

**СЪВРЕМЕННИ НАЧИНИ ЗА ПРОМОТИРАНЕ НА НОВ
ПРОДУКТ**
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CONTEMPORARY WAYS TO PROMOTE A NEW PRODUCT
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Abstract

Consumers like new products. According to Nielsen's report, around the world more than six in ten respondents say they like when manufacturers offer new products or services in the market and more than half (57%) say that they purchased a new product during their last grocery shopping. This confirms that consumers have a strong appetite for innovation. They are increasingly demanding and expect more choice than ever before.

However, new products often do not make it on the market. The estimate is that up to 90% of new products fail due to the mistakes of manufacturers. Manufacturers can produce the best product in the world, but if they do not promote it properly and educate consumers adequately then no one will know about the product and the companies will be at a loss.

Even though it seems that there are endless options for promoting a product or a service, for companies it is very difficult to decide where and how to get started and which methods of promotion give the best results. Companies must use a variety of marketing techniques to ensure that the right message is communicated through the right medium and to the right audience. However, what is good for one business doesn't necessarily mean that is good for another.

This papers aims to explain the traditional and contemporary ways of promoting new products and services and to elaborate on their effectiveness.

Keywords: new product, innovation, promotion, education, marketing techniques, medium, communication, contemporary ways of promotion

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INTRODUCTION

In literature there are many definitions of a new product. From marketing perspective, new product is anything a customer perceives as a new and different. According to the OECD definition (OECD, 2005), new products are goods or services that differ significantly in their characteristics or intended uses from products previously produced by the firm. New product can be a product that opens an entirely new market, a product that adopts or replaces an existing product, an old product introduced in a new market, an old product packaged in a different way or an old product marketed in a different way.

New products can be classified in the following categories: (<http://study.com/academy/lesson/types-of-new-products-new-product-lines-product-improvements-more.html>)

- **New to the world products:** is the only true new product that creates a totally new market. No close substitutes exist in the market. Examples of this type of new product would be flat screen, probiotic ice cream, word processing software, etc.

- **New product to the company:** this is new to the company which is already in the market. This happens when a company offers a product for the first time as a new to the product categories it used to offer, but the product is not new for the market worldwide. Examples are Hallmark gift items (besides e-cards) and Mars ice-cream (besides Mars chocolates)

- **Addition to existing product lines:** occurs when there is a line extension, or product is modification of the basic product. Based on the changes in the consumer tastes and preferences, basic product will be reintroduced into the market with some major or minor changes.

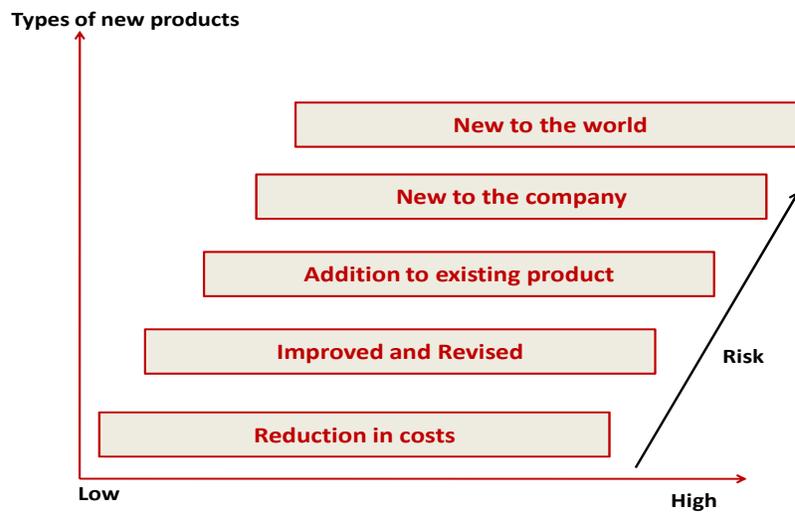
- **Improvements and revisions of existing products** are advanced products of basic products with additional features. They happen when the existing products are made better to increase consumer awareness and create interest or the existing product gains different taste, size, ingredients, aroma, packaging, colour, scent, etc. Examples are Milka chocolates with fruits, almonds, yogurt, etc.

- **Repositioning:** is the process when a company attaches a new use or application to existing products or retargets the products to new users or new target markets. The classical example is baking soda.

▪ **Cost reductions:** are new products that provide the consumer similar performance, but at a lower cost. May be more of a “new product” in terms of design or production.

The relationship between these categories of new products and their risk to succeed or fail on the market is presented graphically below:

Figure 1. Categories of new products and their level of risk



Source: Magham Rami (2017). “Production and Brand Management-Understanding Brands” on website <https://careercart.blogspot.mk/2012/11/mba-study-material-production-and-brand.html>

Why consumers like new products? Humans, by nature, are curious and want to try something new and different. Although, consumers are attached to some products based on loyalty or habit, under the influence of certain factors (marketing, word of mouth, friends, relatives, and colleagues) they want to try out some new product. Consumers across the world are enthusiastic about new products. According to Nielsen report 63% of respondents like to see new products in the market, 60% of consumers are willing to buy new products from familiar brands, 50% of consumers are willing to switch to a new brand, etc.

