

# Success Of New Product Launch By New Process Flow

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## **ABSTRACT:**

*For ongoing on business introduction of new products are very much essential. A quote by Dave Ramsey states “People are in such a hurry to launch their product or business that they seldom look at marketing from a bird's eye view and they don't create a systematic plan”. The aim is to design a successful formula for new product launch process. This paper clearly talks about the various reasons for failure of new products, case studies are provided of various successes of new product launch and checklist which has to be followed before launch of product. New product launch is creative but at the same time requires disciplined and systematic approach.*

**KEYWORDS:** *New Product Launch (NPD), Psychographic, Measurement Matrix*

## **1. INTRODUCTION:**

When an entrepreneur starts a business he aims on running it till infinity with profits and the only way of doing the same is by continuous improvement and believing in “change is constant”. With the change in technology and increasing competition customers have become more and more greedy in wanting to have new, innovative and better products hence to survive in the field of business or to retain job for employees it is very important to have New Product Development process. Need of new product development is (1) competitors always launch product similar to the business hence to have a competitive advantage there is requirement of launching new products (2) This will give continuous growth to the business (3) Need of being techno updated (4) to be in line with the demographical changes (5) Sometimes for better cost management through process changes or enhancement. This process is not restricted to only specific product but will apply to all kinds of business.

### **New Product Development (NPD):**

A firm can obtain product in two ways one by buying a whole company having the product or obtaining license to purchase the product from other company. The other option is to develop new product. Before introducing new product to the market there are various stages. There are various models developed but the best used and know is the Booz, Allen & Hamilton, 1982 the stages are shown below in Figure 1.

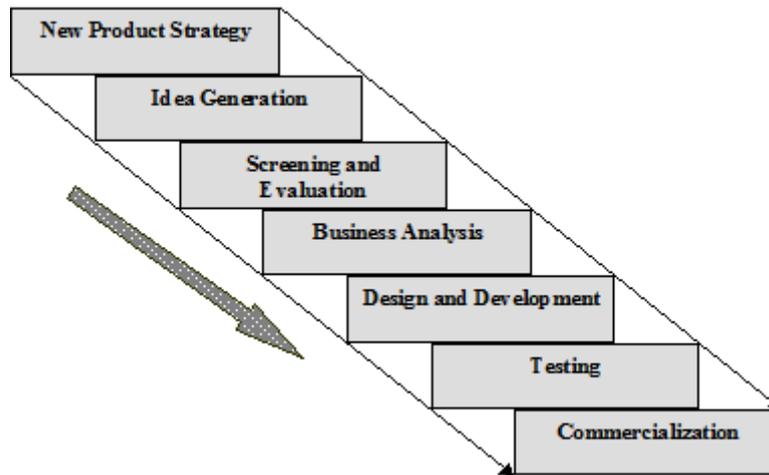


Figure 1: New Product Development Model: Booz, Allen & Hamilton, 1982

Let's look into the various stages of the model:

**New Product Strategy:** New product process should be in line with company's objective and strategy to be designed. **Idea Generation:** Should generate ideas keeping in mind various factors, competition, cost, experience, resource etc. **Screening & Evaluation:** Comprises of an initial analysis to determine which ideas are pertinent and merit more detailed study. **Business Analysis:** Analysis of profits through cost intake and returns should be done. Cost at each stage from raw material to distribution should be analyzed. **Design and Development:** Product should be designed and developed in this stage. **Testing:** Various types of testing may be through survey by sample test, commercial experiments to be done, taking feedback. **Commercialization:** Post testing if positive outcome product to be launched.

## 2. NEED OF THE STUDY:

According to Harvard Business School professor Clayton Christensen, each year more than 30,000 new consumer products are launched and 80% of them fail. There can be various reasons to it (1) Poor design of the product: There could be various reasons for the same inefficient employees, wrong mechanism used not using the updated technology etc., (2) Product Cost: wrong estimation of the product cost, errors in purchase, wrong pricing etc., (3) Promotion (a) Poor marketing strategy used (b) wrong positioning of product (c) incomplete promotion techniques or tools used (d) incompetent advertising agencies etc., (4) Competition: Unable to withstand the competition. (5) Targeting wrong market (6) the entire NPD process takes long time which does not match with current dynamics.

## OBJECTIVES

1. To study the various factors to be analyzed before launch of new product.
2. To study the critical factors for a successful launch of a New Product.

1. **Kaustubh Dhargalkar, Kasturi Shinde & Yoshita Arora (2016) "A universal new product development and up gradation framework"** has discussed about the strategies that are followed by managers to upgrade new product development in the organization they have emphasized only incremental changes will take place and it is not of much beneficial. They have undertaken an exploratory study to analyze all possible attributes of a product and service.

