



Faculty of Technology Management and Technopreneurship



NEW PRODUCT DEVELOPMENT ON SKINCARE AND COSMETICS:

CASE STUDY IN MM COSMETIC SDN BHD

LOW HUI SIN

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

2023

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CASE STUDY IN MM COSMETIC SDN BHD

LOW HUI SIN

**A thesis submitted in fulfilment of the requirements for the degree of Bachelor
of Technopreneurship with Honours**



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2023

DECLARATION

I declare that thesis entitled “New Product Development in Skincare and Cosmetics: Case Study in MM Cosmetic Sdn Bhd” is the result of my research except as cited in the reference. The thesis has not been accepted for any degree and is not concurrently submitted in the candidature of any other degree.



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APPROVAL

I hereby declare that I had read through this thesis and in my opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the award of Bachelor of Technopreneurship with Honours.



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Panel Name: DR. ISMA ADDI BIN JUMBRI

Date: 26 January 2023

DEDICATION

I would like to sincerely express my appreciation towards my supervisor, Associate Professor Ts. Dr. Chew Boon Cheong, who has guided me along this research journey. I would also like to convey my most profound appreciation towards my family members and friends, who have provided me with moral and emotional support throughout this research. Before I finish, I also appreciate all the participants who assisted me in completing my study.



ABSTRACT

New product development is a driving force that impacts the success of a business. New product development has a process that provides a clear roadmap for developing new products. These processes can ensure the company process a structured and well-planned set of procedures and increase the chance of product success. New product development has been a strategy that enables companies to organize product planning. Currently, the skincare and cosmetic industry has been gaining popularity in Malaysia. Therefore, this study aimed to examine the new product development process in MM Cosmetic Sdn Bhd and investigate the strategy used to render successful commercialization in MM Cosmetic Sdn Bhd. Exploratory research design and qualitative research method were adopted in this study because it allowed the researcher to better comprehend the existing problem by gaining information from respondents in the MM Cosmetic Sdn Bhd through interview sessions. The first research objective was achieved as the new product development process in the MM Cosmetic Sdn Bhd are idea generation, idea screening, concept development, and testing, market strategy and business analysis, test marketing, and commercialization. The second research objective had also been achieved as the strategy used to render successful commercialization in MM Cosmetic Sdn Bhd are portfolio strategy, inter-firm collaboration/cross-over partnership, and market strategy. By gaining insights into each process of new product development and strategy used to be considered when developing a new product, this research is beneficial to the researcher in order to develop a case study to furthermore that the process of a new product or the success of an organization.

ABSTRAK

Pembangunan produk baharu merupakan daya penggerak yang memberi kesan kepada kejayaan sesebuah perniagaan. Pembangunan produk baharu mempunyai proses yang menyediakan peta jalan yang jelas untuk pembangunan produk baharu dan proses ini boleh memastikan proses syarikat melalui set prosedur yang berstruktur dan terancang, serta meningkatkan peluang kejayaan produk. Pembangunan produk baharu telah menjadi strategi yang membolehkan syarikat mengatur perancangan produk. Sehingga kini, industri penjagaan kulit dan kosmetik semakin popular di Malaysia. Oleh itu, kajian ini bertujuan untuk mengkaji proses pembangunan produk baharu dalam MM Cosmetic Sdn Bhd serta untuk menyiasat strategi yang digunakan untuk menjayakan pengkomersilan dalam MM Cosmetic Sdn Bhd. Reka bentuk penyelidikan penerokaan dan kaedah penyelidikan kualitatif telah diguna pakai dalam kajian ini kerana ia membolehkan pengkaji mengembangkan kefahaman yang lebih baik terhadap masalah sedia ada dengan mendapatkan maklumat daripada responden di MM Cosmetic Sdn Bhd melalui sesi temu bual. Objektif penyelidikan yang pertama telah dicapai kerana proses pembangunan produk baharu yang wujud dalam MM Cosmetic Sdn Bhd ialah penjanaan idea, penyaringan idea, pembangunan dan pengujian konsep, strategi pasaran dan analisis perniagaan, ujian pemasaran, dan pengkomersilan. Objektif penyelidikan kedua juga telah dicapai kerana strategi yang digunakan untuk menjayakan pengkomersialan MM Cosmetic Sdn Bhd ialah strategi portfolio, kerjasama antara firma/perkongsian silang dan strategi pasaran. Dengan mendapatkan gambaran tentang setiap proses pembangunan produk baru dan strategi yang digunakan untuk dipertimbangkan semasa membangunkan produk baru, penyelidikan ini memberi manfaat kepada penyelidik untuk membangunkan kajian kes untuk seterusnya proses produk baru atau kejayaan sesebuah organisasi.

