

Module 2-Market Profile

Lecture 7-10

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PRODUCT LAUNCHING

- Launching a product is the pinnacle of days, weeks, months, or even years of work.
- It's also the beginning of an equally pivotal point in a product's trajectory.
- The period marks all that time and effort spent developing the product.
- Whether it's the company's first launch or its hundredth, unpacking these differences and tailoring each launch accordingly is critical in driving the launch's success.

Four types of Product Launching

1. Breaking In

- The most common product launches occur when a company debuts a **new product** into an **existing market**.
- There's already an existing market being served with relatively similar products.
- The product typically attempts to displace or replace the preexisting competition in these scenarios.
- They're not trying to convince people to try out a product for the first time in most cases.
- This means the messaging and marketing focus on educating the market about **what differentiates their new product** from the available alternatives.

- Therefore, **product differentiation** takes the lead in what gets communicated and emphasized during the launch.
- This new product may have **superior performance**, **a better aesthetic**, **a lower cost of ownership**, or a **cheaper price tag**.
- Whatever makes this new product better and different becomes the focal point for the launch.
- In some ways, breaking into an existing market simplifies the launch because the market already understands and appreciates the base value proposition.
- But at the same time, the current competition has numerous advantages due to its incumbency as a known quantity.

2. Breaking ground

- Honestly, novel products face additional hurdles at launch because they're trying to make a name for themselves while also **establishing an entirely new category**.
- New ideas face an uphill battle because **they must educate the market on why anyone needs a product like theirs**, not to mention **why this particular solution is worth the investment**.
- Nearly every product humans interact with daily once upon a time faced this problem.
- These products disrupt the status quo by presenting an entirely new way of solving a problem.

- This, in turn, demands a fuller explanation of why this problem must be solved and why this particular solution is the game-changer you didn't know you ever wanted but now can't live without.
 - For a category-creating product launch, education takes the lead.
 - The market didn't even know these problem-solving methods existed before the product appeared.
 - Therefore, the launch has two key objectives.
1. First, create the category through education and building awareness.
 2. Second, establish the product as the go-to pick for this new category.

- In many ways, the second part is actually harder.
- Because the category creator must spend time on both education and building a brand, they've also set the stage for a latecomer to swoop in and build off that foundation.

3. Brand Extension and Expansion

- Established brands are seldom content to sit on their laurels and simply rely on one or two products.
- They continue growing with no new innovations or offerings.
- Diversifying their portfolio protects them from changes in market dynamics, consumer behavior, or economic disruptions.

- As a known quantity with a (hopefully) stellar reputation, brands stay sharp by creating new products that leverage their existing brand equity to expand their reach.
- A quick walk through a supermarket includes dozens of brands selling new products.
- They build off their established customer base and market prominence, from mango-flavored Pepsi to churro-flavored Cinnamon Toast Crunch cereal.
- We're just as likely to see these moves in technology, such as Microsoft's OneDrive drafting in Dropbox's wake or Amazon streaming music to keep up with Spotify.

- For these product launches, brands are building on their reputation as a trusted, known quantity.
- In addition to their built-in familiarity, these brands may also tout integrations and interoperability.
- This is especially prevalent in enterprise settings.
- Large companies may opt to get their cloud services or virtual meeting software from Microsoft because of preexisting relationships.
- For any brand launching an extension, they must maximize the advantages they have thanks to their established customer base and track record of success.

4. Conquering New Territory

- The fourth type of product launch isn't a launch at all, but a repositioning of an existing offering.
- In this case, the brand takes a current product and pushes it to an entirely new market.
- Although this occasionally includes some modifications, enhancements, or tweaks of what was previously available, such as different price points, additional templates, or new integrations that appeal to this new market, it's mostly about selling an old thing to a new type of customer.

Catering the present market status of the product

- A target market is a particular group of people you identify as the most profitable or potentially profitable customers for your products and services, and that you appeal to with your promotional messages.
- Catering to your target market begins with understanding the needs and wants of specific consumers or business buyers.
- With **strong data and knowledge**, you can more effectively focus your business activities on catering to the target market, whether your efforts and message are targeted toward existing customers or potential customers.

