CHAPTER IV

PLANNING AND IMPLEMENTATION OF A MARKETING PLAN:
LAUNCHING A NEW LIQUID DETERGENT

This chapter will discuss in detail how Kao Malaysia plans to launch a new product and how the plan, refering to the marketing plan, is implemented. Firstly, the discussion will cover in general, steps in product development of Kao Japan and how Kao Malaysia adapt to the product development process. This will be followed by the marketing objectives of the new product launch. The competitive and internal analysis will be highlighted next, followed by the discussion of product strategy. This will be followed by explanation of the other marketing mix strategies or the supporting strategies that include price, place and promotion strategies. This chapter ends with the launch budget in terms of sales and marketing expenditure and follow-up marketing activities of the new product launch.

New Product Development Process of Kao Malaysia

The origin of a new product launch by Kao Malaysia is from Kao Japan. Kao Malaysia does not have R&D and product development departments that are charged mainly with new product strategy, idea generation, screening and evaluation of the new product potential, product testing and development that include product concept,
positioning, naming and packaging. Kao Malaysia merely adopts the new product developed and launched by Kao Japan.

The focus of this study will be on the marketing plan of the new product launch with a brief discussion of the whole new product development process. Major business activities of Kao Malaysia, is marketing of Kao products. New product development, especially at the initial stages is centralized in Kao Japan Kao Malaysia’s responsibility in the context of product development is only limited to provide ideas for new product development to Kao Japan.

Usually after a new product has been launched by Kao Japan and proven to be successful, only then will the product be considered to be launched in other countries like Malaysia. In a few cases where the new product is developed not for the Japanese market but for other Asian markets, like Kao Wonderful regular detergent and Sifone shampoo, the initial product development: product design and testing are still being conducted at Kao Japan. This is to ensure that the product quality and concept are consistent with Kao Japan’s standards and policy.

Product development at Kao Japan follows five development steps (Figure 17). Generally, the development consists of extracting consumers’ obvious needs, producing products that satisfy those needs using Kao’s R&D technology, and offering the products to consumers.

Once an actual or finished product has been developed and launched by Kao Japan for the Japanese market or other markets, a study will be conducted on the possibility to launch the new product in other countries where Kao Japan has a subsidiary. This applied to the new liquid detergent discussed in this study. Before the decision is made whether to launch or not to launch and before a detailed marketing plan is carried out, five factors will be studied first and considered
Figure 17: Steps in Product Development of Kao Japan

1: Discovering Market Needs
- Search out market needs
- Analyze needs
- Collect and create ideas

2: Product Design
- Clarify product concept
- Positioning
- Naming
- Packaging

3: Testing
- Advertising tests
- Pre-test marketing

4: Market Introduction
- Prepare commercials
- New product launching plan
- Follow up after initial sales

5: Follow-up Management
- Analyze market response
- Countermeasures in the mature sales period
- Improvement

Repositioning

simultaneously. The five factors are as follows:

(a) Determine the marketing objectives of the new product launch in order to be consistent with corporate mission, objective, and resources.

(b) Assess the internal strengths and weaknesses in order to determine the success rate of the new product launch.

(c) Investigate the competitors' strengths and weaknesses and market size, growth and trend in order to determine the competitive situation and the market attractiveness and potential.

(d) Preliminary testing of the new product performance and acceptability in order to forecast the sales of the new product launch.
(e) Study the cost and price of the new product in order to be competitive in the market and project the marginal income of the new product launch.

Usually, there is a flow or step of activities in the marketing plan, whereby the marketing objectives are set first followed by a size-up of the market, specifying target market, setting product and supporting strategy then followed by determining the budget and implementation (refer to Figure 6). In Kao Malaysia this flow or step of marketing plan does not apply in the launching of a new product. This is because Kao Malaysia does not have the capability and resources to develop and launch a new product all by itself from ideal generation, screening and evaluation to the market launch. Instead, Kao Malaysia's product development starts from new products that are already been developed and launched by Kao Japan. Therefore the above five factors or activities are adopted and carried out simultaneously to determine whether the new product from Kao Japan should or should not be launched in Malaysia (Figure 18).

The above five factors are used to determine the probability of success of the new product in terms of sales, profitability and financial resources required. If the success rate is high then the decision to "Go" will be made or vice versa. From these five factors, product refinement or modification will be carried out on the new product in order to adapt to the social and cultural characteristics of Malaysia. Detailed product, promotion and place strategy come after this, followed by a budget for launch and the actual market launch.

