

Halal New Product Design for International Market Framework

Razali bin Idris

Arsyad Ayud Graduate Business School
Universiti Teknologi MARA, Malaysia
zalideris@gmail.com

Albert Feisal @ Muhd Feisal Ismail

Universiti Teknikal Malaysia Melaka
feisal@utem.edu.my

Afizan Amer

Faculty of Business and Management, UiTM Kampus Rembau, Negeri Sembilan, Malaysia
afizanamer@uitm.edu.my

Hasbullah Othman

INTI International University, Malaysia
hasbullah.othman@newinti.edu.my

Irwan Ibrahim

Malaysia Institute of Transport (MITRANS), Universiti Teknologi Mara, Malaysia
Faculty of Business and Management, Universiti Teknologi Mara Puncak Alam Campus,
MALAYSIA
irwan623@uitm.edu.my

Corresponding author : hasbullah.othman@newinti.edu.my

Abstract

Purpose: International markets offers huge opportunities for developing and introducing new halal products for company to reflect company performance. The purpose of research is examines the factors of halal new product success towards export quality performance.

Design/Methodology/Approach: The study is to determine the factors of halal new product success in international markets. Variables introduced are from various related research and articles.

Findings: The research determined the company performance in international market for various halal new product success factors. Variables introduced are proficiency in pre-development activities, proficiency in development activities, competitive advantage of new product, direction and magnitude of advertising activities, market attractiveness, product cost and financial value, order of new product entry timing and halal supply chain.

Originality/Value: In international markets, developing halal new product success factors is the main objective of the study. The paper is aims to generate all the factors of halal new products success towards company performance in international markets.

Keywords: International market; halal new product development; export performance.

1. INTRODUCTION

Introducing halal new products are demanding, costly and insecure process. There are various strategies and ways to become a success halal new product in international market. To determine halal new product success factors are critical to increase

company performance. However, introduce halal new products development for international market are challenging. This is because halal new product development has short product life, increasing R&D costs and market competition.

Companies has huge opportunities to expand and introduce halal new product in global

market. Exporting product is important for company to expand halal new products in international markets in increasing company performance, maintains flexibility and uncertainty compared with other foreign market [1]. Companies could accomplish halal new product success through exploring fresh international markets. Diversification of internationalization and economic integration between foreign countries affects the success of the new halal product. In internationalization strategy, halal new product development strategy is to increase company export performance. The halal new product developments and export performance offer a positive relationship for the company [3].

Product unique characteristics, quality and business performance will improve as the company applies halal new product development processes for diversified and complex customer needs in the highly competitive environment. Several industries or companies look for halal new product development processes that can accelerate the production process, reduce the development time, and improve business performance. Various industries focus their attention on the improvement of the product's technical specifications.

Furthermore, teamwork between employees and employers, support from organizational structure of company and support from top management are the main role for success factors in the process of successful new product development. Understanding of the key success factors is contributed to new product factors towards product performance. Besides, the important feature of successful businesses in company is launching new product as they survive and grow. An essential capability of many successful firms is the ability of the company to develop new products to compete in current markets or new international markets. In international markets, expand new product success factors is the main objective of the study.

2. LITERATURE REVIEW AND HYPOTHESES

Halal new product development has been extensively research on success factors. For example, in the first phase of new product

development, expanding new product attributes helps in identifying possibility strong export performances.

The halal new product development can be assessed and reassessed its initial decision when the new product evolves to undertake development or launch. Halal new product development requires consumer instructions and may include an innovative technology. In addition, for longer term drive and lead the company towards success, company must have a product innovation strategy for the business that ties product development to the company strategy that identifies areas of focus for product development.

2.1 Export Performance

An effective strategy for enhancing halal new product performance of company are good internationalization strategy and large firm size. Leonidou and Kaleka [5] examined dissimilarities between buyer and seller relationships to the company's level of new product performance. Company believes in the relationship with export involvement. Product mix measures were taken and transform the production structure to stimulate export performance [6]. Halal new products are first exported to similar countries and introduced by firms to meet national needs and by this way companies diminish risks and costs using other markets out in international market.

Therefore, the success in export performance was policy-driven in essence. In other words, price competitiveness had gained artificially by the export-oriented firms with the help of policies. Innovation differentiation, low costs, and marketing differentiation are traditionally linked to export performance. There are competitive tactics proposed by Spanos and Lioukas [7].