The findings about consumers' opinion on new products are given below: (The Nielsen Company, 2013)

Figure 2. Percent of global respondents that definitely agree to the general purchase of new products



Source: The Nielsen Company (2013). Nielsen report of January 2013 “Every breakthrough product needs an audience”, New York, USA

What new products are most appealing to the consumers? Nielsen report claims that food and beverages are top listed globally at 49 percent. The following product categories are clothing and apparel (26%), personal hygiene products (24%), tissues/power towels (20%), and books (18%). Cleaning products, such as laundry and dish detergents are also popular and rank in the top five in some regions.

Why companies launch new products? New products are source of growth and profitability for manufacturers. Other benefits of new products are: (The Nielsen Company, 2015)

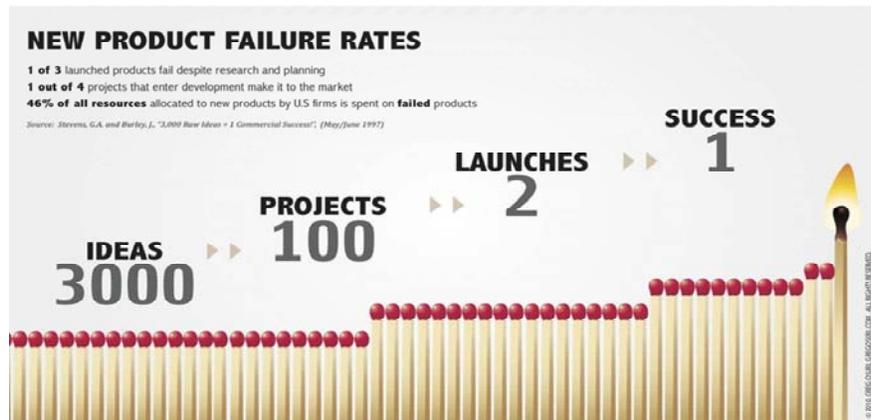
- Critical for companies' sustainable growth and even survival,
- Increased competitiveness of companies and defeating competition,
- Better quality of life,

- New consumers, new segments, new markets, increased loyalty of existing consumers,
- Keeping the best image of the company,
- Improved relationship with distributors,
- Fill the gap in the market and
- Making better use of the company's resources

However, **lots of new products face failure in the market** and statistics are astonishing. Namely, one of three launched products fails despite research and planning. One out of 4 projects that enter development makes it to the market. 46% of all resources allocated to new products are spent on failed products. Over half of all products launched globally will not sustain their year –one sales performance in year two. Millions of dollars are spent each year to develop, produce, market and launch the 10.000 of new products that will line the shelves.

There is a confirmed claim that only when a company follows consumer needs and desires, delivers the right value (innovation), deploys the right marketing strategies will make it on the market. All the other options are destined to fail.

Figure 3. Market failure of new products



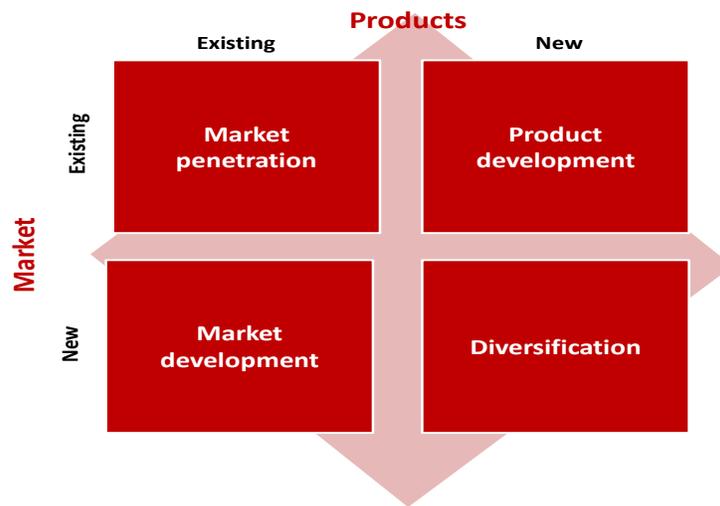
Source: Stevens G.A, Burley J (1997). "3000 raw ideas = 1 commercial success"

TRADITIONAL WAYS OF PROMOTING NEW PRODUCTS

Companies can deploy a variety of marketing tools to attract the attention of consumers towards their new products. Even though traditional, nowadays companies use these advertising channels to promote their products and services. They still are very successful in promoting products to consumers. **Traditional ways include** print media, TV advertising, radio broadcast advertising, billboards, and flyer and poster campaigns.

