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## UNIT 18 PRODUCT LAUNCH

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### Objectives

After reading this unit you should be able to:

- understand the meaning of product launch;
- explain the marketing plan for new product launch;
- ascertain and select target market; and
- plan for launch schedules.

### Structure

- 18.1 Introduction
- 18.2 Types of New Products
- 18.3 New Product Launch The Marketing Plan
- 18.4 Defining and Selecting the Target Market
- 18.5 Product Strategy and Positioning
- 18.6 Pricing the New Product
- 18.7 Promotion of the New Product
- 18.8 Summary
- 18.9 Self-Assessment Questions
- 18.10 Further Readings

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### 18.1 INTRODUCTION

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The new product launch poses an interesting and satisfying challenge to product managers and his team members working in the marketing department. It actually offers an opportunity to the marketing personnel to apply their theoretical and practical knowledge in their job and to see their plans bearing fruits and success. In essence, it is very difficult to take appropriate decision even after adequate knowledge and information about marketing techniques, What adds flies in the soup is that even a single hasty and irrational decision can jeopardise the success of a new product and its profitability.

Furthermore, the rising competition in almost all businesses, the availability of global information to the customer with the press of a button through the internet and the explosion in the media have made the already onerous task of marketers even more difficult.

One may ask as to how all these developments make the success of new products difficult? The answer lies in the fact that with the easy access to all the information channels, the customer has become more aware about the happenings around him. This makes him more demanding as far as the value for the money spent by him is concerned. On the other hand he is also being bombarded with a lot of messages on a day-to-day basis. Thus making it almost impossible to remember the product unless it offers him the clear advantage or it meets some unmet need or atleast he perceives the new product as different and unique.

Imagine the plight of a housewife who takes the decision to buy a detergent. During her spare time, she watches a few interesting programmes on her favourite TV channel. During the same time she would have to watch atleast 20 to 30 advertisements which have been interspersed in her favourite programmes. How many of these can she remember. The chances are quite negligible. Though the recall of a particular advertisement will depend upon many a factors, what is intended to be emphasised here is that all these aspects make the life of marketers and product managers more difficult.



The success, in this difficult environment, depends upon the intelligence, creativity, knowledge, experience and The ability to take risks, of the concerned product managers and other marketing personnel. It should be the endeavour of everybody concerned with the new product launch to avoid pitfalls at every step of the process.

It has been the endeavour to present the requisite information with emphasis on practicability of the concepts in the section that follows.

## **18.2 TYPES OF NEW PRODUCTS**

Before we dwell into the details of marketing and launch of new products, it is very important to understand what types of new products one can come across. This is important because the marketing strategy is also influenced and it should be influenced with the type of the new product. Various types of new products are as follows:

### **New for the Mankind**

Products which are the result of new discoveries/inventions. These types of products come about once in the life time of an individual or even longer. The examples of such products are all the discoveries when they were actually made. The examples include telephone, television, aircraft, bicycle and more recently the computers.

### **New for the Country**

Products which have been marketed as innovations in other countries and are being marketed in the country of one's origin for the first time. The example of such products could be Viagra (the tablets for impotence) launched by Pfizer abroad is currently available in the Indian Market too.

### **New for the Industry**

Products which are new for any particular industry. The examples are the flat television launched by Philips in the T.V. industry, The Euro I and Euro II cars launched by Hyundai in India, the laptop computers launched in the computers industry, cars with automatic gear system launched in the automobile industry.

### **New Product in a Product Category**

Products which represent an innovation in an already existing product category. For example, cigarettes represent a product category. The introduction of the cigarettes specially marketed for females represents the new product in a category. We may remember that the cigarettes in the brand name of "Ms." were launched a few years ago. To cite another example. The UB group have launched the light Kingfisher beer in the product category of beers.

### **New Product in the Product Class**

The new class represents the new types of products in the existing product category. For example, cigarettes represent a product category, the filtered cigarettes represent a product class. Similarly, if antibiotics represent a product category, penicillin represents a product class.

