



NEW PRODUCT LAUNCH FRAMEWORK

New product frameworks are used to help a company decide whether or not to launch a product or service. New product frameworks share many similarities with market entry frameworks. The following is a very basic framework of approaching such case questions in a consulting interview.

STEPS INVOLVING IN SOLVING A NEW PRODUCT LAUNCH CASE

1. Reiterate the problem statement

Once the problem statement is given, make it a point to paraphrase it in a comprehensive manner for the interviewer to know if you understood the problem correctly. If there would be any discrepancy, the interviewer would let you know then and there itself.

2. Ask preliminary questions

These are initial/clarifying questions that help you understand the case/client better in order to proceed. Some of the preliminary questions in the New Product Launch cases that can be asked are:

- Is there any particular business goal we are looking at?
- What geographies does the client operate in?
- What is the product portfolio of the client?
- What segments of the market do they currently operate in and what is the company's market share in each of them?
- What does the competitive scenario for the new product look like?
- What's the opportunity cost?
- What's your differentiation or competitive advantage?

3. Work through the case by using appropriate frameworks

One of the many frameworks that can be used to solve a New Product Launch can be the 3CP framework that covers Customers, Competition, Company & Products. This approach is comprehensive and can cover all the major areas that one must look into. The 3CP framework can be covered as follows:



Analyzing the product

The first most important step in the New Product Launch framework is to understand the product to be launched. Understanding the attributes, benefits, drawbacks, features, and economics (manufacturing, distribution, commission to distributors, reliance on suppliers, etc.) of the product are all part of this.

With a distinct issue statement, every successful product seeks to address a need or fill a void. The problem description needs to be precise and succinct, describing both the desired goal and the current reality. From the beginning of the product's design and development process to its introduction to the market, you should be able to refer to the problem description.

Assessing the market

After the product development, the next step is to assess the potential market. This includes analyzing the following pointers:

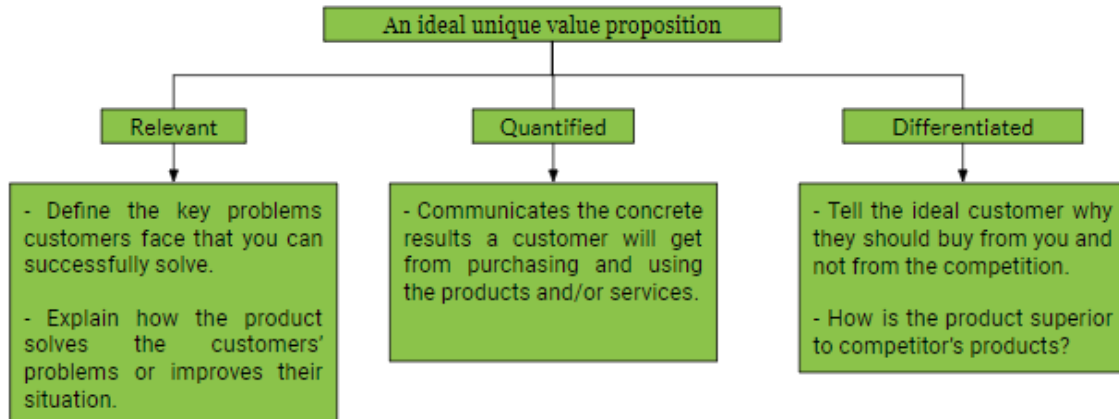
- Market Size/Volume = Number of target users x Purchases expected in a given period of time
- Customers (segments, preferences, willingness to pay): Willingness to pay can be estimated through surveys and focus groups, exploring elasticity of demand of the product(s) or utility estimation done by estimating the monetary value of the benefits availed from the product.
- Distribution channels
- Barriers to entry (regulation, switching costs, access to distribution channels, IP)
- Key market trends
- Market structure (whether its is monopolistic, oligopolistic or competitive)

Devising the UVP

Unique value proposition is a clear statement that explains the benefits of your product, how it solves customers' problems, why it is different from the rest, and why customers should buy it.

Before devising the UVP, you should be clear about the following things:

- What product or service is your company selling?
- What is the end-benefit of using it?
- Who is your target customer for this product or service?
- What makes your offering unique and different?



While devising the UVP, you should ensure:

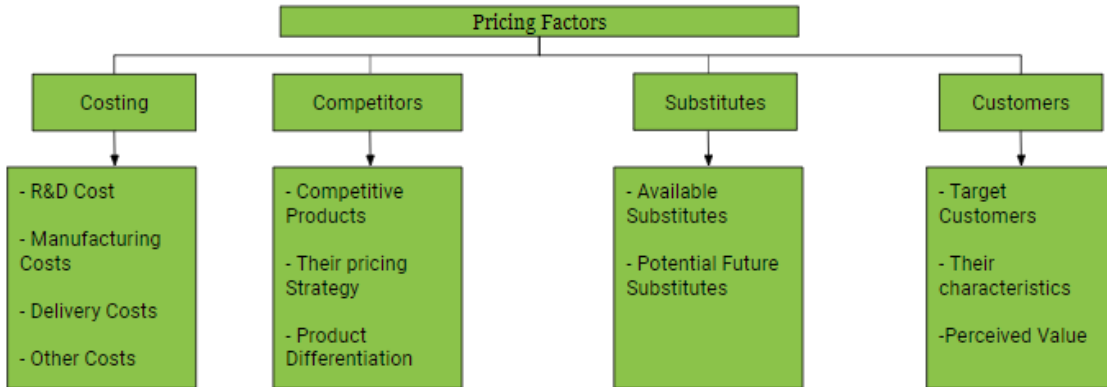
- Clarity! It's easy to understand.
- It communicates the concrete results a customer will get from purchasing and using your products and/or services.
- It says how it's different or better than the competitor's offer.
- It avoids hype (like "Never seen before!" or "Amazing miracle product!"), superlatives ("best") and business jargon ("value-added interactions").
- It can be read and understood in about 5 seconds.

