A Research on How New Product Fails Subject to Product Management

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ABSTRACT
Companies should develop and produce exactly what customers want and when they want it. Choosing the target customers should be planned by the companies by carefully segmenting the market to launch a new product. The customer requirements and an analysis to scale its position in the market should be done. Marketers have a immense task to undertake in the release process of the latest product, by analyzing and recognizing recent trends, discoveries and collaborate with the R&D department in the development at each stage. Unique products will decide the company's future. Launching new product will be little bit complex, time consuming and financially a big issue for a company. There may be such an expectation on every new product launch to have high sales, good margins, to get higher share and which make market leader.

Apart from the expectations however the real time may not be as good as expected. A newly introduced product fails results in money loss also in terms of company standard.

Keywords---- Product Management, Market Analysis, Product Failure

I. INTRODUCTION
According to the recent census mentioned in www.census.gov about 8% of new products only survive for more than a year. 92% of failure rates will show up the real efficiency of the company marketing. Some product or business fails due the reason on lagging of creative ideas. Product failures can happen at any of these stages, Introduction Stage, Growth Stage, Maturity Stage and Decline Stage. Understanding the products life cycle can help the organization to make decision when should introduce and withdraw a product from the market. The position was understood by comparing their product with competitors who results the product success or failure.

As everyone knows a failure can serve one useful lesson: Investors, Entrepreneurs and new product Management can learn valuable lessons about what should not do.

STAGES OF PRODUCT LIFE CYCLE

1. Introduction Stage
Startup stages the first appearance in the market place when sales start at zero with negative profit.

Reasons of failure,
➢ Lack of Resource, Knowledge and Skills in Marketing
➢ Product Price on recoup Research and Development Investments

2. Growth Stage
Here the product reaches the sales rapidly and profits at peak then sales started to decline

Figure 1.1: Product Life Cycle

Figure 1.2: Product Growth Stage
Reasons of failure:
- Market Competition
- Aggressive Price of the product
- Branding with loyalty
- Market Coverage
- Lagging of Promotional activities
- Efficient production at low costs

3. Maturity Stage
This stage of product life cycle when the sales curve starts to decline and the profit continues to fall
- Intense market competition
- Emphasis on development and differences in products of competitors
- Strategic objectives for maturity stage
- Generate good cash flow
- Maintaining market share
- Rapid Increase share of customer

4. Decline Stage
Here the products stage where sale rapidly falls,
- Limiting promotion expenses
- Excluding minor distributors
- Idea to rule the product out
- Analytical solutions,
- Get the best out of the product's present value
- When the probability for a product to return to profitability is not possible then investment in the product should be decreased.

Figure 1.3: Product Decline Stage

II. RESEARCH METHODOLOGY

Product which Success and Failures:

<table>
<thead>
<tr>
<th>Product Which Success</th>
<th>Product Which Failures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windows 7</td>
<td>Windows 8</td>
</tr>
<tr>
<td>I-Phones</td>
<td>blackberry Mobile</td>
</tr>
<tr>
<td>Mc Donald's Restaurants</td>
<td>Pizza Corner</td>
</tr>
<tr>
<td>Yamaha, Bullet Bikes</td>
<td>Suzuki, LML Bikes</td>
</tr>
<tr>
<td>Honda Cars</td>
<td>Renault Cars</td>
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Reason Why Some Products Fail and Others Succeed

Main Reasons for Product Failure:
- The consumers requirements were not satisfied by the product's features
- The efficiency was low in showing the actual value of a product
- Production or design problems
- Due to Poor market timing
- Over Estimating the market status
- Ineffective promotional ideas and methods
- Improper distribution management

Any of the above stated points could be a reason of a products failure. It's not a single reason; it may be a combination of multiple reasons. The solution for a certain failure of a product has to be produced by the product manager and the company associated with the product. There may be several reasons for a product failure such as,

A. Market Evaluation
Market Evaluation should be given prior importance. Proper funding and efforts should be taken. Most companies give little importance to this area and release their products. The product cannot achieve maximum success time without a proper funding for market research.

Example: Blackberry is a well known company among the mobile market. When it released its first touch screen mobile in the market it was failure due to the fact that no analysis was done on the market and the others competitors in the same field had a cutting edge in this area.

B. Wrong Timing
Another important property of a product is its timing of release. When it is not executed efficiently, then it is a loss for the company. The ideas for this property are brainstormed to influence the customers, but when these are not done efficiently the customers can not be influenced by such ideas. This then leads to failure which is highly undesirable by any company.

