A

Seminar report

On

Product Management

Submitted in partial fulfillment of the requirement for the award of degree of MBA

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Acknowledgement

I would like to thank respected Mr…….. and Mr. ……..for giving me such a wonderful opportunity to expand my knowledge for my own branch and giving me guidelines to present a seminar report. It helped me a lot to realize of what we study for.

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Last but clearly not the least, I would thank The Almighty for giving me strength to complete my report on time.

Preface

I have made this report file on the topic **Product Management**; I have tried my best to elucidate all the relevant detail to the topic to be included in the report. While in the beginning I have tried to give a general view about this topic.

My efforts and wholehearted co-corporation of each and everyone has ended on a successful note. I express my sincere gratitude to ………….who assisting me throughout the preparation of this topic. I thank him for providing me the reinforcement, confidence and most importantly the track for the topic whenever I needed it.

INTRODUCTION

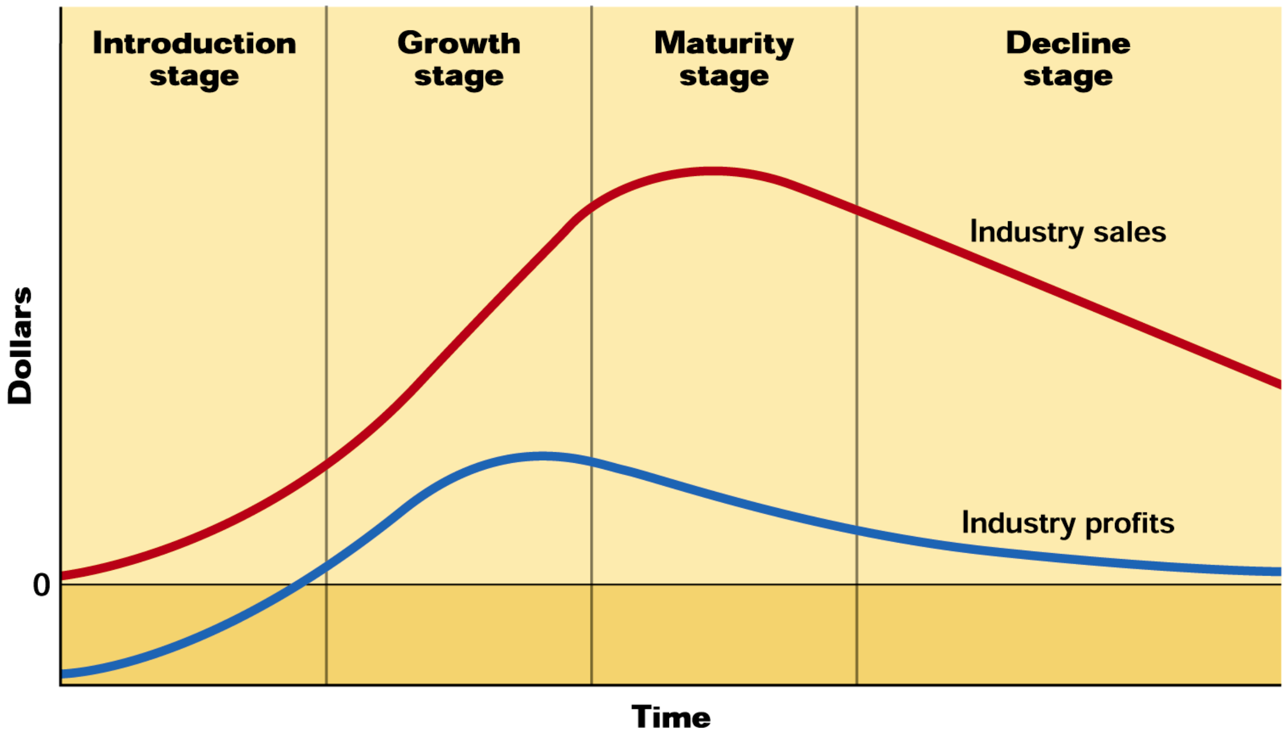
Once a company has carefully segmented the market, chosen its target customers, identifying their needs and determined its market positioning, it is better able to develop new products. Marketer play a key role in the new product process , by identifying and evaluating new product ideas and working with R & D and others in every stage of development.

New product development shapes the company's future. New product launch is a very complex, time consuming and is financially a big issue for any company. There is expectation from every new product launched to have high sales, to have good margins, to capture market share and thus become market leader. These are the expectations however the real picture may be not so good or as expected. Many a time the products introduce are flops and thus results in loss. This loss may be in terms of monetary as lot of money is involved in launching a new product. It also results in loss in terms of image.

Only 8% of new products survive for more than one year. A 92 % failure rate does little to promote the current efficiency of company marketing. The reasons some business fail to innovate is not that they shy away from ideas; it is that they engage in hopelessly romantic one-at great cost in men / women and money. An idea must meet rigorous tests of practicality if it is to be capable of making a business successful in the future.
Source: Dr. Peter Drucker, Harvard Business Review, 1994.