2.2. Proficiency in pre-development activities: The vigorous accomplishment of halal new products in company is the expertise of pre-development activities. Management for organizations are very challenging and critical since it is intrinsically non-routine, less formalized, unstructured, dynamic and uncertain [8]. *Halal* new product market success impacts by proficient execution of R&D or manufacturing activities. Idea of halal

new product, idea selection and valuation, business evaluation and development of product are early stages of pre-development activities for halal new product development. Proficiency in which technical feasibility based on R&D or manufacturing activities proficiency is a subset of overall process of halal new product development to be performed.

From the beginning to final stages, decreases market and technical feasibility are the essential in halal new product development success. The important new manufacturing products success factors identifies the best halal new product performance in company at the early stage which is before changed into the development level [9]. To success in halal new product development, all departments in the company should organize or cooperate with other departments to plan activities at early stage. Research and Development (R&D) department are crucial for increase halal new product and export performance to inter-functional integration between departments [10]. Halal new product success affect by customer participation positively and frequent interactions with customers.

H1: Proficiency in pre-development activities influences on export performance.

2.3. Proficiency in development activities:

Parry and Song (1994) discovered halal new product market success depends on the level of halal new product process proficiency in the process's early stages based on the effectiveness of the product launch in company. In development activities, the proficiency of development activities is essential in raising the possibility of halal new product success in international market. The development activities including company starts with development of prototypes, promoting, allocating strategies, new product testing, products testing trial at production, pre-launch new products evaluation, and production launch.

For products testing trial production, company should inspect the part for defects or any problem of products. This exercise measures process adherence and quality orientation. The crucial activities are recognitions halal new

products in international markets or additional evaluation trade in export markets [11].

H2: Proficiency in development activities influences on export performance.

2.4. Competitive advantage of new product:

The essential features classification in the success of halal new products gives the impacts of product advantage and features of new products in company [12]. In short term periods, company expand halal new products to emphasis on gaining and secure competitive advantages. Product differentiation strategy measured by introducing new products, providing fast deliveries, making changes in design, providing high quality products, and providing unique product features [13].

To become successful of new manufacturing products, in development of halal new products activities requires greater price or performance characteristics, generates more competitive advantage, better new products or unique products in terms of customer requirements and higher quality product. Companies must provide high value of financial and offers unique characteristics of new products to customers in international markets. In export markets, for the long-term customer satisfaction, increasing consumer demand are determination of company met strong competition with other competitors. Hence, company increases halal new product export performance in international markets and offer the competitive advantage of a halal new product among its competitors [14].

H3: Competitive advantage of new product influences on export performance.

2.5. Direction and magnitude of advertising activities:

For having a systematic business analysis, the vital activities to become successful export performances in international market are understand the marketplaces, knowing more customer wants or demands and conducting a preliminary market assessment [15]. Obtaining top management supports are important for the company to ensure halal new products development become successful. Thus, company would control in-house halal new products and examine halal new products activities, supply enough halal new products

for the development of export products, promoting through earlier stage, having complete written description of the concept when the idea was approved and pursuing the right consumers or customers.

Moreover, more crucial for successful of a halal new product in international market is the expertise in launching activities of new manufacturing products in development activities. Then, the main factor defining the halal new product development success is quality of advertising accomplishment through launch of a new product in company [16]. The other important success factors are considerable and greater advertising activities [17]. For increasing export performance, company make publicity through new product launch activities and selecting the precise customers [15].

H4: Direction and magnitude influence on export performance.

2.6. Market attractiveness: The market attractiveness is for strategic objectives of products, target market selection, and resource allocation. To begin exporting halal new products, the vital factors that generate an internal motion for company are new product appearances which are making higher performance in exporting new products and the different new product factors in the company's tendency to export in international markets [18].

Market attractiveness refers to a specific market to those market deliver inspiration for launching a new product to other markets. The success of new manufacturing products also is identifying level of demand of customers in international markets for a new product in company and market attributes as market development proportion and market magnitude. For example, implementers of successful new products are high growth, high need, and large markets. Consumers also are more interested to be entered in other markets of larger economies, more easily accessible, more prosperous consumers and more developed infrastructure [19].

H5: Market attractiveness influences on export performance.