Using Market Research

- Surveys and focus groups

Design and Development

design your store layout, products and services

Use Different Distribution Channels

Convenient locations and efficient service

Improve Customer Service

Replacing the product

Review Your Marcom Options

marketing communications – radio, tv, print advertising, social media

1.Using Market Research

- To effectively cater to your target market, you must first conduct market research to uncover the particular needs and interests of customers or potential customers, advises [Entrepreneur magazine](#) .
- Surveys and focus groups are common research methods.
- With research, you can find out what people currently think about your business, products and services.
- You can also get more familiar with what product or service benefits your target market cares about the most.

2.Design and Development

- As you start or modify your business, you can design your store layout, products and services to best match the needs you learn from research, suggests [Inc. Magazine](#) .
- In designing products or services, you can emphasize quality in the benefits most desired.
- If the results of the research said that your target market wants great service, for instance, you might focus on developing highly capable service employees.
- You may also diversify your product or service offerings to add more items that the market wants.

3. Use Different Distribution Channels

- One of the best ways to cater to your target market is to make it as easy as possible for people in that group to buy from you.
- Convenient locations and efficient service are two approaches, especially when a target market is based on a geographical area.
- Chains of convenience stores, for instance, often saturate local markets with stores within a few blocks of each other to provide easy access.
- Some businesses offer kiosk locations for self-service.

- A website with online ordering and delivery may appease market desires for convenient ordering from home.

4.Improve Customer Service

- In some cases, you have to cater to the needs of your customers who have experienced negative product or service results, and that is its own target market.
- Tech support or customer service employees typically take on this role.
- If a customer's product breaks or has a defect, catering to the customer, as part of that target market, would typically mean replacing the product

- If a customer has a bad service experience, offering free goods or services to make up for the mistake is an example of catering.

5. Review Your Marcom Options

- Different age groups consume media differently.
- Depending on your target customers' age group(s), you can get your marketing communications messages to them using TV, radio or print advertising.
- You can use direct mail or direct response.
- Social media and digital marketing is critical for reaching for reaching millennial and GenX target customers.

UNIQUE SELLING PROPOSITION (USP)

- A unique selling proposition, more commonly referred to as a **USP**, is the one thing that makes your business better than the competition.
- It's a specific benefit that makes your business stand out when compared to other businesses in your market.
- Forming an opinionated and deliberate **USP** helps focus your marketing strategy and influences messaging, branding, copywriting, and other marketing decisions.
- At its core, a **USP** should quickly answer a potential customer's most immediate question when they encounter your brand:

A compelling USP should be:

Assertive, but defensible:

- A specific position that forces you to make a case against competing products is more memorable than a generic stance, like “we sell high-quality products.”

Focused on what your customers value:

- “Unique” won’t count for much if it’s not something your target customers truly care about.

More than a slogan:

- While a slogan is one way your USP can be communicated, it’s also something that you can embody in other areas of your business, from your return policy to your supply chain.
- You should be able to talk the talk *and* walk the walk

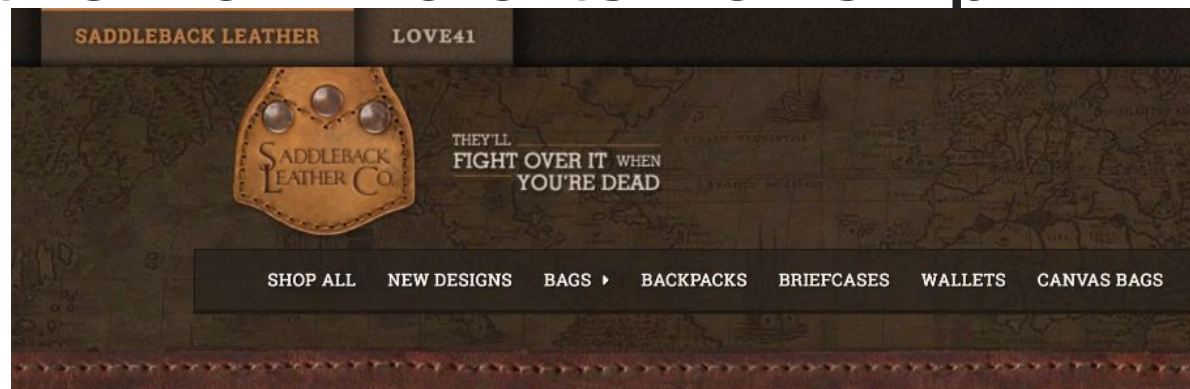
- Specific marketing offers—like 10% off, free shipping, 24/7 customer service, or a strong return policy—are not USPs.
- Convincing and effective though they may be, they're not unique on their own, nor are they positions that are easy to defend as any of your competitors can copy them.
- **A unique selling proposition is a statement you choose to embody that differentiates your products and your brand from your competitors.**
- A USP is a position your small business takes as a whole that can be incorporated into your products, your brand, the experience you provide, and any other touch point your customers have with your business.