A product can fail on any of the stages of Product Life Cycle I. e. Introduction Satage, Growth Stage, Maturity Stage, Decline Stage. The understanding of a product's life cycle, can help a company to understand and realize when it is to introduce and withdraw a product from a market, its position in the market is compared to competitors, and the product's success or failure.
Product failures can serve one useful purpose: Investors, entrepreneurs and new product team leaders can learn valuable lessons about what not to do.

The Four Stages of the Product Life Cycle

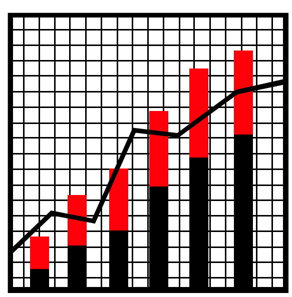


(1) Introduction Stage

- The initial stage of a product's life cycle—its first appearance in the marketplace—when sales start at zero and profits are negative
- Why new products fail
  - **Lack of resources, knowledge, and marketing skills to successfully launch the product**
  - **High pricing to recoup research and development costs**

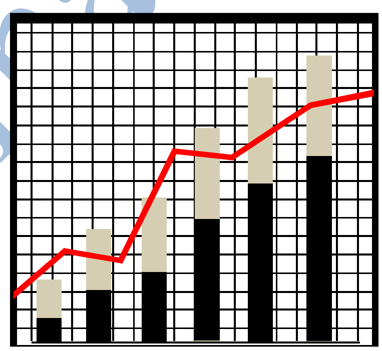
(2) Growth Stage

- The stage of a product's life cycle when sales rise rapidly and profits reach a peak and then start to decline
  - **More competitors enter the market**
  - **Product pricing is aggressive**
  - **Brand loyalty becomes important**
  - **Gaps in market coverage are filled**
  - **Promotion expenditures moderate**
  - **Production efficiencies lower costs**



(3) Maturity Stage

- The stage of a product's life cycle when the sales curve peaks and starts to decline and profits continue to fall
    - **Intense competition**
    - **Emphasis on improvements and differences in competitors' products**
    - **Weaker competitors lose interest and exit the market**
    - **Advertising and dealer-oriented promotions predominate**
    - **Distribution sometimes expands to the global market**
- Strategic objectives for maturity stage
    - **Generate cash flow**
    - **Maintain market share**
    - **Increase share of customer**



(4) Decline Stage

- The stage of a product's life cycle when sales fall rapidly
    - **Pruning items from the product line**
    - **Cutting promotion expenditures**
    - **Eliminating marginal distributors**
    - **Planning to phase out the product**
- Strategic choices
    - **Harvesting the product's remaining value**

- **Divesting the product when losses are sustained and a return to profitability is unlikely**

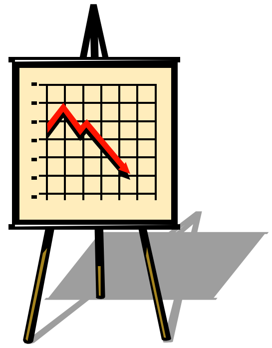


Table 10.3 Product Successes and Failures

Product Successes	Product Failures
Smith Kline Beecham Nicoderm CQ	R.J. Reynolds Premier smokeless cigarettes
Canon Elph digital camera	Polaroid instant cameras
PalmPilot PDAs	Apple Lisa personal computer
Coca-Cola Dasani water	Coca-Cola New Coke
Starbucks coffee shops	Nestlé Panache coffee
Procter & Gamble Pantene shampoos	Gillette For Oily Hair shampoo
Tide High Efficiency laundry detergent	Drel Home Dry Cleaning Kits
Procter & Gamble Swiffer mop and dusting cloths	S.C. Johnson Allercare aerosol spray, carpet powder, and dust mite powder
Bacardi Breezers	Miller Clear Beer

Why Some Products Fail and Others Succeed

- Reasons for Product Failure
  - Product's value or features did not match customer needs
  - Ineffective or inconsistent branding that failed to convey the right message or image to customers
  - Technical or design problems
  - Poor market timing
  - Overestimation of market size
  - Ineffective promotion
  - Insufficient distribution

WHY PRODUCTS FAIL?

It could be any reason for the product failure. It is not one particular reason; it could be a combination of both reasons. It is up to company and for the product managers to find out the exact reason for the failure. There can be several reasons for a product failure like:-

1. **MARKET RESEARCH:-**Market research needs a lot of investment and efforts therefore sometimes companies skip this part or do little research and launch the product. Here, the mistake has been done. Without a proper research, the launch of a product could not be successful.

EXAMPLE: - Real Value Company is a successful name in fire extinguishers market. The company launched a new product – Vacuum proof boxes thinking that it would be success but it was not going to happen because Indian consumers never wanted this. This all was done due to lack of market research.

