

(A) Me-too products

(B) Manufactured products

(C) New-to-world products

(D) Line extension products
3. To what does *product life cycle* refer?

(A) The shelf-life of a food product

(B) The sales history of a food product

(C) The biodegradability of a food product

(D) The steps in the development of a food product
4. Which of the following products is the result of a line extension?

(A) Genetically modified corn
(B) Generic branded lemonade
(C) Banana flavoured instant porridge
(D) Rations designed for military purposes
5. What is the main benefit to a company of using a line extension?

(A) Advertising costs are avoided

(B) Staff members are kept focused and happy

(C) The company is able to comply with legislation

(D) The company has the opportunity to increase market share
Name of food product: ........................................................................................................

(a) Circle the type of food product development that best describes your product.

- line extension
- me too
- new to world

Why does the food product you developed fall into this category?
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Question 25 (6 marks)

(a) Outline the difference between me-too products and line extensions. In your answer, provide examples.

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(b) Why would a food manufacturer develop a line extension rather than a new-to-world food product?