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Avoid New Product Release Pitfalls

Plans With Impact, Adequate Timeline Ensure Brand Introductions That Serve All Audiences and Deliver ROI

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Introducing a new product in today's fragmented marketplace has become a significant gamble marketers make often, with a very poor chance of success.

In 2001 AC Nielsen's consumer goods research operation BASES, in reflecting on 2000's dismal performance, reported that "30,000 new consumer brands were introduced in the United States last year at a failure rate of approximately 93 percent. Given the millions of dollars spent on developing and marketing a new product, the total failure costs conservatively exceeds $20 billion."

While media planners can't solve $20 billion in failure costs, they can make contributions that increase the odds of seeing a positive return on marketing investment. Planners simply need to rise to the occasion and address the significant challenges inherent with new product introductions.

Media planning challenges for new products generally fall into two categories: mass-market frame-of-reference bias and plan-creation hurdles.

Mass-Market Blind Spot

Marketers proficient at churning out brands for the masses are also proficient producers of new product ideas. The extensive breadth of their organizational resources gives them the scale to produce large numbers of new brands looking for the few that will succeed.

This approach, applied in a fragmented marketplace, creates a thorny problem: It tends to generate new products that serve niches within the market, not the masses.

Most new product offerings are variations of current market successes: new flavors, healthier versions or versions featuring physical enhancements, such as color and size, or brand-new features. Offerings are well grounded in consumer learning. Segmentation studies and future trend forecasting are done well by large marketers, and they substantively validate new product notions and flow from real consumer needs.

But at some point between the drawing board and generating real market results, the effort fails. A key reason for failure is lack of alignment between the communication effort required by a niche introduction and ROI expectations. While the communication team is realizing the right-brain potential of the new product, another part of the team is applying left brain, mass-market ROI best practices to set volume expectations.

Many marketers have the formulae to predict awareness, trial and repeat purchase based on marketing investment. The formulae are accurate, but how they are applied is not. Marketers conditioned by mass-market expectations habitually use adult populations to predict volume for niche product intros. This bias places unreasonable mass expectations on new products that cannot generate desired volume.

Further compounding the situation, messages crafted to deliver a niche insight are not necessarily translatable. It is unreasonable to expect that a powerful driver of niche behavior will motivate consumption by masses. Even if delivery of niche messaging generates impressions outside of the core target, significant sales from those outside masses are unlikely because message insight (not to mention the new brand itself) has little relevance to them.

Align Appropriately

There is one surefire way for planners to prompt alignment between communication efforts and volume expectations: Get informed early. As a planning team, ask as many questions of the brand team as possible. Make every effort to understand expected sources of volume for the brand introduction.

If the new brand serves a niche target and it becomes evident that volume projections are not in sync with the niche population, push for vigorous discussion of expectations. The communication team shouldn't waste time crafting a potent rifle shot if the brand really needs a blast from a howitzer.

Creating New Product Plans

The hurdles a plan faces in new product introduction situations can be summed up by another blurb from the aforementioned

Nielsen report: "At the same time, retailers are narrowing the evaluation period for new items to six to nine months. These combined pressures put a premium on targeting product launches."

Tight result timelines and niche target markets don't mix very well. Tight timing prompts use of mass media to generate fast reach, awareness and, hopefully, trial. But mass media are a poor way to influence niche targets.

On the other hand, powerful niche media options such as cable, magazines and the Internet appropriately deliver messaging to desired targets but don't generate reach quickly enough to meet retailers' sales expectations. And if reach were achieved, strong results from only a niche would not satisfy ROI needs.

So therein lies the razor's edge: How do planners honor niche targets while delivering enough quick market impact to meet expectations?

Clearing Plan Hurdles

Here are a few ideas. First, take a lesson from magazine plans. Did you ever notice that the best magazine plans are the ones that strike a balance between niche and mass? It's because they deliver on the 80/20 rule. The niche portion of the plan targets consumers most likely to provide greatest support to the brand, while the mass portion harvests transactional consumers.

Second, use a multimedia approach in niche and mass environments. Different media types will touch consumers in different ways, at different points in the purchase process, driving home message communication and maximizing the odds of marketplace action.

Finally, proactively engineer plans to deliver greater impact within the limited time frames involved.

Some thought starters:

- Don't be boxed in by what appears to be the critical time frame. Most new product introductions come roaring out the week the product hits the shelves. Why wait to start building awareness until product is available? Think about using teaser messages to build awareness (and demand) prior to on-shelf date. It's a strategy that works splendidly for films, so why not try it with consumer goods?

- •Exploit best geographies. Especially in a short time frame, don't waste valuable resources delivering messages to unlikely prospects. Allocate valuable resources to more productive ponds. Cable and spot may make more sense than network. Even spot plans can be fine-tuned by using cable headends to target advantageous ZIP codes or trading areas around accounts carrying product.

New product introductions are among the most challenging situations planners face. With thoughtful questioning, a balanced multimedia approach and proactive engineering, planners can craft plans that contribute to positive marketplace impact and help meet time-sensitive expectations.

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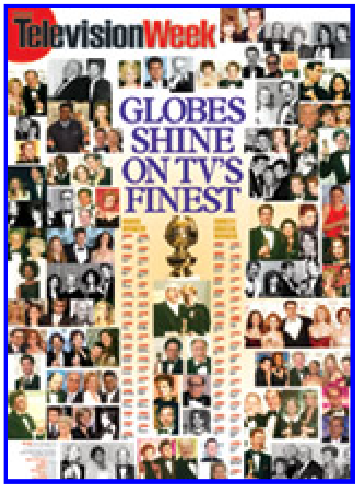

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