How do I: Develop a Product Launch Strategy?

Got a great product but not sure how to launch it? This guide will help you understand the task, its key elements and how to progress.

Developing your launch strategy is the final stage of the New Product Development process. By now you have your product and it is market ready. Your business is now keen to take the product to market. This stage, often known as commercialisation, can be the most testing. This is when your business will need to commit to marketing investment and will rely on key routes to market for their support. Most importantly, this is the point when you relinquish control to the end user: in market, the end user will decide between success and failure. Having a clear strategy is crucial to both a successful launch and managing the product in the early stages of its life-cycle.

BUSINESS BENEFITS

Developing a Product Launch Strategy can provide a number of business benefits, including:

- Ensuring thorough planning of launch stage.
- Formal focus by all business functions on the launch.
- Project sponsorship at an executive level.
- An evaluation framework and procedure for the early in-market stages.

GETTING STARTED

Before focussing efforts on developing your product launch strategy, you need to ensure the product is market ready. It is very difficult, time consuming and costly to change fundamental elements of the product mix once the product has been launched. It is well worth having a final internal review of the key elements before committing to launch. A number of elements will have to be in place:

- **Positioning** – has the product got a clear positioning in the marketplace? Its positioning should be clearly different from its competitors and represent a motivational benefit to the consumer.

- **Product** - does the product deliver the function to support the positioning benefit? Ideally the product and its positioning will have been market tested in research. Having a great product which delivers a clear market benefit at concept stage is great. However, prior to launch, the product needs to be fully tested internally to ensure the business can deliver it into market. This includes factory trends, shelf-life testing, distribution testing (especially if you have a fragile product). The *How do I: Develop a New Product?* guide will give you a more detailed summary of the key elements at this stage.

- **Pricing** – the pricing of a product will dictate its success both externally and internally. Externally, pricing is a key indicator of positioning e.g. Harrods predominantly stocks premium priced products as this supports its high quality positioning. Internally, pricing directly affects profitability. For example, a premium product will use premium ingredients. Therefore, a premium market price is necessary both for its positioning and in order to sustain an acceptable profit margin after absorbing the ingredient costs.

- **Target Market** – you need to be clear about who you are targeting to buy or consume this product. The better you can define your target market, the more effective your subsequent strategies will be. Definition should include demographics (e.g. age, sex, marital status), lifestyle profile (e.g. high earner), current purchasing habits (e.g. heavy own label buyer, high food service user) and consumption habits (e.g. likes healthy foods).
KEY ELEMENTS

Timing: can have a significant bearing on a successful launch. The strategy should consider all the relevant internal and external timing factors in order to commit to the ideal time to launch. For example:

- **Seasonality**: if launching into a seasonal market then the ideal timing may be when the market is in peak phase as this is when most consumers are buying. On the other hand, if you are targeting heavy users of a particular market then the best time to reach them may be in an off-peak season when they account for most of the buying population.

- **Internal factors**: like production capacity may dictate certain periods for launch as more favourable than others.

- **Key accounts**: will also dictate timing as they may only have certain times when products can be listed. On average, a lead time of at least twelve weeks should be allowed for a major grocery listing. However, in some sectors, new products may only be listed when a full range review is taking place e.g. two or three times per year.

- **Macroeconomics**: may also impact on timing. For example, if raw ingredients are particularly expensive then a decision may have to be taken to wait until prices settle or, perhaps, seek an alternative source.

Location: can significantly affect the success of a launch. There are principally three levels which should be considered within the launch strategy.

Area: what size of area to launch in? This might be a full national launch, a region or even a cluster of towns. The size of launch area will be driven by the launch objectives. The elected area will depend on what market conditions and consumer profile you need to target. For example, if you are targeting young trendsetters, you may elect certain city-centre areas. The size of your launch market will directly affect the level of investment required and potential sales that can be targeted. It is, therefore, a crucial part of the launch strategy.

