A PROPOSED LAUNCH STRATEGY OF AN AEROSOL SPRAY AUTOMOTIVE PAINT

BY

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Submitted in partial fulfillment of the requirements for the Master’s Degree in Business Administration at the Nelson Mandela Metropolitan University

PROMOTER:
DR. JOHN BURGER
DECLARATION

"I Vusumzi Michael Msuthwana hereby declare that:

- the work in this paper is my own original work;

- all sources used or referred to have been documented and recognized; and

- this paper has not been previously submitted in full or partial fulfillment of the requirements for an equivalent or higher qualification at any other recognized education institution"

V. M. MSUTHWANA

NOVEMBER 2009
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ABSTRACT

Launching a new product requires a creative and analytical approach that will embrace the needs of a variety of customers. Therefore the key to success, during the launch stage of a new product, lies in finding those customer segments which are most disposed to become early adopters. Once the new product has been launched and is widely accepted, the more conservative customers will be easier to sell to.

This study proposes the launch strategy of an aerosol spray paint which is designed for the use in a DIY market of the automotive refinish segment.

The study take a form of an assessment survey involving a literature review and a survey of managers and sales representatives of selected automotive dealerships and body repair shops.

The literature review identified best practices that should be followed to launch a new product: starting with assessing the market potential of the new product, followed by a series of activities including pre-launch and then a full launch. The strategic marketing approach required to launch a new product is also described throughout the process.

The empirical survey and research methodology employed in the study is described. This is followed by the survey questionnaire used for gathering the data needed for analysis. The research findings of the empirical survey are then analyzed and reported on.

Various recommendations flowing from the results of the empirical study are presented in the final chapter.
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LIST OF ABBREVIATIONS

DIY - Do it yourself
EC - Eastern Cape
FAC - Freeworld Automotive Coatings
GP - Gauteng province
KZN - KwaZulu Natal
OE - Original Equipment
PLC - Product life cycle
WC - Western Cape

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CHAPTER 1

PROBLEM STATEMENT AND SETTING THE SCENE

1.1 INTRODUCTION

Aerosol spray is the name given to a type of canister containing liquid under pressure from pressurized vapor in equilibrium with another liquid. When the can's valve is opened, the liquid is forced out of a small hole and emerges as an aerosol, or mist. As gas expands to drive out the contents, some propellant evaporates inside the can to maintain an even pressure. Outside the can, the droplets of propellant evaporate rapidly, leaving the contents suspended as very fine particles or droplets (Aerosol spray: encyclopedia).

Typical liquids dispensed in this way are insecticides, deodorants and paints. Aerosols can be used to spray different types of paints, for example; primer coatings, top coats and clear coats on both the steel and plastics substrates. When applied correctly, aerosol paint leaves a smooth, evenly coated surface, unlike many rolled or brushed paints. Standard sized cans are portable, inexpensive and easy to store (Aerosol spray: encyclopedia).

The concept of an aerosol originated as early as 1790, when self-pressurized carbonated beverages were introduced in France. In 1837, Perpigna invented a soda siphon incorporating a valve. Metal spray cans were being tested as early as 1862. They were constructed from heavy steel and were too bulky to be commercially successful. In 1899, inventors
Helbling and Pertsch patented aerosols pressurized using methyl and ethyl chloride as propellants (Bellis, 2006).

On November 23, 1927, Norwegian engineer Erik Rotheim (also spelled Eric Rotheim) patented the first aerosol can and valve that could hold and dispense products and propellant systems. This was the forerunner of the modern aerosol can and valve. In 1998, the Norwegian post office issued a stamp celebrating the Norwegian invention of the spray can (Bellis, 2006).

During World War II, the American government funded research into a portable way for service men to spray malaria-carrying bugs. Department of Agriculture researchers, Lyle Goodhue and William Sullivan, developed a small aerosol can pressurized by a liquefied gas (a fluorocarbon) in 1943. It was their design that made products like hair spray possible, along with the work of another inventor Robert Abplanalp (Bellis, 2006).

In 1949, 27-year-old Robert H. Abplanalp’s invention of a crimp on valve enabled liquids to be sprayed from a can under the pressure of an inert gas. Spray cans, mainly containing insecticides, were available to the public in 1947 as a result of their use by U.S. soldiers for preventing insect-borne diseases. Abplanalp’s invention made of lightweight aluminum made the cans a cheap and practical way to dispense liquids, foams, powders, and creams. In 1953, Robert Abplanal patented his crimp-on valve "for dispensing gases under pressure." His Precision Valve Corporation was soon earning over $100 million manufacturing one billion aerosol cans annually in the United States and one-half billion in 10 other countries (Bellis, 2006).

In 1949, canned spray paint was invented by Edward Seymour, the first paint color was aluminum. Edward Seymour's wife Bonnie suggested the
use of an aerosol can filled with paint. Edward Seymour founded Seymour of Sycamore, Inc. of Chicago, USA, to manufacture his spray paints (Bellis, 2006).

In the mid-1970s, concern over the use of fluorocarbons adversely affecting the ozone layer drove Abplanalp back into the lab for a solution. He substituted water-soluble hydrocarbons for the damaging fluorocarbons and created an environmentally friendly aerosol can that did not harm the environment. This innovation put the manufacture of aerosol spray can products into high gear. Robert Abplanal invented both the first clog-free valve for spray cans and the "Aquasol" or pump spray, which used water-soluble hydrocarbons as the propellant source (Bellis, 2006).

Currently, Freeworld Automotive Coatings (FAC) which is a manufacturer of both Original Equipment (OE) and Refinish paints for the automotive industry has developed a unique aerosol spray paint targeted at the automotive “do-it-your-self” (DIY) market. The company intends to develop a product launch strategy and a clear message targeted at each target market segment. The marketing department, which forms part of the refinish section, requires a strategy of advertising, publicity, packaging, promotion and sales training to launch the above product. The study intends to propose an appropriate strategy which would be suitable to launch such a product.

1.2 PROBLEM STATEMENT

The marketing concept of building an organization around profitable satisfaction of customer needs has helped FAC in the past 10 years to achieve success in the high-growth and highly competitive refinish market. However, to be successful in the market in which economic growth has
leveled and in which many competitors who follow the marketing concept exist, a well-developed marketing strategy is required. Such a strategy should consider a portfolio of products and take into account the anticipated moves of competitors in the market.

FAC realized that there was a gap in the market for the need of a portfolio of products in the automotive spray DIY market which would be flexible to give customers the capability to do their own “touch-ups”. This occurs whenever there are small stone-chip marks, dings, nicks or small scratches on their vehicles without the need to take them to the body repair shops for repair.

