NEW PRODUCT DEVELOPMENT WITH A CUSTOMER-CENTRIC APPROACH TO MEET DYNAMIC MARKET NEEDS

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ABSTRACT

This research explores the application of a customer-centric approach in new product development to meet the needs of a dynamic market. Using qualitative methods, including in-depth interviews, focus group discussions (FGDs), and analysis of company documentation, this study identifies the best strategies, challenges, and impacts of implementing this approach on product success. The results show that the integration of customer feedback and the effective use of analytical data can improve customer satisfaction and product sales performance. However, companies face challenges in terms of resource constraints, internal resistance, and consumer data collection. The study recommends companies to allocate adequate resources, involve teams in decision-making, and use advanced technology for data optimization. For further research, it is recommended that the focus be on applying a customer-centric approach across various industries and company scales, as well as solutions to overcome specific obstacles faced.

KEYWORDS	*customer-centric, product development, customer satisfaction*

INTRODUCTION

In today's era of rapid globalization and digitalization, the market is undergoing very dynamic and challenging changes (Dibba et al., 2024). Consumers are not only becoming more informed, but they are also increasingly demanding products and services that suit their changing needs and preferences (Wulandari et al., 2024). In this context, companies are required to be more responsive and adaptive to changing market needs in order to survive and thrive (Masriansyah, 2020).

New product development is one of the main strategies that companies use to meet market demands (Cooper, 2019). However, this process often faces various difficulties, such as the risk of product failure, inability to meet consumer expectations, or inability to compete with products that are already on the market

(Gunadi, 2021). Many companies still rely on traditional approaches to product development, which often focus on technological innovations or internal processes without deeply considering consumer perspectives and needs (Ardiansyah & Awaloedin, 2024).

The customer-centric approach, which is an approach that prioritizes consumer needs and preferences in every step of product development, is becoming increasingly relevant in this dynamic market context (Judijanto et al., 2024). By adopting this approach, companies can be more effective in identifying the actual market needs, developing products that consumers really want, and ultimately increasing customer satisfaction and loyalty (Eds and Girls, 2019).

However, implementing a customer-centric approach in new product development is not easy. Companies must be able to integrate feedback and consumer data into the product development process systematically and continuously (Balaka et al., 2023). This requires a deep understanding of consumer behavior, effective data collection techniques, and accurate analysis methods (Javaid et al., 2021).

Previous research has shown that many companies face difficulties in developing new products due to a lack of understanding of consumer needs. Research by Rahman (2014) revealed that a lack of customer orientation is often the main cause of product failure. In addition, a study by the Sultani (2023) About disruptive innovation shows that companies that are not able to adapt products to changing consumer needs will be left behind by more adaptive competitors. Recent research by Mendini (2021) "Outcome-Driven Innovation" also highlights the importance of understanding the outcomes consumers want as the key to successful innovation. However, despite a lot of research that has been conducted, the practical implementation of a customer-centric approach in new product development is still limited, especially in the context of an increasingly complex and dynamic market (Judijanto et al., 2024).

In an increasingly competitive and fast-changing market context, companies must be able to adapt quickly to stay relevant (Fajriyani et al., 2023). An effective customer-centric approach can provide a significant competitive advantage by ensuring that the products developed truly meet the needs and desires of consumers (Nugroho & Fadhilah, 2023). This research is very important because it can help companies understand how best to apply this approach in practice, thereby reducing the risk of product failure and improving customer satisfaction. By understanding how to integrate the consumer's perspective in each stage of product development, companies can be more responsive to market changes and strengthen their position in the market (The 2024, 2024).

The research offers a new contribution by incorporating the latest theories and practices on customer-centric approaches in new product development. Previously, many studies focused on separate aspects of product development, such as technological innovation or marketing strategies. However, this research integrates various dimensions of the customer-centric approach, including consumer data collection and analysis methods, as well as the application of feedback-based strategies in the product development process. With this approach, this research

seeks to fill in the gaps in the existing literature and provide practical guidance that can be applied by companies in the context of a dynamic market

The main objective of this study is to explore and analyze how a customer-centric approach can be effectively implemented in the development of new products. Specifically, this study aims to identify strategies and best practices in integrating consumer perspectives in the product development process, assess the impact of a customer-centric approach on the success of new products in the market, and provide practical recommendations for companies to implement this approach efficiently.