2.7. Product cost and value: In international markets, other essential for the successful of new product development in company are cost and financial value included by new manufacturing products. Cost of new product development, performance's product and development of new products time are most deviations of dimensions of new product performance [20]. The important to the success of company towards export performance is cost of project management groups to develop new manufacturing products in company [21].

During new product development, company needs to be fully evaluated as good product design. This is because the new product can make cost effective and customer support more efficient. Another approach to deliver customer value in company is execution functions higher than before, provides better quality and consistency and raising the new manufacturing product performance towards knowing customers' demands. The significant value to the customers also must provide by new products [22].

H6: Product cost and value influences on export performance.

2.8. Order of new product entry timing: A vital factor in identifying the performance of new manufacturing products is new product entry timing [23]. Competing products is first entry builds an entry barrier and creates positive customers behavior to greater international trades and market segment. Other than that, early market entry conducts to make higher productivity with wide-ranging entry and increases a product's competitive in other countries [24].

Lower performance usually happened because of more destructive assault from competitors and late entrants face low customer requirements. In order of market entry, company enables to execute new product development approaches for a precise order of market entry. At that point, for increasing revolution rapidity, high quality products development and enter early market in other countries, company can enhance the export performance.

H7: Order of new product entry timing influences on export performance.

2.9. Halal Supply Chain Ms2400: 2100 Standards

Halal Certification is a halal concept applied through certification for food products in Malaysia. In Malaysia, the halal certificate is a document issued by an Islamic organization, which is Malaysian Department of Islamic

Development (JAKIM). The company that handles halal business should have halal certification products registered under the Department of Islamic Development Malaysia (JAKIM) using Malaysian Halal Logistics Standard: MS2400-1-2010 Distribution, MS2400-2-2010 Warehousing (refer table 1). The registered organizations would be able to handle the halal goods movement in the halal industry.

Table 1. MS2400: 2010 HTAP Standard

Malaysia Halal Standards Ms2400:2010	
Ms2400-1:2010 Part 1	Halalan Toyyiban Assurance Pipeline: Management System Requirement for Transportation of Goods and/ or Cargo Chain Services
Ms2400-2:2010 Part 2	Halalan Toyyiban Assurance Pipeline: Management System Requirement for Warehouse and Related Activities

Sources: Department of Standard Malaysia, 2010

H8: Halal Supply Chain influences on export performances

3. RESEARCH METHODOLOGY

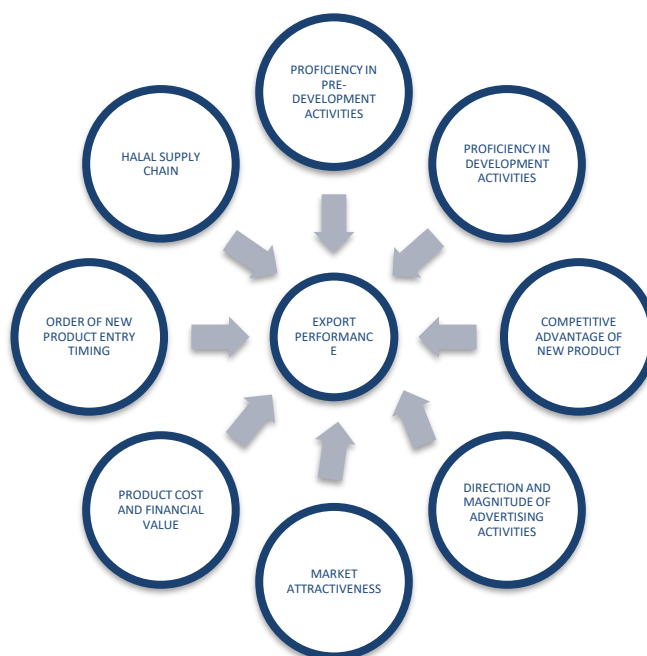


Fig. 1. Conceptual framework

The model, Fig. 1, the conceptual framework of the study was developed to explain about the halal new products success factors in international markets. There are eight new product development success factor groups that affect new product success in export markets. The success factor groups of

new product development are proficiency in pre-development activities, proficiency in development activities, competitive advantage of the new product, product cost and value, market attractiveness, proficiency and direction of advertising activities, order of new product entry timing and halal supply chain.

The dependent variable is export performance. While, the independent variable are proficiency in pre-development activities, proficiency in development activities, competitive advantage of the new product, product cost and value, market attractiveness, proficiency and direction of advertising activities, order of new product entry timing and halal supply chain.

