ANNALS of the ORADEA UNIVERSITY.
Fascicle of Management and Technological Engineering, Volume VII (XVII), 2008

HOW TO DEVELOP A SUCCESSFUL PRODUCT

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Key words: market, product, strategy, needs, brand

Abstract: The paper presents the main activities that have to be done before a product is designed and launched on the market and some aspects related to the product lifecycle. Doing market segmentation, establishing the target market, positioning and developing a strategy focused on brand creation for a certain good, service or idea, are meant to decrease the risks that are present on a competitive market.

I. INTRODUCTION

In a more diversified economy, based on achieving and sustaining a competitive advantage, it is very important to know what has to be done before investing resources in a product. As a consequence of this reality there have been conceived and structured some stages of approaching the market from the company's objectives and possibilities point of view, correlated of course to the existing/developing needs and desires of consumers/potential clients.

Starting with the aspects related to the market segmentation, continuing with elements that help a company to choose a target market, presenting details on how positioning can be done and what involves a process of product development, the paper concentrates key terms of management and marketing into an integrated manner.

II. MARKET SEGMENTATION

Initially, the market segmentation and positioning haven't been a companies' priority because these were applying the general practice of **mass-marketing**, focused on creating a large number of buyers in order to assure, in this manner low costs of production or large profit margins.

Today, because of the advertising's development and the diversification of distributions channels, the firms have to restructure the market approach, this activity being formed mainly from ***4 levels***: *buyers segments, niches, regions* (the local market concept) and going further to *every person* (one to one marketing).

Regarding the ***consumer segments*** (defined as groups or subgroups of people or economical entities having at least a common characteristic that cause the need for a similar product) we want to mention that, in order to establish them, it is paid attention to their preferences, which can have a character homogenous, diffuse or cluster type (this last case is also known under the name of *natural marketing segments*).

What makes the difference between the ***niches*** and the ***buyers segments*** is, first of all, their *specialised character*, which protects the firm, involved in creating a product specially designed for satisfying a mix of needs for a group of potential clients, against the competition met into the other categories (buyers segments). Also, the niche offers conditions for obtaining profit (even for the fact that in order to satisfy mixes of needs, the potential clients accept to pay more) and presents development potential.

The local marketing is focused on developing the company's strategy in a manner which, owning to the products offered, can satisfy the specific needs of some area. By this type of market segmentation it is made the shift to the ***person*** particularised needs.

To practically realise the market segmentation there are used ***four main criteria***: *geographical, behavioural, demographical* and *psycho demographical*.

The geographical criteria aims to analyse the potential buyers starting from a country level and going further to the regions, counties, towns and neighbourhoods. In the most cases, this criteria is doubled by a demographic analyse.

This aspect doesn't exclude the segmentation based on ***demographical criteria***, where the main variables taken into consideration are: age, the family's member number, gender, family lifecycle (combination between age, civil status and the presence/absence of children), incomes and occupation, education, religion, race, nationality and even social classes.

When it is wanted a more precise defining of the potential clients segment, there are also taken into account ***psycho demographical*** criteria, especially the value system or even inhabitant lifestyle.

A certain place in these studies is represented by <u>*psychological life cycle*</u>, which is based on the scientifically conclusion according to <u>*the age is not necessary a factor with decisive influence in establishing the buying options*</u>. In the same time, in these analyses first of all come the cultural particularities, which actually make the shift to the fulfilment of segmentation activity, partially the ***culture*** imposing a certain ***behavioural*** model.

In this manner, the segmentation based on behavioural criteria only offers a pertinent image on consumers, showing the knowledge grade, the attitude, the usage and their answer for a certain product.

Subsequently, it has been developed the *Conversion Model*, which can be used to evaluate the intensity of the psychological commitment between consumers and marks, also their receptiveness at changes.

Among the ***techniques*** used for making the segmentation on behavioural criteria, the most usual uses the consumer status (frequent user, person who tries for the first time, potential consumer, ex-user or non-user), for the first and the second categories being also made a volume segmentation in order to establish their weight, loyalty to the brand (the results preponderantly leading to the apparition of *four categories of clients*: strongly attached, weakly attached, persons who also prefer other marks, people who give up to the brand) and the consumers' reaction in critical moments (for example marriage).

No matter the chosen method for this activity, <u>***a market segment***</u> has to fulfil in the same time certain characteristic conditions: to be measurable, substantial, accessible, differentiable, suitable for applying some economic strategies and stable for a period that can be estimated.

III. ESTABLISHING THE TARGET MARKET

The market segmentation is followed by an analyse according which results is chosen the target segment/s, that will form the ***target market***, understood as a group of persons or economical entities on which the company will conceive, implement and update a marketing strategy having as main objective the profit obtained by satisfying their needs or desires.

Choosing the target market will be conditioned of the ***dimension*** and the ***increasing potential of each segment***, their ***attractiveness*** and also of the ***objectives*** and companies' ***resources***. The strategy which will be conceived to approach the segments has to be focused on *needs* or *desires* (when there exist the capacity and the willingness to by a certain product).

