

NEW PRODUCT INTRODUCTION CLASS
February 25, 1985

New Product Introduction Class

Purpose:

To review how to plan and prepare a new product introduction

Agenda:

- I. Getting Started
 - Objectives
 - Market Dynamics
 - Key Players
 - Promotion Components
- II. Advertising
- III. Budgeting
- IV. Presentation to Management
- V. Merchandising Materials
- VI. Announcement
 - Reps
 - Dealers, National Accounts, and Distributors
 - Press and Industry Analysts
 - Hardware Manufacturer Co-announcement
 - Trade Show
 - Review Copies
 - Installed Base
 - Target Consumers
- VII. Training
- VIII. Extras
- IX. The Team
- X. Analyzing the Success of the Promotion

Initial Planning

Promotion Objective:

A clear, concrete statement of what you want to accomplish with the promotion. The objective is ideally a measurable goal.

Example: To be on the Best-Seller List three months after the initial ship date.

Market Dynamics:

A list of relevant market dynamics that assist or hinder reaching the promotion's objective. These are issues that influence how you design your promotion.

Example: PFS:PLAN is entering a mature market with entrenched competition. Its competition spends heavily on advertising and promotions and has excellent word-of-mouth.

Key Players

A list of people from whom you want some action in order to accomplish the promotion's objective. The promotion is designed to influence the actions of these people. The components of the promotion should fulfill a need or want of these players or overcome a barrier to the desired action.

Example: Potential spreadsheet customers, dealers, distributors, National Accounts, dealer salespeople, SPC reps and the press.

Questions to ask:

1. What is the objective for each key player? What is the response/action desired from each one? *Barriers?*
2. What are the players' needs?
 - *What would predispose them to your action?
 - *What are the barriers to overcome?
3. What incentive can be offered each key player to stimulate the desired response?
 - *Prepare your own suggestions.
 - *Get additional suggestions from team and other product managers.
 - *Recognize your constraints - i.e. scheduling, budget.
 - *What worked well in the past? Don't reinvent the wheel.
 - *What new, creative twist/idea can be added?
4. What's the most effective, efficient means for reaching each player? i.e. merchandising materials, advertising, appointments, Road Show, press conference, mass mailings, newsletter, etc.

offers
Promotion Components

*Keep it simple

*Include components custom designed for each key player

*Where to begin?

1. Prepare your own alternatives.
2. Brainstorm with your team and product managers.
3. Review successes and problems with past promotions.
4. Analyze alternatives' costs, benefits and schedules.
5. Distribute your recommendation to team members and their supervisors.
6. Allow your Sales team member 2 weeks to contact all sales managers for opinions and talk with key reps.

Advertising

One of the largest expenditures.

Begin work with the agency as soon as you have the promotion objective, target reader, strategy and promotion schedule available.

- *Present the objective of the promotion and market dynamics

- *Describe the target reader/s

- *Prepare the ad strategy

- *Ask for ideal, good and minimum recommendations with budgets

(Note: You may need to ballpark a reasonable spending level to provide a point of reference.)

- *Work with the agency to determine how the on-going national advertising campaign should be rearranged to support the promotional advertising

Budgeting

Develop an ideal budget, a good budget and a minimum budget.

Definitions:

*Ideal budget - If money wasn't an issue, how much would the most effective and creative promotion cost?

*Good budget - This is the budget for the most creative, thorough and cost effective promotion that will meet all the objectives.

*Minimum budget - This is the minimum amount that could be spent on the promotion and accomplish the objectives.

You will need estimates from:

1. Sales
2. Marketing Communications
3. Manufacturing

26% PBT

Prepare fully loaded payback @ PBT and contribution margin ^{PAT} payback. Compare to previous promotions.

Present marketing management the recommended promotion and budget with pros and cons of all three budgets and the corresponding promotions.

Involve accounting as needed - i.e. refunds, credit transactions

Presentation to Marketing Management

- *Introduction's objective
- *Market dynamics
- *Budget Recommendation
 1. Promotion
 2. Advertising
- *Review of alternative budgets - pros and cons
- *Attachments
 1. On one page, budget summaries for all alternatives including total promotion, total advertising and payback
 2. Detailed budgets
 3. Variations on the budgets might be needed by system or by fiscal year, if all systems are not promoted at the same time and the introduction spans more than one fiscal year.