### **New Product for the Company**

Products which are new only to the company. There is nothing new in terms of an innovation regarding the product category or the product class or for the country etc. Here the company launches the same product which is already available in the market under a new brand name. Thus the brand name is the only thing that is new. In order to differentiate, the company comes out with innovative marketing strategies and marketing communication to ensure the success of such brand. There are many examples of such products in the pharmaceutical industry. There are many brands of ampicillin or B-complex vitamins or tonics available in the market. And there is exactly no difference between the B-complex vitamins marketed by one company over the other. The examples from other industries include the tyres, soaps etc.



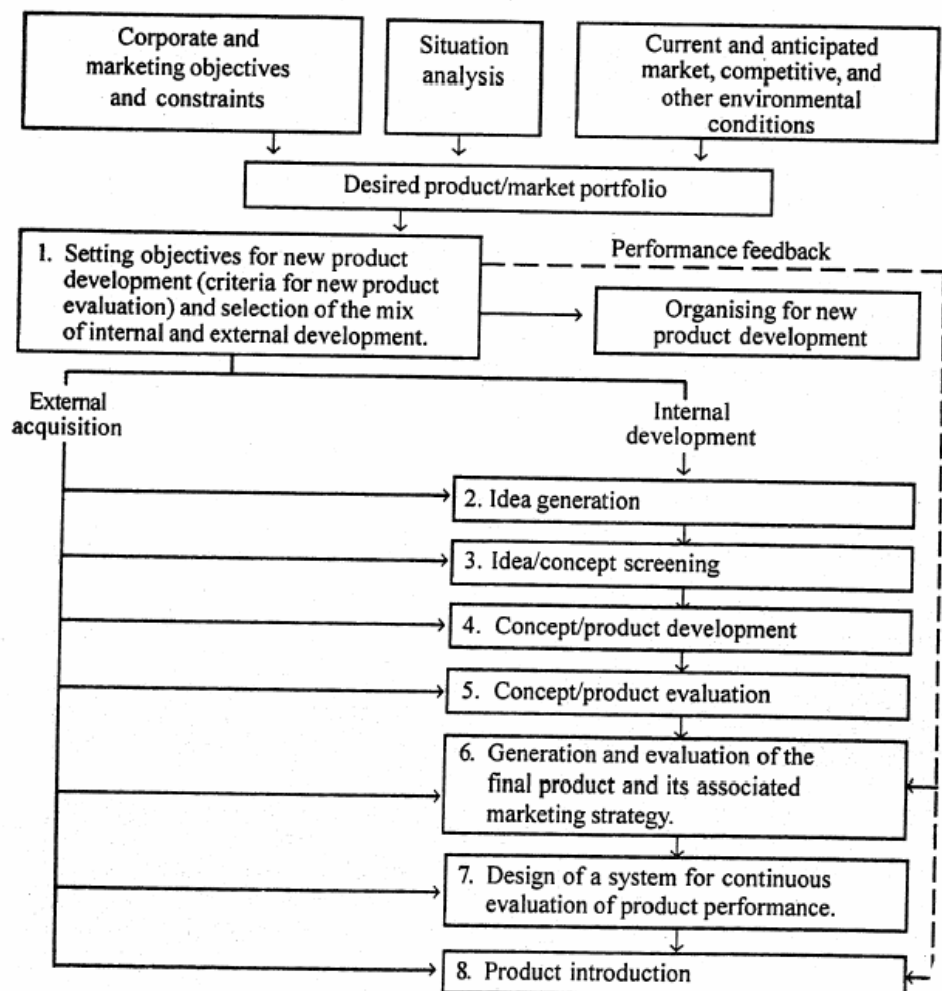
### Activity 1

List out any five new products (Brands) which have been launched in the recent past. Try and identify to which product category these products belong to.

1. ....
2. ....
3. ....
4. ....
5. ....

## 18.3 NEW PRODUCT LAUNCH-TIDE MARKETING PLAN

When the test marketing results are positive, the new product is ready to enter the final batterground - the market. In this part of the unit we shall look at the factors and steps involved in developing marketing plan for the launch of a new product. The marketing plan for launch is simply a statement of the course of action to be followed for the products introduction into the market. It should clearly specify the marketing objectives, strategies and programmer. Though this section is placed towards the end of the product development process, it is not to imply that marketing planning for launch can be left till the end to commence just prior to the launch. Marketing planning is a continuous activity in the new product development process and informally may start at the time of idea development itself. Formally, it should commence as soon as the product development stage begins. Like all important plans, marketing planning for launch is an iterative process.