Thus, the segment identification itself is based on the consumer established needs/desires and on the estimated benefits, after that it is evaluated the market increasing potential, the accessibility, it is studied the competition, estimated the segment profitability, is tested the chosen segment and the marketing mix is conceived.

These activities have a ***dynamic character***, in order to establish the shifts, in the same time being crucial to respect ethical principles when the market is approached.

As a consequence of the comparative analyse of the segments characteristics and the firm resources (in this case there is taken into consideration the current position, the objectives, the potential and also the company's constraints) is the next step, represented by the chosen type of the market approach: ***concentration*** on a single segment, ***specialisation*** on product, respectively a certain market or, also, the attempt to ***cover the entire market***.

Of course, this aspect involves some particularities when developing the strategy, among the most known types of it being: the ***concentration strategy, multi-segment strategy*** and ***undifferentiated strategy***, every of them having advantages and disadvantages.

In the case of the <u>*concentration strategy*</u> the company is focused on a <u>*niche*</u> product and is able to approach the target segment into a specialised manner, efficient and effective, but, in time, it is threaten by the risk of decreasing the chosen segment or competition intensification.

The <u>*multi-segment strategy*</u> has as main objective to satisfy the needs of <u>*at least two defined market segments*</u>, offering major advantages from the financial point of view, even that the costs are higher, and can lead to the development of scale economies. On the other side, there is present the risk of cannibalising the own products, accepted when the firm's sales do not decrease.

In the last situation, when is chosen the <u>*undifferentiated strategy*</u>, practically it is given up to the segmentation, considering that the <u>*entire market presents common needs*</u>. This is not a long term solution in a competitive market, because the product offered is hard to be positioned and the production costs became higher in time.

IV. POSITIONING

After the target market is chosen the next step is represented by the ***product positioning***, defined as a process through is created both the image and the value that will identify the product on the market, in the same time making obvious the elements that characterise it comparing to the already existent ones, these making the new product preferred by the consumers from the chosen target segment/s.

Positioning is done according to a decisional flow that includes establishing the product competitive advantage, is taken the decision related to its launching on the market and is going further to the implementation phase. To avoid the failure, positioning must to be sustained by a ***proper communication strategy*** in order to eliminate the risks of apparition of those *three major uncomfortable situation: the confuse positioning, over positioning* or *sub-positioning*.

A key role in this action is taken by the adequate knowledge of the market structure and competitors places, the positioning being also made according to the firm status: leader, challenger or niche.

Among the most used ***bases of positioning*** are: price and quality (usually high price being a quality indicator), emphasising the applicability, associating the product with a certain characteristic, the relation with the competition, going further to create some emotions, often being met a mix of these bases.

Positioning doesn't have a static character, it being periodically updated according to the shift came up in the manner which the clients perceive the product compared to the competitor's goods, or even to correct the mistakes appeared during the implementation of the initial marketing mix strategy.

In fact, the whole marketing strategy is built on the system Segmentation – Establishing the Target Market – Positioning, followed, of course, by the Product Development.

V. PRODUCT DEVELOPMENT

The product, essential part of the marketing mix, represents one of the main priorities of the management-marketing function. Actually it is the common point that makes the object of periodical updates, production strategies, human, material, financial and know-how firm's resources allocation, market researches, promotions, distribution, in fact entire activity of the company are designed to improve **it**.

The product can be met under three forms: *goods, services* or *ideas*, and its development and launching, when it is new, is treated traditionally as a risky activity, both because the manner in which the market will receive it and for the fact that the effects of such activity are from the most diversified: the market is progressively segmented, the products lifecycles are decreasing and, consequently, the depreciation period, the customers become more exigent, the technology is forced to evolve and the competition became keener.

In the same time, conceiving and promoting on the market new products represent one of the most feasible solutions that contributes at maintaining the ***competitive advantage*** or to decrease the competitor's one.

When a product is analysed it must be taken account of some distinctive elements:

- product features (properties, quality, the producer, how it is presented);
- the benefits that it brings to the buyers;
- the supportive services;
- the obtaining technology.

In order to develop a new product a company has two possibilities: to buy one and assimilate it, or to use its own research&development resources.

The product strategy must be ***harmonised*** to the marketing one, because the product lifecycle is correlated with its sales and it is recommended to be analysed from the perspective of the stage in which the industrial branch it belongs to is.

For each lifecycle stage (*introduction, increase, maturity* and *decline*) it must be applied specific strategic approaches. Thus, for the *launching* step, the expenses are high (informing the potential clients, testing the new product periods, perfecting the distribution), and the companies are targeting the best prepared to buy clients.

A quick increase in sales indicates the beginning of the next phase, *the increase*, the company being forced to fight against the competition attracted by the new opportunity, often applying a mix of measures: improving the initial good, attacking new market segments, decreasing the prices, diversifying the distribution channels, etc.

When the sales increasing rate is slowing down, the relative *maturity* stage of the product lifecycle starts, and it will go through its three phases (increase, stabilizing and decrease), the company strategy focusing now on the increase of the new consumers number, bringing new improvements and updates to the product, applying some attractive price policies.

