

A Study on New Product Launch Strategy in FMCG Industry

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Abstract:

This research deals with the new product launch strategy of any product in an industry. Product launch is one of the important aspects of marketing in any industry. Product launch is not only the responsibility of marketing department but involves the co-ordination of all the functional departments of the organisation. This study deals with the step by step process which involves competitor analysis, gathering insights, review of portfolio, identifying gap, giving brief to R&D, forming team, launch, tracking sales to be carried out by the organisation for a successful product launch.

Key words: Product launch, competitor Analysis, Portfolio, R&D, forming team.

INTRODUCTION:

Marketing in simple terms is identifying needs and wants of a customer and satisfying the needs with the help of our product and services. And retail marketing is a part of marketing which

involves the activities of the business to the end user; customer by creating general awareness and interest about the product to the customer to generate sales for the product and services. Retail marketing involves many activities like product selection, product placement, pricing activities; promotional activities etc. one of the significant performance is product launch. Product launch is the rollout of a new or updated product to a target market. It is a component of product development that can be seen as a defining moment as the product is received by customers and reviewed. Planning for product launch typically begins in the concept phases of a product and runs in parallel with product development. There are 2 types of product launch; they are soft launch and the aggressive launch.

Product launch is an ideal part in life of any product. It has both positive and negative effect on the product, an unplanned product launch leads to decline in sales of the product or negative word of mouth but a perfect launch will increase the brand image and also the sales of the product or services. So we need to work on the perfect mix of strategies based on the product and market with a strong offering for a perfect launch. Planning, scheduling, training, testing, positioning, feedback are some of the important strategies to be considered for a perfect launch. In the research we discuss about the strategies involved in a new product launch and a procedure to be carried out for a perfect launch of the product.

LITERATURE REVIEW:

Lehtimaki Tuula K, in his research article states us about the importance of management of launch process and also the importance of communication during new product launch. This study tells us about the differences in the structure of information and sharing of information and launch process. Cross functional integration of various departments and its

valuable forms helps in launch process steps also. Care has to be taken to share information to make all departments commit to the process. From the study it is said that during launch research and tests the information exchange and cooperation between various departments of the firm like sales, R&D, manufacturing and logistics and marketing has an important role in selecting customer which are decisive for verifying the launch competence. Launching a product is a challenging phase not because it is the end of the NPD process but also it is a comprehensive cross functional process involving varied information exchange.

Gunjan Manish et al, 2016, in their research paper explains us about the launching of new product and its promotional strategy in the pharmaceutical company. This paper tells us about the launching of new product and finding innovative ways in promoting them in order to reach the consumer. It is said that brand extensions is the way which is carried in order to launch a new product. This newly introduced brand extensions helps in adding the brand equity which helps in maintaining the company name and brand name because brand name is to be maintained in order to maintain the consumer familiarity. This consumer familiarity helps in developing the new market and develops new segments quickly. Market is a place where competition exists so companies are not ready to introduce the new product in different name rather than the branded name already existing in order to maintain the name in the market and extend the brand image. From the study it is said that the challenges faced during introduction and maintaining of new product is overcome by the innovative and creative launch of the product. From the study it is concluded that the new product is launched in the name of the existing brand name in order to maintain the brand image and attain success in the market and maintain the existing customers.

Yi-Chia Chiu et al, 2006 ;in their research paper explains us about the evaluation model in launching a new product. Launching of new products in the market is a competitive advantage today. Due to the development of technology, mass communication improvement and huge competition in the markets proper evaluation of new products must be done. Proper application and development of product strategy is required to overcome difficulties. From the study it is said that the companies have tried the maximum in launching the new products in the market. The success or failure of a product launched depends upon the proper strategies followed. From the study it is said that the results arrived at the new product launch is relevant to the previous study. Since many methods and criteria are considered for research even more methods are to be added in this study for future research. From the study it is said that proper decision making with the help of technology up gradation helps in the successful launching of a new product.