The benefits of this research include several aspects. For companies, this study will provide practical guidance on how to apply a customer-centric approach in product development, so as to reduce the risk of product failure and increase customer satisfaction and loyalty. For academics, this research will add to the literature on customer-centric approaches and product development, as well as provide new insights into best practices in a dynamic market context. Meanwhile, for industry practitioners, this research will offer case examples and strategies that can be directly applied in the development of new products, as well as increase understanding of the importance of integrating consumer feedback in the innovation process.

The implication of this study is that companies that are able to effectively implement a customer-centric approach will have a greater competitive advantage in an ever-changing market. By systematically utilizing consumer data and feedback, companies can develop products that are more in line with market needs, strengthen relationships with customers, and improve overall business performance. Additionally, the research can motivate companies to focus more on the customer aspect of their product development strategies and encourage innovation that is more responsive to changing market trends and preferences.

RESEARCH METHOD

This study uses a qualitative approach to explore and analyze the implementation of the customer-centric approach in new product development. The qualitative method was chosen because it can provide in-depth insight into the experiences, perceptions, and practices of various related stakeholders. The following is a detailed explanation of this research method:

Type of Research

This research is included in the type of qualitative exploratory research that aims to understand the phenomenon from the perspective of participants in depth. This research will explore how companies implement a customer-centric approach and its impact on new product development.

Research Design

The design of this study uses case studies involving several companies from various industry sectors. The case study approach was chosen to get a comprehensive picture of customer-centric practices in different contexts.

Data Source
    a. Data Primer
        1. In-Depth Interviews
            Semi-structured interviews will be conducted with product managers, developers, and other stakeholders in the company involved in the development of new products. This interview aims to gather information about their experience in implementing a customer-centric approach, the challenges they faced, and the strategies used.

Table 1. List of Informants and Interviews

No.	Informant's Name	Position	Company	Interview Date	Duration (minutes)
1	Andi Wijaya	Product Manager	PT Innovatech	January 15, 2024	45
2	Pure Sari	Head of R&D	PT TechForward	January 17, 2024	60
3	Budi Santoso	Marketing Director	PT Nexa	January 20, 2024	50
4	Rina Dewi	Product Developer	PT MarketPlus	January 22, 2024	55
5	Joko Prabowo	Consumer Analyst	PT Insight	January 25, 2024	40

Table 1 records the details of the informants interviewed in this study. Each line represents one informant, with information regarding their name, job title, the company they work for, as well as the date and duration of the interview. This data is important to ensure that interviews are conducted with various stakeholders relevant in the development of new products and the implementation of a customer-centric approach.
    a) No.: Informant's serial number for easy reference.
    b) Informant Name: The name of the individual being interviewed.
    c) Job title: The position or role of an informant in a company.
    d) Company: The name of the company where the informant works.
    e) Interview Date: The date when the interview was conducted.
    f) Duration (minutes): The length of the interview, giving an indication of the extent of the details obtained.
        2. Focus Group Discussion (FGD)
            Focus group discussions will be conducted with different groups of customers to get their perspective on the products and features they want. The FGD will identify customer needs and how companies can meet those needs.

Table 2. Findings from the Focus Group Discussion (FGD)

No.	Customer Groups	Topics of Discussion	Key findings
1	Technology Customers	Innovative Features	Customers want features that make it easy to integrate with other devices.
2	Health Products Customers	Needs and Preferences	The need for material transparency and ease of use.
3	E-commerce customers	User Experience	High satisfaction with ease of navigation and customer support.
4	FMCG Customers	Quality and Price	The desire for high-quality products at competitive prices.
5	Automotive Customers	Technological Innovation	Interest in safety features and fuel efficiency.

Based on table 2, this summarizes the results of focus group discussions (FGD) with various customer groups. This table presents information about the customer groups involved, the topics discussed and the key findings from each discussion. This data helps in understanding customer needs and preferences as well as how they perceive existing products and features.

   b. Data Seconds

     Secondary data will be collected through:

     1. Company Documentation

      Analyze internal company documents such as product development reports, customer feedback, and marketing strategies related to the customer-centric approach.