2. **Jerry Wind, Vijay Mahajan (1997) "Issues and Opportunities in New Product Development: An Introduction to the Special Issue"** emphasized about the changes that has taken place in the last decade and its impact on New product development. They found out that the same old strategies are followed in new product development like **Stage gate processes, concept tests, conjoint analysis–based approaches to the assessment of consumers' needs and reactions to new products, simulated test markets, and diffusion models**
3. **Henrik Florén, Johan Frishammar, Vinit Parida & Joakim Wincent (2017)** "Critical success factors in early new product development: a review and a conceptual model" analyzed the literature is fragmented with critical factors for successful development of New product. The article has twofold purposes; first it describes analyses and second conceptual framework for success of new product development process.
4. **Marianna Kazimierska and Magdalena Grębosz-Krawczyk (2017) "New Product Development (NPD) Process – An Example of Industrial Sector"** has presented the process of new product introduction by analyzing the objectives, and implemented procedures followed in designing the new product.
5. **Robert W Veryzer Jr. "Discontinuous Innovation and the New Product Development Process"** in their paper talks about the NPD process for a discontinuous product when compared to NPD process for an incremental or continuous, the writer has done an in-depth study of eight discontinuous product development process. Robert Veryzer observation post findings of eight projects was the difference in the two processes with respect to the relationship between the technical and the market activities are particularly striking. The article gives good insight with various types of products taken into consideration. NPD for discontinuous products is more exploratory and less customer driven.
6. **Helen Perks, Rachel Cooper, and Cassie Jones. "Characterizing the role of design in New Product Development an Empirically Derived Taxonomy"** article talks about nature of the role of design in the new product development process. The article very efficiently gives us information of evolution of the NPD from 1960's to 2000. The paper talks about role of managers and the skills required. The paper only talks about the nature and skills required, but could have given more inputs like detailed explanation of skills required by taking into consideration any one kind of industry.
7. **Pang-Lo Liua,b, Wen-Chin Chena , Chih-Hung Tsaib."**An empirical study on the correlation between the knowledge management method and new product development strategy on product performance in Taiwan's industries", focusses on knowledge management, t-test method has been used, on high-tech industries only, which gives us scope for further study.

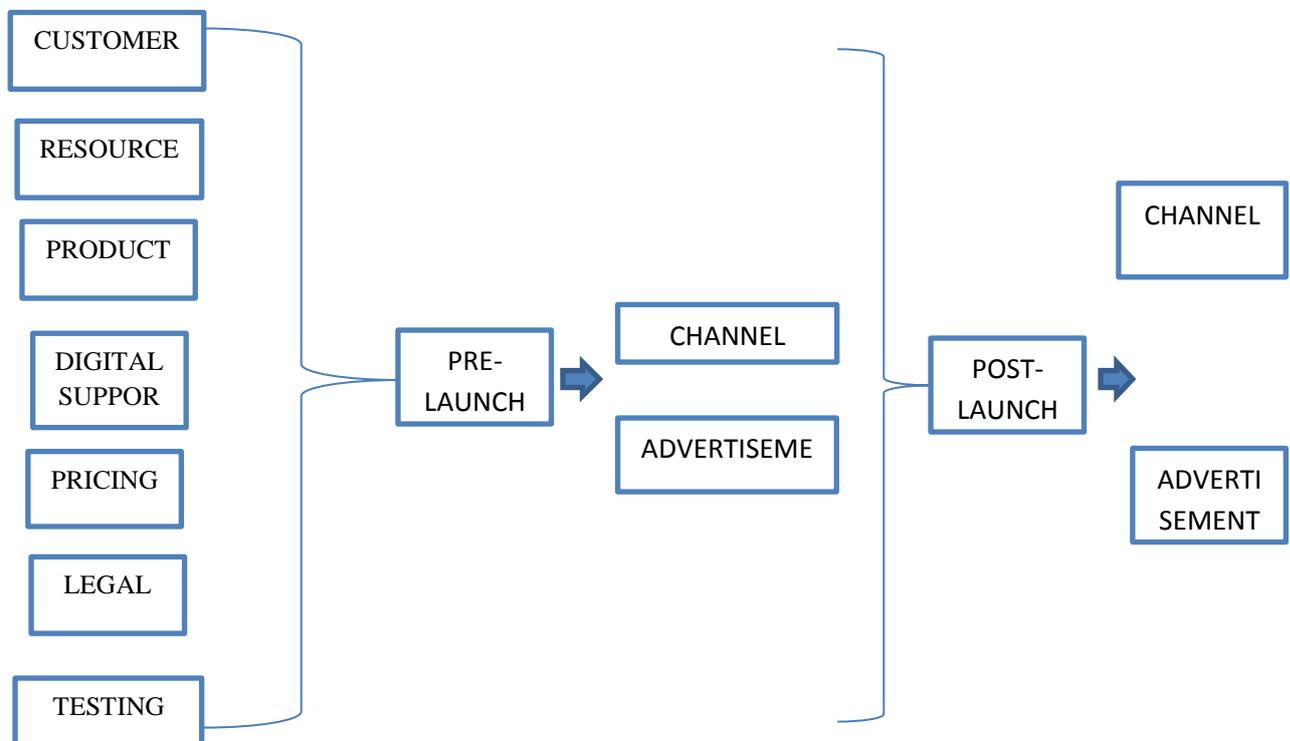
### 3. RESEARCH METHODOLOGY:

The research is based on the secondary data critically analyzing through descriptive method with some real life examples, websites, international journals and blogs.

**Data Analysis:****1. Objective:**

- To study the various factors to be analyzed before launch of new product.

Looking at the various studies and understanding the same, a checklist has been prepared for New Product Launch process. For creating a checklist few questions have been raised (1) Who are the organizations prospect customers (2) what will be the marketing strategy to be adopted (3) Distribution channels used (4) Product Design and Research & Development. (5) Resource Planning (6) Quality assurance. (7) Competitor analysis (8) Market Study (9) Launch period Analysis (10) Legal aspects with the launching.

**4. RESEARCH****NEW PRODUCT LAUNCH CHECKLIST FLOW**

Source: Author's own creation.

**CUSTOMER:** A thorough research about the customer preferences is essential and it is the first step in new product design and development. Most of the firms they try to produce a product with some incremental changes than the competitors' one. The following are some of the important factors which the organizations have to study about the customer while launching a new product.

- Customer's Need and Preferences.
- Market Segments.
- Cultures, sentiments.
- Psychographic – Customer's motivation, perception
- Predicting customer's future preferences
- Customer's lifetime value calculation using various modules

7. In many cases customer's occupation, income
8. Social factors effecting customer's behavior

**RESOURCES:** The organization also has to analyze the availability of the resources including natural, financial and human resource for launching a product. A few are named below:

1. Analysis of availability of all kinds of resources
2. Recruitment of skilled and suitable Employees.
3. Training needs if new technology has to be installed for the employees.

**PRODUCT:**

**While introducing a product the organization has to do some Brain storming sessions, focus group studies, pilot studies for generating ideas regarding the product features and design.**

1. Brain storming sessions, Case studies, Market research, focus groups, pilot studies for idea generation.
2. Research and development activities for designing and materials required for the product

**DIGITAL SUPPORT:**

1. Modules like SAP required to integrate all the departments
  2. Other necessary **e-learning modules in Marketing and Innovation** required
- Aligning objectives with market forecasts.  
Promotions.  
Relationship marketing in practice.  
Relationship marketing strategy.  
Sales support.  
Strategic marketing plans.  
Using customer equity to create value.

**PRICING OF NEW PRODUCT:**

Different types of analysis have to be made for fixing the price for a new product. Some are below:

1. Pricing strategy
2. Proposed pricing structure
3. Analyzing competitor's pricing
4. Getting the fixed price approved.

**LEGAL ASPECTS TO BE CONSIDERED:**

There are some legal aspects to be considered while launching a new product. You have to analyze the following aspects before launching a product.

1. All the 4 P's analysis has to be made.
2. If it is outside India the contracts you have to make across the globe.
3. The rules and regulations to be followed in launching a new product.
4. Licenses, permissions according to the laws prevailing in that country.

**QUALITY TESTING AND SAFETY ASSURANCE:**

Before introducing a product proper quality testing and assurance is required from the organization. This builds trust and confidence in usage of the product. Some points have to be followed:

1. Demo on product, self-testing
2. Getting the feedback from where you experimented your product.
3. Whether testing has been done with appropriate technology and equipment.

**PRE-LAUNCH ANALYSIS:**

1. How to launch
2. When to Launch (Right time to launch)
3. Where to Launch

**CHANNEL ANALYSIS:**

The Organizations has to take decisions about the distribution channels through which it has to supply goods.

1. Type of distribution channels.
2. Selection of outlets where it can market its goods easily.
3. Agents/brokers - Intermediaries

**ADVERTISEMENT AND PROMOTION:**

**The promotional activities are considered as nervous system to stabilize the sales of a particular new product.**

1. Defining Objective for designing the Advertisement.
2. Estimating the budget requirements.
3. Creating a message to be conveyed to the customers.
4. Selecting media.