The last stage, *the decline*, appears because of multiple causes (intensifying the competition activities, preferences changes, technical progress etc.) and involves, in the most cases, ***the retreat*** from the market. Then is considered that, properly improved, the old products can be taken up again and there are conceived specific strategies for the moral obsolete products.

Considering the product as a strategic variable, **the time** became a critical dimension for it. This thing causes the product to be radically changed on long time, but keeping, on short time an inflexible character. The change involves ***innovation*** and ***assimilation*** of ***new knowledge***, in fact the product offered by a company to its customers being only the expression of knowledge and the capacity to assimilate it in a commercial form by a company.

Developing a new product is done into the frame defined by the product strategy that is particularised according to the company's position (*leader, competitor, follower* or *niche*).

Concretely, making a connection between the company's position and the product gives some particularities to the last one, because when it will belong to the leader it has the role to sustain the market increase, to protect and develop the market share owned by the producer. On the other side, when the product is offered by a competitor it will enclose some characteristics meant to make discounts offers, to have an innovative character, benefits of sustained promotion and adequate distribution and is obtained at low costs. A follower product must to be addressed to a very well defined market segment and to use better the function of Research&Development, being comparable with the situation of a niche company, where the product has a strictly specialised character.

The product strategy is conceived according to the market studies research results and to the corporative and business planning strategies. Also, after organising and implementing, the product strategy includes activities designed in order to measure the results, to diagnose them, and take corrective measures.

Product development is based on the marketing information system, completed with specific studies on the buyers, distributors and competitors.

A key element of developing a product strategy is represented by the **brand**, this one having the role to differentiate the products or the services offered by a company or a group of firms in order to satisfy certain consumers' needs or desires.

The brand also simplifies the process of taken the decision of buying, lead at customer retention, helps at firm internal organising and at copyright protection, being a company ***intangible asset***.

Its usage has two dimensions: a *positive* one, when the consumers react better at a product and at its manner of bringing on the market, the brand being identified, compared to the situation when it is not, and a *negative* one, met when the clients' reaction is one of rejecting the product in similar condition of promotion.

By creating and sustaining a brand it is formed to the consumers a complex of thoughts, feelings, experiences, believes and impressions that facilitates the apparition of a link between them and the product existent on the market, being also a support for the next ones. Thus, using the psychological side of the people, it is established *the target market segment*, which became more inflexible at price increases and very elastic (from the development point of view) when there are met decreases of it.

In the same time, the company is less vulnerable at market crises, its products are better perceived, are developed and strengthen the customer loyalty, the communication is improved, and, finally, the profit increases.

The brand involves its own conditions of quality and expenses budget. In the same time, it is designed in order to sustain the innovation, when the already recognised standards are maintained, because, once created the consumers are expecting predictable products from the quality point of view.

In order to establish the criteria necessary for a brand, the theory established more models, from which are mentioned [2]:

a) **Brand Asset Valuator**, developed by the Young&Rubicam Advertising Agency, that defines as basic elements: *the differentiation, the relevance, the esteem,* and *knowledge* that a certain brand are recognised on. The first two elements give the brand power, being relevant for the future, while the last two are significant for the manner it has been previously perceived;

b) **Aaker Model**, that emphasize the brand *identity*, this one being structured in basic identity, meant to keep the brand essence and to survive in time, and extent identity, open to the change of some elements from the brand;

c) **BRANDZ Model** in which the brand is represented under a dynamic pyramid shape, in which going successively through some stages (presence, relevance, performance, advantage and attachment) leads at the development of a tight link client-product.

d) **The Resonance Model**, where brand creation is made in a similar manner, following some steps in which there is successively evaluated how the brand is initially perceived, the performances of the represented product, the properties that this one has, it is established the consumers vision on the brand and their emotional responses, finally being evaluated the nature of the link between the consumers and the brand.

For a successful brand the elements that compound it must to fulfil simultaneously many criteria: to be memorable, suggestive, pleasant, transferable, adaptable, and to be protected by copyright.

As any other company asset, the brand can be audited and evaluated, of course, being taken into account its particularities of intangible asset.

VI. CONCLUSIONS

The paper explains how a product can be ***designed***, ***launched***, ***protected*** and become ***successful*** on a competitive market. It emphasize the role of market studies realised under the form of segmentation, choosing the target segment and positioning, followed by the process of product development, concentrated around the brand concept.

In each stage of the mentioned ones ***the quality*** has to be the first criteria, this aspect representing the fundament for obtaining the competitive advantage. Doubled by a strict cost control of production during the effective fabrication process, the product lifecycle can be longer than expected at the launching moment, fact meant to maximise the profit. Also, another possibility to do that can be found in the positioning process, where the company effectively evaluate the market opportunities compared to its own resources.

To design and sustain a brand for the product is ***vital***, both for its lifecycle and, more than that, in order to assure a base for the new ones, which will be already addressed to a better known market segment/s.

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