2. **WRONG POSITIONING:** - Positioning is a critical aspect of a product and when it is done properly, it becomes a disaster. Product positioning strategies are developed to hit the brain of a consumer towards an idea but when this idea can not be digested by the consumer, it becomes indigestible which ultimately lead to failure.

EXAMPLE: - Maruti Versa is an excellent example for wrong positioning. At the time of its launch, it was promoted as a comfortable personal car. Amitabh Bachhan and Abhishek Bachhan told us about the benefit of Twin A.C. and the comforts of the seats but Indian consumers were not able to understand it as a personal car and they were confused that is why now company is promoting a family car.

3. **WRONG PRICING STRATEGY**:-Price is the main factor for the success of failure of any product in the Indian market. Indian market is very price sensitive that is why this factor remains in the top of the mind of the marketers. The idea of the marketer will fail if the consumer is not able to buy it.

EXAMPLE: - Hero Honda Karizma is a good example of over pricing. Earlier it was priced more than Rs. 80,000 that's why sales were not picking up and it was assumed as a failure in the market. Hero Honda realized the mistake and reduced the price by 10,000 directly. It is a big amount for a Mobike to reduce.

4. **Insufficient Promotion: -** Promotion is one of the main components for a product success. Until and unless people will not know about it or they are not able to connect it then also product could be a failure.

EXAMPLE: Ford Fusion is a classic example of insufficient promotion. It was launched in December 2004 but till today, not many people know about it and those who know are not clear about the product features.

5. **HIGH RUNNING COST: -** The purchasing price as well as the running cost is important for any product. If the product is rightly priced to buy but it is costly to use it then also it could be a failure in the market.

EXAMPLE: - Fiat Palio is a right example. It is a good looking car and competitively priced according to its features but it is a costly affair to drive it as it is less fuel efficient and the spare parts are very costly. That is why company is trying hard to make it more fuel efficient.

6. **Distribution Network: -** Timely Distribution of a product increases the chances of success of a product. It is very common in the case of FMCG companies that their product is not available in the market. Many a times, they start advertising the new product but don't ensure the availability of that product in the market

that is why consumer goes back to his/her home without the product and that product becomes a failure very soon.

7. **Wrong Timing of Launch: -** Timing also plays a role in the success of a product. Wrong timing could be a disaster for the product launch. This kind of mistakes is very general in the release of a movie.

8. **Culture Differences: -** Understanding the culture of a country is very important for launching a product. The product may not suit to the lifestyle of the people, may not match with the eating hobbits.

EXAMPLE: - Kellogg's Cornflakes. When the concept of cornflakes was introduced by this company, it didn't like by the many people because we Indians were not used to have cornflakes at the time of breakfast. That's why Kellogg's Cornflakes failed initially.

The introduction of a new product or service remains stressful for anyone involved in the process. Everything needs to be well orchestrated and coordinated. From conception to roll out, product development is a major and costly process in which manufacturing and marketing skills and competencies are tested. Research has found that there were 31,875 products introduced in 2002 representing a cumulative investment of $233 billion. Just over half of these products failed before they were two years old. All other things being equal, this implies over$100 billion per year spent on new products that fail. Products that achieve both commercial and economic success are rare. The development of new Product is labour intensive and is a highly studied and complex activity in the corporate world. Launching a new product means coordinating marketing, sales, manufacturing, organizational design, consumer research and human resources, among other functions. It is also preparing for t he worst (contingency planning) in case something goes wrong (product recall, production interruption, product transportation and delivery failures etc.) The ability to target the right customers the right way is a challenge and the complex nature of the process is one of the reasons why so many companies lose touch with the reality of what consumers want and misspend huge sums of money on products that fail. Economically, two necessary conditions must be met for a new product to succeed. The first is that the product must deliver a better value-to-price ratio to targeted consumers than the competition. This can be achieved either by providing more benefits for a given price than the competition or by providing the same benefits as the competition at a lower price. The second condition requires that the company deliver the product at a cost that will provide a positive return on the capital invested. To achieve this, cost advantages must be achieved in one or several areas of the business such as manufacturing, marketing or sales. Despite the large number of talented and qualified scientists, engineers, marketers that most organizations employ, many of the products being designed and introduced do not have the value or are not perceived by customers the way the company had anticipated they would be. They therefore fall short of delivering the anticipated profits. So why, with all of this effort and know-how do so many new products fail? Could it be because companies tend to overestimate their commercial success (sales and market share) and underestimate the underlying economic cost (will the product actually earn any profit above the cost of capital?).

In most cases product failures happen because of one or more of the following reasons:

1. Unprofitable Segments

There are four main characteristics which a segment needs to have to be a business opportunity: It must be identifiable, demand-related, attainable (effective distribution) and of an adequate size.2 As a matter of fact, studies have shown that the segment size, or lack of it, is the most common reason for new product failure. Erroneous sales forecasts affect cash flow estimates and projected profitability. The estimated sales potential must therefore be accurate to make the company generate enough economic return (return in excess of cost of capital). Even if a product or service is well designed and meets the needs of its target customers, if the segment itself is too small and does not have enough customers, failure is around the corner.

