

On New Products: Manage Expectations

By Barry Curewitz, Whole-Brain Brand Expansion

Tailgate parties. Grown men wearing painted birthday suits in sub-zero temperatures. 70,000 people rising in time to choreograph a wave. Yes, pro and college sports are back -- ironically at about the same time brand leaders are reviewing budgets and considering next year's new product efforts.

The analogy is apt as coaches from pro and college teams are similar to new product launchers. When the New Year dawns, expectations are high and organizational support is firm. It's a new season!

However, if you're having trouble achieving new product success, it may be time to stop looking to the marketplace for the rationale. When making plans for next year's introductions, consider instead some lessons learned by other companies before committing to specific volume and share objectives. The last thing you want to do is promise a tournament champion and have to explain why you weren't invited to the tournament.

Like a team drafting a Heisman trophy winner, large companies often expect too much from new products, and as a result, miss the obvious "wins".

When I was Team Leader for Warner-Lambert with responsibility for the marketing and business management of e.p.t, the home pregnancy test, I asked as did every brand director before me, "Why not expand the brand into ovulation prediction"? It was a rapidly growing category fueled by key lifestyle trends -- women working more and waiting longer to have children, often to the point when getting pregnant becomes more difficult.

Plus, expanding the brand into this adjacent category would enhance e.p.t.'s image as the brand couples "lean on" when first learning they're pregnant. Volume in ovulation prediction may pale in comparison to home pregnancy, but we determined launching SKUs in this segment would still have added 20 percent topline growth and more than that in profitability.

Oh, and one more thing. Development and supply of a quality product was at our fingertips. Sounds like a winning strategy, right? Not so fast.

We didn't pursue that opportunity because an incremental \$10MM in revenue was considered too small to interest this organization. Instead, management decided to fund bigger, more risky initiatives like Quanterra, the clinically proven brand of Ginkgo Biloba. The good news? Quanterra got on the shelf. The bad? It maintained distribution for a nano-second and didn't earn the return that an e.p.t ovulation product certainly would have and would still be delivering.

This is a fine example where engineering a touchdown drive one play at a time can be a lot more productive than chucking a Hail Mary. Four or five first down plays like e.p.t.'s expansion into ovulation prediction come with less risk than the tremendous investment Quanterra required, and get you into the end zone just the same (and arguably, while building a portfolio of stronger brands, not just one).

Another way to become committed to unrealistic expectations is to involve -- yet ignore -- the consumer during the development process. This scenario occurs when the consumer says "no", but Management still says "yes". A few years ago while working for Lenox (the dinnerware and giftware company), we decided to launch casual but upscale dinnerware for everyday use as a way to re-invent our business as our fine china business declined. We developed and tested hundreds of decorative patterns. And keep in mind, Lenox was great at fine china. We knew what consumers wanted and could design to their taste.

But casual design was not the Lenox core competency. Although consumers repeatedly told us through marketing research that our casual patterns held no appeal to them, Management insisted on moving forward with their personal favorites. Of course we told the Trade a great story as to why each design would succeed. We even launched the collection and achieved our first year sales goal.

However, like any new product that achieves solid distribution, success is really measured starting in year 2, after consumers have had an opportunity to experience the offering. This is when we failed.

Retailers liked the products enough to stock them. But consumers walked right past the display on to something else. We knew better. Consumers told us so. We ignored what they had to say in order to satisfy near-term obligations. The real lesson here is that our business practices were right-on, they warned us of danger, but we chose to ignore them, and along the way, allowed Management's expectations to exceed what was reasonable.

The end result is that we achieved short-term gain at long-term expense in the form of having to liquidate inventories, carrying costs, etc.; we took a safety in the interest of field position. When the consumer tells you "no," cut your losses and refocus your resources.

By having a short-lived commitment to a new product, Campbell Soup showed a sure way to fumble on the way to the goal line. There are many marketing research tools companies use to estimate the volume potential related to a new product. Some of the variables included in the test are product description, size, pricing, location of availability and expected support levels (usually in the form of advertising and trade spending).

This is the process Campbell Soup used in the late 80's prior to launching a line of eight terrific products called Souper Combos (one SKU contained a frozen sandwich and a frozen bowl of soup, both of which were microwaveable). This was a great initiative. Consumers fully accepted the brand in this new category. The product met an unfulfilled need. And, the products delivered on the consumer promise of convenience and tasted great. All of this at a reasonable price point. The expected volume based on test results for this product line was pretty close to a playoff win.

So why did the collection maintain distribution for less than two years and obviously not fulfill its potential? Because actual support levels for the product were cut by nearly 50 percent during the critical first-year launch period. When advertising and promotion is supposed to generate awareness and excitement by attracting and educating consumers to establish trial, we cut our support for this promising introduction to make up for other sector short falls. If we had remained committed to supporting the product line as we had originally planned and tested, we would have been on our way to the playoffs. Instead, we hit the showers early.

So, the next time you're committed to launching a new product, enhance your chances of post-season play. While examining consumer needs and formulating the right product and positioning, consider the expectations that need to be developed and managed. Don't overlook what the objective variables are saying and establish realistic expectations.

Touchdown!