

Testing the water

Careful analysis and detailed planning are required to enter the market successfully with a new product, writes Sarah Gilmartin.

In the hyper competitive market that globalisation has created, most successful products are nowadays born out of long term market analysis, careful preparation, good design and clever marketing strategies. The myth of the silver bullet – a product discovered in a eureka-style moment, launched onto the market with lightning speed, catching competitors completely off guard and becoming the number one product in its area – does not materialise often in today's competitive, cut throat environment.

One of the upsides of the roll out of internet across the world from a consumer research point of view is that anyone can log on and gain access to millions of customers' needs and desires. However, worldwide interconnectivity also means that few ideas can be kept secret or known only to one person or company. As such, the concept of the silver bullet product is largely relegated to the realm of urban myth when faced with the reality of contemporary market conditions.

For every so-called "wonder" product, experts in product design and marketing believe that there are at least 20 other products that are nearly identical but which fail to make their mark on consumers. What are the characteristics that distinguish one product from the next, allowing some to succeed while others fade into insignificance?

Having a quality, affordable product is imperative to entering the market successfully, but even this is not enough to guarantee a permanent position at the top. A coherent and creative product to market strategy needs to be in place to ensure that a company is highlighting the benefits and features of its product correctly and targeting the widest consumer base possible. From product packaging to prototyping, there are many different steps to successfully launching a product in a new market



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and if even one of these is missing, competitors will be quick to capitalise on the error.

Over the past 10 years, the face of industrial design and new product development has changed dramatically across the globe. According to Niall English, managing director of Futura Design, the need for businesses to bring a constant stream of new products and product enhancements to market quickly and cheaply is driving the migration of manufacturing to southeast Asia and is fuelling advances in materials science as

well as developments in rapid prototyping technology. Having worked as an engineer and project manager in the corporate world for almost 20 years, English set up Futura Design in 2003 to provide SME and MNC clients alike with a cohesive new product development and outsource manufacturing service.

"In terms of launching a product, the trend in western Europe and the US is to design, prototype and market test new products locally before moving to Asia, eastern Europe and South America for manufacturing," he says. "The greatest fears that companies have about manufacturing in these regions (and China especially) are that their product will be copied, that the quality of the delivered goods will not meet the required standard, or that the manufactured product will not be true to the design intent in terms of

materials, packaging or product performance.

He maintains that specialised resources are needed in order to overcome these obstacles, highlighting that excellence in product design and protection through patents and design registration are of paramount importance: "Other areas that are vital to focus on are excellent project management skills, the ability to produce and test working prototypes in very short timeframes (sometimes as short as two or three days), and the ability to identify and partner with reliable and trustworthy manufacturers in the manufacturing regions."

It would be unusual for a company, especially one that is starting up and launching a new product, to have all of these resources in-house. "It would be difficult for most businesses to realise a meaningful return on such an investment due to the high level of capital employed compared to the degree of utilisation," says English, adding that there can also be a significant time lag between initial investment and the realisation of a revenue stream from the launch of a new product: "Hidden costs can also emerge as a result of key members of the management team shifting focus from their core business activities to the detail of managing new product developments."

Even large multinationals outsource many of these activities because although they are critical to their product development and brand strategies, it is often difficult to achieve acceptable returns on the capital employed by keeping them in-house. In most cases the solution is to outsource to a strategic partner rather than to invest heavily.

English believes that obtaining and developing these specialised resources demand all of the investment and effort required to grow a new core competence: "It is a strategic decision which will have a major impact on the medium to long term performance of the business. Consideration should be given to achieving a superior quality in product design and prototyping. Highly creative and skilled product designers and highly qualified and experienced

engineers should only be trusted if you want to ensure that your product is taking the best route to market. Rapid prototyping technology and knowledge of and access to technological, material and production advances, along with precision CNC machining are also important."

English says that Futura has the ability to work with starters as easily as established multi-nationals, using tried and tested product development processes to turn ideas into inventions and inventions into winning products: "Futura aims to provide clients with the benefits of a complete new product development function - without the capital investment - through strategic

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partnership. The company has invested heavily in state-of-the-art design and rapid prototyping facilities. It also has an extensive network of resources in the Far East and offers design, rapid prototyping and low cost manufacturing as a complete package."

