

**Market Introduction Program**

Developing a market introduction program is the last key link in getting the candidate surfactant to customers and, eventually, into consumer products. If this step is not executed properly, the candidate surfactant may never be properly exposed to consumer product formulators. The key elements are: (a) getting the product into the surfactant suppliers production, distribution, and accounting systems and, (b) educating the sales force in effective selling, including: background information on the product with test market results; customer lists and target accounts; examples of product literature and advertising; pricing

information; persons responsible for product technology; distribution information, including small sample ordering.

**Commercial Support**

The final step in the process is to provide the sales, marketing, technology, manufacturing and distribution support necessary to ensure the surfactant's longevity and supply reliability to the consumer product formulator. This step is taken when the surfactant has been incorporated in successful consumer products that have led to acceptable sales levels for the surfactant.

## ♣ A Consumer Product: How to Move from Lab to Shelf to Home

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**ABSTRACT**

A general discussion and case illustration are provided to illustrate considerations required to answer questions about a new product, such as how to name it, package it, test it in the real world, present it to the trade, advertise it, promote it and how to counter competitor's actions.

**INTRODUCTION**

From a technical person's point of view, whether this person is an engineer or a formulator/inventor, the products s/he has developed are considered to be the best, and many times, they are. However, it is well known that a high percentage of development work—perhaps as high as 80-90%—is never even given the chance to go beyond the laboratory stage. Of those that do go beyond the laboratory, only a few can make it to the shelf as "new products." Even when a "new product" makes it to the shelf, only about one of every 10 is termed a success and returns profit for the corporation. If it is not a success, the engineer or formulator/inventor might complain that the whole world doesn't understand him, and might say, "I am giving you the best product since sliced bread and you people don't even appreciate it," as s/he becomes totally frustrated.

However, it is desirable to take a look from a different point of view. The inventor may indeed have invented the "best product," but what is the definition of "best?" It is a relative term. One person's best may be another person's worst. The question is, can one pursue sufficient customers to purchase this "best product" so that the corporation can make a profit. It must not be forgotten that the primary goal of any corporation is to generate profits.

Presented here in a broad sketch are steps and considerations which one has to make to bring a laboratory invention to a finished product and, further, to pursue the vast number of potential customers who will pick up this product, pay for it and bring it home to use.

First, the term "new product" should be defined. New products may take many forms—from the latest micro-processor to this fall's fashion in jeans. To some people, a new product can be a change in color, fragrance, shape or package. This paper will be limited to a new product which

has a real point-of-difference, e.g., Colgate's Fresh Start Laundry Detergent, P&G's Bounce and Pampers, and Richardson & Merrill's Lip Quencher.

A new product can be generated many ways. It can start with somebody's wild dream, a customer's complaint, an accident in the lab! The sequence may vary from case to case. However, the up-front research work required is about the same. For simplistic and demonstrative purposes, this presentation will be limited to the situation of assuming a product has been created in its laboratory stage. From this stage on, the work that marketing personnel have to perform—with the help of all other disciplines, e.g., research-development, manufacturing, market research, packaging and sales personnel—must minimize the chance of failure.

**Concept/Product Test**

One of the first things that has to be done with a new creation is to find out whether it works or to put it differently, "Does it perform?" However, it can be asked, "What are the criteria used as judgement?" For example, if the detergent industry had insisted on using the same performance criteria of a P-powder detergent as the same criteria to judge the performance of a liquid detergent, there would never have been a liquid laundry detergent subcategory which accounts for 22-25% of a multibillion dollar category. Another example is J&J's Baby Shampoo. Before the idea had been presented of utilizing "nonirritation" to the eye as a criteria to judge a shampoo's performance, not too many people had heard of J&J's Baby Shampoo. Since then, it has become one of the best-selling shampoos in a highly competitive field. What should be emphasized is that existing criteria for judging product performance may be used as a starting point. However, don't stop there! It is well known that it is necessary to carry out laboratory performance evaluation as the first step. However, the real test is when one gives the prototype product to potential customers to be used under the real-world conditions and the control or the pleasure to tell each one of them, "Do this" and "Don't do that" is lacking. One can only hope that these potential customers will follow instructions. How the product performs under these conditions will be more informative than the artificial laboratory tests.

During this first stage of the consumer test, a blind product test is usually run for the purpose of eliminating any bias created by color, fragrance, texture, name and packaging. However, quite often it is necessary to investigate the perception from these potential customers when an appropriate concept is presented to them. For example, one familiar one is the successfully introduced toothpaste "Aqua Fresh," which adopted the concept of "fighting cavities" and "freshening your breath" simultaneously. It is not known what Beecham did in the early stage of consumer tests, but an educated guess would be that if they had tested the product without the appropriate concept, the results would have been far less encouraging.