2. Poor Identification of Needs and Weak Product Positioning

New products can also fail simply because companies misunderstand or ignore customer needs, attitudes and behaviors. Some might argue that the products were right and that the target market was wrong or improperly identified: misconception or misunderstanding customer needs, attitudes or behaviors is fairly common and leads to weak product and service positioning. What is the reason? Organizations are sometimes reluctant to take the necessary steps, to find out what their customers need and behaviors are (it is after all money spent up-front).They place insufficient emphasis on understanding customer demographics, Psychographics and their implications. In other words companies have insufficient knowledge of who their potential clients are, what makes them what they are, what their customers think and how they behave. What is not invested upfront could come back and cost valuable dollars later.

3. Competing Value-to-Price Ratio

A common mistake (besides failing to communicate with customers through advertising, PR, promotion, etc.), occurs when companies introduce a new product that does not offer a better value-to-price ratio compared to the competition. Consumers are usually guided by the notion that what they are acquiring or paying for is worth something and have attached a subjective value-to-price ratio to it. Both the perceived value and the benefits are compared to similar items available on the market. At that point products/services are ranked in the consumers mind in order of preference. Extreme ratios are eliminated (high price-low perceived value ratios) and a pool of most favored items gets selected and analyzed. Later, a final purchase decision is made. Companies need to be very aware of this phenomenon because too often consumer attitude is confused with consumer behavior. Consumer attitude towards product is essentially driven by its features whereas consumer purchase behavior is driven by value-to-price ratio or ‘‘what do I get for my money’’. A consumer’s positive attitude towards a product or service may result in positive word of mouth but not necessarily in sales. A poorly crafted pricing strategy can in turn deliver disappointing results.

4. Economic Cost

The last reason new products fail is that company’s underestimate the new product development and launching costs involved. A successful new product must deliver a better value-to-price ratio to the customer and must do so profitably. Value-based pricing must be introduced and managed because the value that is created dictates consumer prices. In the early 1990’s General Motors introduced the Saturn car line and ignored this principle. It is a classic example of accompany that delivered value for its consumers but not for its shareholders.

Common Reasons for Product Failures

In addition to a faulty concept or product design, some of the most common reasons for product failures typically fall into one or more of these categories:

- High level executive push of an idea that does not fit the targeted market.
- Overestimated market size.
- Incorrectly positioned product.
- Ineffective promotion, including packaging message, which may have used misleading or confusing marketing message about the product, its features, or its use.
- Not understanding the target market segment and the branding process that would provide the most value for that segment.
- Incorrectly priced—too high and too low.
- Excessive research and/or product development costs.
- Underestimating or not correctly understanding competitive activity or retaliatory response.
- Poor timing of distribution.
- Misleading market research that did not accurately reflect the actual consumer’s behavior for the targeted segment.
- Conducted marketing research and ignored those findings.
- Key channel partners were not involved, informed, or both.
- Lower than anticipated margins.

Reasons Why a Great Product Launch Can Fail and How To Avoid It

It's reported that 70% of all new product launches fail in the first year. The question is, why do some succeed when others fail? Having seen both sides of the product launch picture, here are a few pitfalls to watch out for:

1. The market does not "need" your offering.

Some product launches are steeped in a philosophy called "If I build it, they will come." Many start-ups find themselves building a market solution that is based on one or two customer experiences. The reality is…without the proper market research, even the best launch plans can fail. To avoid this mistake, adequate research needs to be completed to ensure that your go-to-market plan is based on facts and substance. It's imperative that you validate there is a market out there. Does the market have a business need? Who are your best customers? Are there enough to sustain growth? How does this solution tie into the bigger growth picture for a business?

2. Sales training/enablement was ineffective.

A key element in a product launch is training and enabling the channel to sell the new product or service. Sales training/enablement means that your company has carefully considered what information will be communicated:-

(1) To the sales channel so they can effectively sell the new product or service.

(2) To your prospects and customers so they can make an intelligent buying decision. This requires taking a look at the sales cycle and making judgments about what the field will need to know and what they will be able to deliver to a prospect or customer.

3. Message/value proposition did not create urgency.

When looking at messages in the context of a product launch, the same guidelines apply. Your messages must help a prospect or customer understand the following:

- What makes your product or service different in the market? Have you highlighted those facts/features in your launch?
- How does this compare with the competition in terms of pricing, messages, and models?
- Is your solution/service aligned to help solve a business problem in your market? If not, then your solution becomes a "nice to have" vs. a "must have now."
- Are messages aligned to who actually purchases this product/service? Look at the functional titles – who are you selling to and are you speaking a language they understand?