**Setting objectives for new products:** The statement of marketing objectives for new products represents a decision criterion - a goal that the team strives to achieve. A statement of clearly defined, measurable, time-bound objectives is critical, specially if the new product team is large and diverse. Marketing objectives clearly written down and communicated can have a synergising effect on the activities of the new product team.

Typical marketing objectives for the new product should contain:

- Unit or Rupee value sales of the product by the year,
- Market share by the year, and
- Product profitability in terms of percentage margins and payback.

In the early stages of the new product development process, the information at the disposal of the marketer may permit only rough estimates. As more information starts coming in as a result of market studies and test marketing feedback, as well internal cost data, the objectives can be refined and made more realistic.

**Situation Analysis:** An analysis of the environment, surrounding the new product is critical to its success and usually is one of the early steps in the development process. It is here being discussed only as an ingredient of the marketing plan. The situation analysis in this respect would comprise of the macroenvironmental analysis, the market analysis and the internal analysis.

The macroenvironmental analysis involves the study of variables that lie outside the firm and may have implication on the products market and the company. Specifically, it would include a study of the economic situation, the political-legal situation, the demographic and social trends as well as the technological developments. The analysis gives a useful framework for the marketing plan to be developed.

**The market analysis** is essentially undertaken to provide an input in designing a successful marketing strategy. It should include:

- Market overview - An assessment of the quantitative and qualitative aspects of market size and growth.
- Segment overview - What is the target segment? How are the segments distinguished, and defined in terms of size and growth trends?
- Consumer overview- A definition of who are the buyers, the purchase influencers? What, when and how do these target consumers buy? Why do they buy? What are their preferences, needs and wants?
- Competition overview- A definition of the competitors and their relative strengths and weaknesses segmentwise. A critical assessment of their products and consumers's perceptions of their products, competitors, strategies for pricing, advertising, distribution; an assessment of their marketing position.

Time invested in market analysis usually gives rich dividend at the time of planning the positioning strategies of the new product.

The internal analysis pertains to an assessment of the company's resources with reference to the new product. In respect of the marketing plan one must specifically analyse:

- The sales force - How do you assess the present sales force in terms of their capabilities of selling the new product? Would they require additional training inputs? Do you require a new sales force?
- Promotional set-up - Do you require significant changes in the advertising and promotional set-up?
- Distribution system - How do you evaluate the service and distribution system with reference to new product? Do you require significant modification? What needs to be done to assure dealer support to the new product?



The internal assessment must also consider the strengths and weaknesses of the other functional areas that have a direct bearing on new product development. As pointed out in Unit 5, the integrated approach presupposes a critical assessment of manufacturing, research and development, finance and marketing strengths, and weaknesses.

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## 18.4 DEFINING AND SELECTING THE TARGET MARKET

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Market segmentation, the definition of clusters of consumers within a market such that there is relative homogeneity within each group, can utilise several bases. You have already studied these in MS-6. Perhaps the most prevalent method of segmentation for new products is benefit segmentation. Benefit segmentation recognises that people seek different benefits from their purchases and have different motivation to purchase. Using this approach it is possible for the market- to define the benefits and attributes that must be built into the new product and communicated to the consumers. In fact, the positioning and communication strategies are largely defined by the benefit segment selected.

Any segmentation analysis would yield a number of potential segments and present alternative attribute packages that can be built into the product to make it more suited to a segment. It is, therefore, important to identify criteria used to select an appropriate market segment for the new product. Some commonly used Aeria are:

- **Segment attractiveness** in terms of market size, growth and future potential.
- **Ease of access** in terms of selling effort distribution channels etc.
- **Degree of fit** in terms of the closeness of match between needs and preferences of each segment and the attributes and possibilities of the new product.
- **Competitive situation** in terms of where the competition is lowest, weakest or most vulnerable.
- **Relative advantage** in terms of the differential advantage that you may have relating to product features and benefits as well as entry strategy. Fit and ease of access only suggest adequacy of the segment. In order to be desirable a segment must offer possibilities of competitive edge.
- **Profitability** in terms of offering you to the greatest possibility of meeting your profit and sales targets.