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I want to take this opportunity to express my gratitude to everyone who has helped me along this research journey. First, I express my special gratitude to my supervisor, Associate Professor Ts. Dr. Chew Boon Cheong, for his definite and tactful guidance in my research study. Without him, I will not be able to complete my research study smoothly and successfully. I sincerely thank him for letting me learn from him and explore his research strategies. Also, I sincerely appreciate and thank Dr. Isma Addi Bin Jumbri as my panel researcher, for sharing his knowledge and experience in Research Methodology. His suggestions have been helpful for me to proceed well with this research project.

Next, I am grateful to my family and friends for their caring, understanding, and emotional support throughout this research journey. They play a massive part in my life as they are always there to support me mentally when I face any hardships along this journey. I appreciate them for their patience and love. It helps me to complete this research project more efficiently.

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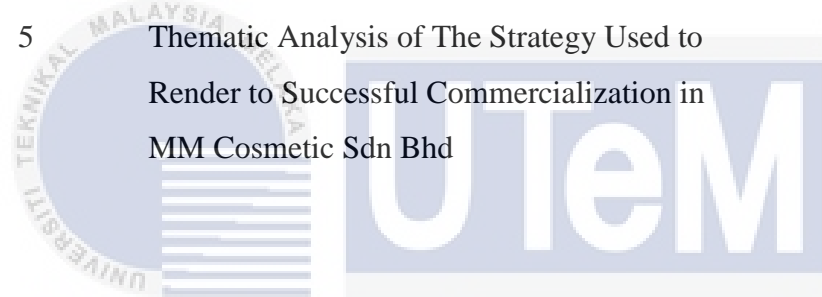
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CHAPTER 1

INTRODUCTION

1.1 Background of Study

New product development is a ready-to-use innovation method that elaborates the relevant factors such as production and development cost, time to market, and product value to possess a higher level of technical, logical, and organizational uncertainty than simply redesigning a product to attract customers (Lubis et al., 2020). New product development is 'the series of activities that begins with identifying a market opportunity and ends in manufacturing, selling, and delivering a product (Karl T et al., 2020). The activities of the firm that result in a stream of new or revised product-market offers throughout time are referred to as new product development (NPD).

A company must create and manufacture increasingly complex products in a shorter period and at a lower cost to meet new customers' requirements and maintain the organization's commercial objectives. To succeed, businesses must maintain control over their New Product Development (NPD) processes and associated resources and receive, create, and transmit data. NPD is the critical process that converts a market opportunity into a product that can be sold (Bibaud-Alves et al., 2018).

A new product development process can manage and measure success in a business and win the business with improved performance from sales. If having an exemplary method of new product development in an industry, an improvement in the company's reputation for quality can exist. It can identify the risks in the process of NPD. Many businesses have set their sights on new goods as a source of competitiveness, and the product development process has become increasingly crucial to them (Gao & Bernard, 2017). Companies and entrepreneurs compete on product quality and the time required to bring new items to market.

In this research, the researcher focuses on the new product development in MM Cosmetics Bhd. Sdn. Since 2004, MM COSMETIC has been a distributor of facial masks. It successfully changed into a trader after two years. It began importing various skincare items from multiple nations to supply valued customers such as beauty salons, spa hotels, internet retailers, and others. In 2011, MM COSMETIC established a small factory to tailor its brand and provide customers with a one-stop OEM-ODM service. MM Cosmetic Sdn Bhd is dedicated to establishing a world-class innovative halal beauty supply chain company in Malaysia and a leading service provider integrating explosive product research and development, high-quality product supply, APP output, and Internet technology operation and development. The aim of MM Cosmetic Sdn Bhd is "Quality Creates Future" the company is vital to the quality of its products and services. From that case, the researcher studies this company's new product development in skincare and cosmetics to gather more information about it.