The study will propose an appropriate strategy that should be used by FAC for the launch of the unique aerosol spray automotive paint for the DIY automotive refinish market.

1.3 RESEARCH OBJECTIVES

The primary objective of the study is to propose a launch strategy that should be used by FAC by investigating the best practices that are suitable to drive and implement such a strategy.

To achieve the above primary objective, the following secondary objectives will be pursued:

- To establish the theoretical framework of a process of launching a new product, and
- To determine the launch process to attract DIY customers that FAC could service.
1.4 METHODOLOGY

A literature study, sampling methods and measuring instruments were used. The literature study contains secondary information from relevant texts and other published sources. The sampling methods and measuring instruments contain primary information obtained by means of personal interviews.

1.4.1 Literature study
A scrutiny of marketing and management literature and particularly those dealing with new product development and marketing strategies have been used in this paper in understanding the concept of pre-launch and launch strategies, its key principles and its importance. The literature also provided a benchmark from which to determine the appropriate launch strategy that should be used by FAC. The literature study also assisted in the designing of a suitable research methodology for use in the empirical study.

The present study research objective is to propose a launch strategy to be used by FAC. The study objectives therefore lend themselves to using qualitative research. This, as the name implies, is not intended to provide hard data, but rather ideas and insights from targeted groups using deep probing questions.

1.4.2 Sampling Methods
Quota sampling will be used for a total of 22 questionnaire respondents at 12 different automotive paint retailers and body repair shops in the following provinces: Gauteng, KwaZulu-Natal, Eastern Cape and Western Cape – which will be referred to as National. This sampling method will also be used on current and potential customers, of whom the
characteristics of interest represent the population, so as to get their opinion about the aerosol spray paint concept.

1.4.3 Measuring Instruments

Interviews will be conducted with a selected sample of customers in the different automotive retailers and body repair shops to establish whether there is a market for the product in the selected segment.

A format consisting of a five point likert-type scale and a combination of closed and open-ended questions will be used in this study. This will be used to determine the views of the respondents regarding the product, their requirements, expectations and the usability of the aerosol spray paint. Short and simple structured statements will be used to extract the collective themes and the voice of target respondents.

1.5 DELIMITATION OF THE RESEARCH

Collis and Hussey (2003: 129) state that delimitation explains how the scope of a study is focused on one particular area.

The study will focus on methods or systems that should be followed by FAC to launch the aerosol spray paint and to group the type of customers they would like to sell the aerosol spray paint to. How they position the aerosol spray paint in the eyes of the consumers will also be investigated.

1.5.1 Organization

The research will be focused on Freeworld Automotive Coatings which is a manufacturer of both original equipment and refinish paints for the automotive industry in South Africa.
1.5.2 Geographic
The empirical component of the study will be limited to four provinces, namely Eastern Cape, Western Cape, KwaZulu-Natal and Gauteng.

1.5.3 People to be surveyed
The study will be limited to dealership managers and sales representatives in the automotive paint industry.

1.6 SIGNIFICANCE OF THE RESEARCH
The study will propose a strategy that should be used by FAC to launch the aerosol spray paint. This objective will be achieved through the assessment of launch process which should be followed by FAC to attract customers as well as customer satisfaction about the aerosol spray paint.

A launch process of a new product, based on the literature review, will be used as a benchmark to determine the process that must be followed by FAC to launch the new aerosol spray paint. This study will be the baseline survey of the new product launch in the DIY automotive refinish market.

This research will serve as a reference point for future studies in the DIY automotive refinish market. It will help FAC managers and other interested parties to identify the strengths and weaknesses of the proposed strategy, and improve them by formulating a better strategic approach to launch a new product.
1.7 DEFINITION OF CONCEPTS

1.7.1 Aerosol spray paint
Aerosol spray paint is the paint in a sealed pressurized container that is released in a fine spray mist when depressing a valve button located on the top of the can (see Annexure B). When applied correctly, aerosol paint leaves a smooth evenly coated surface (Aerosol spray: encyclopedia).

1.7.2 Strategy
According to Ireland, Hoskisson and Hitt (2007: 131), a strategy is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain competitive advantage. In this sense, what the firm intends to do, as well as what it does not intend to do is reflected by the chosen strategy.

1.7.3 Marketing strategy
Walker, Boyd and Larreche (1992: 13) define marketing strategy as a target market selection, which involves tailoring a marketing mix (product, price, promotion, and place) and developing a positioning strategy which reflects the image that customers have about an offering in relation to the product's competitors.

1.7.4 Pre-launch
Anacchino (2003: 397) holds that pre-launching a product means letting people know about the product several weeks or several months ahead of the actual date that they can purchase the product. Letting people know ahead of time about the product creates an atmosphere of excitement and activity. It gets people talking about the product in the forums and to their friends and family. This causes more people to be curious about the product and builds anticipation for the actual release date.
1.7.5 The launch
Product launch is the actual release of the product into the market. According to Annacchino (2003: 437), the product rollout is the formal means to launch the new product. It is specifically designed to get the word out to the customers and the market place that the new product, which consists of the certain features and benefits, is available for sale.

1.8 OUTLINE OF THE STUDY

The study will be divided into five chapters.

Chapter 1 as shown above outlines the scope of the study, the problem statement, the research objectives and methodology.

Chapter 2 will contain literature review of the study which includes theoretical model for the formulation and implementation of the launch strategy.

Chapter 3 will discuss the research methodology, which includes sampling methods and measuring instruments.

Chapter 4 will present the analysis of the empirical results and the summary of the empirical results.

Chapter 5 will contain main findings of the study and various recommendations will also be discussed.
CHAPTER 2

FORMULATION AND IMPLEMENTATION OF THE LAUNCH STRATEGY

2.1 INTRODUCTION

Contemporary business requires a more enlightened and holistic approach, one that is both creative and analytical, embraces soft and hard, customer and finance, short and long term. Marketers and business in general, must learn to embrace what can often seem like contradictory objectives and expectations – to maximize sales in the short term while also investing for the long term (Fisk, 2006: 59).

Most business strategies however, are inadequate for current markets. They lack the context and difference, flexibility and engagement. They often miss the bigger opportunities and avoid the more difficult but important choices of business. They are about consensus rather than competitiveness, standing still rather than moving forward. They lack the decisiveness, direction and focus that a business needs today (Fisk, 2006: 111).

This chapter contains a theoretical exposition of the formulation and implementation of a launch strategy - the steps which should be followed by Freeworld Automotive Coatings (FAC) to make the launch of an aerosol spray paint a success in the current competitive market.
Further information in this chapter will be described under the following headings: market potential for the new product, selection of launch strategy, pre-launch as a marketing strategy, product life cycle, launch as a marketing strategy and summary.

