



How to maximize chances for success

THE NEW ITEM LAUNCH JOURNEY

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This presentation discusses the many challenges one faces when launching new items – and the reason why, despite countless hours invested to make sure the branding, positioning, and awareness plans are just right, some products simply don't get the sell-in as expected.



Discussion topics

- *Walk through the new item launch journey*
- *Review obstacles manufacturers and retailers may face*
- *Outline various steps to consider in the launch process*
- *Discuss importance of longer marketing support horizons*
- *Question, answers, and insights*



Section One

THE LAUNCH JOURNEY



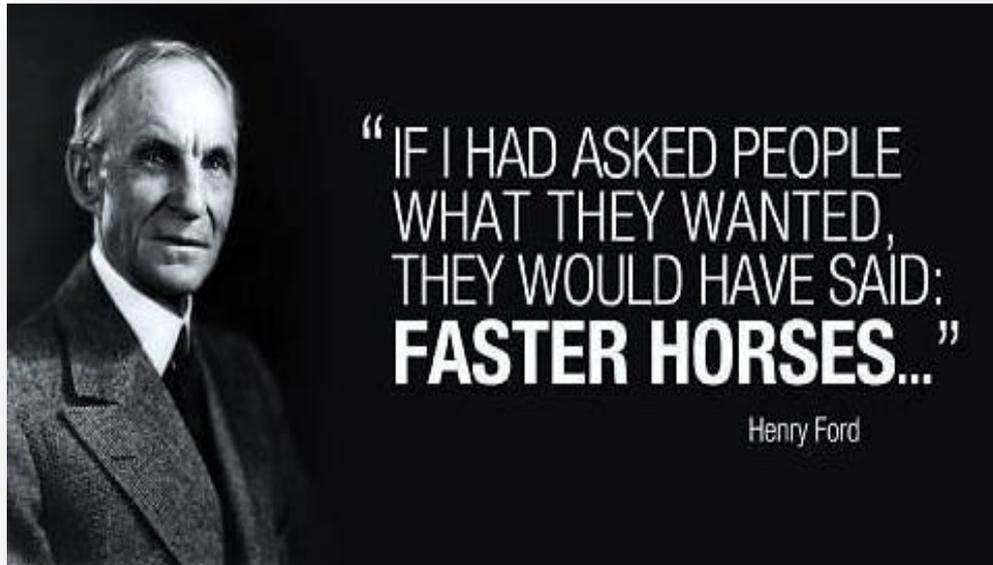
What is commercialization?

Preparation for and introduction of a new product or brand into the marketplace





Where do ideas come from?





Imagining commercialization

*Enthusiasm **does not** replace solid planning or compensate for inefficient processes*





Section Two

JOURNEY CHALLENGES



The realities

- *Likelihood of success in launching a successful new product is less than one in 10¹*
- *American families routinely purchase the same 150 items ... which constitutes 85% of their household needs²*
- *Products typically waste 10% of their cost in offering features that customers don't value or appreciate³*

¹Retail Leader, Improving the Odds, Summer 2016

²Marketing Research Association, The Importance of Process in New Product Development, Sept. 2014

³Marketing Research Association, How Market Research are Contributing to Product Failure, May 2015



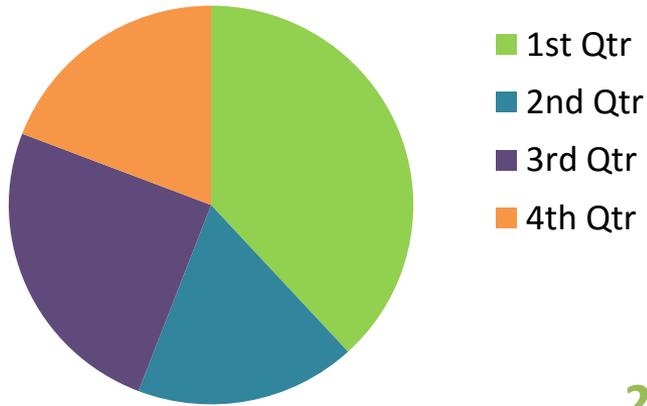
Cutting through the clutter

Launches occur throughout the year; HRG sees a higher volume during the first six months with Q4 often being a slower timeframe for health, beauty, and wellness product introductions.