Presentation to Upper Management

- *Introduction's objective
- *Market dynamics
- *Budget recommendation
 1. Promotion
 2. Advertising
 3. Total introduction budget
- *Key components of introduction and their objectives
- *Attachments
 1. Summary of the recommended budget with promotion, advertising and payback totals
 2. Detailed budget
 3. Variations as discussed above

Complete Introduction Section of PMP

Obtain approval

- *Team review
- *Group Product Manager
- *Director of Marketing
- *Director of Sales

Merchandising Materials

Sales Organizer

- *Positioning
- *Product Key Features and Benefits
- *Promotion Details
- *Technical Specifications
- *"Salesy" and upbeat
- *Issues
 - Dates
 - Pockets
 - Theme

Trial Sizes

- *Diskettes
- *Labels
- *Envelopes
- *Mailing boxes
- *Announcement to installed base
- *Tracking system
- *Flyers
- *Issues
 - Contents
 - Distribution
 - Handling

Giveaways

- *Appropriateness

Ad Slicks

- *Type
- *Quantity

Ad Reprints

- *To send or not to send

In-store Materials

- *Posters
- *Counter card

Customer Information

- *Customer brochure update
- *Fact sheets

Press Teaser

Coupons

Cross Product Stickers

Analyze cost and time needed for design, production, handling and shipping of all materials.

Announcement

1. Reps

Letter

- *Schedule

*Supporting materials - Fact sheets on product and promotion details

Merchandising Materials

- *Schedule - Reps should have these 1-2 weeks before the sell-in begins.

Road Show

*Major promotions and introductions may require a field trips to train reps on a new product, describe the promotion and stimulate excitement.

*Schedule - Conduct the session 1-2 weeks before the sell-in begins, so reps will have time to learn the product and promotion details and be able to organize their territories for the promotion.

*Work with Sales to schedule appointments with each rep firm and National Account. One full day is scheduled per rep firm. 1/2 the day is spent on presenting the promotion and training. The other 1/2 day is spent calling on local National Accounts for sneak previews.

*Use Assistants to schedule people and places. A Product Manager and Sales Manager should attend each session.

*All promotional materials should be at the rep firms prior to the Road Show. Copies of the program and/or betas with a list of known bugs should be available.

*Agenda

Presentation

- Market opportunities and dynamics
- Product features and benefits
- Competition and product's competitive edge
- Promotion objectives and details

Training session

- *Use video aids
- *Must have pizzazz

Merchandising Materials Objectives and Copy

- *Reviewed by all team members, copying their supervisors
- *To be approved by marketing management
- *To be used with purchase requisitions for ordering design work and production

Summary sheet of all materials with dates

- *Design Time
- *Production/Print Time
- *Assembly Time

Individual sheets for each article

- *Objective
- *Design considerations
- *Copy or copy points
- *Quantity
- *Price
- *Additional considerations - shipping directions or costs

Announcement

2. Dealers, National Accounts and Distributors

Letters

- *Schedule - Dealers and National Accounts should receive their letters at the start of the sell-in period. National Accounts may be handled separately. Check with Sales on their schedule.
- *Letters should introduce the product's positioning, features and benefits and provide the details on the promotion.
- *PM writes the first draft and Sales writes the final version.

Demonstrations

- *Schedule - Sales arranges for Product Management to demonstrate the product to key accounts.
- *National Accounts get special consideration - sneak previews, etc. Sales will schedule.

* Distributors - tell them early enough to tell their dealers

Announcement

3. Press/Industry Analysts

Catchy Phrase

- *Brainstorm a catchy phrase that will be the product's positioning statement to the press.
- *May be used in your merchandising materials too.
- *Remember, positioning to the press is how the product will be positioned to the world via their articles.

Press Tour *or Press Conference*

- *Schedule - Target key publications and schedule around their lead times *what materials do you need*

Press Teaser

- *Schedule - Mail 2 weeks before press release.
Work with Franson and Marketing Communications for ideas, production and mailing

Press Release

- *Schedule - MR-related date
- *Provide copy points to Marketing Communications
- *Review and approve copy
- *PR agency will produce and mail
- *Additional materials may be sent with the release, such as a trial size.

6-8 weeks

Announcement

4. Hardware Manufacturer Co-announcement

- *Press release
- *Press tour
- *Press events

5. Trade Show

- *Focus theme on new product
- *Schedule special events
 - Press luncheon
 - National Accounts sneak preview sessions
 - Booth visit incentive
- *Work with Marketing Communications

6. Review Copies

- *Schedule - Dependent on MR. These copies are the early production diskettes and may or may not have a printed manual.
- *Use extreme discretion when distributing betas.
- *Work with PR and Sales as to the who, how many and why of providing review copies.

7. Installed Base

- *Schedule - May be before or at the same time as the consumer promotion. Best to wait until the product is on dealers' shelves which is 2-3 weeks after shipping.
- *Use newsletter when possible
- *Direct mailings - flyers, trial sizes, letters and coupons, etc.

