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NEW PRODUCT/SERVICE INTRODUCTION MYTHS

WHAT TO LOOK FOR AND HOW TO AVOID THEM

Successful new products/services are required in any profitable, growing company. Time and energy is heavily invested in the development and design of your new products and services . . . but what about their entry into the marketplace. Positioning, sales channels, advertising, social media, and PR all need to be addressed and given as much time and energy as the development and design stage to complete the new product's/service's introduction into the marketplace. Synchronizing marketing activities with product/service development is critical to successful new product/service launch.

New Product/Service Introduction Myths

New products and services are a company's life blood. They're one of the most important means to ensure a profitable future for your company. Many companies still believe the myths of new product/service introductions. As a result, though their new product/service seems obviously superior to the competition and looks like it should be a natural winner . . . it fails.

- How do you protect the investment you've made in new product/service development?
- How do you differentiate your products/services from competitors' products/services?
- How do you get the response from the marketplace you need to succeed?

Myth: Marketing Begins When The Product/Service Is Ready.

Marketing plans should begin when the product/service is on the drawing board. Before it's time to launch the product/service you need answers to questions like:

- Who is this product/service for?
- How will it be used?
- How does it fit into our current line, and
- How will it affect our future product/service plans?

Market research, whether conducted in-house or through an outside agency, is the first essential step to ensure a welcome response by the marketplace; which brings us to the next myth.

Myth: We Don't Need A "Product/Service Champion."

You might think that the involvement of the development team, marketing group, and the top executives of the company is enough. It's not.

Without a focal point within your organization, it's difficult for the new product/service to receive the level of attention it needs to succeed

Your product/service champion should be intimately involved with the product/service and play the major coordination role between designers, production, service delivery, and marketing. Above all, the product/service champion should act as the voice of your eventual customer. Again, market research in the form of customer interviews is essential to developing a product/service that meets customer needs to ensure a positive response.

Once positioning has been determined for your product/service, the message must be repeated over and over in all references to the product/service to establish its identity in the marketplace.

Myth: The Product's/Service's Positioning Is Obvious.

Your customer is drowning in a sea of product/service information . . . Bigger, Faster, Cheaper . . . and each of these seeming advantages can be negated with the introduction of another competitive product/service.

Appropriate product/service positioning sets your product/service apart from the competition and makes it stand out in the mind of the customer. Positioning is not features and specifications. It's the message that differentiates your product/service from anything else in the marketplace. *What* can customers get from this new product or service they have not been able to get before?

Developing a unique product/service identity will strengthen market perception of the product/service and reinforce your company's positioning.

Myth: We Don't Need To Repeat The Product's/Service's Positioning.

Once positioning has been determined for your product/service, the message must be repeated over and over in all references to the product/service to establish its identity in the marketplace.

This message must also be presented consistently within all your company's marketing communications. This includes company literature, product/service literature, news releases and product/service press materials, sales presentations, advertising, social media, as well as your internal communications with employees.

Myth: Using PR, Social Media, And Advertising Is Redundant.

Press Relations (PR), social media, and advertising work best when used together. The idea is to use them to reinforce each other to influence the market and your customers. Using advertising, social media, and press/public relations together can be viewed as "Market Relations."

PR presents your product/service as news. News is viewed as impartial and more reliable than advertising . . . even if the "news" is a company press release printed verbatim. Advertising presents the product/service positioning in light of its features and benefits. When used correctly, both of these marketing tools can generate leads and increase market motivation to try the product.

In addition, there is the opportunity to influence the influencers via social media. Understanding how social media influences your target customer can help inform your best use of this method to leverage traditional PR and paid advertising.

Look beyond just issuing news releases, consider opportunities for articles to be written by (or at least attributed to) industry opinion leaders, or to place interesting success stories about your important customers in trade publications. Though most editors will deny this, placing advertising will improve your product/service and company's coverage.

Just as success breeds success, exposure to your product/service via social media, ads, and articles produces greater mindshare and higher perception of the product/service in the marketplace. "Gee, I've been seeing a lot about that product/service lately. Maybe I should find out more about it." This train of thought works the same with editors and analysts as it does with customers.

