CHAPTER V

SUMMARY AND CONCLUSIONS

This chapter presents an overview of the study and summary of the case study. The implications and limitations as well as the recommendations for future study are also discussed.

Overview of the Study

This study attempts to identify the key marketing activities of a new product launch and how these activities are inter-related to form what is known as a new product process or development. A review of the studies on the role of the new product launch showed that a new product launch is not only important to remain competitive in the company’s marketplace but it is also seen to be important in determining the worth and growth of the company. In a dynamic environment with technological advances occurring at an accelerating pace, rapidly changing need and want patterns, one of the means for a company to survive and grow is via a well planned and coordinated new product launch. The high investments required, topped with a high failure rate of many new product launches or ventures, calls for more commitment from the organization to launch a new product.

The literature review on the theoretical concepts of marketing plans in relation to a new product launch revealed the importance of
consumer-oriented and market-driven launching of a new product. This is because the ultimate new product to be launched or marketed will either be made directly by the consumer or be heavily influenced by what consumers' want plus the competitive situation and the nature of the market. The review of the studies of new product launch showed that implementation of a new product in relation to the marketing plan including the marketing mix strategies, follows a certain flow or step of activities. A new product launch is closely related to the new product process as the implementation or commercialization of the new product, an activity at the end of new product process.

To enhance the usefulness of this study, a review of the investigations of the general key factors contributing to the success and failure of new product launch is highlighted. This helps to operationalize the marketing plan to improve the performance of new product launch.

Finally, to enhance better understanding of the new product launch, an actual case study of launching a new consumer product is discussed. The marketing plan and the activities involved in a new product launch in the context of a Japanese company in Malaysia are highlighted in detail. This case study presents one option or flow of new the product process and the differences that exist between a Japanese company's new product launch and the theories or conceptual frameworks of a new product launch.

Summary of the Case Study

Any new product launch will not be easy in the 1990s. In a rapidly changing and financially constrained environment with increased
competition, companies will be increasingly challenged to improve the performance of the new product launches to maintain competitive parity within each industry. Although the similarities among successful companies may seem to imply a set of common factors for success, the differences suggest that effective management of the new product launch is a complex and highly company-specific.

This study has highlighted some approaches or conceptual framework of the new product process and evidence of general factors in new product success and failure in order to guide the strategy formulation of a new product launch. The development of one new product process or model that is applicable to all firms is a complex and difficult task. There are great differences between various companies with regard to the degree of change and novelty in their new products. Companies also differ in size, technology, organization and type of manufacturing. These and other factors will have an influence on the way the new product process is ultimately organised and leads to the implementation of the product launch.

All companies do not follow the same new product process. As discussed in this case study, Kao Malaysia's approach to new product launch is rather different from the new product process identified from Cooper's study (1993) and other previous studies. One of the most distinctive differences is that Kao Malaysia's flow of the new product process is not a step by step process as proposed by the general conceptual frameworks of new product process highlighted in this study. Instead five factors or steps are considered simultaneously to decide whether to launch or not to launch the new product. If the five factors are positive or favourable, only then will a detailed launching plan be carried out that covers a detailed product refinement and integration
with other product related strategies and supporting strategies of the marketing mix. The five factors are setting marketing objectives, assessing marketing and sales potential, competitive analysis, preliminary product performance and acceptance test and cost/price study. This is due to the fact that Kao Malaysia does not have the capability and resources to develop and launch a new product all by itself. All new products launched by Kao Malaysia are from Kao Japan.

As the origin of any new product launch by Kao Malaysia is from Kao Japan, the initial new product development, like idea generation, initial screening, preliminary technical assessment and testing are not directly performed by Kao Malaysia. When a new product is launched by Kao Malaysia from Kao Japan, the new product has already been developed and launched in other markets. From the actual new product, refinement and integration will be made via local-product placement test. This is to be market-oriented and consumer-focused in the new product launch.

Overall the new product launch approach of Kao Malaysia is proactive in market-need identification and primarily market-derived. The launch strategy features a technologically sophisticated and aggressive effort, a high degree of marketing synergy and a strong market orientation. The new product launch is aimed at attractive high-growth markets with premium price and featuring a clear differential advantage. The new product has a strong customer impact that offers superior features and benefits to the consumer. In other words, the new product launch is responsive and sensitive to market needs and wants.

The commitment and systematic approach of Kao Malaysia in new product launch is demonstrated by in-depth market and consumer analysis, clear definition of marketing objectives, strong product quality orientation from the consumer point of view, more resources and efforts
allocated to promotion, proper control and monitoring via budget plan and follow up research with better training and preparation of the sales force.

The success of the new product launch discussed in this study cannot be evaluated and determined as it is not yet launched by Kao Malaysia. Nevertheless a few past examples can be quoted here to gauge the effectiveness of Kao Malaysia's marketing plan for new product launches. Two products that have achieved great success are Kao Attack powder detergent and Laurier sanitary napkin. The factors contributed to the success are; product superiority, detailed analysis of market and consumer situation, well planned and market oriented marketing activities, aggressive marketing afford and follow up management after the product launches.

Not all products that launched by Kao Malaysia are successful merely by adopting the marketing plan for new product launch discussed in this study. Two examples of failure were Cleardent toothbrush and Stasia shampoo. These were due to poor product refinement and incomplete analysis of consumers' needs and wants. The competitors' strengths and reactions were under estimated. These resulted in unprepared "counter-attack" from the major competitors.