Examples of unique selling propositions

1. Saddleback Leather

- One of the first things that you notice about Saddleback Leather's site is their famous tagline: “**They'll fight over it when you're dead.**”
- It's a sentence that immediately conveys the unique value of Saddleback's products in their signature irreverent tone: this product is built so well it will outlive its owner.
- The messaging also refers directly to their 100-year warranty, which backs the promise with a guarantee that the products will last you a lifetime and then some.

- Longevity, especially for high-priced, everyday carry products is definitely a unique selling point, especially when so many competitors are focused on positioning their products as status symbols, the stylish trends that you'll want to replace next year, or a cheap solution to an expensive look.
- In fact, when cheap knockoffs of their products started appearing in the market, Saddleback Leather took it as an opportunity to create a clever “how it's made” video that reinforces the quality of their own craftsmanship.



2. Pipcorn

- Pipcorn is a great case of a brand using specificity to carve out their own unique place in the market, choosing instead to focus on what makes their product a smart choice for the health-conscious or vegan consumer.
- Pipcorn is delicious mini popcorn.
- Phrases like “**all natural**,” “**whole grain**,” and “**small batches**” are seen on the bag, and their site highlights other health benefits like **gluten free**, **non-GMO**, and **antioxidants**.
- Pipcorn also gets specific about how their snack food is healthy instead of just saying that it is, listing points of difference that their customers will care about.

A photograph of two children sitting on the floor. The child on the left is wearing a blue t-shirt and the child on the right is wearing a grey t-shirt. They are holding a large, brown paper bag of Pipcorn. The bag has a red logo at the top, the word 'PIPCORN' in large black letters, 'KETTLE' in red letters, and 'DELICIOUS' in black letters. There is also a red arrow pointing left with the text 'ACTUAL SIZE' and a red logo at the bottom with the text 'ALL NATURAL WHOLE GRAIN SMALL BATCH'.

DELICIOUS MINI POPCORN

Pipcorn is the freshest, crispiest best tasting popcorn around. It also happens to be **non-GMO, Gluten Free, Whole Grain** and packed with **antioxidants!** Come snack with us!

SHOP >

- By positioning their product around current health-conscious trends, they're able to create a USP that would not only actively help them attract new customers, but also retail their popcorn as a premium product.

3. Death Wish Coffee

- A lot of coffee shops and roasters lay claim to having the “smoothest” or “richest” cup of coffee out there.
- Death Wish Coffee, however, chose to cater to those who need an extra kick in their cup of joe by instead selling the “**world's strongest coffee**”.

- Death Wish Coffee is an excellent example of developing a product based on a unique selling proposition that was largely left untouched in the crowded coffee market.

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STRONGEST
COFFEE

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SELECT COFFEE TYPE



GROUND



WHOLE BEAN



DEATH CUPS

☒ One-time purchase \$19.99

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Deliver every 7 Days ▾

BUY NOW

- It's not a position that will immediately attract every kind of coffee drinker, but the product firmly appeals to a certain segment of consumers and it's hard to imitate.
- Death Wish Coffee backs it up too.
- In addition to boldly declaring it on their site and packaging, and breaking down how it's made, they also offer full refunds for anyone who says that the coffee *wasn't* the boldest cup they'd ever had.
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- How to write your own unique selling proposition
1. **Make a list of all the potential differentiators of your brand and what you sell.** And *get specific*. Breakout products and compelling marketing messages rely on precision: they solve the exact right problem and communicate that benefit to customers in their own words.
 2. **Research the competition.** Who are your competitors and
what are their USPs? Look for gaps where you can potentially
introduce your brand differently. Products in the same category can be positioned in wildly different ways —footwear, for example, can emphasize style, comfort,

- 3. Compare your most unique angles against your audience's needs.** Are there any customer needs that haven't been filled? Do you see any pain points that you can appeal to that your competitors haven't?
- 4. Compile the data.** Take the information that you've learned, and sift through it to single out your strongest USP.
- 5. Think about viable ways to apply it across your business.** Applied properly, a USP can be woven into different areas of your business, from your brand name to your return policy to reinforce the idea to your customers.