3.1 Measurement

The result of the data collecting will be analyze by SPSS. Eight new products success factors include: (1) pre-development activities, (2) proficiency in development activities, (3) competitive advantage of the new product, (4) product cost and value, (5) market attractiveness, (6) proficiency and direction of advertising activities, (7) order of new product entry timing and (8) halal supply chain. The research instrument employed five-point Likert-scale ranging from and (1) “strongly disagree” to (5) “strongly agree”.

5. CONCLUSION AND DISCUSSION

In international markets, this study has identified the success of halal new manufacturing products. This introduced variables are significance for top management in company to instructed in focusing the develop of halal new products. Well-executed pre-development activities are strong determinants of success in international market such as pre-technical feasibility, exhaustive feasibility analysis, product concepts screening, financial evaluation, departmental coordination, and customer relationship.

Furthermore, the development activities such as prototype development, test market of new products, business tests and test production can improve the export performance in international markets. Plus, top managements should be conscious of large-scale and selecting promoting activities associate the launch of new manufacturing products.

In addition, the study emphasizes the importance of product cost and financial value and order of entry. To increase new product success rate, huge demand rises and a huge marketplaces with a high development proportion are essentials at the early stages of

new products in foreign markets. There are being first to success as it generates better reputations for a company by being a creator and contribute more profitability of the company.

REFERENCES

1. Leonidou LC, Katsikeas CS. Integrative assessment of exporting research articles in business journals during the period 1960-2007. *Journal of Business Research*. 2010;63(8):879–887. Available:<https://doi.org/10.1016/j.jbusres.2010.01.005>
2. Kyläheiko K, Jantunen A, Puumalainen K, Saarenketo S, Tuppur A. Innovation and internationalization as growth strategies: The role of technological capabilities and appropriability. *International Business Review*. 2011;20(5):508–520. Available:<https://doi.org/10.1016/j.ibusrev.2010.09.004>
3. Pla-Barber J, Alegre J. Analysing the link between export intensity, innovation and firm size in a science-based industry. *International Business Review*. 2007;16(3):275–293. Available:<https://doi.org/10.1016/j.ibusrev.2007.02.005>
4. Alvstam CG, Ivarsson I. The ‘Hybrid’ Emerging Market Multinational Enterprise—The Ownership Transfer of Volvo Cars to China. In *Asian Inward and Outward FDI 2014*. Palgrave Macmillan, London; 2014;217-242.
5. Leonidou LC, Kaleka AA. Behavioural aspects of international buyer-seller relationships: Their association with export involvement. *International Marketing Review*. 1998;15(5):373–397. Available:<https://doi.org/10.1108/02651339810236407>
6. Izmen U. Industrial policy roadmap for Turkey. *Iktisat Isletme Ve Finans*. 2009;24(279):9–35. Available:<https://doi.org/10.3848/iif.2009.279.1083>
7. Spanos YE, Lioukas S. An examination into the causal logic of rent generation: contrasting Porter’s competitive strategy framework and the resource-based