Example: The Renault Kwid is an example of wrong timing of a product. When Kwid was released Renault already had other cars which in the same category as the Kwid. It was not able to compete in the market due to the competition given in the market by its corresponding products. If the Kwid was released at a different time it would have been a hit among the market.

C. Improper Pricing
The price of a product plays a major role for it to be a success in the market. Most products may have excellent features, but the price of the product affects its success as other products in the market with the same features are successful due to proper pricing.

Example: The Blackberry Z10 mobile is an example improper pricing of a product. The mobile was not easily bought by consumers due to the fact that same type of mobiles were available with the same features in the market. The company gradually decreased the price of the mobile but damaged had already been done.

D. Limited Promotion
Many times a products success is based on the promotion which is provided to it. A product may have the features to
succeeded in the market but limited promotion may affect its success in the market. 
**Example:** Many soccer franchises may be popular in various countries such as the PSG franchise, but to attain proper recognition among the targeted market proper promotion must be provided.

**E. High Maintenance Cost**

The price of a product may be moderate so that a consumer could afford it. Even though the price may be moderate the maintenance cost could affect the success of a product. When the maintenance cost is high the overall investment made on a product may be relatively high. 
**Example:** The Volkswagen Polo is a moderately priced car. The maintenance cost though is relatively high. The cost which has to be spent on fuel charges and spare parts discourages many customers from preferring this product.

**F. Inventory control**

When a product is successful in the market the demand for the product usually increases. A company should have a proper inventory control to satisfy the requirement of the product at various locations. By having a proper inventory control the overall profits can be improved and the customers satisfaction levels are also achieved.

**Religion factor**

The variation in culture has an impact on the success of the product. Some products may not correlate with the culture of a particular culture. These would cause the product to fail in the market.
**Example:** If we take the American market where the sales of beef yields profit, it is not the same case in India. In India the same type of profit cannot be expected in the market as most of people in India do not consume beef due to religious factors.

**III. Market Analysis and Research**

The failure of a product occurs mainly due to the following factors:

**A. Improper forecasting and analysis**

Many products have an effective design and yield positive results but the product may fail due to wrong analysis where the product does not produces any profits. The demand and forecast for the product should therefore be made for a product to be successful. The forecast determines the demand for a product for a certain year or month based on previous values which were noted. Though exact values cannot be obtained, we can get an estimated value. Based on the demand and forecast it can be determined whether the investment in a product can be retained or not. It can also predict the possibilities of achieving high profits. Improper forecasting leads to a wrong analysis which different levels of profitability which would affect the company when the product is released in the market.

**B. Risk management**

Some companies lack in managing the risk associated with a product. A product could have the potential of being a hit in the market but a proper risk analysis should be done. All the risks associated with the product should be taken into consideration and a report should be submitted where a solution is provided for each solution. This provides the company with any potential factors which could be a reason for a product to fail. So the company will be prepared to deal with any risk associated with a project. A proper risk management report would help the company in a major way.

**Common Reasons for Product Failures**

There are also some common reasons along with the main reasons which may cause a product to fail:

- There may high number of similar products in the market.
- The demand for a product among customers could not be satisfied improper inventory control.
- Incorrectly positioned product.
- Limited promotion of the product.
- Wrong analysis of the type of advertisements that influence a certain community.
- Improper pricing of a product.
- Insufficient analysis of a customer requirements.
- Misleading research of the market which leads to undesired results.
- Lower than anticipated margins.
- The market does not “need” your offering.
- Sales training/enablement was ineffective.
- Message/value proposition did not create urgency.

If even some action is taken in a company towards any of the above the stated reasons for a products failure a product would undergo a major change when it is launched in the market. A products success is one of the best a results a company can obtain. Time should be taken after a products launch to get the reviews from the consumers so that changes can be made when its modified version is released. The best result the a company can achieve is when its product is successful in the market.

**IV. Conclusion**

The development of a product is essential for a company's growth. Any company which fails to release new products into the market are at a risk. Their existing products a at risk due to many factors like changing customer requirements, increase in the competition, new technologies, government policies and shorten product life time. Even though the development of a new product is essential theirs risk associated with the development of the product.

Company's should spend an amply amount of time on the development of the product so that they do not face a risk of failure. If a few factors are taken while the product is in the development stage then most of the risks can be avoided. Some factors are market evaluation, research and development, analysis of customer requirements, quality management report and a risk analysis.

The aim of any company is to achieve the highest efficiency possible. That is possible only when there is a proper relation and trust between the consumers. With are
proper relation among customers a company can achieve its goals and will gain confidence to achieve greater heights.

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