Yi Zhang; 2015, in his research paper explains us about the relationship between customer loyalty and brand image. The study was conducted for different service industries like banking, hotel management etc. the comparison is made between customer satisfaction and customer loyalty and brand image. From the research it's found that in spite of changing lifestyle, the consumer behaviour remains unchanged further consumer loyalty and brand image influences the consumer buying behaviour. The study concludes stating that brand image plays a major role in consumer behaviour and to achieve the target.

Nusa Fain et al; 2011, in his research paper explains us about the importance of integration of marketing and R&D for a successful product development process. There are few factors influencing the integration of the departments. Organizational climate is also found to be the significant feature affecting the R&D and marketing integration which affects the NPD success.

From the analysis of two companies it is said that the success of new product development is prejudiced by the level of R&D - marketing integration. So research works must be done in order to maintain a good marketing integration in the company which helps in the success of the business.

Mrs. T. Vijayalakshmi 2013, in their research paper explains us about the perception level of the consumers towards Lakme products. From the study it is understood that advertisement in the Medias must be increased in order to create the awareness for the people regarding the products. Price must be reduced in order to attract the low and middle level people and the product must be available to the consumers when needed. They should concentrate on all level of customers. From the study it is concluded that consumers are highly stimulated by the advertisement as well as they are fully fulfilled with the product promotion, quality and availability. So proper authorities must be organized in order to regulate and manage the activities with the needs of the customers. If the findings and suggestions of this research is used there will be a good response from the buyers and expected profits will be achieved.

V. Krishnan, Karl T. Ulrich; January, 2001; report is about the review of product development decisions. The decisions may be classified into two broad categories. It is further classified into concept development, supply – chain design, product design and production ramp-up and launch. The decisions related in setting up a development project is product strategy and planning, product development organization, and project management. From the study it is concluded that several areas for future research seem to be promising.

Niromi Seram, March 2013; from this research it is studied that the various designs and models which is used in the process of product development. Decisions may be classified into two broad categories. They are programmed decisions and

un-programmed decisions. So from this study it shows path for developing a decision making process based on the factors like product development processes and achieving it.

Hongyi Sun – Wong Chung Wing 2005; research work tells us about the critical success factors for new product development in the Hong Kong toy industry. For this research purpose Delphi method and Biblical model were used in order to find out the importance and implement the various factors necessary for the success of NPD. The R&D activities have to be properly analyzed and decision must be taken in order to implement them successfully.

Nashwan Mohammed, Abdullah Saif, January 2016, from this research it is said that marketing strategy is important for the success of the firm's performance. The strategies must be properly designed in order to coordinate the business projects, because a single wrong plan will totally affect the marketing plan. The marketing strategy like standardization/ adaptation is more important because it can separate marketing mix elements to be standardized or adapted in the market. The 4Ps of marketing strategy namely Product, Price, Place, Promotion must be developed properly and the new products must developed under the Product Life Cycle (PLC). The product must be developed in order to meet the needs of the customer and marketing must be done accordingly. Marketing plays a key role in determining the aspects of the appearance of the product and the functioning of the product. It should meet the needs of the customer. Some group of customers may not be willing to accept the new development in the product but if proper implementation of marketing strategy is done it can be successful. So it is concluded that proper implementation of marketing strategy helps in the development of firm's performance, that is sales, financial and customer company performance.

RESEARCH METHODOLOGY:

The research methodology used in this report is descriptive research. The research was carried out with the help of secondary sources from various research articles and the researcher has opted for descriptive research as the study involves qualitative analysis of various aspects involved in a successful product launch. The study is done with different product in various industries to develop a strategy for product launch.

FINDINGS AND SUGGESTION:

Product launch involves not only the marketing department. It is a collective work and coordination of all the functional groups. It involves a series of well planned action to be followed and coordinated for the expected results. Product launch can be for a new product in the market or for an existing product. In this research we deal with the new product launch for a product in any industry which can follow the below mentioned steps.