Distribution: if your product is not there, your customer cannot buy it. Distribution will be driven by your product positioning and target market. In developing the launch strategy, key distribution channels should be identified. A launch plan should be developed specifically for each account based on factors such as their trading policy, promotional plans, customer profile and competitive set. This plan should then be presented to each account within their necessary time frames. This presentation is the first stage of securing distribution. Assuming a positive response, further negotiation may take place alongside product sampling. Technical requirements for launch will also need to be supplied e.g. New Product Listing forms which will provide key technical information like barcode, case code, sizes, pallet configuration.

Merchandising: if selling into retail, the next thing to consider is getting the best position on shelf. Shelf position has a proven impact on sales. It can significantly affect product standout at point of purchase and, consequently, the number of potential shoppers.

Promotion: one of the main marketing tasks at launch is to build awareness and stimulate trial. Not everyone will go on to buy your product a second or third time. Therefore, the key to longer-term success is driving as much first-time trial as possible. Advertising is traditionally the fastest way to build maximum awareness. However, it requires significant investment which should be carefully planned and approved at the launch planning stage. If you have identified a specific user group to target e.g. heavy consumers of shellfish, then more targeted communication like direct mail, PR or new media may be an effective means of building awareness amongst your target audience. Promotions can be used to both stimulate trial and drive repeat purchase. There are a number of mechanics which you can use e.g. trial price, link promotion with a complementary product, on-pack activity, sampling or trial size packs. You may need to use a marketing agency to develop the execution of this area of your launch strategy. See How do I: Select a Marketing Agency? for more detail to help you in this.

MANAGING A SUCCESSFUL LAUNCH

There are a lot of elements to manage simultaneously to achieve a successful launch. Moreover, it involves pulling together all the internal functions of the business as well as many external agencies. The task should not be underestimated. At the outset, a project launch team should be established. This
should have a team leader who will have the relevant experience and authority within the business to develop the strategy and make it happen. Crucially, the team should also have a team sponsor. This person should be of an executive level and their role is to ensure the business is fully supportive of the launch, the Board is aware of all key elements and that senior expectations are both met and managed throughout the process.

The launch team should include representatives from all the key internal functions. This will include marketing, sales, production, finance, technical, logistics and distribution.

At the outset, a critical path should be developed which includes all the critical operational tasks, dates and responsibilities. Each function will be responsible for delivering the elements of the critical path with the team leader managing the overall process. Regular status meetings and key task reporting will help ensure every department is working in tandem and the launch is progressing to time.

**BEYOND LAUNCH**

Launching the product into the marketplace is not the end; it is the beginning of the next stage. It is critical to plan the management of that next stage prior to launch. The launch strategy should include Key Performance Indicators (KPI’s) which will be monitored to evaluate the product’s performance. This may include sales, market share, awareness and level of market understanding.

Regular reviews will help inform future decisions e.g. if awareness is low, should the advertising or media plan be reviewed? Internal reviews should be regular to ensure the product is performing at all key levels. Particular attention should be paid to any problems as they arise e.g. production speed or product stability. In addition, reviews of performance versus forecast for sales and profitability will be uppermost in the business’ attention throughout the early in-market period. The launch strategy will have set out a time frame for evaluation. Do not be tempted to be too reactive within the early period of launch. Assess performance carefully and allow time in-market for the performance to build.

Ideally, the launch project team should manage the product in-market for at least six to twelve months after launch. This team have the greatest knowledge and experience of the product and, given the high level of new information that will have to be evaluated in this period, ensuring stability at the managerial level makes sense.

**HOW DO I? SUMMARY**

1. Ensure the product is market ready and clear objectives are set.
2. Agree project launch team to include Sponsor, Leader and representatives from all key disciplines.
4. Develop launch critical path and agree reporting procedure.
5. Agree early in-market plan to include KPI’s, responsibilities, evaluation and reporting procedures.
6. Continue to monitor and assess performance against KPI’s post launch.

**OTHER SOURCES OF INFORMATION:**

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- INSIGHTS: you can access relevant data sources available on markets, sectors, exports and more
- There are many other How Do I? Guides which can help you grow your business

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