     2. Literature Studies

      Use relevant literature to understand current theories and practices on customer-centric approaches and product development. Primary references will include scientific journals, books, and articles related to this topic.

Data Collection Techniques

   1. In-Depth Interviews

     Interviews will be recorded and transcribed for further analysis. The interview questions will be designed to dig into details about the processes, strategies, and challenges in implementing a customer-centric approach.

   2. Focus Group Discussion (FGD)

     The discussion will be guided by the moderator and recorded for analysis. Field notes and transcripts from the FGD will be used to identify key themes.

   3. Documentation Analysis

     The company's internal documents will be analyzed to assess how the customer-centric approach is applied in product practices and planning.

Data Analysis Techniques

1. Thematic Analysis

   Data from interviews and FGDs will be analyzed using thematic analysis methods to identify patterns and themes that arise related to the application of a customer-centric approach.

2. Content Analytics

   Documentation data will be analyzed to identify how a customer-centric approach is integrated in the company's documents and processes.

3. Data Triangulation

   Data from interviews, FGDs, and documentation will be combined to increase the validity of the findings and provide a more comprehensive picture of the implementation of the customer-centric approach.

RESULT AND DISCUSSION

Research Findings

Findings from In-Depth Interviews

1. Customer-Centric Best Practices

   Strategies Implemented by the Company:

   Interviews with product managers and developers at various companies show several key strategies for integrating consumer perspectives in the development of new products:

   a. Regular Customer Feedback Integration

      At PT Innovate, the product manager, Andi Wijaya, revealed that the company implements an integrated customer feedback system in every phase of product development. Every three months, feedback is collected through online surveys and in-depth interviews, then analyzed to identify changing customer needs and preferences.

   b. Use of Analytics Data for Personalization

      At PT TechForward, head of R&D, Sari Murni, mentioned that the company uses advanced analytics tools to personalize the user experience. Analytics data is used to identify patterns of customer behavior and develop product features that match individual preferences.

   c. Interdepartmental Collaboration

      PT MarketPlus implements a collaborative approach between product development and marketing teams. The developer, Rina Dewi, explained that the product development team regularly collaborates with the marketing team to ensure that the new features developed are in accordance with the market needs and customer feedback received from the marketing team.

   Examples of Successful Practices:

   PT Nexa Case Study

Marketing Director, Budi Santoso, told how PT Nexa successfully launched a new feature in their mobile application which was designed based on direct feedback from beta users. As a result, the app got a significant increase in ratings and new users increased by 30% in the six months after launch.

2. Challenges Faced

Obstacles Faced in Implementing a Customer-Centric Approach:

a. Limited Resources

Sari Murni from PT TechForward identified budget constraints as the main challenge. Companies often struggle to allocate sufficient resources for market research and in-depth customer feedback gathering.

b. Internal Resistance

Budi Santoso from PT Nexa revealed that there was resistance from the internal team who felt that changes based on customer feedback often slowed down the development process. Some team members are comfortable with existing processes and worry that changes may affect work efficiency.

c. Difficulties in Data Collection

Andi Wijaya from PT Innovatech mentioned that collecting accurate and representative customer data is often a challenge, especially in overcoming bias in surveys and ensuring that the data collected truly reflects the actual needs of customers.

3. Impact on Product Success

The Impact of Implementing a Customer-Centric Approach:

a. Customer Satisfaction

The implementation of the customer-centric approach at PT MarketPlus has significantly increased customer satisfaction. Rina Dewi reported that the company saw an increase in Net Promoter Score (NPS) scores by 20 points after launching a new feature designed based on customer feedback.

b. Sales Success

At PT Innovatech, the customer-centric approach applied has a positive impact on the success of products in the market. Products developed with customer feedback experienced a 25% increase in sales compared to products developed without considering customer feedback.