4. Launch did not plant enough seeds.

I often compare the role of marketing to that of planting a garden. The fruits that you enjoy after you've done the work come in the form of new sales. However, we all know that fruit just does not simply appear out of nowhere. It takes months to develop, and only after planting good seeds and frequent watering. Marketing a new product or service requires much the same model. If you are entering a new market with something spectacular and the market doesn't know you or your solution, then you have some serious planting (telling the world what it is you are doing) and watering (creating urgency) ahead. If you are already established in a market and are coming out with something new and exciting, then you may not need as many seeds, but be prepared to plant and water anyway.

Setting the stage in your market requires mapping out what a prospect or customer will need to know and understand when making a purchasing decision for your type of product or service. Do not assume that your market will draw the same conclusion you are anticipating. Your launch strategy and execution must reflect a clear understanding and path that helps a prospect or customer make intelligent decisions, create an urgency that they really need what you are selling, and provide guidance on what they should be doing/thinking about next.

5. No BETA customers or references were available

This obstacle tends to surface well into the launch plan. What happens here is this…? All launch plans are a "GO"… You have seeded the market and they responded in kind. The channel knows what they are selling and are doing a good job of it. Sales cycles are in process. And then BOOM…someone wants to talk to a reference. Now what? Are you prepared for handling this sales obstacle?

Many product launches have overcome this obstacle. Your references don't need to be perfect, but you need a plan to address this stage. The good news is that if you've gotten this far, your launch is probably working. Now, you need to button up this latter stage so you can turn these opportunities into sales.

References fall under two categories:

(1) The ideal reference that served as a BETA customer during product development and can speak to your vision, the product, and working with your organization.

(2) The not-so-ideal reference who is using a different (or older version) product/service by your company. Both have fantastic validation points and will serve you well. Just know what each reference is offering and explain to the channel how to get the most out of the references you have lined up. Do not leave this to chance or assume the channel knows how to use the reference.

Also beware of reference burnout. Try to spread the wealth and have different references lined up to address specific issues. If, in the end, you do not have a reference prepared, then you may want to offer one of the first, really interested prospects a sweet deal to help you with the rest of the launch.

6. The company did not fully commit to the product

This issue will also come up during the sales cycle because your sales message is not tight. If your company is throwing development dollars at fixing a "hole" in an older product line, and has not shared a larger vision of where this product is going in the future, you will run into issues. Your channel's credibility is on the line, as well as your company as a whole. Make sure you have taken the time to prepare answers to the questions that will come up:

- What is the long term plan for this product line?
- How does it fit in with your other products/services?
- What is the planned upgrade/release schedule? How frequent?
- Where was this product developed (be prepared to address off-shore issues and concerns)?

7. The sale of this product/service eroded other revenue generation opportunities

This is an issue that I have seen come up more than once as this side of the launch is often not thought through sufficiently. The issue focuses on the "cost" of the launch to the use ness – and deserves your attention. It is not as much an issue for new sales as it is for your existing customer base that has already made investments with your company. The questions you must answer to avoid "surprises" include:

- How does the sale of this new product impact our other product lines?
- Do we have a clear upgrade/migration path for current customers?
- What is their benefit to upgrading systems or migrating to a new platform?
- What is the cost of conversion for each of these deals to our business? (long term and short term)

If you have successfully uncovered each of these issues, then you have dramatically increased your chances of a successful launch. Being part of a successful launch is one of he most exhilarating and rewarding experiences as a marketer. Always remember to take the time to reflect on how your product launch is performing so you can learn as you go. I recently heard a great phrase, "An error only becomes a mistake when you do it more than once." So, here's to your success!

Examples of failed products

CASE OF GM SATURN

The Saturn car line has ranked high in customer satisfaction surveys (J.D.Power & Associates) and, during its first few years of production, was so popular that the company could not keep up with demand. GM invested roughly $6billion to develop and manufacture the Saturn and then priced the cars low to be attractive to young, import car buyers (Toyota Corolla or Honda Civic buyers were the main targets). The result was a line of cars that gained market share and provided superior value to its buyers but remained unprofitable. Saturn fail to turn its ‘‘star’’ into a ‘‘cash cow’’ 3 and fell short in producing the cash flow that needed and could have used for new product development. This situation led to a loss of strategic focus, a tightening of financial controls, worker discontent and slow product line re-new land expansion. To this day, Saturn has not been able to recoup its huge development costs.

Over the long run, a firm’s ability to add value to both their customers and their shareholders by understanding what customers want, need and how they behave impacts directly the firm’s bottom line. The ability to serve (or not serve) its customers is reflected directly in the company’s share prices. GM’s and Toyota’s (number one and two respectively in the world) stock prices over the past ten years have behaved differently:

While Toyota’s stock price almost doubled over the past ten years GM’s stock price increased only by 13%.

<u>Consumers buy products they've learned to trust. Your trust is what the retailers are after. But, sometimes for various reasons, products just don't work. And some of them end up in the failed products museum.</u>

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"You cannot assume you know how consumers are going to use it," McMath says. He points to a product label that reads: 'fresh roasted peanuts.' "It has Mr. Peanut on it," says McMath. "It was sold in supermarkets in the peanut rack, but people were taking it off the shelves in the supermarkets in the snack section and taking it to the coffee grinder and grinding it. They thought it was a new kind of coffee, purely because of the association of the package with the coffee."