- perspective. *Strategic Management Journal*. 2001;22(10):907–934.
Available:<https://doi.org/10.1002/smj.174>
8. Cooper R. Perspective : The Stage-Gate idea to launch process – Update, what’s new and nexgen systems. *Journal of Product Innovation Management*. 2008;25(3):213–232.
Available:<https://doi.org/10.1111/j.1540-5885.2008.00296.x>
9. Cooper R, Kleinschmidt E. Winning businesses in product development: The critical success factors. *Research-Technology*. 2007;39, 4(Jul/Aug), 18.
Available:<https://doi.org/Article>
10. García N, Sanzo MJ, Trespalacios JA. New product internal performance and market performance: Evidence from Spanish firms regarding the role of trust, interfunctional integration, and innovation type. *Technovation*. 2008;28(11):713–725.
Available:<https://doi.org/10.1016/j.technovation.2008.01.001>
11. Kleinschmidt EJ, Cooper RG. The impact of product innovativeness on performance. *The Journal of Product Innovation Management*. 1991;8(4):240–251.
Available:[https://doi.org/10.1016/0737-6782\(91\)90046-2](https://doi.org/10.1016/0737-6782(91)90046-2)
12. Cooper RG, Kleinschmidt EJ. New product performance: What distinguishes the star products. *Australian Journal of Management*. 2000;25(1):17–46.
Available:<http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=3364912&site=ehost-live>
13. Chenhall R, Langfield-Smith K. The relationship between strategic priorities, management techniques and management accounting: An empirical investigation using a systems approach. *Accounting, Organizations and Society*. 1998;23(3):243–264.
Available:[https://doi.org/10.1016/S0361-3682\(97\)00024-X](https://doi.org/10.1016/S0361-3682(97)00024-X)
14. Ayal I, Raban J. Developing Hi-Tech industrial products for world markets. *IEEE Transactions on Engineering Management*. 1990;37(3):177–184.
Available:<https://doi.org/10.1109/17.104286>
15. Ogunmokun G, Ng S. Factors influencing export performance in international marketing: A study of Australian firms. *International Journal of Management*. 2004;21:172–185.
16. Kandemir D, Calantone R, Garcia R. An exploration of organizational factors in new product development success. *Journal of Business & Industrial Marketing*. 2006 ;21(5):300–310.
Available:<https://doi.org/10.1108/08858620610681605>
17. Bastic M. Success factors in transition countries. *European Journal of Innovation Management*. 2004;7(1):65–79.
Available:<https://doi.org/10.1108/14601060410515655>
18. Atuahene-Gima K. An exploratory analysis of the impact of market orientation on new product performance a contingency approach. *Journal of Product Innovation Management*. 1995;12(4): 275–293.
Available:[https://doi.org/10.1016/0737-6782\(95\)00027-Q](https://doi.org/10.1016/0737-6782(95)00027-Q)
19. Mitra D, Golder PN. Whose culture matters? Near-Market knowledge and its impact on foreign market entry timing. *Journal of Marketing Research*. 2002;39(3):350–365.
Available:<https://doi.org/10.1509/jmkr.39.3.350.19112>
20. Ulrich KT, Ulrich SDE, Eppinger KTK, Ulrich S, et al. *Product design and development*. McGraw-Hill Higher Education; 2003.
Available:<https://doi.org/10.1016/B978-0-7506-8985-4.00002-4>
21. Griffin A. The effect of project and process characteristics on product development cycle time. *Journal of Marketing Research*. 1997;34(1):24.
Available:<https://doi.org/10.2307/3152062>
22. Zirger BJ, Maidique MA. A model of new product development: An empirical test. *Management Science*. 1990;36(7):867–883.
Available:<https://doi.org/10.1287/mnsc.36.7.867>
23. Langerak F, Hultink EJ. The effect of new product development acceleration approaches on development speed: A case study. *Journal of Engineering and*

- Technology Management. 2008; 25(3):157–167.
Available:<https://doi.org/10.1016/j.jengetecman.2008.06.004>
24. Rodríguez-Pinto J, Gutiérrez-Cillán J, Rodríguez-Escudero AI. Order and scale of market entry, firm resources, and performance. *European Journal of Marketing*. 2007;41(5/6):590.
Available:<https://doi.org/10.1108/03090560710737633>
 25. Boon Ooi K, Abu Bakar N, Arumugam V, Vellapan L, Kim Yin Loke A. Does TQM influence employees' job satisfaction? An Empirical Case Analysis. *International Journal of Quality & Reliability Management*. 2007;24(1):62–77.
Available:<https://doi.org/10.1108/02656710710720330>
 26. Haluk Koksall M. The differences between successful and unsuccessful new manufacturing products in international markets. *Asia Pacific Journal of Marketing and Logistics*. 2014;26(1): 21–38.
Available:<https://doi.org/10.1108/APJML-04-2013-0047>
 27. Millson MR, Wilemon D. Driving new product success in the electrical equipment manufacturing industry. *Technovation*. 2006;26(11):1268–1286.
Available:<https://doi.org/10.1016/j.technovation.2005.08.008>
 28. Kibera LW. Implementation of intergrated supply chain in manufacturing companies Kenya: A case of bidco oil refineries lucy wairimu kibera 1. 2016;4(3):11–32.
 29. Pattikawa LH, Verwaal E, Commandeur HR. Understanding new product project performance. *European Journal of Marketing*. 2006;40(11/12):1178–1193.
Available:<https://doi.org/10.1108/03090560610702768>
 30. Yogesh Hole et al 2019 J. Phys.: Conf. Ser. 1362 012121