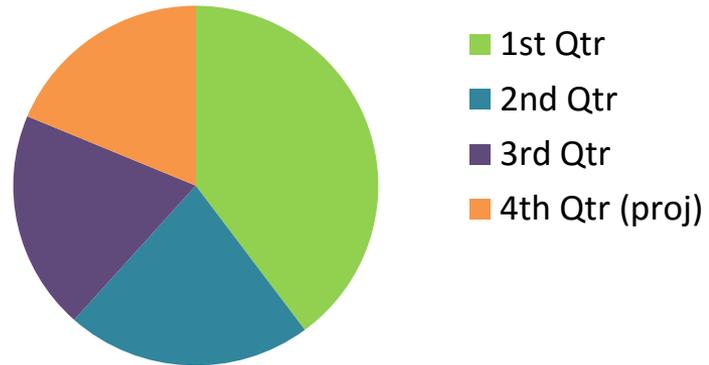


Cutting through the clutter

2015 Launches



2016 Launches





There are no guarantees in life

- *Even the most innovative products may not survive the launch*
- *Overly-ambitious suppliers who introduce brands and then fall short on execution, rarely survive*
- *Change is constant ... get used to it*



of HBW reviewed during 2015



of items remaining in active distribution

7% of items failed to launch or gain market attraction within their first 12 months.



Retrospective – 2015 Realities

- *During 2015, HRG reviewed more than 2,400 new-to-market consumer healthcare products*
- *Of those, 237 were identified as having the highest potential (9.8%)*
- *Of the 237 high-potentials, 30 were awarded either a coveted HRG 2- or 3-Star Rating*
- *Year-to-date 2016, more than 2,300 items have already been reviewed by HRG*
 - *11.4% of those items launched have received a Star Rating from HRG*
 - *Five items scored a **Three-Star Rating!***





New Item Rating Criteria

- ▶ *Product differentiation*
- ▶ *Profitability potential*
- ▶ *Performance of sub-category*
- ▶ *Product orientation*
- ▶ *Promotional plans*





Section Three

LAUNCH COUNTDOWN



What is YOUR launch position?

- **Early stage** – introducing something new to market
- **Existing** – broadening or strengthening your brand
- **Expanding** – entering a new class of trade or category





Increasing your odds

- *Follow a methodology*
- *Do your homework*
- *Test your assumptions*
- *Be prepared to execute*
- *Plan for the future*





Find a methodology that works

Concept through Commercialization™





Do your homework

- *What is the true market need?*
- *Who will you compete with?*
- *Have you considered legal and regulatory guidelines?*
- *How will you break through the deafening noise?*
- *Do you have a short- and long-term strategy?*





Test your assumptions

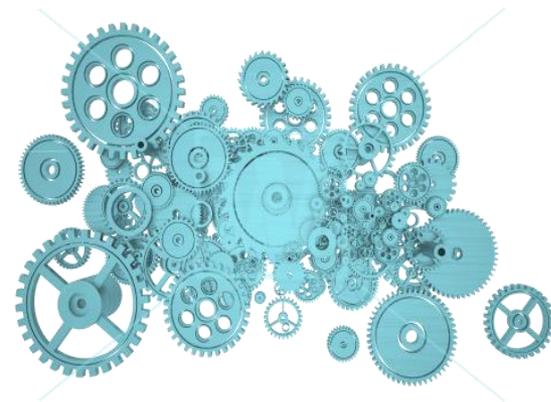
- *Will consumers respond to your messaging?*
- *Is there room at the retail shelf for your product?*
- *Can your package attract attention in 4-7 seconds?*
- *What media will best reach your intended audience?*





Be prepared to execute

- *Are consumers attracted to your brand?*
- *Is your manufacturing and distribution ready to support the launch?*
- *Which channel partners align best with your product?*
- *Is your value proposition appealing to those buyers?*
- *Will your promotional plan generate interest?*





Section Four

SUPPORT HORIZONS



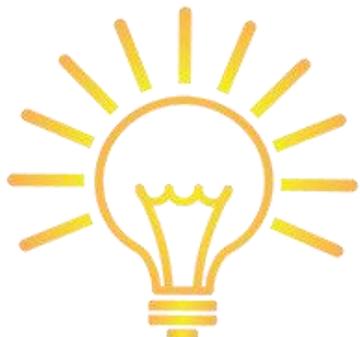
Planning for the future

New products launched that are in the Top 100 at FDMx as identified by HRG ranking in department*



Give your newly launched product time to **gain traction** in the marketplace. Have a **long-term plan to promote your new product** in its second and third years and beyond!

*HRG product data from 2013-2015 used in analysis



Planning for the future

- *Have you arranged necessary capacity to meet demand?*
- *How will you remain relevant to shoppers?*
- *What promotional plans are you considering after launch?*
- *When will line extensions to your initial brand entry follow?*



Sound familiar?



“I thought I was on to something
but I can’t figure out how to
move it.”



Top reasons new products fail

- Marketers assessed market climate inadequately
- The wrong audience was targeted
- Improper positioning strategy was used
- A less-than-optimal set of product attributes and benefits was selected
- Questionable pricing strategy implemented
- Ad campaign generated insufficient level of awareness
- Unrealistic forecast or poor marketing plan
- New product was pronounced dead and buried too soon



Alternatives to organic product development

- *Acquire products from competitors*
- *Develop “me-too” products*
- *Revive old products*





Section Five

QUESTIONS & ANSWERS



Thank you

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