Myth: Our Existing Price Schedule And Sales Channels Work, Why Change?

Often a new product/service requires the use of new channels to reach the customer. Your sales channels, i.e., your sales force, distributors, dealers, representatives, etc., are the means to reach the

customer, complete the sale, and deliver the goods. When introducing a new product, you need to step back and assess its fit with existing sales channels. For example, if your new product/service is a features-reduced version of an existing product/service and will be targeted to more of a mass-market, these are some of the questions you should be asking:

- Do your existing distributors serve mass marketing retail outlets?
- Does your current pricing schedule take factors like mass market competition into consideration?
- If you lower your price, how much can you afford to spend on the sale of each unit at this lower price?
- Can you reach this market with your current sales force?

Conversely, if your new product/service requires technical skills from the sales force to be properly presented to the customer, you will probably need to plan a direct sales process if one is not in place. Does your budget reflect this need? Do you have the infrastructure in place in sales and accounting? Do you have the CRM system in place to manage and track the sales process?

Determining your pricing strategy and reviewing your sales channels should be happening while the product/service is being positioned, as these factors will have definite impact on the positioning message.

Myth: The Product/Service Is So Good, It'll Sell Itself.

Your new product/service introduction represents the future of your company. If you don't take it seriously, you jeopardize the product's/service's chance of success in the marketplace.

Without a plan to seek out market factors and customers' needs to address while the product/service is being developed, you risk the entire investment made in the development process.

Without a strong product/service champion to facilitate communication from customers to designers, you risk adding development dollars for features no one needs. Without appropriate use of product/service positioning and marketing tools like PR, social media, and advertising, you risk being ignored by the industry and the market. Without examining existing sales and pricing strategies, you risk alienating your current sales channels and potential customers.

In short, if you go ahead with your product/service release and ignore the points stressed in this article, you are putting your company at risk.

Myth: There Is No Difference In Launching A First To Market Product And A Fast Follower Product.

One of the areas where companies fail in new product/service launch is in not understanding the difference between being first to market (truly) and a fast follower. *Who* you target as initial customers and *What* they are buying are materially different.

If you are doing a first to market launch for the first time you will want to strongly consider outside help from people who know how to do it, and early in the development process. Do not wait until launch time as you will not likely have a key component necessary for success.

If you are launching a fast follower product or service, then all of what has been discussed previously in this paper is on target.

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Myth: We Don't Need Outside Help.

Many mid-market companies don't have a fully staffed marketing group, and hiring such a staff for one new product/service is expensive and risky. Do you know what to look for when you hire? Do you know how to manage this person for the success of your product/service introductions?

If you try to use a person from the group that developed the new product, you risk getting a myopic and insulated view of the product. Product/service designers are more inclined to emphasize and justify features/benefits when what the marketplace really wants to hear about is value. It is difficult for "product/service parents" to objectively listen to customer or industry feedback. When this happens, you miss the opportunity to receive valuable input from potential buyers and industry experts.

One path to success is considering outside expertise from a professional marketing firm. Customer Manufacturing Group has staff members with decades of experience in all facets of marketing, including the challenge of product/service introductions. Call us at (800) 947-0140 for a consultation, and see how we can help you succeed. All you risk by believing these myths is your company. Can you afford that risk?

Final Thoughts

Too many new products/services fail to achieve the success they could. Recognizing and avoiding these myths won't guarantee success, but it will go a long way towards helping secure that success. In today's world a lot rides on your new products and services. Take every opportunity to make them successful.

More Information About Customer Manufacturing Group

If you would like more information about how to apply a process to improve your marketing/sales function, simply contact us and we'd be happy to help you get started. From sweeping marketing/sales management process strategies to specific branding or product/service launch services, Customer Manufacturing Group can help.

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We have offices in major cities in the United States, and our experts travel extensively throughout the world. If you'd like to schedule a meeting when we're in your area, just let us know.