Kao Japan’s general marketing policy and practices will guide the marketing plan for a new product launch of Kao’s subsidiaries, including Kao Malaysia. Consumer and market orientation is very much part of
Figure 18: Marketing Plan for a New Product Launch of Kao Malaysia

1. Actual Product from Kao Japan
2. Setting Marketing Objectives
3. Internal Analysis
4. Competitive Analysis
5. Preliminary Product Testing
6. Cost/Price Analysis

To Go or Not To Go for Product Launch

If No
Drop the plan

If Yes

Product Refinement and Integration

Product Strategy

Promotion Strategy

Place Strategy

Budget for Launch

Implementation

Follow up Management
Kao's culture in developing and launching a new product.

Marketing Objectives

For every new product launched by Kao Malaysia, there will be some specific marketing objectives to be achieved. The specific marketing objectives of launching the new liquid detergent are as follows:

(a) To achieve market share in the liquid detergent segment of 30% within the 12 months of the launch

(b) To achieve total market share in laundry detergent market of 10% within the 12 months of the launch (currently at 7% - refer to Figure 11).

(c) To achieve sales budget of RM10 million within the 12 months of the launch.

By achieving the above objectives, Kao Malaysia will be the number three company in the laundry detergent industry in Malaysia, move up one position from the current forth position. In order to be in the number one or two position, Kao Malaysia will need to launch more new variants, with innovative product benefits and designs supported by aggressive and comprehensive marketing efforts. This will be the long term objective of Kao Malaysia that will not be covered in this study.

Internal Analysis

In relation to the launch of the new liquid detergent in this study, the internal strengths are technological synergy, marketing
synergy and potential for product advantage or superiority. The advanced and innovative technologies of Kao Japan are extended to Kao Malaysia in terms of production and R&D skills. In terms of marketing synergy, this new liquid detergent fits well with Kao Malaysia in terms of sales force and distribution channel system required. The brand name for the new liquid detergent is Kao Attack. This also provides a strong marketing synergy in terms of advertising and promotion using the umbrella brand name of Kao Attack. Product advantage is high as the new liquid detergent meets customers' needs and wants better than competitive products (discusses in product strategy).

The only weakness in relation to this new liquid detergent launch is the financial constraint. Only limited funds can be allocated for the launch due to the shortage of financial resources. Sufficient marketing budget is important as based on the competitive analysis, the main competition, that is CP will bound to react aggressively to this launch. The solution adopted by Kao Malaysia is to allow a new product launch to use up all the marginal income (sales minus variable cost) of the first two years as marketing expenses.

Competitive Analysis

There are two key players in the Malaysian laundry detergent market. They are Colgate-Palmolive (CP) and Unilever (UL) (refer to Figure 11). In the category of liquid detergent, there is only one prominent player, that is CP with market share of above 70% (refer to Figure 15). UL is not very strong in the liquid segment due to a "me-too" product strategy with no significant or real product benefits compared to the brand leader, Dynamo liquid.
Dynamo liquid being the pioneer in the liquid segment and supported by aggressive marketing efforts has the advantages over the other brand followers. The main weakness of CP is in product innovation. Product quality and performance of Dynamo and Fab liquid, are just average. Current consumers of liquid detergent who prefer to use liquid detergent have limited choice as all the brands in the market now are almost the same in terms of product quality. CP’s main strategy to gain competitive advantage is being the pioneer in the market. Aggressive marketing efforts are more of supporting and supplementing the competitive edge of the players.

Beside CP and UL, it is also estimated that Procter and Gamble, the worldwide leader in the laundry detergent market, may launch its compact liquid detergent in Malaysia soon (Branna, 1996). Currently P&G is holding the number one position in the Malaysian shampoo and baby disposable diaper market. P&G’s strengths in terms of creative new product launch supported by aggressive marketing efforts and financial resources will definitely pose a serious threat to Kao Malaysia. To overcome this, a new liquid detergent with an innovative concept should be launched as soon as possible. This will help Kao Malaysia to achieve at least the pioneer advantages in the category of compact liquid detergent that is expected to grow in the near future (Canning, 1996). Holding back the launch of this new product will only make it more difficult to penetrate the liquid segment in the future. Kao Malaysia not only has to face stiff competition with CP in the regular liquid detergent segment but also may be with P&G in the compact liquid detergent. Therefore speed of new product launch with good planning in all marketing activities, is the key to success.
In terms of market attractiveness and potential: market growth for the liquid segment is the highest at above 20% with market size above RM30 million per year. The market size is substantial with sharp up trend over the past three years. This corresponds with the global trend whereby the liquid detergent is expected to grow at the highest rate compared with the powder and bar detergent that is estimated to shrink (Canning, 1996).

