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Modernizing a New Product Launch

The fresh departments are increasingly competitive in regard to a product's value proposition, price, brand, convenience and niche within a category. Yet given all the factors that can affect a product's success, it is still common for new product launches to be executed without thorough research or preparation. A supplier or manufacturer often has little information to influence a retailer's decision to carry a new item, and the primary measure of success is whether the retailer continues to order the product.

To help encourage consumer trial when the product is launched in stores, suppliers typically implement promotional strategies ranging from in-store product demos, price discounts, advertising, loyalty card mailers, and more. Yet without the proper planning and follow-up, it's impossible to know which of the strategies was actually effective in helping put the product in shopping carts. This not only drains resources for suppliers, but also makes it difficult to know which strategies would be best for future new product launches.

With an ever increasing rate of new products in fresh, it's vital that the product launch process evolves along with the sophistication of the fresh departments. The tools to efficiently and thoroughly prepare, launch and measure the success of a new product are available today, but are often underutilized.

Before the Launch

Conduct a value chain analysis to determine how much of the market is accounted for by the new product's category. Has the category experienced growth in recent years? Is the category heavily branded? Determine the most notable strengths of the category, the weaknesses, and where the new item fits in. Assess how competitive products are performing. What are their price points? What is the optimal price point for the new product? This is also a great opportunity to determine the dollar opportunity for the new product at a given retailer, which can be instrumental in convincing a retailer to carry the product.

Determine what consumer needs the product fulfills, and who the target consumers are for the product. Conduct a focus group or online consumer surveys to assess what consumers think of the product including its taste, packaging, price, quality compared to competitive products, and their likelihood to purchase the product. This insight will shape any last-minute changes that are necessary before the product hits store shelves. It's also important to understand the consumer decision tree for the category. Which decision factors (price, variety, size, etc) drive the consumer's purchase decision in the category, and what is the order of importance of those factors?

Identifying which consumers are the strongest targets for the product is imperative in knowing which stores should carry it. By utilizing consumer indexing tools such as the Perishables Group's Perishables Consumer Profiles, it is possible to choose targeted store clusters in which to launch the product based on the strongest probability for success.

The same matching strategy can be used to identify retailer preferences. A survey of retail executives and buyers to determine whether they would be interested in carrying the product can be very insightful. Would they require additional information or resources before deciding to carry it? Where would they most likely merchandise the product? Gathering retailers' input is essential to maximizing the success of the launch.

Which step of a new product launch do you think is most pivotal to success?

Value chain analysis to determine proper pricing and positioning of the product
13%

Consumer research prior to product launch (focus groups, online surveys, demographic studies)
50%

Marketing initiatives to establish a name, logo, branding and trade outreach
17%

In-store demos and consumer intercepts
13%

Sales analysis of the product's effect on the category and department
0%

Consumer and trade media outreach after the product launch
7%



The Fresh Perspective

Finally, execute a marketing initiative. Work with marketing professionals to develop an appealing product name, logo, packaging, and a sell-in presentation. Build anticipation for the product even before it's in stores through industry outreach (trade shows and publications), industry award entries and a toolkit of the product's marketing materials for easy access by suppliers.

During the Launch

Execute an in-store test to determine the best merchandising strategy for the product. Analyze store locations, demographics and sales patterns to find a set of stores in which to conduct the test and compare results.

This is also an ideal opportunity to gather consumer feedback about the product at the point of purchase. Conduct in-store intercepts with product demos to understand what consumers think about the product. Were in-store signage and demos effective in encouraging shoppers to purchase the item? Would they buy the item again, and why or why not? Where would they most like to see the product merchandised? This insight will define the best strategy for when the product is rolled out to more stores.

Before the Product Launch

- Conduct a value chain analysis
- Perform thorough consumer research
- Gather retailer insight around the product
- Build anticipation for the product via marketing efforts

During the Product Launch

- Execute an in-store test at strategically selected stores
- Assess consumer reaction to the product in store

After the Product Launch

- Quantify the success of the launch through store-level weekly data
- Implement trade and consumer marketing initiatives
- Create comprehensive sell-in presentation

After the Launch

Access and evaluate store-level weekly data to determine the success of the launch. Quantify how its sales performed when it was launched, and how it affected sales of competitive categories. How did it affect performance for the entire category? Did cannibalization occur within the category as a result of the new product? How is it performing across the different types of stores?

Assess the success of the product's promotion by determining its efficiency and the level of lift in both dollar and volume sales. If loyalty card mailers were sent, were they used by shoppers?

Don't keep the product a secret! Distribute information to the trade media about the successful launch of the product. This will entice other retailers to carry it. Also get the word out to consumers via Twitter, blogs, print media and its website. Build excitement around the product, spurring consumers to look for it when they enter their supermarket.



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As a final step to help sell the product into more stores, combine the product's strongest selling points and its positive impact on the category or department in a presentation-ready format for the sales team to share with retailers.

Of course, not all of these strategies are necessary or applicable for every new product launch. Knowing which is best for an item or category will not only boost sales when the product goes to market, but also will build a compelling reason for more retailers to carry the product and provide invaluable insight to shape the success of future launches.

To learn more about any of these new product launch components, visit the [Case Studies](#) page or contact the Perishables Group.