1.2 Problem Statement/Research Questions

Nowadays, producing new products is essential for a company to improve the market's needs and increase the business's sales. The term "Product" has various meanings, but it often refers to a bundle of consumer satisfaction they purchase or

utilizes to solve a problem (Kuka, 2018). When it comes to product development, a product may be considered a representation of everything the client pays for.

Additionally, skincare and cosmetics products are competitive in Malaysia. The skincare market in Malaysia was valued at \$485.1 million in 2021 (GlobalData, 2022). The cosmetics sector's constant expansion and evolution provide an excellent chance for people interested in the field to market their cosmetics goods. In recent years, innovative cosmetic and personal care products have been in great demand due to consumers' heightened awareness of beauty. The growth of halal skincare and cosmetics in the Malaysian market industry is a new development that will appeal to the country's Muslim customers (Zaidun, 2018).

In contrast, an increase in demand for skin care products containing safe and sustainable components and a rise in digital technology use are anticipated to generate lucrative prospects for market participants in the future (GlobalData, 2022). Therefore, this study aims to provide information and knowledge on new product development in skincare and cosmetics to determine which activity is essential to develop new products. The research questions are constructed as below:

- i. What is the process of new product development in MM Cosmetic Sdn Bhd?
- ii. What strategy is used to render to successful commercialization in MM Cosmetic Sdn Bhd?

1.3 Research Objectives

The research objective of the study presented by the researcher is to identify the case study in MM Cosmetic Sdn Bhd, where this company specializes in manufacturing, research & development, customized formulations, graphic design,

packaging, etc. By studying the information about new product development, the researcher intends to know how the new product development process can bring skincare and cosmetics product success in the market. The research objectives of this study are stated below:

- i. To examine the process of new product development in MM Cosmetic Sdn Bhd.
- ii. To investigate the strategy used to render to successful commercialization in MM Cosmetic Sdn Bhd.

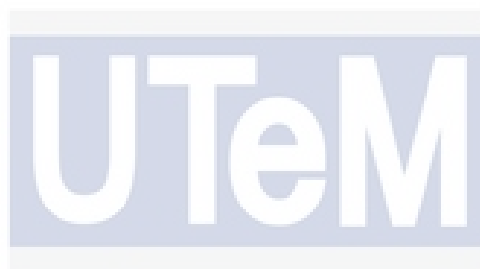
1.4 Scope, Limitations and Key Assumptions

This research focuses on studying the process of new product development and the strategy used to succeed in commercialization. Firstly, the researcher will examine the process of new product development. Next, the researcher will investigate the strategy used to render, which can bring successful commercialization. The research case study is conducted in a cosmetics company, MM Cosmetic Sdn Bhd. Based on Google, the result has shown that MM Cosmetic is a large modern cosmetics supply chain with OEM/ODM (GMP/HALAL) which has the production base. MM Cosmetic Sdn Bhd is cosmetic manufacturing with professional research and development in beauty make-up and skin care manufacturing. The respondents of this research include management staff and executives. This study enables a researcher to discover and examine the new product development process and how they can go through this NPD process to get a marketing strategy to succeed in commercialization.

In performing and identifying this study, a few restrictions exist. First and foremost, the study's limitations are its focus on new product development in one

cosmetics company, MM Cosmetic Sdn Bhd. The sample for this study was represented by managers and executives from MM Cosmetic Sdn Bhd, a company located in Johor. This study's findings may not apply to management personnel and executives with other positions.

The key assumption of this study is that respondents can answer all questions truthfully and thoughtfully during the interview session and offer sufficient knowledge responses based on their best comprehension of the new product development engaged in collecting primary data. This interview session would assist in obtaining reliable data, findings, and outcomes.



1.5 Importance of the Study

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This study discusses the process of new product development.

As we know, the new product development process is essential because it can assist the company process in the right way step by step. This finding helps to gain insights into the operation of the new product development and investigate the strategy used to render to successful commercialization. To determine the details and accurate knowledge of the new product development process in skincare and cosmetics, the researcher focuses on MM Cosmetic Sdn Bhd. The researcher aims to develop an appropriate new product development to improve creativity and innovation by creating a new product to meet customer needs.