8. Target Consumers

- *Schedule - Begin advertising to consumers 6-8 weeks after the product ships.
- *Allow for channel filling and training of the dealers' salespeople before the promotion begins.
- *Advertising
- *Direct mailings
- *In-store displays

Training

*Schedule

Courses must be printed and mailed to reps prior to the Road Show or 1-2 weeks prior to the sell-in.

*In-house training

1. P.M. and R&D must train the Training, Sales and Technical Support staffs.
Note: Training for Sales and Technical Support should include promotion details.
2. Order processing will need product and promotion information by the sell-in period.

*Reps

1. Training session during the Road Show. If there is no Road Show, Training personnel and Sales Manager should arrange a product training session at each firm. This must be conducted prior to the dealer sell-in period. Time must be allowed for the rep to learn the product on his/her own after the session.

*Dealer Salespeople

1. Allow 6-8 weeks after the new product ships for the reps to train the dealer salespeople.

Other

Technical Support

- *List of potential support questions and answers
- *Train part-time support staff

Marketing

- *The product manager should receive a copy of the invoices to accurately track the budget and make use of additional funds if they become available.
- *Develop a PERT chart to track all events and materials.

Product Testing

- * The responsibility of the project manager
- * Product manager assists in finding testers, providing incentives to participate, and scheduling.

The Team

Project Manager:

Documentation:

Marketing Communications:

PR:

Materials Design:

Sales:

Training:

Support:

Manufacturing:

Manufacturing:

Order Processing:

Product Manager:

Analyzing the Success of the Promotion

1. Shipments
2. Team casualties
3. Schedule
4. Budget
5. Surveys + *Store Checks*
Determine the effectiveness of individual components
Dealers
Purchasers
Trial Size recipients
6. Post-Mortem meeting
7. Executive summary

PLAN SCHEDULE
June 1, 1984

Product Schedule

1. Ship product September 10th.
2. Program milestones
 - QA begins 6/4 (6 weeks)
 - Duplication begins 7/16 (3 weeks)
3. Manual milestones
 - Typesetting begins 6/18 (4 weeks)
 - Printing begins 7/16 (5 weeks)
 - Assembly of full product begins 8/20 (3 weeks)
4. Sleeves, diskette labels and trial size labels
 - Begin to write packaging objectives 5/7 (4 weeks)
 - Label art production begins 6/4 (3 weeks)
 - Printing of labels to begin 6/25 (3 weeks)
 - Labels ready for duplication 7/13
 - Sleeve art production begins 6/18
 - Printing of sleeves begins 7/16

Introduction Schedule

Trial Size

1. Demo from Enlighten to be in-house no later than 7/6
Eileen to develop schedule with Enlighten and Julie W.
2. Product to be crippled in-house beginning 7/16 (1 week)
3. Duplication begins 7/23 (3 weeks)
4. Trial size labels to follow program label's schedule
 - Printing of labels to begin no later than 7/2 (3 weeks)
5. Order mailing boxes for installed base. (Diane)
6. Assembly begins 8/13 (3 weeks)
7. Ship with initial orders 9/10
8. Mail to reps and installed base ASAP
9. Flyer for installed base
 - Art objectives to Jeff by 7/2 (4 weeks production)
 - Printing begins 7/30 (4 weeks printing)
 - Mail to installed base 8/1
10. FILE and WRITE Sticker - schedule tbd based on B Series packaging

Sales Organizer

1. Review of art production prior to printing 6/12 (3 days)
2. Printing to begin 6/18 (3 1/2 weeks)
4. Addressing to reps begins 7/11 (3 days)
5. In transit 7/16 (1 week)
6. Ready for Road Show 7/23

Road Show to begin 7/23

1. Training course to be ready
 - Develop course (4-6 weeks)
 - Printed course materials due 7/11
2. Travel arrangements to be made in June
3. Produce necessary number of pre-production program and manual copies for training purposes - 6/25 (2 weeks)

2. Travel arrangements to be made in June
3. Produce necessary number of pre-production program and manual copies for training purposes - 6/25 (2 weeks)
4. Address and mail to reps 7/9 - 7/16 with other materials

Press

1. Editor preview beginning in May
2. Press teaser to be sent end of August
3. Press release to be sent 9/7
4. Press tour June/July as appropriate for publications
5. Review versions of PLAN for few selected publications -
Best effort 6/11

PLAN special versions for 5 key dealers/territory

1. Duplicate 5 copies/territory and copy 5 manuals/territory
Can begin on MR date 7/16
Send to reps ASAP for key dealers - Fed Ex possibly