2.2 MARKET POTENTIAL FOR THE NEW PRODUCT

The market for any additional product should have considerable unexploited potential. A fast growth rate in annual sales may look attractive, but if it means that potential will be saturated before any new entrant can recover the costs of launching a competitive product, there is no point in entry (Hart, 1994: 56). From this statement it has become important to look at the concept of product success versus commercial success in the market place before selecting a marketing strategy for launching a new product.

According to Bean and Radford (2000), Product success can be achieved on many levels. New technologies, new features, improved performance, lower cost, better design, and improved durability are all examples of product success.

Commercial success may be a very different situation altogether. Commercial success has two components – acceptable margin and acceptable sales volume.

High-margin products that that generate few sales contribute little to the business and will consume time and resources better devoted to more productive endeavours. Products with high sales volume but with little or no margin are not as benign.
Bean and Radford (2000), continue to argue that the impact of these profit killers can be devastating. They must be replaced with products capable of paying their own way. For commercial success to occur, the products must be profitable. Unprofitable products cannot produce commercial success no matter how innovative they can be.

It is therefore important that the product not only be innovative but also be able to generate acceptable margin and acceptable sales volumes in the long term.

### 2.3 SELECTION OF LAUNCH STRATEGY

According to Ireland, Hoskisson and Hitt (2007: 131), a strategy is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain competitive advantage. In this sense, what the firm intends to do, as well as what it does not intend to do is reflected by the chosen strategy.

Ireland et al. (2007: 131), show that firms choose from among five business-level strategies to establish and defend their desired strategic position against competitors: cost leadership, focused cost leadership, focused differentiation and integrated cost leadership/differentiation. Each business-level strategy helps the firm to establish and exploit a particular competitive advantage within a particular competitive scope. How firms integrate the activities they perform within each different business-level strategy demonstrates how they differ from one another.

There is a difference between formulating a strategy on paper and executing tactics to actually make it work. During the launch phase of a new product, it is important to focus on those tactics that will implement
the overall product strategy. When a new product is launched in the market it should not generally use a mass market approach – distributing it everywhere and assuming anyone might be a buyer (Doyle, 2002: 212).

Avlonitis and Papastathopoulou (2006: 128) suggest that there are two different launch strategies; namely a full market launch and rollout strategy:

- **Full market launch:** entails launching the new product to all target markets simultaneously. This strategy is often preferred when competition is not far behind and the company can benefit from the first mover advantage.

- **Rollout strategy:** entails launching efforts that are progressively undertaken, in the sense that the new product is introduced in one segment at a time.

Many products are launched on a sequential regional rollout basis, which follow the rollout strategy. This has the advantage in that the initial regions are effectively test markets which can be used to fine tune the marketing program (Doyle, 2002: 211).

Doyle (2002: 211) argues that if the company aims to pre-empt competition, then, providing it has the resources, it may move swiftly to a national or international launch. There are many advantages in being the first into the market. Getting in first makes it easier to gain a differential advantage. Followers have the more difficult job of showing that they are better. On average, pioneers maintain a market share two-thirds higher than the next follower and more than double a later entrant. These figures apply in both consumer and industrial markets.
2.4 PRE-LAUNCH AS A MARKETING STRATEGY

According to Annacchino (2003: 397), the pre-launch phase of a new product launch is in many ways more important than the actual launch itself. During this period a firm has to decide what to give away, if anything, what marketing message to focus on, how to source the content and how to distribute it. A successful pre-launch is all about building excitement and anticipation, but also, cutting through the noise and grabbing people’s attention through the power of the message the firm is trying to put forward. A firm also uses pre-launch content to address the major issues affecting its potential customers and deal with any justifications they may have for not purchasing the product. It is thus very important to put a checklist in place at a pre-launch stage to safeguard unnecessary mistakes; one of the most important checklists is the pre-launch checklist.

Annacchino (2003: 397), states that the pre-launch checklist is a methodical review of all the elements associated with ensuring a successful and safe launch. There is a protocol that must be executed to ensure all of the proper elements are addressed before the launch. The checklist ensures that all of the specifics of the program get addressed. The list forces the marketing team to evaluate each item and assess the degree of completion.

2.4.1 The role of Product testing in launch strategy

Jooste (2002: 81) writes that product testing involves consumers using the product under normal conditions to see if it solves the problem or fills the need that was expressed by consumers. The purpose of a product test is to:

- Uncover product shortcomings;
- Evaluate commercial prospects;
• Evaluate alternative formulations;
• Uncover the appeal of the product in different market segments; and
• Hopefully gain ideas for other elements of the marketing program.

Kotler, Armstrong, Saunders and Wong (2002: 514), reveals that during product testing the business marketer selects a small group of potential customers who agree to use the new product for a limited time. The manufacture’s technical people would watch how these customers use the product. From this test the manufacturer would learn about customer training and servicing requirements.

2.4.2 The role of Market testing in launch strategy
Lamb et al. (2000: 243) contend that after products and marketing strategies have been developed to launch a new product, they are usually tested in the ‘real world’ – the market place. Kotler et al. (2002: 510), add that test marketing gives the marketer experience with marketing the product before going to the great expense of full introduction. Market testing lets the company test the product and its entire marketing program – positioning strategy, advertising, distribution, pricing, branding and packaging, and budget levels – in a real market situation.

Jooste (2002: 82), states that test marketing is also described as a ‘real-world laboratory’, where management can experiment with various options relating to the product and its marketing mix, determine any problems with the product in the market place, and obtain feedback that will be vital to the successful launching the new product. The above information confirms that market testing is an important element of the launch strategy.
2.4.3 The role of branding in launch strategy

Prior to the commercialization and launch stage of a new product, marketing is responsible for making a number of decisions that will help reinforce a product’s competitive position in the mind of the consumers. These include decisions about branding, packaging and labeling (Hoffman, et al. 2005: 296).

Hoffman et al. (2005: 297), also contend that customers handle an enormous amount of information in the course of their daily activities. Consequently, they develop efficient ways of processing information to make purchasing decisions. Brands are one of the most fundamental pieces of information customers use to simplify choices and reduce purchase risk.

A brilliantly conceived brand, packed by a highly expensive marketing campaign, may make little impact on the audience. Companies have therefore, to discover how many consumers can spontaneously recognize their particular brand and how it compares to recognition of other competing brands (Crainer, 1995: 33).

Shimp (2007: 189) on the other hand, states that it is desirable for a brand to have a unique identity, something that clearly differentiates it from competitive brands. Failure to distinguish a brand from competitive offerings creates consumer confusion and increases the chance that consumers will not remember the name or mistakenly select another brand.