Furthermore the liquid detergent users tend to be younger with higher income group who live or locate in the market center and are more educated (refer to Table 4). This group of consumers is more receptive to try new product, more willing to change their current brand and more exposure to various marketing stimuli. Therefore the market attractiveness and potential of the new liquid detergent discussed in this study is considered high.

Preliminary Product Testing

In Kao Malaysia, before the decision to launch a new product from Kao Japan is made, a simple product test will be carried out. This is to determine the general perception and acceptance of this new product. In this case, a blind-use test or monadic test has been conducted. The monadic test was conducted by an external research firm. A total of 60 respondents was selected from Klang Valley and given samples of the new liquid detergent in white bottles to be used for two weeks.

The results of the test with the new product concept clearly showed that this new liquid detergent is well accepted by the respondents. In fact 96% of the respondents liked the new product very
much. Overall 97% of the respondents found that it cleans effectively (Figure 19). The product concept of this new liquid detergent in terms

**Figure 19: Monadic Test Result of Kao Attack Liquid Detergent**

<table>
<thead>
<tr>
<th>Product Performance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Preference</td>
<td>46</td>
</tr>
<tr>
<td>Cleaning ability</td>
<td>59</td>
</tr>
<tr>
<td>Level of foam</td>
<td>34</td>
</tr>
<tr>
<td>Dissolve ability</td>
<td>41</td>
</tr>
<tr>
<td>Easiness to rinse</td>
<td>66</td>
</tr>
<tr>
<td>Preference of fragrance</td>
<td>63</td>
</tr>
<tr>
<td>Preference of liquid colour</td>
<td>44</td>
</tr>
</tbody>
</table>

**Like very much**

**Like much**

<table>
<thead>
<tr>
<th>Overall reaction</th>
<th>42</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attractiveness</td>
<td>45</td>
</tr>
<tr>
<td>Intention to buy</td>
<td>43</td>
</tr>
</tbody>
</table>

**Very positive**

**Positive**


of overall reaction, the attractiveness and intention to buy is also very favourable with 55% and 40% of the respondents finding it very attractive (top box) and attractive respectively (Figure 19). No separate concept test is conducted in Malaysia because this new product has already been developed and launched in Japan and other countries. A
proper concept test is important during the initial stage of product design and development.

At Kao Japan, in the new product process, it begins with "seeds", produces a prototype and moves towards a completed or actual product by repeated improvement based on concept test, consumer usage evaluations and product/concept test. This is to add new functions, benefits or concepts and to raise consumer acceptance of the new product. Since the actual product has already been developed and launched by Kao Japan, only a simple concept test is required by Kao Malaysia to determine whether the new product is acceptable or not. If the results of this initial test are not favourable then most likely the whole project will be dropped altogether. Kao Malaysia can afford to do this because there are many options of new products from Kao Japan that can be considered, in the event that this new product is not favourable. In fact Kao Malaysia is currently selling only about 20% of the products developed and produced by Kao Japan. An abundance of alternatives of new products can be launched by Kao Malaysia. Therefore only the best alternatives that meet all the five factors will be considered seriously.

Cost/Price Analysis

At Kao Malaysia, before a pricing decision is made, the pricing objective of the new product will be specified and taken into consideration. In this case, the new liquid detergent is targeted at a "niche" market, one with specialized needs. The specialized needs are the additional benefits in terms of soft feel of clothes after drying and colour protection of the clothes. It is a "niche" market because the positioning is a highly differentiated one that is reflected by the
small dosage per wash load and appearance of the liquid that is transparent (discusses in product characteristic).

Since this new product is targeted at the "niche" market and the market segment for which this new product has the most value and which will pay a higher price for it, a premium strategy is adopted toward this new liquid detergent. The objectives of this pricing strategy are to offer good value for money while being price-competitive in terms of cost per wash for consumer. The super compactness of this new liquid detergent with only half of the size of the competitive products, makes this new product "looks" expensive in terms of "size impression" (refer to Figure 21). The actual number of washes for one litre of this new product is equivalent to the number of washes with 2 litres of Dynamo liquid. Therefore the price to consumer is RM11.90 per bottle with cost per wash load is the same between Kao Attack liquid and Dynamo liquid (Table 10).

According to Douglas, Kemp and Cook (1978), the low price as the leading edge of strategy for new products may not be a winning strategy, offering good value for money is essential and key to success. It does make sense, however, to use price as a leading weapon when there is a sustainable and real cost advantage. Unfortunately, Kao Malaysia is not in the position of being best cost producers, especially in this case where the product is new to the company. Moreover, it is imported directly from Kao Japan where the cost of labour and raw materials are high plus the import tax imposed by the Malaysian government.

