

QUICK FACTS

- Of launches that lagged forecasts in year one, 78% continued to do so in year two, and 70% of those lagged in year three.
- Of launches that exceeded forecasts in year one, 65% continued to do so in year two, and 53% of those exceeded forecasts in year three³.



...the majority of launches...fail to meet projected revenue targets.

IMPROVE OUTCOMES THROUGH PRODUCT TESTING

Ready to launch a hot, new product and beat aggressive revenue targets? Some statistics indicate you're not. Oftentimes, CEOs are under intense pressure to generate forecasted revenue from new products in the commercialization pipeline and spending precious time on anything other than critical path activities is an unaffordable luxury. However, research suggests the majority of launches¹ in competitive industries like consumer goods and pharmaceuticals² fail to meet projected revenue targets.

One reason for dead-on-arrival product launches is poorly predicting issues with customer usage and interaction with the new product. Focusing heavily on speed-to-market often trumps product testing: a risky move that could wind up in inflated (read: "wrong") customer adoption forecasts. No CEO wants to explain grossly missed estimates to investors.

Fortunately, improving the probability of launch success can be accomplished with product testing. Clients who pre-tested products with target customers prior to launch integrated critical findings into revised product designs and marketing campaigns. The additional rounds of research provided valuable insights on how customers interact with products, issues they had with it, and their likelihood of purchase. The clients' revised forecasts were more realistic and achievable.

Pre-Launch Testing Basics

Pre-launch product testing should be a critical path step in your company's commercialization process. Allow sufficient time and resources for usability testing, analysis, and design modifications. Product testing objectives might include these:

- Discovering product design problems
- Identifying/validating commercialization opportunities
- Consider alternate designs/formulations
- Test specific product features with target market segments

Here's a short list of major product testing steps we recommend to clients:

1. Determine objectives for product testing

You may decide to use all, none, or some of those listed above. Be sure to determine why you'll do the test and select the appropriate testing methods for desired outcomes.



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2. Select the test group(s)

You can start off simply by having employees or trusted customers participate in diagnostic evaluation of the products to provide immediate feedback on major problems (e.g. size won't work in "real-life" situation) and how it stacks up against the competition. Be sure, however, to have a variety of user types so that target population is truly represented.

3. Determine the types and procedures of testing

How elaborate does the test need to be? Based on some initial testing with a small population, you might decide to delve deeper into more testing using forced-trials, in-home/office extended use tests, or larger market tests. Don't forget human factors testing: not only can overlooking these lead to lost revenue but also tragic outcomes for users. Also include tests to address regulatory issues, concerns, or requirements. Left unaddressed, regulatory issues can be showstoppers.

4. Establish evaluation standards/metrics

Before you implement your product use tests, develop standards and metrics that define when a decision (when to stop testing, when to modify the product, when to continue the test, etc.) will be implemented.

5. Implement the test(s)

Based on initial findings you may want/need to move to more rigorous or broader testing. Be prepared to learn more about the product than you planned during development!

CEOs tend to see marketing as a department that comes into play after the product has been made and the remaining job is to sell it. We argue instead that marketing must be seen as setting the strategic direction for the firm. Peter Drucker stated it well over thirty years ago: "A company has only two basic functions: innovation and marketing."

- Philip Kotler, Kellogg Graduate School of Management

WHAT'S YOUR CHALLENGE?

Delinea Strategic Management (Delinea) is a marketing and sales trusted advisor team supporting science and technology companies' commercialization goals. Our industry experience includes chemical manufacturing, medical device development, aerospace and military medicine, and nanotechnology research & development (R&D). Our mission is to be the preferred marketing and commercialization services partner to science and technology business leaders managing R&D and operations. Delinea staff have provided these services to valued clients throughout every stage of R&D and commercialization. To discuss your commercialization, marketing or sales challenges, please contact Karen Coker by phone on (410) 236-1392 or by email at karen.coker@delineastrategic.com.

¹ Joan Schneider and Julie Hall, "Why Most Product Launches Fail", HBR.Org, *Harvard Business Review*, April 2011

² Hemant Ahlawat, Giulia Chierchia, and Paul van Arkel, "The Secret of Successful Drug Launches." McKinsey.com, McKinsey & Co, March 2014

³ ibid