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HOW TO DEVELOP SUCCESSFUL FIRST-PRODUCTS IN CHINESE NEW VENTURES (INTERACTIVE PAPER)

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INTERACTIVE PAPER

HOW TO DEVELOP SUCCESSFUL FIRST-PRODUCTS IN CHINESE NEW VENTURES

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Principal topic

The development of commercially viable products is of paramount importance for firms that operate in fast-changing and competitive markets. The challenges of new product development are particularly daunting for new ventures that seek to launch new products in the Chinese market (Atuahene-Gima and Murray, 2007). This paper focuses on the development and performance of the first product launched by new ventures in the Chinese market. The literature on new product development indicates that few contributions examine the antecedents and outcomes associated with the first product conceived by new ventures (Schoonhoven et al, 1990). What skills and resources are necessary to build positional advantages for the first product and which drive the performance of the first product? How does the Chinese context impact first product performance? What are the most important drivers of first product success?

Method

We received complete survey data on 694 first product development projects from 694 new ventures (a response rate of 32%) in five industries. We perform confirmatory factor analysis followed by full structural equation modeling.

Results

Prior studies indicate that marketing and technical skills and resources, the level of supplier integration and product launch skills and resources have been identified by entrepreneurs as necessary for building positional advantages and for first product success. Two important positional advantages for a successful product are the timing of product launch and the level of product differentiation. The results suggest that a new venture’s marketing and technological skills and resources have a differentiated impact on the positional advantages created by the venture. Stronger marketing skills and resources have a detrimental impact on the level of product differentiation. Increasing levels of technological skills and resources are negatively correlated to the timely introduction of the first product. Product launch skills and resources are surprisingly negatively correlated with the timing of product launch. The level of supplier integration– is positively related to both positional advantages of the first product. The level of supplier integration contributes positively to the timely introduction of the venture’s first product. Finally, the two positional advantages of the first product – timing of product introduction and product differentiation - created by the range of skills and resources discussed above - have a positive impact on the performance of the first product as expected.

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