1.6 Summary

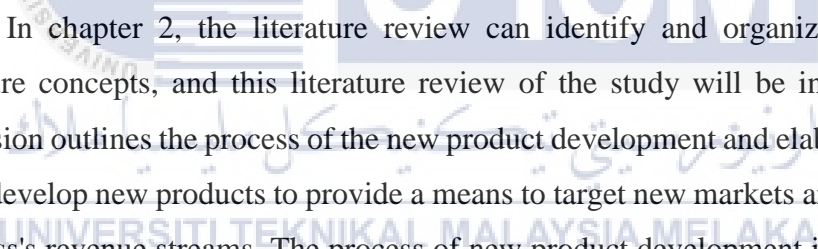
In summary, this research aims to generate the process of new product development in a company that produces skincare and cosmetic products. Moreover, it is also investigating the strategy to ensure successful commercialization in this company. New product development plays an essential role in a company because NPD innovates to develop products for customers and better meets their needs through improved functionality, customization, and interpersonal services.

The researcher selects a case study on a company named MM The researcher selects a case study on a company name MM Cosmetic company to collect accurate data and information to conduct the new product development for this research. Through this company, the researcher can understand the new product development process that the company develops by creating and producing a new product in the market. In addition to this case study, the researcher can define and investigate the strategy to ensure successful commercialization in MM Cosmetic Sdn Bhd. This company specializes in manufacturing, research & development, customized formulations, graphic design, and packaging to process their business. During the interview sessions, the researcher can get accurate data and honest answers from the respondents in MM Cosmetic Sdn Bhd.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction



In chapter 2, the literature review can identify and organize the relevant literature concepts, and this literature review of the study will be introduced. The discussion outlines the process of the new product development and elaborates on how it can develop new products to provide a means to target new markets and increase the business's revenue streams. The process of new product development is shown in the theoretical framework of this study.

2.2 Process of New Product Development

All new product development processes contain elements of creating and choosing possibilities or ideas (Gurbuz, 2018). The new product development process is the phase to organize their product planning and efficiently make an accurate plan. New product development has been described as a set of information processing and

problem-solving activities in which the output of the process is to ensure the end product's ability to meet customer expectations (Webb, 2016). New product development has a seven-stage process that aims to turn an idea into a viable, high-quality product.

2.2.1 Idea Generation

An idea must be general, the first step to starting new product development. Kotler et al. (2019) define creativity generation as a "systematic search for new product ideas"; they believe management should take a strategic approach. This stage will involve using clearly defined goals to develop specific products, such as market share or expected cash flow. The primary research stage for new product development is the stage of idea generation to initiate research. This idea generation can be a crucial component at the beginning of the new product development process, and an organization is often referred to as the "fuzzy front end" (Trott, 2021). This phase is one of the most significant opportunities to optimize the entire new product development process.

As successful innovators, companies have market orientation, creative sources, receptive organizations, and means to deal with new ideas. This stage can analyse the company's position and find a direction consistent with the business strategy. People can distance themselves from their competitors by generating ideologies that consider affordability. Businesses can work around idea generation through:

Emphasizing the problems customers encounter – identifying issues that customers face is part of the solution to generating an idea in product development. In this situation, an organization is required to comprehend the story entailed in human digital offerings (Singh, 2019). Secondly, there is a need to qualify the problems listed

during the generation of ideas. This is a vital step for a feasibility check of the listed issues and solutions involved in finding the answer in the 4U approach (Singh, 2019).



Figure 1: 4U approach.

Source: Singh (2019).

After the qualification of every problem listed, a company or business must come up with possible solutions. For every problem encountered by a customer, there should be a potential NPD opportunity. Regardless of the company's size, there should be a unique solution to the problems. Lastly, an organization should narrow the problems and solutions by creating a comparison chart listing all the issues shortlisted alongside the proposed solutions. The findings should be circulated across the organization's structure to have a viable problem set. If it becomes hard to convince the stakeholders, one needs to try the approach of Replicating, Re-purpose, and Upgrade (Singh, 2019).