A bottle of "Garlic Cake"

Another faux pas would be to underestimate how a child will use the product.

"This is actually a Canadian product," he says, pointing to a can of 'Dr. Care Toothpaste.' "Anybody with kids would know that you don't make an aerosol can of toothpaste and put it in the hands of kids."

And kids might have liked this: a product that was "supposed to be sprayed on your marshmallow, so that when you put it on the fire it won't charcoal."

Only five per cent of new products actually end up on your trusted shelves.

Don Watt's savvy marketing has been behind some of the most successful products in the grocery store - 'No Name' and 'President's Choice.'

A can of "Dr. Care Toothpaste"

Watt says that "95 per cent of the reason they fail is an inability to communicate them."

But communication costs. You have to advertise if you want to get noticed, and that means television and radio spots, billboards, magazine ads. According to Watt, "it's just impossible for consumers to realize how much money it will take to reach consumers today."

Watch TV for an evening though, and you're inundated with commercial after commercial. With all the ads out there, how can a product fail?

Watt says "there are just so many images that share your mind that you hardly see anything, you tune them out. Advertising used to be about 10 per cent of marketing cost and it used to be about 70 per cent effective. Now it's about 20 per cent of cost and about 40 per cent effective."

In short, it's a bit of a war zone to get your name out there, your product out there."It's an adversarial environment, there's no question," says Watt.

Brand idea failures: Kellogg's Cereal Mates

Warm milk, frosty reception

Kellogg's may have had problems when marketing in certain foreign territories such as India, but the company has also come unstuck on its home turf, most notably with its Cereal Mates product. The idea was simple. Cereal Mates were small boxes of Kellogg's cereal packed with a container of milk and a plastic spoon. The advantage of the product was equally straightforward. An increase in working hours in the United States, combined with the rise in fast-food chains, led Kellogg's to believe that there was a demand for an 'all-in-one' breakfast product. To maximize Cereal Mates' chances of success, the line included the four most powerful Kellogg's brands in the US – namely Corn Flakes, Frosted Flakes (Frosties), Fruit Loops, and Mini Wheats.

However, despite Kellogg's best efforts, the Cereal Mates brand proved a major flop, and in 1999, the year Kellogg's rival General Mills took over as the United States' number one cereal maker, the product was pulled from the shelves.

The reasons why Cereal Mates failed to win over consumers are various, and have been dissected by various journalists and marketing professionals. Here are some of the main factors behind Cereal Mates' brand failure:-

1. ***Factor one:*** warm milk. As each container of milk was ‘aseptically packaged,’ it didn’t need refrigeration. However, consumers didn’t like the idea of warm milk.

2. ***Factor two:*** cool milk. In order to accommodate for the consumer’s preference for cool milk, Kellogg’s eventually decided to place Cereal Mates in refrigerators to imply that consumers should have the milk cold. However, as Robert McMath, president of New Product Works and author of What Were They Thinking?, has observed, this led to even more confusion. ‘This decision inevitably caused a problem in that Cereal Mates was not in a location where you would generally expect to find breakfast cereal. The expense of trying to re-educate the consumer to look for cereal in the dairy case proved too enormous – way beyond, apparently, what Kellogg’s wanted to spend on selling the new line,’ writes McMath.

3. ***Factor three:*** advertising. As if the consumer wasn’t confused enough, Kellogg’s complicated matters further with the advertising campaign for Cereal Mates. The TV ads featured young kids helping themselves to the product, while their parents lay snoring contentedly in bed. However, the packaging of the product was far from child-friendly, and if they left their kids to help themselves, the parents would have probably been crying (or at least getting cross) over spilt milk.

4. ***Factor four:*** the taste. Even when picked up from a refrigerator, the product was often consumed at work or away from home. In other words, when the milk was warm and tasted terrible.

5. ***Factor five:*** the price. Retailing at way over a dollar, Cereal Mates was considered too expensive by many consumers.

These factors, working in conjunction, caused the Cereal Mates brand to fail. And so, after two years on the shelves (or in refrigerators), Kellogg’s pulled the plug on the product. However, there may be one more reason why Cereal Mates failed to spark a revolution in breakfast habits. As a convenience food, it simply wasn’t convenient enough. A February 2000 article in Newsweek (‘Crunch time at Kellogg’) looked at the changing demands for breakfast products, and the consequences for the cereal company.
Americans’ hectic new morning routine is wreaking havoc on Kellogg Co. Killer commutes (nearly an hour round trip in many cities) leave no time to fix even the simplest breakfast. Getting out the door is equally challenging for the 64 percent of families in which both parents work. More Americans than ever simply skip breakfast, according to new data from NPD Group, an eating-habits researcher. ‘People wish they could just get breakfast injected into them on the run,’ says Gerald Celente, editor of the Trends Journal, a marketing-industry newsletter.