- **Analyzing Competitive Products and Penetration**

Competitor analysis is one of the important tools to be considered before going in for developing new product. Through competitor analysis we can analyse the strengths weaknesses of the potential competitors in our industry. The potential competitors are clearly explained with the help of the five force model by Michael E Porter; which explains the potential competitors as existing competitors, substitutes, new competition, bargaining power of suppliers and bargaining power of customers. By this we can determine the strategies of competitors in our market, their strength and weaknesses through which we can develop our product based on their strategies. The major factors of the competitors to be analysed are

1. Reason behind the success or failure
2. Customer influencers
3. Major production cost
4. Industry logistic barriers

By determining the key performance indicators of the competitors we need to frame our strategies based on their strength and weakness. Framing our strategy should be based on our key assets and skills which can fall under any of the important factors of marketing like product, pricing, place, and promotion. In case of services there is an addition of three more key factors ; people, promotion and physical evidence. After analyzing the competitors strategy before framing our own strategies with our key strengths, we need to determine the market share of the competitors through which we can decide whether to go for penetration or skimming.

- **Gathering Insights**

One of the important aspects of marketing and the toughest is understanding the customers. In recent days marketing is based on the current trends and taste preferences of a particular market chosen. For this we need to understand the customers taste and preferences by conducting empathy interviews on the selected market. Through these interviews we can gather insights of the customer preferences for the specific product and care has to be taken to convey the right message to the marketing team to avoid communication gap. By these insights, marketing team will be able to decide their new product.

- **Review Current Portfolio if any**

Portfolio management is all about allocating resources for the purpose of achieving corporate objective through the decision of whether to invest in research and development for the new product or to stay with the existing one. The success of many

industries is based on new products to be launched and maintaining of existing product. The team has to decide whether to invest on the new product or to continue with the existing product. Careful decisions are made by the portfolio management team to evaluate, select and prioritize the new product or to reprioritize the existing product.

Though portfolio management plays an important role in deciding the future implementation and investment of the firm it's a risky one also. It may lead to a greater profit as well as a downfall of the firm like a double edged sword.

- **Identifying gaps in the market**

Through competitor analysis we could identify the strength and weakness of our competitors. By benchmarking them we could formulate our product but it will not be an effective one when it comes to the present market, so we need to identify the gap missed by the competitors, instead of following them we could outperform them. So marketing team has to effectively work on identifying the gaps in the market to capitalise on them.

- **Giving Product Brief to R&D**

The needed information for the new product development after careful consideration of all the factors like competitor analysis, gathering insights and identifying gaps. The product design information is provided to the R&D team to work on the new product.

- **Forming Team for New Product Development**

After deciding the new product design from the R&D team to the marketing team the next step would be to convey the information to all the departments in the firm. New product launch is not the work of the marketing team alone it's a collective involvement of all the departments. A member is selected from every department and formed a team who would convey all the important information and proceedings of the

program and in turn conveys the suggestions to the marketing team. Though this may take a lot of time but it is one of the effective and efficient methods.

- **Launch**

The process doesn't end with the development of new product. The product has to reach the customer who is the ultimate decider of the success of the product. Launch is a perfect way to create a image for our product and to reach the customer. A perfect launch should involve choosing the venue, choosing the theme, event timing, entertainment, event timing, social media activity before the event and plan the follow up.

- **Tracking Sales**

After the launch the actual sales begins and acts as a test for the firm. Proper communication and follow up plays a major role in achieving the expected results and execution of the plan. A communication pyramid is set to track all the sales activities and conveyed to the various departments and reports are generated. Through this reports the actual performance of the product in the market is analyzed and proper corrective actions are taken.

- **Feedback**

Feedback plays a very vital role in the product launch because it eventually decides the result of the hardened work done by the team. Feedback can be done through focused group interview, market surveys. Customer's feedbacks plays a important role has they ultimately decide the success of the activity. And corrective actions can be taken to avoid future mishaps. It acts as a motivator and acts as a tool for the decision making process. So these are the steps involved for a successful new product launch.

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