Sometimes it is necessary to test the concept and the product separately. Then, the winning concept and the winning product will be combined and retested.

As a responsible corporate citizen, one is sure to agree that before any product can be distributed for any in-home test, the product has to be tested to find out if there is any form of toxic reaction to potential users. If there is, the product should be labeled according to government regulations.

### **Name Development**

Ideally, a product's name should communicate the main point the product's concept is trying to convey. One of the more common methods is via synectic sessions, which is done by employing 10-12 individuals who work in fields requiring high levels of imagination and creativity. They are shown the concept and possibly the prototype product. Then the group members are allowed to let their imaginations wander and to come up with any number of names. A one-day session can generate up to a thousand potential names. The next step is to eliminate the obvious unfit ones by judgment and reduce them to a more manageable number. Following this preliminary elimination, these names are then exposed to a large number of potential customers along with the concept. Different names will then be ranked by these participants according to the way they fit with the concept, and a list of preferences will be generated. The top candidates will then be checked against trademark registrations to find out if the name is available. The legal process of checking is quite expensive and time-consuming. Sometimes, even if a name has been registered by another individual or corporation, it is possible to negotiate with the owner and purchase the name. Some examples of excellent names are: P&G's "Pampers" disposable diaper; "Downy" fabric softener and Colgate's "Fresh Start," the new concentrated laundry detergent powder.

### **Packaging Development**

Packaging to the product is analogous to clothes for humans. A product's package gives the potential customer his first impression. A good impression will heighten the chance of a purchase. Imagine walking down an aisle in a supermarket or a department store. Then ask, "Why should a potential buyer stop in front of our product instead of the competitor's?"

At this point, the package of a product becomes the major influential factor. Therefore, the basic requirements of packaging from a marketing point of view should achieve shelf impact, uniqueness, convenience, economy and efficacy. All of these are done with the purpose of calling out to potential buyers, "Pick me up and take me home!" In addition to satisfying the marketing needs, the package has to comply with government regulations.

To understand the importance of a package, one has only to look at the cosmetic counter. For other packaged

goods, especially in the household product area, packages are not that exciting. However, there are exceptions. One of the examples is Colgate's new concentrated detergent powder, Fresh Start. As is now well known, Fresh Start is a concentrated, granular-powdered laundry detergent. For each washload the consumer needs only  $\frac{1}{4}$  cup or 2 fluid ounces versus a conventional detergent powder which requires  $1\frac{1}{4}$  cup or 10 fluid ounces per washload. The question one has to ask is, "How can the potential customers be told that Fresh Start is different?" To save money, Fresh Start can be packaged in a conventional paper carton like everybody else. This would have made the manufacturing people very happy, but would not have sold too many cases of product. After extensive designing work and research, Colgate's New Venture Group decided to package Fresh Start in a clear plastic container with a measuring cap. Another example is a product called Carefree which has been test-marketed by Colgate. Carefree is a highly concentrated liquid laundry detergent with a built-in fabric softener. Instead of requiring  $\frac{1}{4}$  cup (Era, Dynamo or Yes) or  $\frac{1}{2}$  cup (Wisk or Solo) per washload, the consumers need only  $\frac{1}{8}$  cup for each washload. After extensive research, a novel package was developed. The Carefree package is unique in that it has a measuring cap, a built-in handle, and maximal shelf impact.

### **Copy Development**

Once the decision has been made that a potential product is to be developed into a new product, an agency is usually selected or assigned to develop copies for this wonderful new product. As is well known, it is quite expensive to advertise on television. A 60-second commercial to be aired during prime time on a national network can cost up to \$50,000 to \$100,000 per minute. Therefore, it is very important for marketing personnel to do their best to develop and select the most effective copy for the new product that the corporation is planning to market. Even though there are several methods to evaluate TV commercials, e.g., A.S.I. in-theater, On-Air 24-hour recall, personal preference and judgment play a big part in the decision-making process. All one has to do the next time one watches TV is to take a look and decide how many commercials are effective as communication tools and how many of them are just terrible. Assuming an effective copy has been developed, and the company has a big pot of money to spend, a decision has to be made as to which program should be used for advertising, and at what frequency. Usually, each product only has a limited amount of money to be spent on advertising. Therefore, it is very important that the program(s) be selected which the potential buyers' target group are most likely to watch. For example, it will be ineffective to advertise a ladies' perfume during a Friday night boxing program, or to advertise men's razor blades during afternoon soap operas. It is quite complicated to achieve optimal effectiveness among programs' reach/frequency and the available funds. Agency people provide the necessary help.

### **Pricing**

How much should one charge for a product? If it is a new entry into an existing category, at least there are guidelines available on how a product should be priced. If it is a totally new product, such as the electronic calculator in the early 1970s, or digital watches in the mid 1970s, substantial research work will be needed to price the new product properly. An improperly priced product can easily be killed in the market and very few corporations will give any new product a second chance.