Brand names assure customers that they will receive the same quality, if not better, with their next purchase as they did with their last. Consumers are willing to pay a premium for that branded quality and assurance. Through brand names, a company can create excitement, elegance,
exclusiveness, and influence consumers’ perception and attitudes (Shimp, 2007: 190). For this reason, branding has become an essential element of pre-launch strategy.

2.5 **PRODUCT LIFE CYCLE**

One of the most pervasive, yet confusing and criticized concepts in marketing is that of the product life cycle (PLC). The PLC is based on the belief that most products go through a similar set of stages over their lives, much like living organisms. It suggests that many products will face common opportunities, problems, and challenges in a somewhat predictable pattern (Moore and Pessemier, 1993: 47).

According to Lamb et al. (2000: 246), Kotler et al. (2002: 518) and Jooste (2002: 96), each product is subject to a product-life cycle which may be illustrated as in Figure 2.1. The product life-cycle consists of four stages; introduction, growth, maturity and decline – development stage excluded.

Hoffman, et al. (2005: 301) contend that the introduction stage of the product-life cycle starts when a new product is presented to the market. Initial sales are slow, as potential customers must go through a learning process about the new product and its benefits before they purchase. It takes time to roll the product into multiple geographic markets, convince retailers through focused and intense marketing efforts to stock and sell the product, and to generate sufficient levels of customer awareness, interest, and trial.

Creating customer learning requires heavy expenditures on advertising, sampling, promotion, distribution, and personal selling, all of which contribute to profit losses at the introduction stage. The set of marketing
tactics used during the introduction stage must work together to make customers aware of the product and encourage them to try it. It is therefore at this stage that a correct and well planned launch strategy be implemented (Hoffman et al. 2005: 301).

Some new products earn half their sales and profits far earlier in the product life cycle. After an early window of opportunity, new products are often smothered by copycat competitors rushing to market, introducing price pressures and as a result lower the profits through all the competitive clutter. With the correct launch strategy, new and innovative products have great advantages early in their life cycles. Competition is light, media interest is heavy, sales channel enthusiasm is passionate and buyers are energized by the novelty of the product's offerings. It is thus of outmost importance that in today's speed of thought mentality, getting a firm's product to market first is absolutely critical to its success (Sachs, 2003).

**Figure 2.1  Product life cycle**

![Diagram of product life cycle](image)

Source: Adapted from Kotler et al. (2002: 518)
2.6 LAUNCH AS A MARKETING STRATEGY

In a very competitive marketplace a strategy that ensures a consistent approach to offering a firm’s product in a way that will outsell the competition is critical. However, in concert with defining the marketing strategy a firm must also have a well defined methodology for the day to day process of implementing it. It is of little value to have a strategy if there is a lack of either the resources or the expertise to implement it (www.businessplans.org).

In the process of creating a marketing strategy a firm must consider many factors. Of those many factors, some are more important than others. Because each strategy must address some unique considerations, it is not reasonable to identify every important factor at a generic level. However, many factors are common to all marketing strategies (www.businessplans.org). Some of the most common factors of marketing strategy will be discussed below.

According to Ferrell and Hartline (2008: 210), the marketing strategy devised during the development stage is fully implemented during the launch stage and should be tightly integrated with the firm’s competitive advantages and strategic focus.

Blythe (2003: 9), states that the fundamental of marketing is that organizations exist to satisfy the needs of the people on whom they depend for their survival. This usually means the customers and consumers of the products, but might also mean employees, shareholders, and government departments. In strategic terms, this means that the need-satisfying objectives will take precedence over other objectives, since they are instrumental in achieving the most basic objective of all, which is the survival of the organization.
A marketing strategy is defined as a target market selection, which involves tailoring a marketing mix and developing a positioning strategy which reflects the image that customers have about an offering in relation to the product’s competitors. The primary purpose of marketing strategy is to effectively allocate and coordinate marketing resources and activities to accomplish the firm’s objectives within a specific product-market (Walker, Boyd and Larreche, 1992: 13). A marketing strategy is underpinned by three fundamental elements involved, namely;

- **Segmentation:** Tailoring a marketing mix (product, price, promotion, and place) that meet the specific needs of such audiences. A process of dividing markets into distinctive groups based on homogeneous (similar) sets of needs.

- **Identifying a target market(s):** Any individual or group of individuals, or organizations willing and able to purchase a firm’s offerings.

- **Target Marketing:** Developing a marketing mix that reinforces the positioning strategy being used in the specific market place. A target market is thus a specific group of customers towards which a firm’s marketing efforts are directed.

The strategic marketing program for a particular product-market entry should reflect demand and the competitive situation within the target market (Walker, Boyd and Larreche, 1992: 30). Once a marketing strategy which will be used to launch a new product has been decided upon, a marketing mix to pursue such a strategy is developed. At this stage of the launch process, a product is ready for launch. This will become the critical step to its success.

For a successful new product launch, the product must follow the product launch process which must address all the steps necessary to start
volume production, plan and execute marketing activities, develop needed
documentation, train sales and support personnel (internal and external),
fill channels, and prepare to install and support the product. A successful
product launch process will results in faster time-to-market and time-to-
profit. (Crow, 2008).

2.6.1 The product rollout
According to Annacchino (2003: 437), the product rollout is the formal
means to launch the new product. It is specifically designed to get the
word out to the customers and the market place that the new product,
which consists of the certain features and benefits, is available for sale.
The rollout should be a time to generate enthusiasm about the product.
This enthusiasm needs to pervade the sales group, the sales channel, and
the customer base.

There are several strategies for a new product rollout. These are:

- **Regional rollout** in which the introduction is limited to a certain
geographic region;

- **National rollout** in which the introduction is within the national’s
boundaries and finally;

- **International or global rollout** in which the product is
introduced across the entire global market place.

Each strategy has a cost associated with it, and results that can be
expected. There is also the company side of the rollout, which is
separate from the geographic side. This focuses on the product
introduction from the depth of the sale organization and route to
market. As shown in Figure 2.2, the matrix of rolling out a new product
is two-dimensional, with one aspect being geographic and the other
focusing on the sales channel’s route to the customer (Annacchino,
2.6.2 Establishing launch goals

The business plan generated for the new product establishes the required results of the new product as a business. There is a requirement to evaluate the new product launch separately to determine early in the launch if it will be successful. This may determine the success of the overall new product and give the product team an early warning of the problems (Annacchino, 2003: 458).

In addition to the forecasted sales, it is important to generate a profile for the initial launch. This, along with the actual profile, will indicate the potential degree of success. This may also be segmented by area to see which area is performing and which is lacking. Figure 2.3 is an illustration of the planning and monitoring activity specific to the launch phase (Annacchino, 2003: 458).