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## 18.5 PRODUCT STRATEGY AND POSITIONING

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Product strategy takes shape side by side with the definition of target markets. Product strategy in the context of new products would mean finalisation of the product benefits features and attributes and developing growth strategy.

**The product benefit** distinct from a feature, which forms part of the physical design of the product, is a character that is of some value to the consumer. It helps to list your product benefits as they become important determinants of your positioning. For example, a benefit of a new lawn-mower may be that it can be easily operated by elderly people. This benefit may be translated into a product feature in the form of rotorwheels to give easy maneuverability and relatively lighter weight material used. Feature and attribute definition in detail may bring you very close to the defining the product specification but it does help to bring the product profile into a sharp focus.

**Product Positioning :** Positioning in the market -place means deciding how the product will be perceived by potential customers. A product positioning statement should clearly show the end-use, and the benefit sought to be delivered. You have ready about product positioning in detail in **Unit4, Block III** of this course.



## 18.6 PRICING THE NEW PRODUCT

Pricing the New Product is an important and careful decision. It is so because pricing will directly affect the sales volumes for the new products thereby generating revenue for the company

$$\text{Sales} = \text{Number of units sold} \times \text{Price (in rupees) per unit}$$

New products require a strategic approach to pricing because they are unique. But their uniqueness is temporary, and uncertain till the competitors offer their products on learning that the market acceptance for the new product is high.

On the contrary by pricing the product rationally and strategically the company can slow down the entry of competitors with new substitutes. But arriving at the optimum price for a new product is rather uncertain as there is no past experience to guide as to how the market will react to a new product at a given price.

Notwithstanding all the uncertainties described above, one should be clear that a new product should be priced in such a manner that it provides the company with-

- Reasonable profits,
- Reasonable and continued market share, and
- Reasonable unit wise sales.

### Pricing Strategies

For a new product, there are two distinct pricing strategies available to product manager. These are:

- Skimming pricing, and
- Penetration pricing.

### Skimming Pricing

Distinctly new and highly priced products which bridges a wide gap between the benefits offered by existing products This pricing mechanism is characterised by high expenditure on promotion. This type of high pricing for a distinct product in the initial stage of its launch and then lowering the price when the competition enters, has proven to be quite successful.

Examples of new products introduced with this type of pricing strategy are:

- Dove soap
- Van-Heusen readymade shirts
- Woodland footwear
- Daewoo cars
- Cifran tablets

Such a pricing strategy works well when:

- 1). The unit wise sales of the product is not affected by the price atleast in the early stages or till the time the product's substitutes flood the market.
- 2). The market is large and only those customers who can afford to buy the product. This ensures a profitable product.
- 3). The initial high price becomes a source to feel the demand and to cover the initial high cost of promotion. It is better to initially price the product high and then to reduce it when the competitors enter the market than to initially price it low and increase it later.



- 4). The objective is to earn initial high profits rather than initial high market share. The high price in the initial stage of the products life cycle usually ensures high profits. But on the other hand, high prices prevent the sales to mass market.

The alternative to high price is to introduce a new product at a low price so as to enter into the mass market at the initial stages of products life cycle. This pricing strategy is known as the penetration pricing.

### **Penetration Pricing**

This alternate pricing mechanism suggests to price a new product *low* so as to appeal to a wide range of customers and to sell the product in large quantities with the objective of securing a large market share. This pricing strategy works well when:

- 1). The unitwise sales of the product are highly dependent on its price.
- 2). Sufficient economy of scale have been obtained and the costs of manufacturing have been brought down considerably.
- 3). The competitors are expected to enter the market very soon.
- 4). The buyers who can pay high price do not exist in the market.

Example of new products adopted penetration pricing strategy are:

- Nirma washing powder.
- Peter England shirts.
- Maruti 800 cars.

It should be noted here that the price of an annually high priced product can be lowered at any stage of the product. This helps in stretching the product's life cycle by adopting the penetration pricing policy at a later stage while pursuing skimming pricing strategy at the initial stage.

### **Factors Affecting the New Product's Price**

After having learnt the two pricing strategies for a new product, let us discuss the factors which influence and should be considered while deciding the price. These factors are:

#### **Demand for the New Product**

The projected demand more importantly the demand at three or four prices, is one of the important factors affecting the price of a new product.