After the above pricing objectives have been defined, a simple calculation of marginal income is made in order to determine the percentage of the sales that can be spent as marketing expenses or budget. In order to work out the calculation, the import cost from Kao
Japan plus all relevant taxes must be determined first. It is called "Into Godown Cost" or IGC in Kao Malaysia. Next is to determine the pricing of Dynamo liquid 2 litres since the pricing objective of this new product is to be price-competitive in terms of cost per wash load. The marginal income is determined by calculating backward from the price to consumer with 10% as fixed profit margin to retailers (Table 10).

Kao Malaysia has a pricing policy that every new product launched in the category of household detergent, must have a marginal income of 40% or above. Other product categories of Kao Malaysia require even higher marginal income depending on the competitive nature of the market. Since the marginal income of this new liquid detergent is above the minimum level of 40%, the obvious decision is to go for launch, provided the other 4 factors discussed earlier are positive or favourable.

Table 10: Cost/Price Analysis of Kao Attack Liquid Detergent

<table>
<thead>
<tr>
<th>Size</th>
<th>1 Litre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity/Carton</td>
<td>12</td>
</tr>
<tr>
<td>Source</td>
<td>Kao Japan</td>
</tr>
<tr>
<td>Into Godown Cost/Carton</td>
<td>RM70.69</td>
</tr>
<tr>
<td>Marginal Income (%)</td>
<td>RM57.83 (45)</td>
</tr>
<tr>
<td>Price to Retailers</td>
<td>RM128.52</td>
</tr>
<tr>
<td>Margin to Retailer (%)</td>
<td>RM14.28 (10)</td>
</tr>
<tr>
<td>Price to Consumer/Carton</td>
<td>RM142.80</td>
</tr>
<tr>
<td>Price to Consumer/Unit</td>
<td>RM11.90 *</td>
</tr>
</tbody>
</table>

* Current recommended consumer price of Dynamo liquid 2 litres
Up to this point, it can be concluded that the five factors are positive. Therefore after studying and considering them simultaneously, the decision is to "Go" for the product launch.

Product Refinement and Integration

Even though this new liquid detergent is a superior product in the context of Japanese market, the product superiority may not apply or be relevant to the Malaysian market. Therefore product refinement or modification in terms of cleaning ability, fragrance, level of foam, dissolve and rinsing ability, is a must for all Kao products before their introduction to other countries like Malaysia. This is in order to integrate the local characteristics and preferences with the new products developed by Kao Japan. Consumers from Japan and Malaysia may have not only similar but also different needs and wants. The key issue of product refinement and integration is to make sure the new liquid detergent offers real benefits to customers or end users of Malaysia, offers the Malaysian customer good value for the money and is of a higher quality than competitors' products in the Malaysian market.

The product refinement and integration are done through in-depth product placement test. The detailed product test is to determine the performance and acceptance of the new product in the context of Malaysian consumers. In this case, a proto-monadic test or comparative evaluation with the brand leader, that is, Dynamo liquid was conducted by an external research firm. A total of 120 respondents was selected from Klang Valley and given two test samples each in white bottles: Kao Attack liquid and Dynamo liquid, to be used for two weeks each. Again the results of this test are very favourable with 61% of the respondents
preferring the new liquid detergent compared to only 29% who prefer Dynamo liquid (Figure 20).

Figure 20: Proto-Monadic Test Results of Kao Attack Liquid versus Dynamo Liquid

<table>
<thead>
<tr>
<th></th>
<th>Kao Attack</th>
<th>Dynamo Liquid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall preference</td>
<td>++</td>
<td>+</td>
</tr>
<tr>
<td>Cleaning ability</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Level of foam</td>
<td>++</td>
<td>+</td>
</tr>
<tr>
<td>Dissolve ability</td>
<td>++</td>
<td>+</td>
</tr>
<tr>
<td>Easiness to rinse</td>
<td>++</td>
<td>+</td>
</tr>
<tr>
<td>Preference of fragrance</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Softness of clothes after dry</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Intention to buy</td>
<td>++</td>
<td>+</td>
</tr>
</tbody>
</table>

+++ Like very much     + Like much    ++ Neither


Since the actual new product from Kao Japan is well preferred, no product refinement or modification is necessary as the product features/benefits and Malaysian consumers' needs/wants, relative to Dynamo liquid are well integrated.