OCTOBER

NOVEMBER

DECEMBER

JANUARY

17 21 24 28 31 4 7 11 14 18 21 25 28 2 5 9 12 16 19 23 2 6 9 13

LABELS

PACKAGE

PROGRAMS

FILE

REPORT

MANUALS

FILE

REPORT

PRODUCT MARKETING PLAN OUTLINE

I. PRODUCT DEFINITION

II. COMPETITION

III. FINANCIAL PLAN

IV. MANUFACTURING PLAN

V. INTRODUCTION PLAN

VI. DETAILED TIMETABLE

MARKETING COMMUNICATIONS

I. PUBLIC RELATIONS

The target audiences for our public relations efforts (in order of importance) are:

1. Financial/market influentials
2. Dealers, distributors, reps, and OEMs
3. Consumers
4. SPC investors
5. SPC employees

Messages are targeted for each audience. In general our messages are:

1. To position SPC as a broad line supplier in the personal computer industry, as a preferred investment and as an international consumer marketing company.
2. To promote the PFS family of software as the best selling productivity software that is easy to learn and use, powerful, integrated and versatile.
3. To position SPC as the leading supplier of accessory software through Power Up.

To reach these audiences the following efforts are targeted:

1. Editorial contact with key publications such as the Wall Street Journal, Business Week, Personal Computing, and Computer Retail News.
2. Press releases and articles - To date releases have gone out for Scholastic, Enhanced MSDOS, Power Up, Millionth Unit, 1st quarter Financials, and Enhanced ACCESS.
3. Trade shows to reach dealers and market influentials building sales and share of mind, positioning SPC as a major industry influence and to showcase new product introductions. SPC will have a presence at 3 shows in FY85 (Comdex Fall, ComputerLand, ABCD) and selected coop participation with reps.
4. Establish corporate positions on current industry topics for public speaking forums. Research, pitch and confirm SPC spokespeople for targeted engagements. For example - SoftCon.
5. Special promotions, press tours, etc. To date, we have completed a French press tour and a millionth unit promotion. Kim is arranging press tours in Germany, UK and Australia.
6. Distribute review products as required to support the public relations effort and supply product donations to selective non-profit organizations.

V. USER GROUP

1. CARD FILE

User Group enrollment cards are included in every product manual. Their return is postage paid. The purpose is four-fold - to sell additional PFS products to the user, to sell Power Up products to the user, to gather market research and to provide the user with helpful information to increase user

satisfaction.

Presently there are 100,000+ names in the card file representing 20% of the PFS users. by the end of FY85, a card base of 160,000 is expected. The major events in this area now are: 1. An analysis of the cards received in the last six months. It will cover geographical distribution of users, computers used, home or office use, profession and level of expertise.

2. On-Line is reconfiguring the match code and the present duplication rate of addresses will be reduced from 10% to about 2%.

3. The budget for list maintenance is \$90,000 for FY85. I have hired DEPENDABLE, a list management firm to market and rent the list. Projected net revenue for the first calendar year of renting is \$50,000. This will cover 50% of list maintenance costs. No order will be processed with out approval from SPC.

2. NEWSLETTER

The primary goals of PFS:NEWS are to increase sales and increase user satisfaction. 4-6 page, two color newsletters are scheduled to be distributed on a quarterly basis. The November letter shipped and the 4 page February issue will mail this month. The newsletter informs users of new products, upgrades, user tips and provides a forum for information exchange.

IV. DESIGN AND PRODUCTION

Marketing Communications is responsible for the design and production of all non-Power Up/ non-advertising materials produced by SPC for external distribution. Mar Com is responsible for the visual image of SPC and PFS and is charged with the duties of producing materials in a timely and cost effective manner.

V. MARKET RESEARCH

The goal for marketing research at Software Publishing is to gather actionable information to make better decisions on product design and marketing. The budget for research in FY85 is \$40,000. \$23,000 is already committed.

1. Secondary Research

a. Newsletters - The goal in purchasing this information is management guidance. Most of the information is distributed in the monthly press and information packages to management. It includes such reports as Release 1.0, Future Views, Software Digest and Software Publishing Report.

b. Purchased studies and inquiry services- \$6,000 has been committed to receive InfoCorp's monthly Retail Channel Tracking Service for Hardware and Software for the calendar year of 85. \$3,000 has been spent for a Dealer Plan Review

from Future Computing at the request of sales to gather information on such things as coop advertising programs. Software Access provides an inquiry service. Future Computing's service was not renewed for 85.

2. Primary Research

The only primary research requested at this time is target audience research and it is in progress and will be mailed to 4,500 PFS users this month. The purpose of the research is to determine the different needs of our users and how they use our programs on Apple IIe/c, MAC and IBM PCs. The research should assist new product development by identifying desired features sets for productivity software like PFS and assist marketing by determining the key benefits that drive the purchase decision, identifying purchase influencers and clarifying our target audience.

VI. MEDIA

Marketing Communications doe not have budget responsibility for media. MC is responsible for working with Young and Rubicam to research and recommend the most effective media for advertising.