The nature or product would determine in estimating the demand *for* the new product. In case the product belongs to an entirely new product category, the procedure to estimate its demand will be different than for a new product which is new only for the company and not to the market.

In case of new product which belongs to a new category, the demand can be estimated by examining the number of customers who are dissatisfied with other products which, though belong to some other category, meet the same or related customer need.

In case of a new product which is new just for the company, the demand can be estimated by expecting a reasonable market share out of the total market of all the products in that product category.

#### **COSTS**

Determining and estimating various costs involved with the marketing of new products is the second most important factor affecting the pricing decision.

Apart from estimating the costs of manufacturing, (which includes Direct Labour costs, Material costs, Costs of Special components required for manufacturing new product), the estimated sales and promotional expenses and the investment required for the new product should also be calculated *as* precisely as possible.



All these costs should be estimated at various estimated demand projection.

## MARKETING AND SALES OBJECTIVES

Once the indicators of demand and costs are positive setting: objectives with respect to sales volume, market share, unitwise sales, expected profit and profitability etc. The significance of determining all these variables lies in deciding the price of a new product. If at a given price 'x', the expected unitwise sale is 'y', the price 'x' will be fixed for the product by the management only if the profit 'z' and the sales volume are acceptable. If the management finds that all the measurements are below the acceptable limits, it may decide to fix the price of the product at a higher level.

## 18.7 PROMOTION OF THE NEW PRODUCT

While deciding the price of a new product, the quality, quantity and costs of promotion should be considered.

While deciding the type of promotion, one can either opt for a high promotion or a low promotion. Both these alternatives can be exercised with skimming price and penetration price. Thus, one can have four different options of price-promotion combination. This can be graphically represented as follows:

		PROMOTION	
		HIGH	LOW
PRICE →	HIGH	High Skimming A	Low Skimming B
	LOW	High Penetration C	Low Penetration D

In option A, both factors (price as well as promotion) are kept on a high. This type of a strategy works well for a product where the product has a mass-market appeal, the targeted Customer can pay the demanded price, the market is relatively unaware of the benefits of the new product and the competition is expected to enter the market sooner or later. As the product is new, the Company will be expected to spend a lot of money on its promotion so as to educate the targeted customers about its benefits. The high price, in such a case, is often the right decision as it provides a means to recover the high cost of promotion and still earn an appreciable profit.

Option B, on the other hand, suggests another interesting option for an intelligent marketer. In this case, the price of the product is high but the expenditure on the promotion is kept on a low ebb. Such a price-promotion mix works well for a product, where the target market is not too large, and is aware about the benefits of the product, it can pay the demanded price and the competition is not expected to enter the market very soon, or not at all. Such an option provides an opportunity to earn high profits for every unit sold as the price is high and the company is spending a low amount on the product's promotion.

In option C, a marketer decides to price the product on a low ebb, while budgeting high amount on its promotion. Such a strategy is usually adopted by the marketers who target a quick and high market share. This strategy is good for a product which enjoys a mass-market, the market consists of a sufficiently large number of price-conscious customers and the competition is expected to enter the market.

Option D suggests low price and low promotion as one of the choices available. This option is good where the market for the product is not too large and the customers are price conscious.

## DISTRIBUTION POLICY

After having considered the influence of costs, demand, objectives and promotion, let us consider as to how the channels of distribution influence the pricing of a new product.

In case of high price-high promotion or low price-high promotion strategy it will be expected that a large number of customers will throng the retail stores for the product. In such a case the product should be available at a large number of stores. This will involve high distribution costs. On the other hand the new product is new only for the company





and its substitutes are available in the market, the distribution stores or retail store owners will have sufficient push potential. The company can ask the retail stores owners to exercise their push, by paying them higher margins or discounts. This will obviously influence the profitability for the company and the price.

Thus, while deciding the price of a new product, an avid marketer will consider all these factors which influence the decision.

**Activity 4**

Suggest pricing mechanism for the following new products scheduled for launch.

- a) Toilet soap for men.
- b) Premium wristwatches for young couple.
- c) Coconut water in tetrapack.
- d) Low priced talcum powder.