As shown in Figure 2.3, this comparison can indicate the degree of success in obtaining the forecasted volumes, as well as give an indication of the time required to meet the volumes. Segmented versions can be used to evaluate the performance of the individual groups.
2.6.3 Management Support

According to Doyle (2002: 417), strategy focuses on what managers should do; implementation is about how it should be done. Success requires both good strategies and good implementation. Unfortunately, when things go wrong, it is often difficult to identify whether the problems are due to poor strategy or ineffective implementation. Success is most likely to be achieved by an appropriate strategy and effective implementation.

The marketer’s role in formulating and implementing strategy is influenced by the market orientation of the firm and its top managers (Walker, Boyd and Larreche, 1992: 32). In a large company, the most crucial element of new product development is winning the hearts and mind of top management. The surest way to do this is to create products and product concepts that are demonstrably synchronous with the company’s consumer and technological equities (Feig, 1993: 120).
Urban and Hauser (1980: 3), add that a good management is continually aware of the marketing system and the macro-environment that impacts on its organization. The management learns to recognize factors in the environment which initiate a need for a new product and to recognize what strategies are appropriate. Among these initiating factors are financial goals, sales growth, competitive position, product life cycle, technology, regulation, material costs, inventions, and customer requests.

2.6.4 Value of customer visits

Very few products enjoy the position of being able to sell themselves. Unfortunately, products do not engage customers, establishing relationships, resolve problems and apply solutions to meet customer needs. Salespeople and application people need to perform this function. Consequently, placing company personnel in front of customers is a healthy activity. It gives the product team primary feedback on the product offering, it removes incorrect assumptions in the development by observing the customer reaction directly, and it removes development interpretation of customer issues in the vacuum of customer interface (Annacchino, 2003: 451).

2.6.5 Customer Support Team

As Annacchino (2003: 417) indicates, a customer and an applications support team should be assembled during the launch stage of the new product to enhance the reception of the product in the marketplace. This is for customers who may not be knowledgeable or well versed with the product. The key applications support revolves around product and applications knowledge. An applications support team can enhance sales and establish immediate customer confidence before and after the sale.
Annacchino (2003: 417) goes further to argue that the customer support team should have three basic tenants in the operation: namely, the resident expertise, motivation and thoroughness.

- The expertise will allow immediate feedback and customer assistance. By having the expertise resident in the mind of the support personnel, the information transaction will proceed much smoother.
- The motivation aspect underscores the requirement for the entire customer interface and sales channel. It is critical to the success of the product to have the support personnel motivated to grow the business through increasing sales.
- The thoroughness aspect protects the company from misapplication and also establishes high confidence levels among the customer base.

The customer support team must support the applications of the product and warn of misapplication. All this support must be effective via whatever medium that may be in place between the customer and the company (Annacchino, 2003: 418).

### 2.6.6 Sales team’s support

McDonald and Christopher (2003: 362) reveal that to optimize the sales force and obtain best value for money from the personal selling, an organization must resolve three basic issues. It must decide the requisite number of sales people, their precise role and how they are to be supported and managed. Therefore an organization must consider the methods for:

- Determining the size of the sales force;
- Establishing sales force objectives; and
- Ensuring sales force motivation.
The organization should begin its consideration of how many sales representatives it needs during the launch stage of a new product. This might include opening new accounts, servicing existing accounts, demonstrating new products, taking repeat orders and debt collecting (McDonald and Christopher, 2003: 363).

Sales force objectives can be either quantitative or qualitative, and are usually a blend of both. The principal quantitative objectives that the sales force is concerned with are:

- how much to sell (volume)
- what to sell (product mix)
- where to sell (market segment and key customers)
- allowable costs
- profit margins

The first three types of objective derive directly from the marketing objectives and constitute the principal component of the sales strategy (McDonald and Christopher, 2003: 368).

Qualitative objectives should also be set. These will be related to the sales person’s skills in performing the job and can be appraised in terms of agreed standards of performance. The emphasis should be placed on measurable performance standards, such as expectations of work quality, efficiency, style and behaviour, rather than non-measurable factors such as creativity, loyalty, interest and enthusiasm, which can easily be misconstrued as favouritism or unfairness (McDonald and Christopher, 2003: 372).

While monitoring what sales people do can be accomplished largely through reports, sales figures and so on, assessing how they do things usually requires observing them in action. Perhaps most crucial of all is
creating the right motivational climate. To maximize sales force performance it is necessary to achieve the optimal balance between incentives and disincentives (McDonald and Christopher, 2003: 374).

While remuneration will always be the key determinant of motivation, sales managers can improve sales force performance by clarifying performance expectations; providing rewards consistent with performance; giving due praise and recognition; ensuring freedom from fear and worry; and encouraging in their sales team a sense of doing a job that is worthwhile and valued (McDonald and Christopher, 2003: 374).

The frame of mind of the sales team at the time of product launch, according to Annacchino (2003: 423), is critical to a sustained, successful effort in moving the product to market. There are many barriers that must be overcome by the sales team. These include new technology, resistance to change, revenue/effort agenda, priorities and corporate resources and the energy needs to be devoted to overcoming these external factors. There is no time, energy or patience to overcome problems in the sales team at launch. All of these problems should have been overcome before launch.

Annacchino (2003: 423) continue to say that the marketing team has to reprioritize the sales force’s activities to accommodate the new product. They will have to cultivate new accounts and redirect energy and focus. The sales force must be aligned and balanced to support both new product introduction and the existing business.

2.6.7 Overcoming obstacles
Annacchino (2003: 443) argues that new product development up to commercialization is a process of overcoming obstacles. There is uncertainty in marketplace dynamics, uncertainty in development
engineering, uncertainty in manufacturing, and uncertainty of product acceptance during the promotion. These obstacles must be effectively overcome to launch the product properly.

In addition, the bulk of the effort in producing a new product has been completed at the launch stage; therefore the problems in promotion should not be allowed to constrain the business. If the obstacles are physical, the firm should work around them. If problems are people, they must be replaced as soon as possible. The product launch is not the time for a conservative approach; it is intense and short lived (Annacchino 2003: 443).

2.6.8 Advertising and promotion

There are two basic strategic approaches to promotion in marketing, according to Blythe (2003: 188), namely:

- **Push Strategy** involves promoting heavily to the members of the distribution channel (wholesalers, retailers and agents) on the assumption that they will, in turn, promote heavily to the end consumers. In this way the products are pushed through the distribution channel.

- **Pull Strategy** involves promoting heavily to the end users and consumers to create a demand that will pull the products through the distribution channel.

Competitive advantage might be gained by shifting the emphasis between push and pull.