Demand Forecast

- When a product is produced for a market, the demand occurs in the future.
- The production planning cannot be accomplished unless the volume of the demand known.
- The success of the business in supplying the demand in the most efficient & profitable way will then depend on the accuracy of the forecasting process in predicting the future demand.

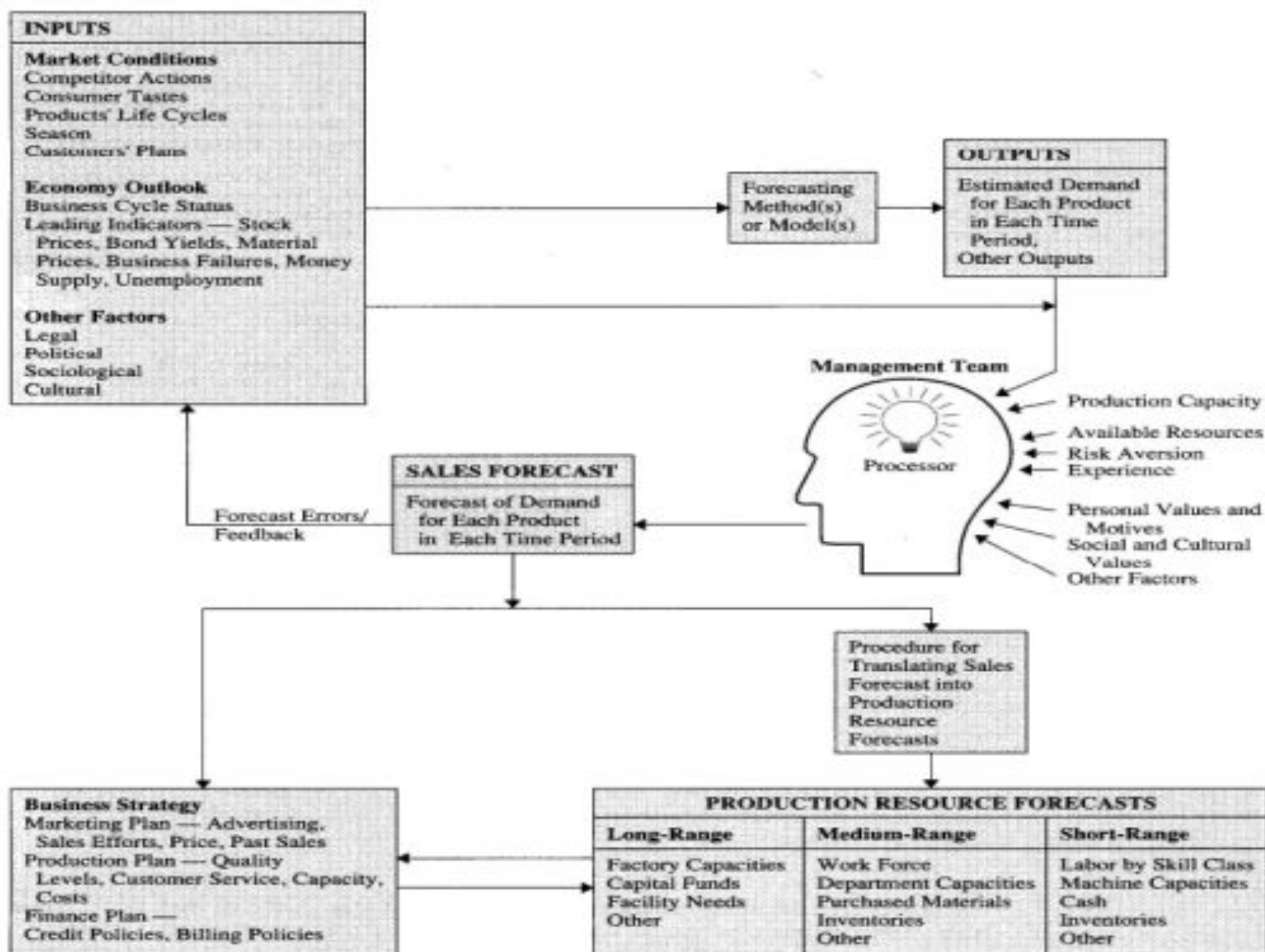
POM-Production and Operation Management

Some Reasons Why Forecasting Is Essential in POM

- 1. New Facility Planning.** It can take as long as five years to design and build a new factory or design and implement a new production process. Such strategic activities in POM require long-range forecasts of demand for existing and new products so that operations managers can have the necessary lead time to build factories and install processes to produce the products and services when needed.
- 2. Production Planning.** Demands for products and services vary from month to month. Production rates must be scaled up or down to meet these demands. It can take several months to change the capacities of production processes. Operations managers need medium-range forecasts so that they can have the lead time necessary to provide the production capacity to produce these variable monthly demands.
- 3. Work Force Scheduling.** Demands for products and services vary from week to week. The work force must be scaled up or down to meet these demands by using reassignment, overtime, layoffs, or hiring. Operations managers need short-range forecasts so that they can have the lead time necessary to provide work force changes to produce the weekly demands.

Some Examples of Things That Must Be Forecasted in POM

Forecast Horizon	Time Span	Examples of Things That Must Be Forecasted	Some Typical Units of Forecasts
Long-range	Years	New product lines Old product lines Factory capacities Capital funds Facility needs	Dollars Dollars Gallons, hours, pounds, units, or customers per time period Dollars Space, volume
Medium-range	Months	Product groups Departmental capacities Work force Purchased materials Inventories	Units Hours, strokes, pounds, gallons, units, or customers per time period Workers, hours Units, pounds, gallons Units, dollars
Short-range	Weeks	Specific products Labor-skill classes Machine capacities Cash Inventories	Units Workers, hours Units, hours, gallons, strokes, pounds, or customers per time period Dollars Units, dollars



Qualitative Forecasting Methods

1. **Executive Committee Consensus.** Knowledgeable executives from various departments within the organization form a committee charged with the responsibility of developing a sales forecast. The committee may use many inputs from all parts of the organization and may have staff analysts provide analyses as needed. Such forecasts tend to be compromise forecasts, not reflecting the extremes that could be present had they been prepared by individuals. This method is the most common forecasting method.
