

## Critical Assessment Factors for New Products

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If you are either inventing a new product or considering developing a new product to add to your existing product lines, there are a number of critical factors to consider in assessing how practical this is. The following is a listing of several factors you should consider:

### Technical Factors

Function	To what limits will your product function as you have designed or intended it to do?
Production	Can your product be produced at a reasonable and beneficial cost?

### Societal Factors

Legality	Is your product subject to any laws that limit, restrict, control, regulate or ban such things as production, ownership, distribution, or operation of the product?
Safety	Is your product dangerous; even if it is used properly?
Environment	Will your product contribute to degradation of our natural resources?
Quality of Life	Will your product generate a net benefit to society?

### Marketing Factors

Potential	Is your share of the total market adequate for viable business activity?
Price	What degree of price stability can be reasonably anticipated for your product?
Penetration	Is there adequate revenue potential in a reasonable time frame to justify the effort required?
Predictability	Will changes in market demands be evident in time for adequate management decisions?
Dependence	Does your product depend on the sale of other products to be a success? Would demand for your product fade if other products were removed from the market?
Demand Curve	Will the demand for your product last long enough to enable you to make a reasonable profit?
Development Potential	Can your product result in a family of products from which you can profit?
Compatibility	Does your product harmonize with current behaviour patterns and ways of doing things?

Learning	Can customers easily understand the correct use of the product?
Need	Does your product solve a pressing problem or fill an urgent need for the customer?
Visibility	Are the advantages and benefits of your product self-evident when the customer hears about your product?
Promotion Cost	Will the cost of promoting your product be reasonable in relation to production cost?
Distribution	Will your product fit easily into established distribution networks, or will it stand alone?

## **Business Risk Factors**

Appearance	How does the customer judge the appearance of your product versus the alternative?
Function	Does your product work better than the alternatives?
Durability	Will your product last longer than others?
Service	Will your product require less routine service than the competitors?
Price	Do you have a price advantage?
Existing Competition	Is there a serious competitive threat in the market already?
New Competition	Can you anticipate significant, new competitive elements in the near future?
Protection	Does there appear to be a potential to protect your product through patents, trade secrets or other means in a way that is commercially worthwhile?
Stage of Development	How much additional effort and resources are required to bring your product to a marketable or a license ready state?
Research and Development	What magnitude or complexity of applied development will be required to sustain your product in the marketplace?
Marketing Research	What magnitude of effort will be required to define the product, place, price and promotion that the whole marketing channel finds acceptable?
Marketing Investment	Is a much larger investment required to bring the product to market?
Payback Period	Is the time required to recover your investment shorter than the peak demand threshold?
Profitability	Is there real potential to generate adequate profits to make the venture viable?

## **Commercialization**

License	Does your product have more potential and greater returns in the form of royalties or assignment fees?
Existing Business	Can your product be suitably commercialized from within your own existing business?
New Business	Would commercial advantages be served if your products were used to establish a new business?
Part-Time	Could you effectively manufacture and sell your own product on a part-time basis?

For further information regarding starting a business, contact the

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