Advertising forms the central plan of most communications programs. The information conveyed in advertisement may be in the form of words or symbols. It can work to educate, persuade or simply to inform. An image can be supported or created, enquiries can be elicited and the functions of a product can be demonstrated (Ruskin-Brown, 2006: 140).
Ruskin-Brown (2006: 140) also comment that a key role of all promotions, especially advertising, is to reinforce a purchase decision, that is, to provide post-purchase reassurance. Advertising is more likely to reinforce than to create a good image. A strong image is a function of the positive experiences which people have with a product or company.

Another powerful tool of marketing communication in the contemporary competitive market is the Internet. According to Blythe (2003: 198), the Internet (e-commerce) has been widely billed as the wave of the future. As a communication tool, the Internet offers the opportunity to access a valuable market segment. This audience consists of computer-literate, relatively wealthy individual, often at the younger end of the spectrum and representative of a global market of epic proportions.

Blythe (2003: 198) continues to say that the Internet offers an entirely new approach to marketing. Firms which embrace the full possibilities of the Internet are cutting out whole stages in the implementation of marketing strategies. For example, some firms distribute their products entirely via the Internet. The Internet also increases the speed of information flow between firms, between the firm and the retailers and between retailers and the consumers.

2.6.9 Pricing
Strategic pricing is one of the most powerful sources of profits and growth. Yet, in recent years, it has been a least exploited driver of shareholder value. Most manufacturers set prices reactively. Some extrapolate from history (Silverstein and Stalk, 2000: 17). Ferrell and Hartline (2008: 228), state that setting specific pricing objectives that are realistic, measurable, and attainable is an important part of pricing strategy. As shown in Figure 2.4, there are a number of pricing objectives that a firm may pursue. It
must be remembered that firms make money on profit margin, volume, or some combination of the two. Therefore a firm’s pricing objectives should always reflect this market reality.

Ferrell and Hartline (2008: 239), also state that firms often use different pricing strategies when their products are first launched into the market. The two common introduction approaches are called price skimming and penetration pricing. The idea behind price skimming is to intentionally set a high price relative to the competition, thereby skimming the profits off the top of the market. Price skimming is designed to recover the high research and development (R&D) and marketing expenses associated with developing a new product.

Figure: 2.4  Description of common pricing objectives

<table>
<thead>
<tr>
<th>Pricing Objectives</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit-Oriented</td>
<td>Designed to maximize price relative to competitors’ prices, the product’s perceived value, the firm’s cost structure, and production efficiency. Profit objectives are typically based on a target return, rather than simple profit maximization.</td>
</tr>
<tr>
<td>Volume-Oriented</td>
<td>Sets prices in order to maximize dollar or unit sales volume. This objective sacrifices profit margin in favor of high product turnover.</td>
</tr>
<tr>
<td>Market Demand</td>
<td>Sets prices in accordance with customer expectations and specific buying situations. This objective is often known as “charging what the market will bear.”</td>
</tr>
<tr>
<td>Market Share</td>
<td>Designed to increase or maintain market share regardless of fluctuations in industry sales. Market share objectives are often used in the maturity stage of the product life cycle.</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>Designed to maximize the recovery of cash as quickly as possible. This objective is useful when a firm has a cash emergency or when the product life cycle is expected to be quite short.</td>
</tr>
<tr>
<td>Competitive Matching</td>
<td>Designed to match or beat competitor’s prices. The goal is to maintain the perception of good value relative to the competition.</td>
</tr>
<tr>
<td>Prestige</td>
<td>Sets high prices that are consistent with a prestige or high status product. Prices are set with little regard for the firm’s cost structure or the competition.</td>
</tr>
<tr>
<td>Status Quo</td>
<td>Maintains current prices in an effort to sustain a position relative to the competition.</td>
</tr>
</tbody>
</table>

Source: Adapted from Ferrell and Hartline (2008: 228)

On the other hand, the goal of penetration pricing is to maximize sales, gain widespread market acceptance, and capture a large market share quickly by setting a relatively low initial price. This approach works best when customers are price sensitive for the product or product category, R&D and marketing expenses are relatively low, or when new competitors will quickly enter the market. Because of this flexibility, penetration pricing
can be used to launch a new product or to introduce new product lines to an established product portfolio (Ferrell and Hartline, 2008: 239).

A new product that is well accepted and that can be delivered in adequate amounts may be disappointing from the business viewpoint because of faulty pricing policies (Servi, 1990:116). Pricing was, at one time, seen as a tool of the finance department. Prices were determined largely by the costs of production, and calculations based on marginal costs or on fixed costs were in common use. This meant that the use of price as a means of establishing competitive advantage was largely ignored since pricing was undertaken independently of market considerations. A simplistic view (which is still frequently adopted in many companies) was that the route to success lay in cutting costs to be borne in order to reduce prices (Blythe, 2003: 169).

According to Hiam with Rastelli (2007: 196), some marketers believe that business fails most often for two simple reasons: Their prices are too high, or their prices are too low. Getting the prices just right is the hardest task marketers face, but finding the right pricing approach makes success a lot easier. The bottom line of all marketing activities is that the customer needs to pay willingly, and hopefully, rapidly.

Pricing is the key to the firm’s profitability in both the short and long run. In the short run, pricing decisions invariably have the biggest impact on the profit and loss statement. In the long run, pricing is even more critical. The fundamental objective of business strategy is therefore to offer customers enhanced value so that prices can be raised substantially above costs. The aim is to achieve volumes or market share gains without eroding profitability (Doyle, 1998: 227).
2.6.10 Packaging
Companies tend to spend more on packaging than on advertising. As marketers have matured and competitive differentiation has narrowed, packaging has become a very important component of marketing strategy. Sometimes a firm forgets that it is the packaged product, not just the product that is sold and purchased. A product’s package is often its most distinctive marketing effort (Hoffman et al, 2005: 299). Packaging performs a number of essential functions, which include, among others, the following:

- **Protection**: A package must protect the product in different situations, for example, in the warehouse, during shipment, and in transporting the product to the consumer’s final point of consumption.
- **Identification**: Distinctive packaging helps customers identify the product in a crowded marketplace.
- **Information**: The package informs the customer about the very best performance that can be obtained from the product.
- **Packaging to enhance disposal**: A package that is biodegradable, or made from a recycled materials, will appeal to the environmentally conscious market segments.

According to Shimp (2007: 206), the package is perhaps the most important component of the product as a communication device. It reinforces associations established in advertising, breaks through competitive clutter at the point of purchase, and justifies price and value to the consumer. Package design relies on the use of symbolism to support a brand’s image and to convey desired information to consumers. A number of package cues are used for this purpose, including colour, design, shape, brand name, physical material and product information labeling.
2.6.11 Labeling
Labeling is an important consideration in marketing strategy (see Annexure A). A customer can tell a lot about a company by the labels it places on its products. If the label appears to be an afterthought, and contains only what is legally required, then the customer will likely conclude that the company does not care (Hoffman et al, 2005: 299).