4. Temuan dari Focus Group Discussion (FGD)

a. Customer Needs and Preferences

Key Needs and Desired Features:

1) Ease of Integration

Technology customers in the FGD indicated a need for a product that could be easily integrated with other devices. They prefer products with plug-and-play features that reduce setup time.

2) Material Transparency

The health product customer group emphasized the importance of transparency regarding the ingredients and manufacturing process of the product. They want clear information about the composition of the product and its impact on health.

b. Perception of Existing Products
Customer Perception of Products:

1) Produc E-Commerce
The e-commerce customer group considers that ease of navigation and customer support are two important aspects of the online shopping experience. They criticize the product for having a complicated checkout process and a lack of responsive customer support.

2) FMCG Products
FMCG customers feel that product quality is often inconsistent with the price paid. They want products with better quality at competitive prices.

c. Customer Expectations for Innovation
Expectations for Product Innovation:

1) Safety Features
Automotive customers are looking forward to innovations that can improve driving safety, such as automatic sensor features and accident warning systems.

2) Involvement in Development
Customers from various segments expect to be involved in the product development process. They suggest that companies provide a platform to provide direct feedback and participate in product trials.

5. Findings from the Analysis of Company Documentation

a. Product Development Strategy
Documentation on the Development Strategy:

1) PT Innovatech's Strategy
PT Innovatech's product development report shows that the company uses a customer feedback-based model to guide product design decisions. They iterate on the design based on the feedback received from the initial customer.

2) PT TechForward's Strategy
PT TechForward's marketing strategy integrates analytics data to personalize product offerings and accelerate response times to customer needs.

b. Customer Feedback Integration
Integration in Strategic Documents:

1) PT MarketPlus document: PT MarketPlus' product plan document shows how customer feedback is integrated in every stage of development, from initial planning to product launch.

2) PT Nexa document: The case study contained in the PT Nexa document outlines their method for collecting and implementing customer feedback, including surveys and focus groups.
c. Practical Implementation
Evaluation of the implementation of the customer-centric approach:
1) Implementation at PT Innovatech
The evaluation shows that the customer-centric approach at PT Innovatech has improved the efficiency of the development process and customer satisfaction. However, there are challenges in ensuring consistency of feedback from different customer segments.
2) Implementation at PT TechForward
At PT TechForward, the integration of analytics data for product personalization shows positive results in increasing product relevance for customers, despite the challenges the company faces in managing large volumes of data.

Discussion
Analysis of Customer-Centric Best Practices
1. Best Practice Evaluation
Best practices in implementing a customer-centric approach identified from interviews with product managers and developers include a variety of strategies that have proven effective. For example, the regular integration of customer feedback, such as the one implemented at PT Innovatech, shows significant progress in responsiveness to consumer needs. Product manager Andi Wijaya revealed that the structured feedback collected every three months allows the company to adapt to changing customer needs more effectively.
Relevance to Customer-Centric Theory:
These strategies are in line with customer-centric theory which emphasizes the importance of continuity in customer and company interactions. According to the theory developed by Kumar and Shah (2004), an approach that focuses on collecting and analyzing customer data on a regular basis will result in products that are more in line with market expectations. This reinforces the argument that companies that actively collect feedback and implement it consistently tend to have a competitive advantage.
2. Comparison with Previous Studies
A comparison of the results of this study with previous studies on customer-centric reveals some similarities and differences. For example, a study by Johnson and Wicks (2002) showed that a customer-centric approach involving regular data collection and collaboration between internal teams is highly effective in improving customer satisfaction. However, the study adds a new dimension by highlighting the importance of using advanced analytics data for product personalization, which has not been discussed much in previous studies.

Analysis of Challenges and Obstacles

1. Resource Limitations

    Limited resources, both in terms of budget and personnel, are a significant obstacle to the implementation of a customer-centric approach. At PT TechForward, head of R&D Sari Murni noted that budget allocation for market research and data collection is often limited, which limits the depth of analysis and the company's response to customer feedback. This is in line with the findings of a study by DeLone and McLean (2003) which showed that resource limitations can slow down the implementation of customer-centric technology.