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**Promoting a New Product**

Having decided upon and have implemented various aspects of product characteristics, and pricing decision, its time to take appropriate decisions to optimise various promotion avenues and its budget.

Promotion is the life-line of a product's life-cycle. A product manager's time is involved in taking promotion decisions of one or the other kind. While the decisions regarding the product's attributes/features and pricing are, more often than not, one time decisions, the promotion decisions involve the marketers on a day-to-day basis.

**SIGNIFICANCE OF PROMOTION**

Before we dwell into the details of promoting anew product, let us try to understand the need to promote a new product.

Every marketer big or small wishes that the product should enjoy a long life generating profits. This objective would be achieved only when the product sells well. The product will sell only when a sufficiently large number of customers will buy the product. This is possible when all the potential customers are AWARE about the product, which further INTERESTS them creating a DESIRE to own the products and finally they will ACT and purchase the product. Thus, to achieve the goals of creating and developing Awareness, Interest, Desire and Action among the targeted customers, we need to promote our products and to even a greater extent our new products. And the stages mentioned above (awareness, interest, desire and action) are the stages of AIDA theory of selling.

Some researchers advocate the superiority of the theory of `Adoption Process' over AIDA theory. The stages in the Adoption Process theory are as follows:

- **Awareness**

The targeted customers become just aware of the product but do not have the detailed information pertaining to its features and benefits.



- **Interest**

The consumer becomes interested in the product as s/he receives more information about the product.

- **Evaluation**

On the basis of the extra information received, consumer evaluates the likeliness, of satisfying his need and then decides his buying decisions accordingly.

- **Trial**

The customer purchases the product just to try and ascertain to what extent it would satisfy both in terms of the, need and value for money.

- **Adoption**

The customer studies the satisfaction levels in the trial stage and later buys the product and uses it regularly in the adoption stage.

Though there are a couple of other but related theories, we should basically understand that the customer needs information at different stages of either the AIDA theory or the theory of the Adoption Process.

Promotion strategy helps marketers achieve the goals of making the customers aware, interested, desirous and buying their product thus creating sales. And it is this promotion, (the intelligent, cost-effective, and most importantly, creative use of promotion tools which helps achieve all this).

This explains the significance of promotion.

### **The promotion Mix**

- The promotion-mix consists of four components,
- Advertising,
- Publicity,
- Sales Promotion, and
- Personal Selling.

Depending upon the nature and type of the new product (*new to the category, new to the firm new to the industry*) a marketer should exercise a blend of these components in desired permutations and combinations. All these components have varied significance for various types of new products. (Refer Block-5 of course MS-6, Marketing for Manager), which discusses all the four components of promotion mix in detail.

### **Budgeting for Promotion**

Enumerate all the promotional activities to be undertaken for the new product promotion. These activities should be grouped under various heads of promotion mix i.e. Advertising, Sales Promotion and Publicity. The budgeting for personal selling is usually avoided for a given product, as it links to the sales force which is common for all the product the budgeting for personal selling is performed at the corporate level.

Budgeting for advertising, sales promotion and publicity is planned as follows:

#### **Budgeting for Advertising**

This is usually planned by establishing a link with the expected unit wise sales of the product, the advertising medium, its frequency, reach and cost of advertising etc.

If the marketer wishes to sell 4,00,000 units of a new product in a month.



Assuming that one person needs 4 units of the product in a month. Thus it needs -  
1,00,000 customers in a month. Then

- Total sales units expected = 4,00,000
- Number of customers required = 1,00,000
- If 10 % of customers who are convinced, try the product, the number of customers to be convinced = 10,00,000
- If 10 % of customers who see the advertisement, are convinced, the number of customers who should see the advertisement = 1,00,00,000
- If an advertisement has a reach of 10,00,000 customers. then the number of advertisements to be released = 10
- Cost of one advertisement = Rs.50,000
- Cost of 10 advertisements = Rs. 5,00,000
- Thus the advertising budget of 1 month = Rs, 5,00,000
- The advertising budget for 12 months = Rs.60,00,000

It should however be noted that Rs. 60 lacs will be the cost of just releasing the advertisement. The cost of producing the advertisement will be separate and will be added to Rs. 60 lacs to arrive at the total advertising budget.