Determining the marketing plan for a new product launch is a very complex task, characterized by a high degree of uncertainty and interdependence of the decisions involved which require careful harmonization of the individual elements of the plan.

While deserving of individual analyses, the various elements of a company's marketing mix eventually have to be coordinated and integrated into a comprehensive marketing plan for the introduction of the new product, optimizing the use of the company's resources and the
realization of its market potential. Obviously, such a plan is so highly individualized in nature that no master plan could meaningfully be presented in this study.

Implications of the Study

Many investigations and studies of new product launches have provided clues and insights into how to mount a successful marketing plan for a new product launch. This study has translated these insights into an actual case study of launching a new liquid detergent, a consumer product by Kao Malaysia. This case study has several implications. The most important being that it provides a road map and discipline to facilitate a new product launch with better defined marketing plan backed by appropriate resources.

No process for launching new products is fool proof and though various elements or activities in the process can be systematized, new product launch is still as much an art as a science. This study makes no attempt to discover a set of golden rules. By examining various aspects of a new product launch and showing how theories are put into action by means of actual example or case study of a Japanese company, this study provides at least some pointers to achieve a successful new product launch.

There is no single solution to any problem in the field of marketing, though some lend themselves to fairly precise optimization. There is no single way for a new product launch, just as there is no single style of management. The problems, and therefore the solutions will always be unique to the combination of market, company and personnel for which they occur. The keys to success in new product
launch are forward planning with a well-defined product launch program or process.

Guiding New Product Launch

Launching a new product without a new product process or plan is like running a war without a military plan. There is no direction and the results are often highly unsatisfactory. Therefore a new product launch with in-depth planning via certain new product process provides a guide and direction to a successful new product launch. By identifying the marketing objectives and activities of a new product launch, ties together the efforts and commitments from organizations and individuals involved in product launches. This way, the new product launch becomes a central part of the corporate strategy, a key plank in the organization’s overall strategic platform. A company involved in the manufacturing and marketing of a new product and does not have a new product process or plan in place, should put the design and implementation of new product process as a top-priority task. The major aim here is to ensure that the company is not caught unawares by its competitors or by changes in the market.

Providing Competitive Advantage

New product launches can be used to reinforce a company’s strategic direction by enhancing its competitive advantage in the market. A sustainable advantage generates value from invested resources to facilitate future investment. The new product launch is the preparation of a business proposition that can be viewed as an
investment alternative that generates sales and profits for an organization. Therefore it is important to have a certain process for new product launch.

Any company which finds itself dependent for its future on the continuing success of new product launch should urgently embark on a search for new product process. It is management’s responsibility to secure a constant flow of successful new product launch and thus achieve satisfactory level of sales volume and profit that makes or breaks a company in the marketplace. Only careful planning, based on a thorough understanding of customer needs and wants and market situation, will help in measuring the risks of alternative choices of new products and actions to be taken, which then helps to organize and coordinate implementation, control execution and measure results of the launch.

Limitations of the Study

Firstly, although the results of this case study revealed in detail the planning and implementation of marketing activities of an actual new product launch by Kao Malaysia, the study does have certain limitations. The challenge of the new product launch is to design a process by which new product projects can move from the idea generation stage through to a successful product launch. A good new product idea can make or break a project. Ideas are the feedstock of the new product process. Since it is the product idea that initiates the whole process, there is a great need for new product idea generation screening and selection. This part is not covered in this study due to the nature of new product development of Kao Malaysia whereby the origin of a new product launch is from Kao Japan. Kao Malaysia only continues from the
actual new product that developed and launched by Kao Japan to full scale or national roll-out launch and follow-up management. The study focuses only on the marketing plan of a new product launch. A case study of launching a new product from idea generation to the full-sale launch may better enhance the understanding of the whole process of new product launch.

Secondly, this case study is only confined to the marketing plan for launching a new consumer product. The results of the study may be bias toward consumer marketing methods. New industrial products may require a more industrial marketing method that is not always comparable with the consumer marketing methods. Despite these limitations, the study contributes to new product launch literature and provide clear demonstration of an actual new product launch for better understanding of implementation of a marketing plan for a new product launch.

Recommendations for Future Study

The study could be replicated with a case study of a new product launch that covers the whole process of launching a new product from idea generation to prepared product launch. This could enhance better understanding of the differences that exist between the actual and theory or conceptual frameworks of the new product launch process.

Further studies could be performed on new industrial products which may have different approaches and emphases of product launch.

To often new product development is conducted as though each established product and new product opportunity being sought or evaluated are independent of the other products of the company. In reality, corporate performance is the sum of the contributions of
individual product strategies. Therefore study could be conducted on the implications of a new product launch on the overall performance of the companies, taking into consideration the interdependencies of the new product as parts of a portfolio. Only then can decisions as to resource allocation, growth and financial objectives and specific strategies be developed for established products and the need for new products be identified.

A new product, like a consumer, has a life cycle that is quite important in developing new product-marketing strategy. Closely linked with the product life cycle of new products are the diffusion and adoption process of new products. The adoption process is the mental process by which individuals pass from the point where they first becomes aware of a new products' existence to when they actually use or adopt the product on a regular basis. The diffusion process is a communication process, that is the spread of a new idea from its source of invention or creation to its ultimate users or adopters. Diffusion of a new idea is a necessary prerequisite for adoption. A study could be conducted to show how the product life cycles with the concept of diffusion and adoption process operate and how they are related to competition and marketing strategy of a new product launch. A better understanding of this implication will help product management to more efficiently manipulate the marketing plan and thus improve its marketing success of the new product launch.