Post determining the UVP, you will be in a better position to determine an accurate price if you are required to do so in the given case.

Determination of Price

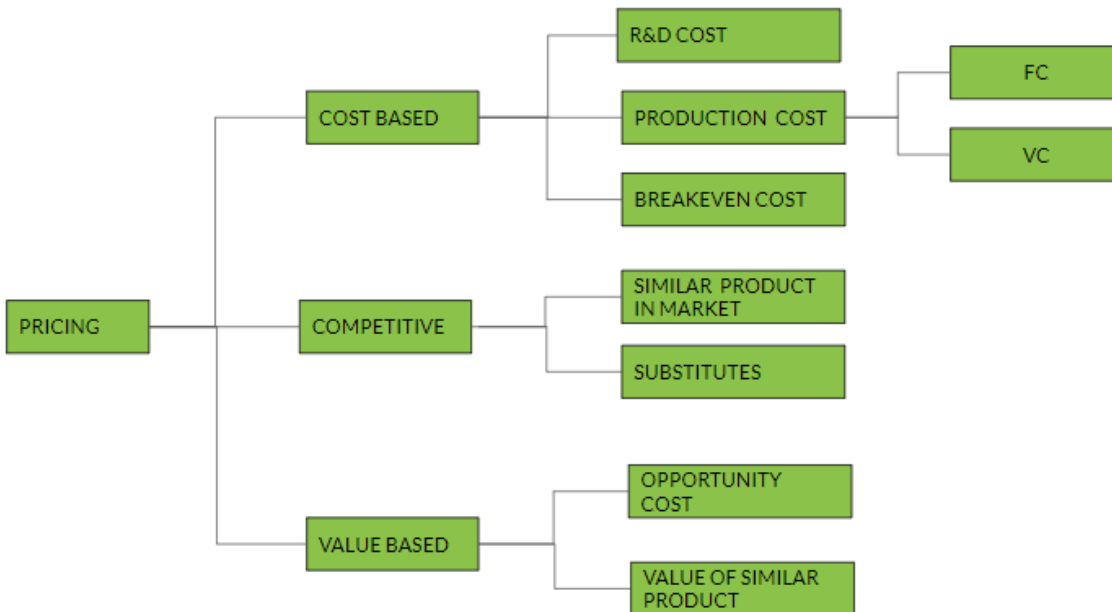
In order to determine the price of the product, there are various factors to be considered:

- Costs
- Competition
- Substitutes
- Customers



There are various pricing options available depending upon the above factors and market situations:

- Cost Based (usually the lower price limit)
- Competitive (usually in between cost and value based)
- Value Based (usually the higher price limit)





Once pricing of the product is estimated, you should go ahead with calculating the break even point of the product. The break event point is the level of production at which the costs of production equals the revenues of the product, hence profit=0.

$$\text{Break Even Point} = \frac{\text{Fixed Costs}}{\text{Price per Unit} - \text{Variable Costs}}$$

Analyzing the Competitors

Next step is to analyze the competitor's market share, growth rate and profits. Understand the value proposition of their product, customer and geographical mix targeted by them, key aspects such as distribution and supply channel, assets, knowledge, R&D capability etc. possessed by them.

Assume the competitor's reaction to the product launch. They could either not react at all or react aggressively. If the competitors have a strong market presence and dominance, they will try to make the product launch fail, as their product revenues, profits, and bonus are at stake. So, we must see how the competitors will respond, in addition to studying how the customers will receive the product. In fact, the competitors will also take into account how the target market responds to your product launch and then decide their reaction.

4. Deliver a recommendation and propose next steps

At this point, you will have explored all of the important areas and answered all of the major questions needed to solve the case. Now it is time to put together all of the work that you have done into a recommendation.

Structure your recommendation in the following way so that it is clear and concise:

- State your overall recommendation firmly
- Provide three reasons that support your recommendation



ADDITIONAL CALCULATIONS/RECOMMENDATIONS YOU MIGHT BE ASKED IN THE CASE

Guesstimate

Sometimes the interviewer may ask to estimate the number of units that the company could potentially sell in the first year of the launch. Here's an example of a guesstimate:

Assumptions:

- The product has a unique value proposition and is priced competitively.
- The product is being launched in a mature market with established competitors.
- The target market is well-defined, and the product addresses a significant pain point for customers.
- There is a strong marketing and sales strategy in place, including online sales and targeted advertising.

