

## Why Most Product Launches Fail

by Joan Schneider and Julie Hall



As partners in a firm that specializes in product launches, we regularly get calls from entrepreneurs and brand managers seeking help with their “revolutionary” products. After listening politely, we ask about the research supporting their claims. The classic response? “We haven’t done the research yet, but we know anecdotally that it works and is totally safe.” We’ve been fielding these calls for so long that we can often tell from one conversation whether the launch will succeed.

### **Can You Hear Me Now? One of Our Biggest Misses**

When secret agent Maxwell Smart and his boss wanted to have a private chat on the 1960s sitcom *Get Smart*, they hit a button and a transparent “cone of silence” descended from the ceiling. Forty years later, as cell phones ...

Most won’t. According to a leading market research firm, about 75% of consumer packaged goods and retail products fail to earn even \$7.5 million during their first year. This is in part because of the intransigence of consumer shopping habits. The consultant Jack Trout has found that American families, on average, repeatedly buy the same 150 items, which constitute as much as 85% of their household needs; it’s hard to get something new on the radar. Even P&G

routinely whiffs with product rollouts. Less than 3% of new consumer packaged goods exceed first-year sales of \$50 million—considered the benchmark of a highly successful launch. And products that start out strong may have trouble sustaining success: We looked at more than 70 top products in the Most Memorable New Product Launch survey (which we help conduct) for the years 2002 through 2008. A dozen of them are already off the market.

### **Remember Any of These Short-lived Successes?**

Each year the Most Memorable New Product Launch survey names the best launches. But even brands that make the top 10 aren't guaranteed longevity. These products launched "successfully" from 2002 to 2008, ...

Numerous factors can cause new products to fail. (See the sidebar "40 Ways to Crash a Product Launch.") The biggest problem we've encountered is lack of preparation: Companies are so focused on designing and manufacturing new products that they postpone the hard work of getting ready to market them until too late in the game. Here are five other frequent, and frequently fatal, flaws.

### **40 Ways to Crash a Product Launch**

If your company is guilty of any of these, think about how to turn them around. Pre-Launch Phase 1. No market research on the product or

the market has been done. 2. Most of the budget was used to create the ...

### **Flaw 1: The company can't support fast growth.**

**The Lesson:** Have a plan to ramp up quickly if the product takes off.

### **Mosquito Magnet**

In 2000 we worked with American Biophysics on the launch of its Mosquito Magnet, which uses carbon dioxide to lure mosquitoes into a trap. The timing was perfect: The West Nile virus scare had elevated mosquitoes from irritating nuisances to life-threatening disease carriers.

Mosquito Magnet quickly became one of the top-selling products in the Frontgate catalog and at Home Depot. But American Biophysics proved more adept at killing mosquitoes than at running a fast-growing consumer products company. When it expanded manufacturing from its low-volume Rhode Island facility to a mass-production plant in China, quality dropped. Consumers became angry, and a product that was saving lives almost went off the market. American Biophysics, which had once had \$70 million in annual revenue, was sold to Woodstream for the bargain-basement price of \$6 million. Mosquito Magnet is making money for Woodstream today, but the shareholders

who originally funded the device have little to show for its belated success.

## **Flaw 2: The product falls short of claims and gets bashed.**

**The Lesson:** Delay your launch until the product is really ready.

### **Microsoft Windows Vista**

In 2007, when Microsoft launched Windows Vista, the media and the public had high expectations. So did the company, which allotted \$500 million for marketing and predicted that 50% of users would run the premium edition within two years. But the software had so many compatibility and performance problems that even Microsoft's most loyal customers revolted. Vista flopped, and Apple lampooned it in an ad campaign ("I'm a Mac"), causing many consumers to believe that Vista had even more problems than it did.

If Vista were launched today, the outcome might be even worse, owing to the rising popularity of Twitter and YouTube and the prevalence of Facebook "hate" pages. As social media and user-generated reviews proliferate, the power of negative feedback will only increase—making it even more imperative that products be ready before they hit the market.

### Flaw 3: The new item exists in “product limbo.”

**The Lesson:** Test the product to make sure its differences will sway buyers.

#### Coca-Cola C2

For its biggest launch since Diet Coke, Coca-Cola identified a new market: 20- to 40-year-old men who liked the taste of Coke (but not its calories and carbs) and liked the no-calorie aspect of Diet Coke (but not its taste or feminine image). C2, which had half the calories and carbs and all the taste of original Coke, was introduced in 2004 with a \$50 million advertising campaign.

However, the budget couldn't overcome the fact that C2's benefits weren't distinctive enough. Men rejected the hybrid drink; they wanted full flavor with no calories or carbs, not half the calories and carbs. And the low-carb trend turned out to be short-lived. (Positioning a product to leverage a fad is a common mistake.)

Why didn't these issues come up before the launch? Sometimes market research is skewed by asking the wrong questions or rendered useless by failing to look objectively at the results. New products can take on a life of their own within an organization, becoming so hyped that there's no turning back. Coca-Cola's management ultimately

deemed C2 a failure. Worldwide case volume for all three drinks grew by only 2% in 2004 (and growth in North America was flat), suggesting that C2's few sales came mostly at the expense of Coke and Diet Coke. The company learned from its mistake, though: A year later it launched Coke Zero, a no-calorie, full-flavor product that can be found on shelves—and in men's hands—today.

#### **Flaw 4: The product defines a new category and requires substantial consumer education—but doesn't get it.**

**The Lesson:** If consumers can't quickly grasp how to use your product, it's toast.

#### **Febreze Scentstories**

In 2004 P&G launched a scent “player” that looked like a CD player and emitted scents (contained on \$5.99 discs with names like “Relaxing in the Hammock”) every 30 minutes. The company hired the singer Shania Twain for its launch commercials. This confused consumers, many of whom thought the device involved both music and scents, and the ambiguity caused Scentstories to fail.

When a product is truly revolutionary, celebrity spokespeople may do more harm than good. A strong educational campaign may be a better way to go. The product's features provide the messages to build brand

voice, aided by research and development teams, outside experts, and consumers who've tested and love the product.

### **Flaw 5: The product is revolutionary, but there's no market for it.**

**The Lesson:** Don't gloss over the basic questions "Who will buy this and at what price?"

### **Segway**

The buzz spiraled out of control when news of a secret new product code-named Ginger and created by the renowned inventor Dean Kamen leaked to the press nearly 12 months before the product's release. Kamen, it was said, was coming up with nothing less than an alternative to the automobile. When investors and the public learned that the invention was actually a technologically advanced motorized scooter, they were dumbfounded. Ads showing riders who looked like circus performers perching on weird-looking chariots didn't help, nor did the price tag—\$5,000. Instead of selling 10,000 machines a week, as Kamen had predicted, the Segway sold about 24,000 in its first five years. Now it sells for far less to police forces, urban tour guides, and warehouse companies, not the general public. If there was ever a product to disprove the axiom "If you build it, they will come," it's the Segway.

Some of these problems are more fixable than others. Flaws 1 and 2 are largely matters of timing: If the launches of Mosquito Magnet and Microsoft Vista had been postponed, the manufacturing and quality problems might have been resolved. Even though companies may be wedded to long-established or seasonal launch dates, they would do well to delay if waiting might increase the odds of success. Flaws 3, 4, and 5 are trickier, because they relate more directly to the product itself. Managers must learn to engage the brand team and marketing, sales, advertising, public relations, and web professionals early on, thus gaining valuable feedback that can help steer a launch or, if necessary, abort it. Hearing opposing opinions can be painful—but not as painful as launching a product that's not right for the market or has no market at all.