Product Strategy

As mention earlier in this chapter, the origin of product development and definition is at Kao Japan. The specification of the
target market or exactly who the intended users are, description of the product concept and benefits is developed with inputs and agreement from the functional areas that involved marketing, R&D, engineering, manufacturing and product development departments at Kao Japan. Even though this new liquid detergent is developed in the context of Japanese market, the target market and product design of this new liquid detergent is international in orientation. It is an international product targeted at world and nearest-neighbor export markets and international product design aimed at domestic markets with the concept of “global products”. In fact this new product has already been launched not only in Japan but also in Taiwan, Hong Kong and Australia.

**Product Characteristics**

This new liquid detergent is very superior and different from the current liquid detergents in the market. The main difference is the physical appearance of the product whereby it is only half of the size of the competitors’ brands and the liquid is clear in colour (Figure 21). All the current competitors’ brands in the market are of non-transparent liquid type.

Other than superior product benefits, the physical appearance will be one of the attributes for product differentiation. The liquid’s compactness with only half the amount other liquids required for every wash load is due to the advanced technology of Kao Japan. Transparent liquid justifies the softness or mildness of this new product in terms of colour protection and soft feeling of the clothes. In fact due to this super compactness and transparent nature of this new liquid detergent, it requires new production facilities that are currently not
Figure 21: Kao Attack Liquid Detergent - Size comparison with Dynamo Liquid
available in Malaysia. To set up production facilities in Malaysia will require a very high capital investment that will not be justified by the sales of this new product. Since production of this liquid detergent cannot be sub-contracted to outside local manufacturers due to unavailable production technology in Malaysia, even though Kao Japan can provide the raw materials required, this new product will be imported directly from Kao Japan at least until sales are "big" enough to justify other alternatives. At this point, Kao Japan has enough production capacity to meet Kao Malaysia's sales requirement. Therefore production is not an issue in this case.

Target Market

The definition of the product strategy, that is exactly what the product should be, goes hand-in-hand with the selection of the target market. Target market definition and product strategy are the leading edge of a new product launch. A precise definition of the target market before developing the marketing mix strategies is the key element in Kao Malaysia.

The target market for this new liquid detergent is female housewife, age 40 years and below, who lives in the market center with higher level of income (RM1,000 and above) and education (secondary level and above).

Product Positioning

"Position" in the marketplace "means" how the product will be perceived by potential customers. The position is usually defined in
terms of key underlying dimensions by which consumers perceive and differentiate among competitive makers (Kuczmarzski, 1992).

The first step in defining the product strategy is the specification of the new product’s position, usually a sentence or two defining how this new product will be positioned in the market and in consumer’s minds, relative to competitive products. The product positioning of this new liquid detergent is as follows:

"Just a 1/2 capful for amazing cleanliness and softness. Colours stay and the fragrance lasts, longer".

Just a half capful is adopted from Kao Attack powder detergent’s "Just one spoonful" for marketing synergy. The implication here is that the product is a superior product because only a small amount can clean effectively, yet with additional real benefits of soft feeling of the clothes after drying, colours of clothes are brighter and a long lasting fragrance. Cleaning ability and fragrance, are compulsory benefits for ensuring the success of any laundry detergent. They are also considered "generic" or general reasons for using a particular brand of laundry detergent. Colour protection and clothes that feel soft after drying are more specific reasons that provide additional real value to the consumer.

Branding and Packaging

A brand name is only one element of a new product, but is perhaps the single most important fact in a successful new product launch and continued market acceptance. According to Smith and Park (1992),
building a new brand is tougher than ever. Advertising costs are growing rapidly, as is rivalry for consumers’ attention.

Line extension and brand extension may be much easier to pull off than a new brand and they are certainly cheaper to pull off than a new brand name (Aaker, 1991). Brand extension will also facilitate consumer acceptance of the new product because of its existing brand reputation (Pitta and Katsanis, 1995).

The new liquid detergent is a superior product. The name of Kao Attack as the brand name for this new liquid detergent will create marketing synergy since Kao Attack powder is currently a popular brand in Malaysia. Using the brand name of Kao Attack will create a strong and positive brand association for higher confidence and acceptance of this new liquid detergent. This will, in return, reduce the marketing expenses in terms of advertising cost for this new product. Therefore the brand name for this new product will be Kao Attack liquid detergent (Figure 21).

At Kao, packaging or package design of a new product should represent its characteristics, superior quality and its individuality in order to clearly distinguish the product from others. It should also be clear enough to match the brand perfectly, to appeal to the consumer and to invite purchase.

