DISPATCHES™
Insights On Brand Development From The Marketing Front

FAILURE TO LAUNCH (SUCCESSFULLY)

This article isn't about failing to launch to the moon, the earth's atmosphere, or your seat during an unproductive meeting. Instead, it's about failing to launch new products successfully and establish leadership brands.

Many of our clients have a business model that requires the successful launch of new products to fuel growth. The new products are targeted at capitalizing on additional target customer-segments (e.g., sugar-free or new indication for a pharmaceutical product). Their purpose may be to fill space in target customers' repertoire (e.g., an additional part of a surgical procedure). They may be used to get current customers to trade-up to a new product that replaces a previous model (e.g., new, improved). Whatever, the company's growth engine depends upon a stream of new product launches.

Yet, many new product launches fail—spectacularly. If customers don't outright reject them, then they fail to meet forecasted sales. Speaking with a client recently, he informed us that his company's launches had fallen far short of forecasted sales. How far short? Well, over the past few years, sales of new launches have achieved less than 50% of year-1 forecasted sales. Any way you look at it, it's a disaster!

The consequences of failing to launch successfully include:

- Corporate attention being turned away from the launch and the product—due to less than stellar results—undermining its ability to realize whatever potential it might have had;
- Significant cutbacks in funding for the company's other brands dampening their sales and rate of sales growth; and
- Driving up the forecast to dizzying heights for the next great hope (i.e., new product launch).

Moreover, managers get involved in playing the blame game, reorganizations are put in motion, and managers involved in the failure are either shelved or leave for greener pastures.

Causal Factors
Failure to launch successfully may be attributed to a host of factors but the primary causes are: 1) unrealistic forecasting; 2) not fulfilling legitimate, differentiated customer needs; 3) poor execution; any combination of the aforementioned or all three. Oh, there

are more, but we'd prefer to treat them as contributing to one of the three. For example, backorders and quality issues are, to our way of thinking, a subset of poor execution.

This issue deals with the first causal factor, unrealistic forecasting. It's the one junior managers acknowledge after the failure, but senior managers refuse to accept as legitimate. For starters, the forecast is determined by what the company needs for topline revenue growth, not what the market will grant. Finance, not marketing and sales, drive it! This forecast is buoyed by the developers' (inflated) pride that what they've developed is epic or, at minimum, more important than how target customers perceive it to be. The acceptance of an unrealistic forecast is exacerbated by marketing's overzealous selling internally to feed senior management with what they want to hear. It's all designed to make senior management comfortable with supporting it. Everyone's satisfied until the sales begin to spill in.

Avoiding Unrealistic Forecasting
We, marketers, need to do our homework and bring evidence to the table if we are going to help our organizations avoid unrealistic forecasting. Here are some of the things we should be doing of which one or more of them are absent from those companies whose launches fail to achieve target forecasts:

- Concept Testing: The use of concept testing will enable us to gauge the "purchase, prescribing, or usage interest" of our new product among target customers. FMCG typically use white card concepts. Medical Device & Diagnostic companies generally are better served with prototypes. Big Pharma might start with the TPP. It's essential that whatever format one uses is a suitable representation of the product. Concept testing will provide potential acceptance at 100% awareness and distribution or access. Accordingly, we must factor each to account for realistic expectations based-upon company experience (more on this below).
- Use Testing: Whenever possible, put the product into the hands of concept acceptors and rejectors. Use testing will enable you to determine if the product measures-up to or even exceeds expectations. This step is particularly important to assess repeat rate, compliance, persistency, transaction size, purchase frequency—all of which are necessary to determine volume (your forecast). By the way, a clinical study is not the same as a use test as it leaves out the health care practitioner whose experience is crucial in determining if a drug product will even reach the patient.
- Analysis of the Organization's Capabilities: Awareness and distribution/access are key to success. These performance factors will vary by product (appeal of the value proposition, etc.) Furthermore, it will fall into a range in a given company. If a forecast is built upon achieving access for 70% of the patient population by month three, but the company's history is only 35%, then the product is going to fall far below the target forecast. Unfortunately, many companies fail to undertake these analyses, so there is no benchmark of performance. These companies are fixing for a surprise and not a favorable one. As per awareness, this, too, can be

determined by an analysis of past launches. Complement it with a test of the launch messaging, and factor in media and sales call support.

- Market Testing: In the quest to be first or keep it from competition or maximize the impact of sales and profit growth in the short term, market testing is often overlooked or merely ignored. It doesn't matter. The results are the same—a lost opportunity to learn and iterate our way to a successful broadscale launch. Without market testing, we set ourselves and our organizations for failure.

A Final Word or Two

Indeed, competitive defensive activity—which you should expect—can adversely impact our ability to achieve the target forecast. It's why we undertake contingency planning, so we are prepared to respond and not react. However, testing and analysis are at the heart of forecasting realistically. It's about gaining the necessary inputs to forecast accurately. It is the evidence-based versus internal need-based approach to forecasting. Finally, it enables us to identify and address critical factors in launching successfully.

A successful launch will lift the company and its brands. Take the essential testing and analysis evidence-based steps to avoid failure to launch successfully.

COMING SOON – Be on the lookout for a new marketing book by Richard Czerniawski, AVOIDING CRITICAL MARKETING ERRORS: How to Go from Dumb to Smart Marketing. Make your marketing matter more.

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