2. **Delphi Method.** This method is used to achieve consensus within a committee. In this method executives anonymously answer a series of questions on successive rounds. Each response is fed back to all participants on each round, and the process is then repeated. As many as six rounds may be required before consensus is reached on the forecast. This method can result in forecasts that most participants have ultimately agreed to in spite of their initial disagreement.
3. **Survey of Sales Force.** Estimates of future regional sales are obtained from individual members of the sales force. These estimates are combined to form an estimate of sales for all regions. Managers must then transform this estimate into a sales forecast to ensure realistic estimates. This is a popular forecasting method for companies that have a good communication system in place and that have salespersons who sell directly to customers.

4. **Survey of Customers.** Estimates of future sales are obtained directly from customers. Individual customers are surveyed to determine what quantities of the firm's products they intend to purchase in each future time period. A sales forecast is determined by combining individual customers' responses. This method may be preferred by companies that have relatively few customers.
5. **Historical Analogy.** This method ties the estimate of future sales of a product to knowledge of a similar product's sales. Knowledge of one product's sales during various stages of its product life cycle is applied to the estimate of sales for a similar product. This method may be particularly useful in forecasting sales of new products.
6. **Market Research.** In *market surveys*, mail questionnaires, telephone interviews, or field interviews form the basis for testing hypotheses about real markets. In *market tests*, products marketed in target regions or outlets are statistically extrapolated to total markets. These methods are ordinarily preferred for new products or for existing products to be introduced into new market segments.

•Technique for Demand Forecasting

1. Naïve techniques - adding a certain percentage to the demand for next year.
2. Opinion sampling - collecting opinions from sales, customers etc.
3. Qualitative methods
4. Quantitative methods - based on statistical and mathematical concepts.
 - a. Time series - the variable to be forecast has behaved according to a specific pattern in the past and that this pattern will continue in the future

b. Causal - there is a causal relationship between the variable to be forecast and another variable or a series of variables.

- **Quantitative Methods of Forecasting**

- **1.Causal** –There is a causal relationship between the variable to be forecast and another variable or a series of variables.

(Demand is based on the policy, e.g. cement, and build material.

- **2.Time series** –The variable to be forecast has behaved according to a specific pattern in the past and that this pattern will continue in the future.