For this new liquid detergent, no design test is conducted because it will be imported directly from Kao Japan for the sales in Malaysia. The bottle shape will have to be standardised for economy of scale in production. Currently only one size packaging, that of 1 litre is available. The bottle colour and overall design, especially the front design will have to be similar due to Kao Japan’s policy of package design unification among all the subsidiaries for marketing
synergy. The green colour of the bottle is another strong association with Kao Attack powder for marketing synergy. The only consideration in the packaging of this new liquid detergent is the labeling. The copy of the label has to be in English and Chinese with slight modification of the back copy in terms of product features that support the product benefits and usage instruction. This is to integrate with the local preference and environment. Not all product features and benefits will be included in the back copy. Only those relevant to the local preference will be highlighted.

At Kao, the new liquid detergent for the Malaysian market is considered complete when it integrates the performance from the product test, target market, product positioning, product name, package-design image and its promotional benefit-copy labeling or description.

Place Strategy

Place or distribution is the method used to direct the stream of goods and services from the product to the consumer (Holt, 1977). According to Rao and McLaughlin (1989), the selection of distribution strategy for a new product is a crucial decision because it affects all other marketing decisions, involves the company in relatively long term commitments and determines the nature and size of the target market.

For this new liquid detergent, the place strategy is rather straightforward. It will be sold by Kao Malaysia’s existing sales force and through its existing distribution system. This is because the new product will be sold to the existing retailers that are serviced by the present sales force. The retailers include the supermarket,
provision or sundry shops and mini markets. This corresponds with the source of purchase of laundry detergent by consumer (refer to Table 6).

This is one of the prominent internal strengths of this new product launch whereby the existing sales force and distribution required by this new product has high degree of synergy with Kao Malaysia. The nature of the selling job is compatible with the talents, training and the way the current sales force operates. The distribution pattern also matches the current channel used by other products like Kao Attack powder detergent.

Promotion Strategy

Obviously the ultimate function of promotion is to help the new product sales. The promotion mixes for this new liquid detergent is divided into four elements. The elements are advertising, sales promotion, personal selling and new product publicity.

Advertising

At Kao, advertising must communicate the essentials of the new product based upon honest and clear articulation of the benefits derived from using the product. Of course the benefits communicated must be of what is valued by consumers. The objective is to communicate the product benefits to the consumer’s mind based on “the users’ interest”. It is only when the message of the advertising registers in the consumers’ minds that they can really understand the products’ function. This allows a favourable and trusting response to develop in consumers’ mind. It is the advertising policy of Kao to always create a simple,
amiable and comprehensive message to produce a deep understanding of psychology in order to have a strong effect on the consumer.

A company can have the best product in the world and sell it at a fair price. If no one knows about it, however, the battle is lost. The product's virtues must be communicated to its target market and advertising is an effective communication tool to this end (Aaker, 1996).

In this particular case, the advertising plan is developed by an advertising agency. This is because the agency can provide many important and specialised services to Kao Malaysia. The services include creative proposal and media plan. Before the agency can plan its roles, a briefing or orientation must be conducted by Kao for the agency. The objective of the orientation is to explain in detail all aspects of this new product that need to be communicated to the target market.

The agency orientation specifies the advertising objectives, the target market, product positioning strategy, product characteristics in terms of how the products works, how it is used, its benefits, features and attributes, message plan in terms of expression policy and original copy, essential factors for production of TV commercial (TVC) and other related promotional materials, the talents for the advertisement and media plan.

After the agency has been briefed, it usually takes one to two months to come back with a creative proposal. This proposal is divided into two types of advertisements, that is above-the-line and below-the-line. The above-the-line, will be the TVC storyboard for shooting and visuals or designs for print the advertisement. Below-the-line will be the proposed design for point-of-purchase (POP) materials like shelf
talker, shelf vision, gondola end poster, poster or hanging mobile and leaflet. Usually from the point of the creative proposal, it takes about one to two months for the creative idea to be confirmed by Kao.

After confirmation, production in terms of TVC shooting and printing of the POP materials will be carried out by the agency and must be completed before the proper launch seminar. At the same time, the agency will also propose a media schedule for strategic spot buy of the TVC and print advertisement in relevant TV programs and publications for maximum brand awareness and message recall.

Sales Promotion

If advertising is considered pull strategy, then sales promotion is appropriate to be considered as push strategy (Smith and Park, 1992). Sales promotion would entail a campaign to support and aid sales at the retail or shop level. Incentive should be given to retailers or trades to list and sell this new product in their shops. At Kao, this is known as a trade offer. The trade offer can be a certain percentage of discount on the normal cost-price, in-kind, or an incentive in terms of space rental or merchandising incentive.