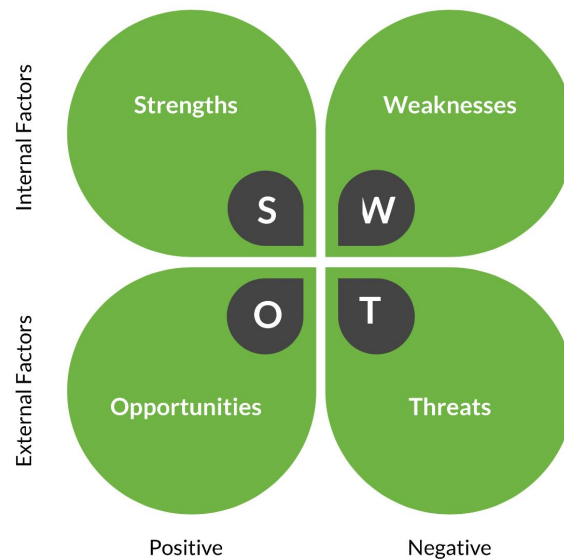
Calculations:

- Estimate the total addressable market (TAM) for the product. Let's assume the TAM is 10 million potential customers.
- Estimate the target market share for the first year. Let's assume the target market share is 2% (i.e. 2,00,000 customers).
- Estimate the average number of units each customer will buy in the first year. Let's assume each customer will buy two units.
- Multiply the number of customers by the average number of units purchased to get the total number of units sold in the first year: $200,000 \text{ customers} * 2 \text{ units per customer} = 400,000 \text{ units sold in the first year.}$

Strategize the launch of the new product

After analyzing competitors and market size, it is also imperative to strategize how to launch the new product.

One of the tools that can be useful in this regard is the SWOT analysis. SWOT Analysis can be used to evaluate the strengths, weaknesses, opportunities and threats associated with a new product launch. By conducting a thorough SWOT analysis, businesses can gain valuable insights into the potential risks and opportunities associated with a new product launch. This information can be used to develop a launch strategy that leverages strengths and opportunities while addressing weaknesses and threats.



Selecting the right distribution channel the launch of the new product

When launching a new product, selecting the right distribution channels is essential to ensure that the product reaches the target audience effectively. Some common distribution channels that businesses can consider for a new product launch are as follows:

- **Direct-to-Consumer (D2C):**

Selling the product directly to consumers through the company's website, social media, or other digital channels can provide a higher margin and more control over the customer experience. This channel is particularly useful for niche products or those with a strong brand following.

Selling the product through a dedicated sales team can provide personalized support and build customer relationships. This channel is particularly useful for products with high price points or those that require a high level of customer education.

- **Retail:**

Selling the product through brick-and-mortar stores, online marketplaces, or other retail channels can provide wider exposure to a larger audience. This channel is suitable for products that require physical touch or those that are well-suited for shelf placement in stores.



- **Wholesale:**
Selling the product to other businesses, such as distributors, who then sell it to end consumers can provide wider distribution and reduced marketing costs. Wholesalers typically purchase products in bulk at a discounted price and sell them for a profit. This channel is suitable for products with high demand and broad appeal.
- **Partnerships:**
Partnering with other businesses or organizations that share a target audience can provide access to new distribution channels and increase brand exposure. This channel is particularly useful for products that align with a partner's values or complement their existing products or services.

Go-to-Market Strategies

Go-to-market strategies are the actions taken to bring a new product or service to market successfully. Here are some common Go-to-Market strategies that businesses can consider:

- **Online Sales:** This strategy involves selling the product through online channels such as e-commerce websites or marketplaces like Amazon, eBay, or Etsy.
- **Advertising:** This strategy involves promoting the product through paid advertising channels such as Google Ads, Facebook Ads, or Instagram Ads.
- **Public Relations:** This strategy involves using media relations and other communication channels to generate buzz and interest in the product.
- **Influencer Marketing:** This strategy involves partnering with affiliates, influencers or bloggers to promote the product through their social media channels or blogs. This can provide access to a wider audience and leverage their existing customer base. This channel is suitable for products with a clear value proposition and a defined target audience.
- **Content Marketing:** This strategy involves creating valuable and informative content to attract and engage potential customers. This can include blog posts, videos, webinars, or whitepapers.
- **Events and Trade Shows:** This strategy involves participating in industry events and trade shows to showcase the product and generate leads.



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IMPORTANT POINTS THAT YOU CAN INCLUDE AS SUGGESTIONS DURING THE INTERVIEW

- Launch prototypes first to see what people prefer and which marketing ideas work.
- Instead of launching the product to a large audience for a short-term result, start with a small, targeted section of the market, and aim for sustainable growth.
- Encourage customers to pre-order the product and offer them certain incentives and discounts, creating hype about your product.
- Design a compelling and visually effective marketing page to direct customers on the launch day.
- It's important to monitor the performance of the product launch carefully. This includes tracking sales, analyzing customer feedback and making adjustments to the launch strategy as needed.