SALES FORECASTING

- Ideally the sales forecasting process needs different kinds of information from different departments.
- This could be done by integrating different departments by means of common information system.
- The business functions of departments like production, sales, purchasing, planning, finance and logistics, supply chain department are different ones, the strategies used by them also differ.
- While integrating the functions, all the departments share their information on a central information system which is joined with central database warehouse.

- As all functions work towards the same target, sharing information facilitates productive work. Coordination can be achieved by a central information system.
- Furthermore sales forecasting also runs on information like marketing, sales, production planning and logistics.
- All departments need the sales forecasting to plan their activities effectively.
- Integration of coordination may be the best way to achieve integrated and interactive forecast.
- The managers at the different functional areas will make the decisions using the data available in the central repository.

- The various decisions that are to be taken by the managers and the needs of the decisions at various functional areas are shown in the table below.
- The activities that can be forecast in the area of marketing are annual plans, product changes, promotional changes, channel placement and pricing; in the area of sales, identifying the sales target for the sales force; and in the area of finance.
- Forecasting is also be made in the area of production and purchasing , planning the development of plant and equipment; and finally in the area of logistics and planning the development of storage facilities and transportation and equipment .

REASONS FOR UNDERTAKING SALES FORECASTS

- The sales forecasting process is a critical one for most businesses and the critical areas where sales forecasting is necessary in a company are discussed in the following section.

1. Sales forecasting need in Planning

- Sales forecasting serves as the initial seeding to the S&OP process.
- The forecasting may originate from a study of past demand history.
- As the marketing function originates and manages the demand toward final customer, the necessity of sales forecasting arises from the demand side.

- Based on the sales forecasting, supply side prepares the capacity plan.
- The capacity plan is nothing but the capabilities to satisfy demand using maximum possible inputs via information net both forecasting and capacity plans studied out to consider strategies.
- Considering different information collected from time to time and strategies undertaken, the demand plans are given out from S & OP system.
- The demand plans make marketing and supply departments understand future product launching and action needed to achieve corporate strategies.

- Based on the information available; the operation plan is given out from S&OP to supply functions.
- This plan consists of different functional plans.
- Smooth running of S&OP needs accurate forecasting.
- Four steps in planning:
 - 1) specify objectives.
 - 2) generate strategies.
 - 3) evaluate strategies and take actions accordingly.
 - 4) monitor results.
- Accurate forecast plays a major role in successful planning and achieving of the final goal.

2. Sales forecasting need in financial planning

- One of the model that is followed is Francis-Rowell(FR) model.
- The objective of this model is to generate pro forma financial statements that describes the future financial condition of the firm for any assumed pattern of sales.
- The FR model is composed of ten sectors they are
 - 1) Industry sales
 - 2) Production sector
 - 3) Fixed capital stock requirements
 - 4) Pricing
 - 5) Production costs
 - 6) Income
 - 7) New financing required
 - 8) Risks
 - 9) Costs of financing
 - 10) Common stock valuation.

3. Sales forecasting need in production /purchasing

- The production and the aggregate planning are closely related with demand forecasting.
- Plans are dependent on future sale of products which will be produced and marketed.
- During short term forecasting, the production plans depend on purchasing forecast.
- **Wisner and Stanley (1994)**, indicate that forecasting and purchasing are closely related.
- It reveals the importance of forecasting in the process of preparation of master purchase plan.

- Purchasing action includes time lags due to shipping and logistic action from suppliers and hence purchasing department needs to know the forecasting for planning so that no stockout will occur.
- This helps in smooth production without stockouts.

4. Sales forecasting need in logistics

- The logistic department is considered responsible for both storage and distribution toward the destination from site of storage of produced goods.
- Therefore logistics department needs forecast.
- Both short and long term forecasts are needed while planning.

- Long term planning is needed to decide storage capacity of warehouse and services together.
- Transportation services are also needed to be considered while this is being planned.
- Based upon the production plan, logistic department prepares own service plan and hence forecasting plays an important role in logistics planning.

5. Sales forecasting need in Marketing

- The marketing success is based on capability of company to satisfy customer demand and needs.
- Conditions like stockouts and low innovativeness may decrease demand and loss of sales can occur

- Considering this principle a company plans its activities.
- Marketing plans are based on current demand, derived demand, competitors pricing and different promotions.
- To yield from marketing plan, knowledge of the forecasting is needed.
- Normally annual levels could be considered and intervals can be either monthly or quarterly, depending on the product.