Another type of sales promotion is targeted at consumers. It is known as consumer offer. Its aim is to induce higher shelf off-take or trial for the new product. In this case the proposed consumer offer is an introductory price offer, of RM3.00 less or 25% off the normal consumer price.

Personal Selling
The distribution channel for this new product will be from Kao Malaysia to retailers and from retailers to end-users. In fact 90% of the sales are expected to be derived directly from the retailers. Only 10% of the sales will go to wholesalers before reaching retailers, usually the small and isolated retailers and then to end-users. This is because Kao Malaysia has a sales force of 90 salesmen and 160 promoters directly servicing all the major retailers in Malaysia. This is also one of the most important internal strengths of this new product launch.

In order for the salesmen and promoters to sell effectively to retailers and end-users respectively, a regional launch seminar will be conducted in Penang, Petaling Jaya and Johor Bahru. This is to brief and train the salesmen and promoters on how to sell the new product effectively. Besides this, a short-term sales incentive will also be given to the sales force for the first three months of the launch. This is to encourage more attention and efforts from the sales force during the critical period after the actual launch for a higher distribution rate and shelf-off-take. This "internal marketing" is to ensure that the sales force enthusiastically supports the new product launch (Kuczmar ski, 1992).

The sales force will also be provided with appropriate selling aids and support for more effective personal selling. The selling aids include a sales promotion plan, POP materials, media spot buy schedule and of course some actual products, for them to use during canvassing.

Publicity

One of the most effective means to facilitate the introduction of this new product launch is to obtain free advertising in newspapers or
magazines for consumer products. A news release describing the new product plus some photos of the product can provide much needed support in the initial phases of the launch. This is done with the help of the advertising agency where the agency will prepare the news release and send it to the editors of relevant publications. This is done because the agency has close contacts with the publications since the agency also handles the media spot buy or bookings for Kao Malaysia.

Launch Schedule

Immediately after the decision to go for the launch is made, a detailed schedule will be prepared to spell out the key activities needed to be performed and their timing. The objective of this launch schedule is better coordination and integration of the departments involved. This is to ensure that the preparation of the launch will proceed smoothly and on schedule (Figure 22).

The refinement or modification via a product placement test has already been discussed earlier. At this point the complete new liquid detergent is ready for production by Kao Japan in order to be sold to Kao Malaysia. By now the leading edge of the marketing plan has been developed and discussed in terms of the target market, product and pricing. The supporting strategies or other marketing mix element: place and promotion strategy in terms of distribution, advertising, sales promotion, personal selling and publicity plan have also been discussed earlier. While product-related and pricing decisions have been presented separately, they are in reality closely interwoven with all the other marketing mix decisions for the new product launch. Only the budget for launch which includes the sales forecast and marketing
Figure 28: Launch Schedule of Kao Attack Liquid Detergent

<table>
<thead>
<tr>
<th>Month</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refined &amp; Integration * Comparison Test</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Go for Launch</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packaging * Design &amp; Copy check</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished Artwork (FA) &amp; Mock Up</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising Agency Orientation</td>
<td>Creative Proposal * TVC * Print / POP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing Expenditure &amp; Sales Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirmation of New Product</td>
<td>Sales Forecast * Sales Promotion Plan / Budget</td>
<td>Start Production by Kao Japan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery to Kao Malaysia</td>
<td>Allocation of Stock &amp; POP</td>
<td>Launch Seminar for Sales force</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirmation of POP Design</td>
<td>FA &amp; Printing</td>
<td>Confirmation of TVC Storyboard &amp; Print Design</td>
<td>Shooting of TVC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media Plan * TVC &amp; Press Spot Buy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key marketing activities that involved major decision making
Activities that performed by agency or other departments.
expenditure has not been discussed and will be highlighted in the next section.

Budget for Launch

The key problem area in any new product decision making process is estimating or forecasting the level of sales (Scheuing, 1974). Forecasting the sales of established products is often a difficult task, but forecasting a new product’s sales is even more difficult. There is no sales record upon which the forecast can be based. The amount to spend on promoting this new product is one of the more important and difficult decision to make. It is a difficult decision because it involves the uncertainty of the future and a lack of concrete data. It is also an important decision because it provides benchmarks. These benchmarks or standards are critical to the control phase of the launch plan, making sure that the new product launches is on course.

