

# Retailers, make the most of brand innovation

By JANET KIRKBRIDE

**New product launches can create excitement, transform market places, and generate incremental profits for brand owners and retail partners alike – but sadly the failure rate of innovation is extremely high, some say as high as 90%. This suggests that innovation can potentially be a costly affair for all parties involved, having more negative than positive impact!**

## Everyone is responsible

There are numerous possible causes for such failure, some upstream of the trade space, and equally as many downstream of the design and manufacture:

I am of the belief that both the brand owner and their trade partners are responsible for the success or failure of new products – albeit not in equal proportion, but both critical players nonetheless.

I suggest that retailers should be clear as to what their critical success factors (CSFs) are for a successful launch, and how well they perform against these.

## Simplistically, these CSFs fall into four key areas:

**Due diligence** involves a thorough assessment of the proposition and its relevance for your business, as well as the nature and scale of the anticipated impact on category demand and commercial returns. Some examples of the considerations that should be explored are:

- Profile and size of the target market
- Potential impact on the size of the category user base

- Target market match to your shopper and mission profile
- Product differentiation versus existing offers in the category
- Intended impact on usage behaviours
- Expected impact on shopping behaviours
- Projected net gains in category performance

**High impact** marketing involves the development of a specific launch plan ideally timed to break as the brand advertising is flighted to maximise awareness and pull-through. This plan should cover the key areas of retail activation such as:

- TV and press advertising
- Broadsheet advertising
- Off-shelf displays (gondola ends, temporary display units etc)
- Point-of-sale (POS) materials (wobblers, shelf signage, informational leaflets etc.)
- Promoters
- Sampling
- Coupons
- Loyalty rewards
- Shopper competition

**Execution excellence** involves the efficient ordering and merchandising of launch stock to ensure that shopper demand can be both stimulated and satisfied at the various points of purchase throughout the store. The key elements that should be addressed are:

- Sales forecasts and stock cover targets
- New item set-up in the POS system
- Pre-launch ordering
- Shelf layout updates
- Printing of price tickets
- Head of department/merchandiser briefing
- Staff incentive scheme

**Proactive ROI management** involves the focused tracking of performance and immediate response to deviations from expectations – both positive and negative. This will ensure that there are no surprises and that you are able to timeously identify and address issues. The key elements that should be tracked include:

## UPSTREAM

### Limited market

- Niche target market
- Unattractive price point
- Unviable volumes

### Poor design

- Product falls short of claims
- Product does not satisfy consumer needs
- Product is undistinctive, undifferentiated

### Poor quality

- Product failure
- Inconsistent characteristics

### Weak branding

- Poor pack/label design
- Limited consumer/shopper appeal

### Limited marketing support

- Insufficient advertising/PR
- Low impact promotions
- Absence of 'buzz' around the launch

## DOWNSTREAM

### Slow to market

- Poor distribution = limited availability

### Poor in-store visibility

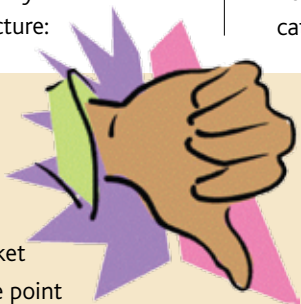
- Pack doesn't stand out on shelf
- Insufficient facings
- Poor location in flow
- Low impact signage
- No off-shelf displays

### No excitement in trade

- No demonstrators or sampling
- No coupons/discounts
- No special offers
- No competitions

### Out of stock (OOS)

- Demand under-forecasted
- Stores under-ordering
- Supply chain inefficiency
- Limited production capacity



- Sales (turnover and units)
  - new line and the category
- Gross margin %
  - new line and the category
- Stock cover
- Forward OOS
- Average basket spend
  - new line and category
- Category traffic
- Basket penetration

*Retailers, in conjunction with suppliers, need to play their part in getting the launch of a new product off the ground in their stores.*

Concerted efforts in these areas will ensure that you give the launch your best shot, and so if it fails you will be confident that you can not in any way be held accountable. More than that, of course, is that you will have maximised the opportunity presented by the launch to the benefit of both your shoppers and your business.



Janet Kirkbride has worked for more than 25 years in the FMCG industry with diverse experience across marketing, sales, manufacturing, and retail. She now runs Red Jersey Consulting specialising in category management/ marketing, shopper and channel marketing, shelf optimisation, and customer management. Visit her website – [www.redjc.com](http://www.redjc.com), or give her a call for more information on the services that she offers – 082 491 8003.



	<b>Due diligence</b>	Ensure that the offering has the potential to add meaningful value to your business
	<b>High impact marketing</b>	Active support of the launch to attract shopper attention and stimulate trial
	<b>Execution excellence</b>	Maximise availability and visibility in-store to limit the risk of lost sales
	<b>Proactive ROI management</b>	Quick response tracking of results against expectations to optimise the commercial return



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