The manufacturer can only suggest to the retailer for how much this new product should be sold. However, in

reality, the manufacturer has no control over the actual selling price. Most of the retail outlets have a rough guideline on the mark-ups for a given product category. Therefore, if a manufacturer prices the new product at a price level that causes slow movement of this new product, the retailers will blame the manufacturer. With this type of bad experience, it would be very difficult for the same manufacturer to pursue the retailers to accept another new product.

### Promotion

Promotion is part of advertising. The most important thing to be achieved in pushing a new product is to make the potential customers try it. Besides enticing them with an outstanding package and excellent commercial, the marketing personnel have to devise ways to establish confidence in the retailers' minds that this new product is truly unique; various steps have been planned to generate trials and repeats. There are many ways to do this, and innovative methods are constantly being invented by resourceful individuals. To name a few, there are cents-off on label, pre-priced packages, cents-off coupon, displaying, sampling and trial sizes. All of the promotional schemes are quite expensive, and the effectiveness varies substantially. The most expensive one is sampling, which means products are delivered to potential buyers' homes either by direct mailing or door-to-door, free of charge to the receivers. Here, how can one be sure that samples were actually delivered to a household? Even if it is delivered, one is not sure that the sample receiver is a potential buyer and will use the sample. To improve the odds, demographic information is used substantially.

### Simulated Test Market

By now, there is a marketing plan written which includes all the critical information and all encouraging testing results. Before the corporation spends big money for a true test market, it may want to run a pretest market check or, so-called simulated test market. In this test, a simulated store shelf is set up and stocked with major brands of the category. All products are priced according to true retail price. Potential purchasers are invited to view the commercial, in a clustered form. Then they are led through the "store" to observe and record their purchasing actions. Those who have purchased the testing brand can be considered initial triers. Those who have not purchased the tested brand will be given a free sample of the new product and these recipients are considered sample receivers. One to two weeks later, a call-back will be done to all of the participants to test their reactions and future purchase intentions about this new product.

This test should provide information on initial trial, repeated purchase level and potential sales of this new product. It is important to be aware that this test is quite artificial and the results generated should only be considered as an indication.

### Test Market

A test market marks the time to face the real world. Assume that all necessary minor modifications in marketing plans have been made to reflect the findings from all of the tests up to this stage. The first thing to do is to sell this new and unique product to one's own sales force and

to convince them that this new product does offer a point-of-difference, and that the corporation has made a commitment to provide sufficient financial support for advertising and promotion to push the product. If sufficient enthusiasm cannot be generated among one's own sales force, something is basically wrong with the whole project. During the test market stage, advertising time has to be purchased and promotional activities have to be carried out. Potential customers are actually being asked to dip into their own pockets to pay for a product about which they do not have much knowledge. In other words, they are being asked to risk part of their limited funds in exchange for some promises. What kind of reactions will this new product generate? Hopefully, but not too likely, a lot of the initial triers will rush into the store and buy a lot of the product. One of the tasks of the marketing people at this stage is to gather information and find out how the product is being used, how fast the product is being used up, what kind of people buy the product and whether people make repeated purchases. Most of this information can be collected, at great expense, by using retail audits, warehouse withdrawing data, diary panels and consumer penetration studies. If this information is not collected, in the event this new product's sale did not live up to expectations, there is no way of finding out why. The cause of poor sales might be minor and could be corrected. On the other hand, if the sale of this turns out to be a success, no one has an idea what the major factors were which contributed to this success so that these factors could be emphasized for possible future expansion.

### Regional/National Expansion

Assuming the test market is very successful and all minor imperfections have been corrected, marketing is now ready for regional/national expansion. The logistic problems then start to play a big role. In order to provide adequate support for the sales force, it is necessary to coordinate with the production, traffic and sales people so that the right quantity of product with the correct size mix is shipped to the right destination within the allowed time frame. Also, the advertising and promotional activities have to be arranged so that when the commercial is being shown, or when the coupons are being dropped, there will be sufficient quantity of products available for the customers to take home.

One other important factor that marketing personnel have to consider during the expansion period is what actions the competitors take to counteract. In order to minimize the gains of a newly introduced product, existing brands will most definitely come up with some kind of promotional scheme, e.g., allowing retailers an exceptionally high allowance and/or saturating the region with high-value coupons.

This paper is a simplified version of the work involved in bringing a laboratory creation to the shelf and to the consumers' homes. There are numerous variations and details which have to be considered at any stage of development. What must be emphasized is that, in order to make a project successful, close cooperation among all departments is a necessity. Without the devoted support from R&D, manufacturing and other departments, the marketing people have only a stack of papers. On the other hand, without the marketing department, these great creations lack any chance of becoming successful products.