**POST LAUNCH ANALYSIS:**

1. Stock availability for sales
2. Customer service support for queries, suggestions and grievances
3. Sales target
4. Measurement Matrix to know the performance

For generation of idea on new product it is very much essential to have knowledge on the customer. Which type of customers is targeted in terms of geography, demography and occupation/income? Customer behavior needs to be understood based on various factors. Culture, social and political factors play major role e.g. Movie Padmavati was exposed to controversies in Rajasthan same was not the case is other locations; hence culture, traditions and social factors play a role. Customer behavior plays a major role in launch of new products and creating brand. Once the customer has been analyzed and product idea has been finalized next step it to check on resources. If sufficient and efficient resource training them upgrading is very much important. For the functioning of activities modules are required to keep all departments integrated for e.g. ERP like SAP. Pricing plays a major role is launch and product life cycle, hence pricing should be done taking all the factors like production/manufacturing cost, promotion cost, and competitive pricing analysis. Obtaining license and following regulations is very much essential. Having legal contracts with dealers, suppliers and third parties. Post product establishment testing of product is very much essential, conducting survey and take feedback. Post testing Pre-Launch check should be made ready and distribution of product.

**5. OBJECTIVE:**

To study the critical factors for a successful launch of a New Product.

**Success Launch: A Discussion on real life cases.**

Before understanding the product failure let's look into some success stories to have a clear comparison and learning. Success launch of Chrome by Google (Thailand Launch): When Google launched Chrome which was worldwide it was not necessary that it will be accepted in the same manner at all locations, one of challenge place was Thailand. Reason is the culture difference; Google comprehended the same and accompanied a methodology, conventions assume a noteworthy part underwriting a similar they recounted the narrative of Ramayana and spotlights on the triumph of good finished insidiousness. The thought was to utilize visual narrating to exhibit the highlights of Chrome while breathing life into the old story. This helped clients comprehend the program's capacities without watching a long, exhausting instructional exercise. They even added in-story games so that the audience remained intrigued throughout the interactive experience. Amid the crusade time frame, the quantity of Chrome clients developed by 53% and brought about the program turning into Thailand's no.1 program. Google even experienced a 3.5 point increase in shares following the campaign. The learning from this success case is to know the customer Psychology and behavior and marketing the product based on it.

**Kellogg's Failure and Success Story in India:**

Kellogg's is a known brand internationally which has its sales in over 180 countries and has been very successful but same has not been the case for its business in India. Kellogg's entered Indian market in 1994. Despite having all the marketing strategy, brand and high profile launch it was a failure in India. Indian's didn't like the taste of having the sweet breakfast and had little appetite for the dish also having cold milk was not liked. Later understanding the customer requirement the company made some changes new product Frosties was launched, which come ready-sweetened with dissolvable sugars which sweeten the milk when it is added to the bowl. This made the Kellogg's to taste success and post which changes have been made. Kellogg's reduced the price of their products and began to offer a wider range of product sizes to appeal to different customers. The learning from this success case are (1) Customer wants and needs (2) Understanding Customer Behavior (3) Pricing (4) change in Marketing strategies, the company has made change in the mentioned points it tasted success in their NPD.

**Another most successful launch of new product is iPhone:**

IPhone introduced an entirely new interface based on a large multi-touch display and pioneering new software touch screen mobile device. Apple decided to reinvent mobile phone and just didn't want a new smart phone with Apple logo on it hence worked on R & D worked on various technologies to design a new product which had the features required by the customers. They adopted unique launching platform for iPhone, it ran a mysterious teaser ad during the Academy awards none of the Apple store had the product ad before launch which created a mystery and curiosity. Apple's less is more strategy worked brilliantly.

**6. FINDINGS :**

1. Universally it is found that new product launch is totally based on customer preferences and customer focused.
2. Before introducing a new product the organizations has to study the demographic, cultural and social environment of place where they want to launch the product.
3. It is found that there are some factors like product, resources, pricing, and digital support etc., are analyzed commonly for the launching of new products.

4. The consumer behaviour and psychology is considered to be the most important factor to be analyzed from time to time.
5. Pre launch and post launch activities plays a significant role in products success.
6. Quality testing and assurance is must before introducing a product.

## 7. CONCLUSION:

Looking at the various studies and understanding the same, a checklist has to be prepared for New Product Launch process. Various critical factors have to be examined. Post introduction to various tools and process in new product development, it still remains a big challenge for companies, to make the product successful in the market. An effective product launch equals to the success of the company. Product launch should be treated as similar to launch of rocket, where in there are various pre-launch steps to be followed and the launch should be scheduled at the right time and place, as the rocket takes off with a huge bang and fire, same should be the case of a new product launch and sustaining the product continuation in the market is very much essential. If companies are able to know the technique to this, the success of company is guaranteed and no sick units will be there.

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