2. Internal Resistance

    Internal resistance is also a big challenge. At PT Nexa, Budi Santoso identified that development team members often feel comfortable with existing methods and worry that changes will disrupt efficiency. Strategies to overcome this resistance include involving teams in the decision-making process and providing training that emphasizes the long-term benefits of a customer-centric approach, as suggested by Kotter and Schlesinger (2008).

3. Collection and Use of Consumer Data

    Challenges in collecting accurate and representative consumer data often hinder customer-centric adoption. Andi Wijaya from PT Innovatech mentioned problems such as bias in surveys and difficulties in obtaining representative samples. To overcome this, companies can adopt more robust data collection techniques such as data triangulation and the use of mixed data collection methods, according to the advice from Creswell (2014).

Impact on Product Success

1. Increased Customer Satisfaction

    The implementation of a customer-centric approach has been proven to significantly improve customer satisfaction. At PT MarketPlus, Rina Dewi reported that the Net Promoter Score (NPS) increased by 20 points after the launch of a new feature designed based on customer feedback. This reflects the findings by Zeithaml, Berry, and Parasuraman (1996), which show that products developed with a focus on customer needs tend to result in higher satisfaction.

2. Sales Success

    The relationship between a customer-centric approach and product sales performance in the market is evident in this study. At PT Innovate, products developed by involving customer feedback experienced a 25% increase in sales. This is in line with the theory put forward by Rust, Zeithaml, and Lemon (2000), which states that a focus on customer satisfaction can result in increased sales and long-term loyalty.

3. Case Studies and Examples

    PT Nexa Case Study: The implementation of a customer-centric approach at PT Nexa has shown a significant positive impact. The new features developed based on beta user feedback resulted in a 30% increase

in app ratings and new user growth. This reflects the best practices mentioned in a study by O'Cass and Ngo (2012), which highlights that product innovation driven by customer feedback can lead to greater market success.

Temuan dari Focus Group Discussion (FGD)

1. Product Customization Based on Customer Preferences

    The results of the FGD reveal customer preferences that can be used to customize products. For example, technology customers want easier integration features, while healthcare customers emphasize the importance of ingredient transparency. Product customization based on the results of the FGD can increase the relevance of the product in the market and increase customer satisfaction. This is in line with the findings of a study by Frow and Payne (2007), which shows that product customization driven by customer feedback can increase market appeal.

2. Integration of Feedback into the Development Process

    Practical ways to integrate customer feedback from FGD into product development include:

    a. Iterative Implementation: Integrating feedback in product design iterations, by making changes based on customer feedback before finalizing the product.

    b. Feedback Platform: Create a custom platform that allows customers to provide live feedback and see how their feedback is applied in product development, as PT Innovatech does with their integrated feedback system.

Evaluation of Company Documentation

1. Implementation of Product Development Strategy

    Corporate documentation such as PT Innovatech's and PT TechForward's product plans clearly reflect the implementation of a customer-centric approach. The documented strategy shows that the company applies customer feedback in product planning and development in a structured manner. It underscores the importance of documenting the product development process to ensure that a customer-centric approach is applied consistently.

2. Feedback Integration Analysis

    An evaluation of the integration of customer feedback in the strategic document shows that companies such as PT MarketPlus and PT Nexa effectively integrate customer feedback in their product development plans. A strategic document that analyzes customer feedback and responds to it with concrete actions demonstrates the company's commitment to a customer-centric approach and helps ensure that the products developed are in line with market expectations.

Based on the discussion above, it provides an in-depth analysis of best practices, challenges, impacts, and ways to integrate customer feedback in product

development. It aims to provide comprehensive insights into the application of a customer-centric approach in the context of new product development.

CONCLUSION

The application of a customer-centric approach in the development of new products has proven effective in improving customer satisfaction, sales performance, and product relevance in the market, even though the company faces challenges such as resource limitations, internal resistance, and difficulties in collecting consumer data. Therefore, companies are advised to allocate adequate resources to market research and customer feedback, address internal resistance through team involvement in the decision-making process, and utilize advanced analytics technologies to optimize the collection and use of consumer data. For future research, it is important to explore the application of a customer-centric approach in various industries and company sizes, as well as identify solutions to overcome the obstacles faced in a global context.

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