Traditional marketing theories include **Ansoff's Matrix**, a theory that proposes that products and services belong to the one of four categories, depending on the market and the product released. Diversification means new product for the new market. This theory recommends that companies should try to diversify their products so as to spread risk amongst their product range.

Figure 4. Ansoff's Matrix of Products



Source: <http://www.mbaskool.com/business-concepts/marketing-and-strategy-terms/2550-ansoff-matrix.html>

Another marketing theory that is considered to be traditional is the **Marketing mix**, made of 4 P's that include product, place, promotion and price.

All these components, combined, create a solid marketing proposal. However this theory as well as Ansoff's, can be drastically improved with the use of contemporary marketing strategies.

Traditional marketing seeks **to pull customers to a product**, whatever the cost. It is, for this reason, considered to be fairly outdated as it does not consider the customer they are selling to, but more the market that the company operates within.

CONTEMPORARY WAYS OF PROMOTING NEW PRODUCTS

Contemporary marketing refers to theories that stress **the importance of customers**, their needs and desires. The contemporary marketing channels are more prosperous and evident is their increase in leads, sales and traffic.

Contemporary marketing theories include **Co-Creation**. This theory suggests creating a bridge between customers and companies through **gamification**. A practical example would be attracting customers through **social media** content relevant to their needs or writing article blog posts that have useful information.

Another popular contemporary marketing theory is **shared value**. This theory considers the market that the company is wanting to penetrate and seeks to offer perks in said market. A successful example of this would include Tesla. They have invested millions of dollars building charging stations for electric cars across North America, Europe and Asia. The stations can be used by many different branded electric cars. They have actively tried to improve the market whilst simultaneously attract more customers to them.

For B2B companies, this may include **creating events** where companies in the same industry can be invited and discuss amongst themselves offers they can give each other.

According to Weisberg (Weisberg 2016) there are nine contemporary ways of promoting new products or services:

- 1) **Offer customers an exclusive preview**: meaning that the company needs to prepare something exciting, interesting, new for loyal and new consumers in order to promote its products. This can take a form of a private pre-launched party, on online preview, special invitation for testing the product, special event and etc.

2) **Social media contests:** companies know that social media contests, like giveaways, sweepstakes, and lotteries work! They are fun and easy accessible for lots of existing and new consumers.

3) **E-mail marketing:** an interesting fact is that 82% of consumers open e-mails from work and 44% of e-mail recipients made at least one purchase per year based on a promotional e-mail. E-mail marketing via newsletter is the best way to promote a new product or a service. E-newsletter allows marketers to easily share product's photos and information with customers.

4) **Facebook ads:** with 1.44 billion monthly active users, Facebook is a window to a huge market. This is the reason why Facebook ads are very effective and inexpensive marketing tool.

5) **In store promotions:** are still very appealing ways to promote new products. Mortar and cement companies can use attractive logos, signage and indoor promotional materials and actions. The most attractive for consumers are BOGOF (buy one get one free) and price discounts. Consumers can be directed to the store if it claims that new products are exclusively available only in that store.

6) **Host an event:** hosting an event is a great way to get people physically into the business and make them talk and share the experience about new products. Events don't have to be expensive and fancy, but can be simply as an open house, open hours, open day or info session in locations like salons, fitness centers, yoga studios, spas, retail stores, home, etc.

7) **Offer an upgrade or trade-in:** If the business is more service-based than product-based, like a salon, spa, fitness center, or consulting business, marketers can offer an upgrade for customers to try out some new service. For example a spa center can offer massage, new facial treatment, aerobic or some sport activities, etc. Trade-in promotions are proven to be effective, because they incentive consumers to buy a new product using a token or credit they already have (the product they own).

8) **Share customer reviews:** one of the best ways to promote a new product is to let customers to speak for companies by sharing reviews. Consumers are asked to share a testimonial for the new product. These consumers are called influencers that usually are well respected, with lots of followers, subscribers and fans. It is estimated that 80% of the Internet impressions are driven by just 6% of its users.

9)**Share on social media:** another way to promote a new product is to announce and share the information on social media. (Facebook, Instagram, Snapchat, Twitter, website of the company, etc).

CONCLUSION

Consumers want to see new products on the market. However the production, marketing and launch of a new product are very difficult tasks for any company. The process of introducing a new product to the market must be well thought out and organized. Otherwise, new products will quickly fail in the market.

Companies have a variety of marketing techniques that they can use to promote new products and services. Marketing strategies can be divided into traditional and contemporary. The best marketing strategy for the company is to use these techniques in a combination. But the use of techniques depends on several factors, as the company's budget, the type of activity, the type of products and services offered on the market, the promotion period, etc. Contemporary ways for promoting products are more prosperous and lead to the realization of sales, income, profits. They are mostly tied to promotion through social networks, Facebook, Instagram, e-mails, telephone advertisements, trade-ins, in-store displays. It is not that we use technology, we live technology.

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