Cereal Mates may have enabled people to take their cereal with them, but they still had to pour the milk over it, and spend valuable time eating the cereal with a small spoon. As Keith Naughton concluded in the article above, Breakfast Mates ‘failed to catch on because it was impossible to eat while driving.

Indeed, where Kellogg’s has had success in the convenience food market it is with breakfast bars such as Nutri-grain. Unlike Cereal Mates, these bars can be consumed in seconds, and on the move. Moreover, they don’t involve warm milk.

Lessons from Kellogg’s Cereal Mates

- Consumers don’t like warm milk on their cereal.
- Don’t mix your messages. On the one hand, Cereal Mates was an ‘eat anywhere’ product. On the other, Kellogg’s was implying it needed to be stored in a refrigerator.
- Sell the brand in the right place. Cereal Mates was, essentially, a cereal rather than a milk product. Consumers would have therefore expected to see it on the shelves next to the other cereal products.
- Be the best in at least one thing. As a cereal product Cereal Mates failed because there were tastier and equally healthy alternatives. As a convenience product it failed because breakfast bars proved to be a faster, more flexible option.
- Don’t price too high. Consumers did not expect to pay as much as they did for a four ounce box of cereal.

Hindus, vegetarians sue McDonald's over frying process

A claim by McDonald's that its famous French fries are cooked in "100 percent vegetable oil" is being challenged by a Seattle lawyer representing Hindus and vegetarians.

The fast-food chain stopped frying fries in beef fat 11 years ago -- a move that was hailed by health groups across the country.

But now several consumers have filed suit, claiming McDonald's has admitted that "beef flavoring" is used in the making of the salty potato strips.

A class-action suit filed yesterday in King County Superior Court contends McDonald's "intentionally failed to publicly disclose its continued use of beef tallow in the (french fry) cooking process under the guise of 'natural flavor.'"

"This is pretty outrageous behavior," said attorney Harish Bharti, who filed the suit. "Hindus and vegetarians all over the world feel shocked and betrayed by McDonald's deception and ultimate greed."

Hindus regard the cow as a sacred animal, and as a general rule do not eat beef.

Officials at McDonald's headquarters in Oak Park, Ill., could not be reached for comment yesterday.

There are three named plaintiffs in the suit: two Hindus who live in Lynnwood and Seattle, respectively; and a non-Hindu vegetarian from Seattle. Bharti said he wants the class to include the estimated 1 million Hindus and 15 million vegetarians who live in the United States.

Bharti is relying in part on a recent e-mail from a McDonald's official to a concerned Hindu man that appears to confirm that beef extract is in the fries.

"For flavor enhancement, McDonald's french-fry suppliers use a miniscule amount of beef flavoring as an ingredient in the raw product," wrote Megan Magee of McDonald's Home Office Customer Satisfaction Department. The e-mail was sent March 28 to Hitesh Shah, a Los Angeles software engineer.

Although beef is not listed as an ingredient in McDonald's fries, it is part of what is described by the company as "natural flavor," according to the suit.

After the raw potatoes are shipped to McDonald's distribution centers, the suit says, the spuds are cut into strips and blanched in beef tallow.

The suit seeks unspecified damages for violations of the Washington Consumer Protection Act and intentional infliction of emotional distress.

French-fry flap spurs McDonald's apology

Company says it's sorry for 'confusion' over beef flavoring

McDonald's, which gave the world the Big Mac and Hamburger University, is apologizing for beef.

The fast-food giant faces lawsuits in Seattle and elsewhere in North America and protests in India over using beef products in its French fries. Now it's offering an explanation and contrition on its Web site.

"McDonald's USA is always sensitive to customers' concerns. Because it is our policy to communicate to customers, we regret if customers felt that the information we provided was not complete enough to meet their needs. If there was confusion, we apologize," the company's U.S. Web page says.

A Seattle lawyer who has sued McDonald's over its fries was unimpressed with the statement. "Apologies are good if they are sincere. But halfhearted apologies don't work," Harish Bharti said.

The company said it adds "a small amount of beef flavoring" to potatoes as they are being lightly fried at a processing plant. McDonald's then freezes the fries and ships them off to its U.S. restaurants, which cook the potatoes in vegetable oil, the company said.

The company switched to vegetable oil for restaurant cooking of fries in 1990 to please cholesterol-conscious customers. The move attracted the attention of newspapers around the country.

But Bharti says the 1990 announcement was deceptive.

He sued McDonald's in King County Superior Court earlier this month over its continued use of what he believes is beef tallow in the processing of fries. He sued, he said, on behalf of his 1 million fellow Hindus in the United States and the nation's 15 million vegetarians.

Bharti said he has filed similar lawsuits in the San Francisco Bay area and British Columbia.