According to Ferrell and Hartline (2008: 202), products labels not only aid in product identification and promotion but also contain a great deal of information to help customers make proper product selections. A quality label signals a quality product. Often the label must also be designed for a particular market segment. Furthermore, because many customers toss instructions and packaging away, often the only way a customer can reach a manufacturer is through the information provided in the label.

2.6.12 Distribution and Supply chain
A primary responsibility of manufacturing and distribution is to develop and manage the supply capability of the product. A total supply plan must be developed, which satisfies the physical requirements, strategies, and goals of the product (Witt, 1986:105).

Ferrell and Hartline (2008: 239), argue that distribution and supply chain management are important for many different reasons. Without good distribution, buyers would not be able to acquire goods and services when and where they need them. However, the expense of distribution requires that firms balance customers’ needs with their own need to minimize total costs.

Figure 2.5 provides a breakdown of total distribution costs across key activities. It can be noticed from Figure 2.5 that almost half of these
expenses are associated with storing and carrying inventory – a key factor in ensuring product availability for customers. To manage these costs efficiently, the distribution strategy must balance the needs of customers with the needs of the firm (Ferrell and Hartline, 2008: 239).

Ferrell and Hartline (2008: 239), continue to state that the term supply chain expresses the connection and integration of all members of the marketing channel. As depicted in Figure 2.6, a supply chain integrates firms such as raw material suppliers, manufactures, resellers, and final customers into a seamless flow of information, products, and funds.

Figure: 2.5 Breakdown of total Distribution Costs

![Breakdown of total Distribution Costs](image)

Source: Adapted from Ferrell and Hartline (2008: 257)

The supply chain also includes flows that occur forward toward end users and reverse channels where returns and repairs flow away from end users. The supply chain process should be designed to increase inventory turnover and get the right products to the right place at the right time while maintaining the appropriate service and quality standards (Ferrell and Hartline, 2008: 239).
Figure: 2.6  Graphical depiction of Supply Chain

Source: Adapted from Ferrell and Hartline (2008: 258)

2.7 SUMMARY

In this chapter, a theoretical exposition of the formulation and implementation of a launch strategy was introduced. The rationale underpinning the selection of a launch strategy and the criteria to do so was explained. The discussion included pre-launch as a marketing strategy and the role of product testing, market testing, and branding in launch strategy. Since launching a new product forms part of the product life cycle (the introduction stage), this concept was briefly discussed.

In a contemporary competitive marketplace a strategy that ensures a consistent approach to offering a firm’s product in a way that will outsell the competition is critical. Consequently the concept of launching a product as part of the marketing strategy was emphasized. The process of launching a product which includes; the product rollout, establishing launch goals, management support, customer support, sales teams’
support, advertising and promotion, pricing, packaging and labeling, distribution and supply chain were also addressed.

In the next chapter the empirical study is addressed. This will include the discussion on the research design, research methodology, sampling method used and the construction of the questionnaire.
CHAPTER 3

THE EMPIRICAL STUDY

3.1 INTRODUCTION

To fully understand marketing, one needs to have knowledge about numerous aspects, concepts and theories that relate to the discipline. One of these is marketing research, which deals with the planning, gathering and analysis of data, which help managers solve problems and make decisions (Cant et al, 2003: 1).

Cant et al (2003: 3) add that to ensure that the information obtained is not biased, the research should be conducted in a systematic and objective manner. There are basic guidelines that researchers could consider to ensure the systematic and objective gathering of marketing information. These guidelines include the following:

- the research that is conducted should be carefully planned and executed;
- the research purpose should be clearly and concisely descriptive;
- the research design should be developed in advance;
- the research process should clearly specify the date requirements;
- the mode of data analysis should be anticipated well in advance;
- the research conducted should be carried out scientifically;
- the research should be carried out in an unbiased manner; and...
• the execution of the research should not be affected by emotions.

To make marketing research even more necessary in the current competitive environment, McDaniel and Gates (2007: 6) hold that marketing research plays two key roles in the marketing system. Firstly, as part of the marketing intelligence feedback process, marketing research provides decision makers with data on the effectiveness of the current marketing mix and offers insights into necessary changes. Second, marketing research is the primary tool for exploring new opportunities in the market place.

The objective of this chapter is to establish:
• The process which should be followed by FAC to launch the new aerosol spray paint, and
• Which launch approach would be suitable for FAC to position the new aerosol spray paint in the minds of the prospect customers.

The study was conducted among managers and sales representatives of the automotive paint retailers since they would have the first-hand information about their customer requirements.

A further aim of the chapter is to describe the research design, methodology, questionnaire construction and design, the sampling methods, validity and reliability. The chapter is concluded with a summary.
3.2 QUANTITATIVE AND QUALITATIVE RESEARCH METHODS

Webb (2003: 174) contends that quantitative and qualitative research methods are not mutually exclusive but complementary. Each method has advantages and disadvantages, which may be used to reduce the negative aspects on one system by the use of the other. The choice(s) of what system, or combination of systems, should be moderated by the specific factors which are found in each research problem and by the project’s research objectives. Many research exercises are made up of elements from both quantitative and qualitative research methods.

Carson et al. (2001) note that: ‘the focus of many managerial research problems is on the unfolding of the process rather than the structure; and qualitative methods are particularly suitable as they combine the rational with the intuitive’.

Flick (1998, cited in Webb 2003) is of the viewpoint that qualitative research is increasingly used because rapid social change and the resulting diversification of life worlds are increasingly confronting social researchers with new social contexts and perspectives. These are so new for them that their tradition deductive methodologies – deriving research questions and hypotheses from theoretical models and testing them against empirical evidence – are failing in the differentiation of objects. Thus research is increasingly forced to make use of deductive strategies.