### ii) Budgeting for Sales Promotion

While budgeting for sales promotion various sales promotion activities should be planned for the complete year. All the sales promotion activities should be planned on a monthly basis. The cost of each activity should then be also allocated. The cost of all the individual activities put together gives as the total budget for sales promotion for a specific period.

Following illustration will help you to understand it more clearly.

#### Planning the Activities

##### Month Sales Promotion Activity

- April a) Free distribution of samples.  
b) Putting up danglers at the retail shops.  
c) Putting up posters at the retail shops.
- May a) Free scheme of one unit free on purchase of one unit.  
b) Demonstration of product's performance at metro towns and A class cities.
- June a) Distribution of leaflets of the product in newspapers directly to households.  
b) Participation in trade exhibition.

#### COST IMPLICATIONS OF THE ABOVE ACTIVITIES

S.No	Particulars	Quantity	Rate (Rs.)	Amt. (Rs.)
1.	Free distribution of samples	1,00,000	10	10,00,000
2.	Putting up danglers at retail shops	1,00,000	5	5,00,000
3.	Putting up posters at retail shops	1,00,000	2	2,00,000
4	Free scheme of one unit free on purchase of one unit	4,00,000	a)	80,00,000
5.	Demonstration of product's performance			
	metro towns and A class towns	500	1000	5,00,000
6	Leaflets distribution in newspapers			
	to households	5,00,000	1	5,00,000
7	Participation in trade exhibition	1	2,00,000	2,00,000
			<b>Total Rs.</b>	<b>1,09,00,000</b>



Having planned sales promotion activities for 3 months, the budgeted expenditure is Rs.1.09 crore. Similarly, one can plan for all the 12 months.

While budgeting the sales promotion expenses for the activity number 4, we have budgeted 4,00,000 units as free units. Since we expect the sales to be 4,00,000 units, one unit free on purchase of 4,00,000 units would mean that we have to give 4,00,000 units as free. We have budgeted Rs. 20/- per unit as this is the cost of manufacturing of one unit, through the selling price is Rs. 70/ per unit. Thus the company earns a gross profit of Rs. 50 per unit. While providing one free unit on purchase of one unit, the cost to the company is Rs. 20 per unit, thus the budgeting of Rs.20 unit in item No. 4 above.

### iii) **Budgeting for Publicity**

While budgeting for publicity, the marketer can negotiate with an external agency specializing in publicity.

Usually a contract is established between the company and the agency on fixed terms and fees. This fee becomes the budget for publicity.

It is the responsibility of the external agency to contact various media persons or to organize press-conferences. The executive from the organisation voice their views on the new product which are then published in the print-media.

More companies are finding the benefits of publicity and are fast, switching, large portions of their promotional budgets to publicity component.

### **Distribution of the New Product**

Though, distribution is a specific function within the organisation, yet this function has a strong interface with the product managers. This is particularly true in case of new products

In the era of tough competition and with the availability of substitutes of all the products in abundance, every customer wishes that the products of his choice should be available at the nearest stores. Unless the product is unique, the customer will not walk an extra distance to purchase the brand of his choice. Though this may not hold true if the customer is a brand loyalist. But then in this fast paced world can one expect a customer to remain brand loyal for a long period of time? Furthermore, in case of a new product, one cannot expect the brand loyalists to emerge from day one. Thus it becomes very important for the organisation to make the new product available at most of the retail stores for that category of products. It is in this context the role of product manager assumes significance. Distribution managers by and large are responsible for the proper distribution of the complete range of the products of the organisation. Hence in the process of ensuring the proper distribution of other products they may tend to overlook the proper distribution of the new product thus inadvertently jeopardising the success of the new product. This may also occur because it takes some time for the personnel of the organisation in getting familiarised with the new product.

This results in the enhanced responsibility of the product manager handling the new product. The product manager is one who is more interested in the success of new venture. Thereby require to be a lot more persuasive in getting things done for the new product by other offices concerned who are indirectly linked with the success of the product and without whose cooperation it would be a difficult task for any individual to succeed with his new venture.