Word of the Seattle lawsuit became big news in India, whose Hindu population does not eat beef for religious reasons. Indians held anti-McDonald's protests, vandals hit one restaurant, and some radical Hindu groups called for the fast-food chain to leave the country.

McDonald's said almost immediately that it didn't use beef or pork products in its French fries in India. It also said it doesn't use pork or beef products in any vegetarian meals in India.

In fact, the company said it has tried to comply with local dietary customs, following Islamic rules, for example, in the Middle East.

In India, the company introduced Maharaja Macs that have "two all-lamb patties," rather than the beef Big Mac popular in the United States.

In the United States, the company's beef additive to fries falls under "natural flavor" in the nutrition information that customers can pick up at restaurants. A company spokesman did not respond to a request for comment about why the company didn't list beef flavoring by name or what the flavoring consists of.

Vicco : Lost in the woods?

Brand: Vicco turmeric
Company: Vicco lab

Vicco Turmeric cream is India's first fairness cream although it is not positioned as a fairness cream. The product which is based on turmeric has a 54 year old history. The product was launched in 1956 missed the liberalization era all together.

Although the product is successfully exported, the potential of Vicco Turmeric is not fully utilized in the Indian market. Vicco was marketed as a skin care cream. Over the years this product is stereotyped as a brand for “would be brides”. The ads which were aired for a long time had this theme.

In olden times this theme perfectly works since marriage is the most important occasion in a woman's life. But Vicco failed to understand the changing consumer trends which Fair & Lovely correctly sensed. Women have changed and their attitude towards life has also changed. Instead of marriage, now there are many occasions where women celebrate. Infact the stereotype of marriage now don't work. In simple terms the TG changed.Vicco never was aggressive. It continued with its conventional traditional strategies while HLL marched away with the market.

Vicco Turmeric ayurvedic cream is in the naturals segment of Indian skin care segment which is estimated to be around 1300 crore. Except for Vicco there are no pure natural’s brands in this segment. All major brands have a natural’s extension some of them have failed miserably.

Vicco had huge potential because of its excellent quality, brand recall and more importantly the ingredient "Turmeric". It should have owned "Turmeric" factor. Now we see lot of local manufacturers selling turmeric powder to women to be used as a cosmetic. That was a market that Vicco should have concentrated. Fairever succeeded because of the ingredient saffron. Vicco could have made a killing with turmeric which is one of the best ingredient you can ever have. But alas....Although there is lot of concentration on fairness market, there is a market for pure beauty creams which can give a wholesome solution to the consumers, Vicco turmeric had all that to be a leader. A brand is built only if there is a clear strategy and support. Vicco failed to understand the changing value system of the customers. What it needs is a repositioning strategy based on the wholesome properties of turmeric and lot of noise in the market. What a potential to be wasted.......

Margo: lost in the Neem trees!

Brand: Margo
Company: Henkel
Agency: FCB Ulka

Margo is one of the oldest herbal soaps in India. The brand which is more than 85 years old is famous for its neem content. The product although famous for its positive effects to the skin is nowhere in the market. This is a brand which never changed with the customer. During its launch, the product had dedicated customer base and since the product was unique due to its medicinal value, customers tend to be loyal. The whole brand was having Neem as its core identity.

But Margo failed to understand the changing dynamics of Indian consumers, more and more choices began to unfold before the consumer and Margo was becoming a niche brand. Margo was positioned as"complete skin care soap". When market became fragmented with lot of products positioning at different attributes, Margo was sidelined as a medicinal soap.
The product has inherent negatives, the fragrant was not attractive nor the shape. It was also less lathering compared to its competitors. Margo changed hands from Shaw Wallace to Henkel. Although Margo was relaunched in 2003 with a new fragrance and shape, it has not excited the market so far. The new positioning is "Margo skin clear skin". The brand had a following in AP, Tamilnadu and West Bengal (am not sure about its present status). The single mistake the brand made was to miss the new generation. It failed to attract the young users.

With Lifebouy herbal variant and other established brands taking in the "neem" content away from Margo, this brand needs a hell lot of money to rejuvenate itself. May be a high decibel big celebrity endorsement may help this brand (try Aishwarya for a change). Can it change its avatar and fight lifebuoy in the health platform?

This is a brand that failed to change with the customer or changed very late.

CONCLUSION

Companies that fail to develop new products are putting themselves at great risk. Their existing products are vulnerable to changing customer needs and tastes, new technologies, shortened product life cycles and increased domestic and foreign competition. At the same time, new product development is risky. New products continue to fail at a disturbing rate and the reasons may vary.

Companies need to give more time on the new product development so that they do not have to face failure and then they try to correct their mistakes. There are only few things which need to consider before the launch of any product. Research and development, innovative ideas, new technology, better marketing strategy, proper distribution channels and respect towards the need of the consumer can make a product successful.
Here, the need is to make product successful at the very first go rather to try out another time. This helps the company to save money, gaining trust among the employees and consumers and last of all, increase the confidence to launch more new products which will serve the customer better.

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