Project management is another vital component of the launching process. Building a marketing plan that details your product launch and strategy can be difficult and professionally trained project managers are often required for this area. They understand the attention to detail that this process needs and have the production knowledge necessary to see it through to its end result.

When outsourcing production of the product, a company must identify and partner with reliable and trustworthy manufacturers. English says that extensive supplier research including site visits, capabilities auditing, and reference checking should take place before making any decisions: "Make sure the manufacturer has a constant presence in the region and hold frequent face-to-face meetings with them to review progress, build rapport and for auditing purposes.

Also check that whatever manufacturer you choose has the ability to write and implement robust production and quality control manuals."

After the manufacturing process has been completed, a strong marketing campaign is needed to launch your new product. Peter Lawless, business growth expert and founder of sales and marketing company 3R, says that many great ideas never materialise into the household names that they deserve to be because companies and entrepreneurs fail to recognise what constitutes a successful new product.

"There are four principle reasons that new products are launched," he explains, "It's either because someone had a great idea, spotted a way of adding value to their existing portfolio in a new or existing niche, recognised a way of satisfying additional customer demand, or launched something new as a means of diversifying, to either grow the business or to protect future earnings. The very first step you must take is to write a business plan. In reality, thoughts only become tangible things through the diligent and persistent application of a desire in a planned fashion that has clear direction and is adaptable to reality."

Lawless believes that success comes from two key areas. The first revolves around creating, manufacturing and distributing a product that you can service in such a way that it fulfils exactly what people believe it will do when they buy it. Selling and marketing this product in such a way that your potential customers crave ownership of it is the second step to launching your product successfully.

"As human beings we subconsciously buy with our emotions. On the conscious level in often cases we justify to ourselves and others that we actually "need" something that we just bought. One of the key launch planning activities is to research your target market. This involves understanding who will want your product and what benefits they will get from it. You should then look at the size of the market, where it is located and what sort of volume you expect to get based on market share," he says.

It is important to test the product that

you are offering and find out which consumer base is most likely to be attracted to it. What are the benefits of the product you are making and can they be backed up by expert opinion? “You should work with test groups and focus groups to extract the true value they will get from using your product,” he advises. “The key strategy here is to identify the emotional reasons that customers will want to buy your product in the current market. At this stage it is essential to gather testimonials, so that other people intending to use the product will see evidence of its success.”

It is at this stage that you will receive valuable feedback on the design, packaging and presentation of your product, which may well need to be different depending on target age groups, sex, language, culture and ethnicity. Finding the right price for your product will also play a key role in determining whether it will be a success once you launch it in the marketplace.

“When pricing a product, there are three key factors to be taken into account namely; value of the product to its owners, what the competition charges for similar or substitute products and finally, profitability for your company based on costs to manufacture, promote and distribute it,” he says.

The actual launch phase of a product requires planning based on the previous steps, in addition to your available budget. According to Lawless, as a rule of thumb, new product introductions normally cost 50% of the first year’s sales: “Your marketing plan should accurately target the identified groups in a language and medium best designed to generate the emotional response required to take action leading to eventual ownership. Finally you must ensure that you have capacity to meet demand. Nothing kills a new product’s future success like a potential customers’ inability to get hold of the product.

“These are some of the basic steps

essential to your new product’s eventual success. If in doubt, make sure you contact an expert who understands your target market’s needs. Too many people rely on technical features and thus end up without the success they could have enjoyed,” he says.

Launching a product, whether it’s a brand new idea or a variation on something that already exists, can be regarded as a test. No matter how much market research you have done, no matter how confident you are that your product will be a success, you are still testing how consumers will respond to your product when you launch it. However, the more customers know about the product before it comes out, the more likely it is to do well. Develop an easily understandable way of explaining the benefits and functions of the product and make sure you have the resources and infrastructure in the build up to the launch that allow your product the chance of being a market leader. ■