The urge to ensure the proper distribution of the new product, the product manager ought to be prepared with the following:

### **PLAN FOR SALES EXPECTATIONS**

The product manager is the best informed person in the organisation about the product. He has the pulse of the market, the competition, the technical superiority of his product, the marketing strategy for the product etc. He should share all the relevant information pertaining to new product with all the sales managers, and with their help, should prepare the sales expectations. While doing so, s/he should also consider the relevant published data with regard to sales of such products and also sales of the competitor's products and the most appropriate scientific sales forecasting methods.



Having completed the task of defining the sales objectives for the company, the market should be divided on the basis of territories, regions, states and zones. S/he should also be aware about the channels of distribution of the company and on the basis of the sales expectations, should chalk out the quantities required to be available at each distribution point.

Once s/he has completed this exercise, s/he should co-ordinate with production department and inform the requirements for the new product. These requirements should be informed to the production people on a monthly basis.

### **PLAN THE LAUNCH SCHEDULES**

The product manager should plan a detailed launch schedule of the new product. He should plan conferences for sales personnel and educate and share all information possible to them with regard to the new product. This enables the sales force to build up their confidence level in the new product and helps them to sell the product in due course. It is essential that the product manager and the technical personnel who are directly involved in new product should sell the product internally to the sales team boosting their confidence levels and later expect them to sell to the ultimate end-users.

While planning the launch schedule, a product manager should also ensure that the product would be available with the retailers much in advance prior to the official launch.

Assume the launch date as	X
Suppose it takes 7 days for the stock to reach the retailers from the stockists, then it should be available at stockists	X -7 days
Suppose it takes 15 days for the stock to reach the stockist from the depot, then the product should be available at the depots	X -22 days
Suppose it takes 15 days for the stock to reach depots from the factory, then the stocks should be ready at the factory	X -37 days

From the above it is obvious, that the product manager should ensure that the stocks are available in consumption condition at the factory premise atleast 37 days in advance from the launch date.

### **CO-ORDINATE WITH THE DISTRIBUTION MANAGER**

Once the product manager is ready with the launch plan and the product at the factory premise, s/he needs to co-ordinate with the distribution department to ensure that the product reaches the depots as per the planned date. S/he should also co-ordinate with the respective depot managers to ensure that the stocks are further sent to the stockists as per the planned dates.

### **INFORM THE SALES PERSONNEL**

The product manager should ensure the sales team that the stocks of the new products are available with the stockists and in turn they should ensure that the same are available with the retailers before the launch dates.

The most important activity in ensuring the proper distribution is making the product available at the retailers so that the customer are catered accordingly.

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## **18:8 SUMMARY**

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Products launch always poses an interesting yet a challenging task to the marketer. There are different types of new products and it is very important to understand it because it influences the marketing strategy. The strategy for a product which is new just for the company should have different elements than a product which is new for the category.

Though the launch of a new product always carries a financial risk for the company in the event of it being a failure, the need for new products are so overwhelmingly wide that a company has to resort to the process.



Different companies have different personnel or group of personnel who are bestowed with Product Launch the responsibility of new product launch. While some companies have the regular product managers responsible for the same, some others have new product managers. Some companies even have new product committees for the job.

The process of the launch of a new product starts with the idea of the product itself. There are few techniques which can be relied upon to come out with good ideas about the product. These include competitors' analysis, product audit, product augmentation, marketing research, etc.

While deciding about the price of a new product one can choose from different strategies like skimming price and penetration price. The decision about a particular pricing strategy is influenced by demand, costs, objectives, promotion, distribution policy etc.

The decision about promoting the new product is equally significant as this would enable to communicate with target audience. The promotion mix (which consists of advertising, publicity, sales promotion, personal selling), budgeting for promotion (which consists of budgeting for advertising, sales promotion and publicity).

Lastly co-ordinating with distribution department is considered at the most crucial responsibility of the product manager. Distribution alone can decide the success or failure of a new product.

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## 18.9 SELF-ASSESSMENT QUESTIONS

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1. What are the steps involved in the launch of a new product in the market?
2. What factors decide companies to offer new products. Should new products aim at short term or long term business strategy? Discuss.
3. Assuming you are assigned the task of launching a new product (any FMCG). Discuss how would you go about planning your launch mix.

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## 18.10 FURTHER READINGS

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