There is no formal technique used by Kao Malaysia to determine the sales and promotional budget. In forecasting this budget, relevant factors that affect sales and promotion are established and evaluated. These factors are; competitive analysis, internal analysis, target market, product positioning, pricing and promotion strategy.

By now reasonable estimates can be made on market size, share, together with the pricing analysis, as the inputs for a financial analysis. The new product’s characteristics in terms of formulation and design are now known. These facilitate the cost estimation or Into Godown Cost (refer to Table 10) and projection of marginal income. The advertising expenditure of competitors can also be obtained from SRM
to the relatively low penetration rate of liquid detergent, together with the strong growing trend toward liquid detergents and a preference for compactness, the liquid segment is expected to grow at least 15% in the following year. Compare to 1996, the actual growth rate of liquid detergent is 27%. With this pessimistic estimate of market growth, the sales forecast will more or less be achieved even if the targeted market share of 30% fails to be achieved by 1% to 5%.

The promotional or marketing budget for the first year of launch is RM4.5 million, which uses all the marginal income available (Table 12). RM2 million will be allocated as media cost, in order to be competitive with the brand leader. In 1995, Dynamo liquid spent RM2.126 in advertisement (Table 13). The balance of the budget will be allocated to the production costs of the TVC and POP materials (RM0.3 million), sales promotion (RM2 million) and other expenses which include a marketing survey and the launch seminar expenses (RM0.2 million).

Table 12: First Year Marketing Budget for Kao Attack Liquid Detergent

<table>
<thead>
<tr>
<th></th>
<th>RM</th>
<th>RM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising Expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media Cost</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Production Cost</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Total Advertising Expenditure</td>
<td></td>
<td>2.3</td>
</tr>
<tr>
<td>Sales Promotion Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Offer</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>Consumer Offer</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>Total Sales Promotion Expenses</td>
<td></td>
<td>2.0</td>
</tr>
<tr>
<td>Other Expenses</td>
<td></td>
<td>0.2</td>
</tr>
<tr>
<td>Total Marketing Budget</td>
<td></td>
<td>4.5</td>
</tr>
</tbody>
</table>

With the above budget, a full scale launch or national "rolling out" will start immediately after the launch seminar for the sales
Table 13: Advertisement Expenditure of Liquid Detergent by Brand (1993 to 1995)

<table>
<thead>
<tr>
<th>Brand (RM '000)</th>
<th>1993</th>
<th>1994</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynamo Liquid</td>
<td>1,906</td>
<td>2,146</td>
<td>2,126</td>
</tr>
<tr>
<td>Breeze Liquid</td>
<td>2,429</td>
<td>648</td>
<td>980</td>
</tr>
<tr>
<td>Fab Liquid *</td>
<td>-</td>
<td>-</td>
<td>866</td>
</tr>
<tr>
<td>Others</td>
<td>340</td>
<td>102</td>
<td>15</td>
</tr>
<tr>
<td>Total ADEX</td>
<td>4,675</td>
<td>2,896</td>
<td>3,987</td>
</tr>
</tbody>
</table>

* New variant


force. Test marketing will not be conducted in this case. This is because a quick reaction from competitors to this new product launch is expected. Moreover the budget does not allow for this kind of expenditure as test marketing is expensive. Test marketing will expose this product to competitors, thus giving them time to respond.

Follow Up Management

Immediately after the full market launch, a few follow-up surveys will be carried out to monitor the acceptance, performance and awareness of the new product and its advertisement or communication strategy.

A tracking survey or purchaser in-store survey is employed to find out the purchasers' profile and reasons for purchase, directly after the sale of the new product begins (in-store interview, usually at supermarket), usage evaluation and intentions for continued use (house interview, usually in the house of the respondents after two to three weeks of the in-store interviews). This is to find out the problems or issues related to this new product quickly in order to make the necessary modification or rectification immediately.
Another follow-up survey is TVC telephone survey after the TVC has been on air, usually within the second month of airing. It evaluates to what extent the TVC is conveying the message intended and what kind of image is being perceived by the consumer. The level of awareness and acceptance of the advertisement can also be determined from this survey.

A benchmark study based on the SRM Syndicated Report, like the Retail Audit and Marketing Index on laundry detergent will also be carried out to determine the achievement of the marketing objectives.

Therefore, at Kao Malaysia the follow-up activities are not only monitoring the sales profits and marketing expenses via the budget but also via various marketing research techniques after the new product has been launched. This is to make sure the new product’s progress is consistent with the marketing plan. The follow up, including the budget for the launch is the means by which management assures achievement of the marketing objectives of the marketing plan and takes the necessary actions to bring the actual results closer to the desired results.