Due to its nature and focus of this project, the study objectives lend themselves to using qualitative research. This, as mentioned above, is not intended to provide statistical and numerical data, but rather ideas and insights from targeted groups using deep probing, open-ended, dynamic
and flexible questions. A comparison of qualitative and quantitative methods is shown in Figure 3.1

Figure 3.1: Comparison of qualitative and quantitative research methods

<table>
<thead>
<tr>
<th>Qualitative</th>
<th>Quantitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open-ended, dynamic, flexible</td>
<td>Statistical and numerical measurement</td>
</tr>
<tr>
<td>Depth of understanding</td>
<td>Subgroup sampling or comparisons</td>
</tr>
<tr>
<td>Taps consumer creativity</td>
<td>Survey can be repeated in the future and results compared</td>
</tr>
<tr>
<td>Database – broader and deeper</td>
<td>Taps individual responses</td>
</tr>
<tr>
<td>Penetrates rationalized or superficial responses</td>
<td>Less dependent on research executive skills or orientation</td>
</tr>
<tr>
<td>Richer source of ideas for marketing and creative teams</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Webb (2003: 175)

3.3 RESEARCH DESIGN

McDaniel and Gates (2007: 71), defines the research design as a plan for addressing the research objectives or hypotheses. Kent (2007: 61) adds that the purpose of any research design for undertaking academic research in the marketing area is to ensure that the evidence obtained will enable the researcher to address the research objectives, and to answer the research questions or to test the research hypotheses.

Das (1983 cited in Carson et al., 2001) argues that longitudinal, in-depth and open-ended research designs have become almost a necessity to capture the complex and multidimensional decision making patterns within organizations.
The research design adopted was that of planning the most appropriate procedures for conducting the study so as to gather the most reliable findings.

The data was collected from 12 different automotive paint retailers and body repair shops in the following provinces: Gauteng, KwaZulu-Natal, Eastern Cape and Western Cape – which will be referred to as National.

The study focused on methods or systems followed by FAC to launch the aerosol spray paint and to group the type of customers they would like to sell the aerosol spray paint to. How FAC positioned the aerosol spray paint in the eyes of the consumers was also addressed.

### 3.4 RESEARCH METHODOLOGY

The research method that was followed included a literature study and an empirical study. These were employed to solve the primary and secondary objectives as stated in chapter one. The following broad procedure was followed:

**3.3.1 Literature survey**

A literature survey was conducted to determine what the marketing literature says about the methods and processes that companies normally follow to launch a new product. The objective of the literature survey was to provide a theoretical framework of guidelines that can serve as a basis for proposing an appropriate strategy for the launch of an aerosol spray paint by FAC.
3.3.2 Literature overview
Guidelines for the evaluation of launch strategy were identified from the literature. The literature study underlined the importance of the launching process as a marketing strategy during the introduction phase of a new product.

3.3.3 Empirical study
The researcher obtained the empirical data by means of personal interviews in order to measure the extent to which FAC adhere to the theoretical framework. A questionnaire was constructed for administration on selected managers and the sales representatives of the automotive paint retailers.

A personal interview, in the form of a questionnaire, was constructed by the researcher and was conducted among managers and the sales representatives of 12 automotive paint retailers. The reason for choosing the above-mentioned managers and the sales representatives was that they have the first-hand information about the requirements of the customers.

3.3.4 Data analysis and Integration of results
The researcher used the computer software, Microsoft Excel, to capture and analyze the results from the survey. Through Microsoft Excel, all data for each questionnaire were tabulated. The empirical and the literature findings were integrated into a proposed guideline which was used to propose an appropriate strategy that would be suitable for FAC to launch a new aerosol spray paint successfully.

3.3.5 Conclusions and recommendations
The results of the analysis of the empirical study are discussed in chapter four. Chapter five outlines the conclusions and recommendations.
3.5 QUESTIONNAIRE CONSTRUCTION AND DESIGN

A questionnaire, according to Cant et al. (2003: 118), is a set of questions formalized to obtain information from respondents. A questionnaire has three objectives. Firstly, it should translate the required information into specific questions that respondents can answer. Secondly, the questionnaire must be designed in a way that encourages respondents to become involved in the research. Thirdly, the questionnaire should minimize response errors.

A questionnaire can be administered in three different ways: by phone, face-to-face and self-completion (through mail/Internet). These three methods require different forms of questionnaires, as shown in Figure 3.1.

Figure 3.2: The different types of questionnaire

<table>
<thead>
<tr>
<th>Questionnaire type</th>
<th>Area of use</th>
<th>Method of administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structured</td>
<td>Large, quantitative studies</td>
<td>Telephone/face-to-face/self-completion</td>
</tr>
<tr>
<td>Semi-structured</td>
<td>Qualitative consumer studies, business to business studies</td>
<td>Telephone/face-to-face</td>
</tr>
<tr>
<td>Unstructured</td>
<td>Qualitative studies</td>
<td>Depth telephone/face-to-face/group discussions</td>
</tr>
</tbody>
</table>

Source: Adapted from Hague et al. (2004: 99)
Structured questionnaires consist of closed or prompted questions (predefined answers) that require the designer to be aware of or to anticipate all possible answers. They are used in large interview programs (more likely 200 plus in number) and may be carried out over telephone, face-to-face or self-completion depending on the respondent type, the content of the questionnaire and the budget (Hague et al, 2004: 99).

Semi-structured questionnaires comprise a mixture of closed and open questions. They are used in business-to-business market research where there is a need to accommodate a large range of different responses from companies. The use of semi-structured questionnaires enables a mix of quantitative and qualitative information to be gathered. They can be gathered over the telephone or face-to-face (Hague et al, 2004: 100).

Unstructured questionnaires are made up of free-ranging questions that allow respondents to express themselves in their own way. Unstructured questionnaires are made up of a list of questions with an apparent order, but they are not so rigid that the interviewer has to slavishly follow in every detail. The interviewer has the flexibility to go down separate lines of questioning and to probe or even construct new lines of unscripted enquiry. They are used in qualitative research for depth interviewing and they form the basis of many studies into technical or narrow markets (Hague et al, 2004: 100).

The researcher used a semi-structured questionnaire which he personally presented to the respondents during each interview.

The researcher used a format consisting of a five point likert-type scale and a combination of closed and open-ended questions. This was used to determine the views of the respondents regarding the product, their requirements, expectations and the usability of the aerosol spray paint.
Short and simple structured statements were used to encourage responses.

The questionnaire was subjected to detailed preliminary scrutiny before being used to interview the respondents. Two managers of the automotive paint retailers, two managers from FAC marketing department and the study leader scrutinized the questionnaires. They found that the questionnaire was suitable for determining the objectives of the research and that an analysis could be made from the information requested from the respondents. Refer to Annexure C.

3.6 SAMPLING METHODS

Marketing research gathers information about the parameters of a population. A population consists of all the elements (people, products, organizations, markets, and so on) of a marketing research project or problem. Information about the population is gathered by means of a sample (Cant et al, 2003: 1).

A simpler and cheaper means of obtaining a representative sample is to set a quota for the interviewers to achieve that mirrors the population that is being researched. Filling the quota will provide a mix of respondents that is reflective of the population being targeted (Hague et al, 2004: 91).

Most market research surveys are based on quota samples, which ensure that the composition of the sample is the same as the overall breakdown of the population (Hague et al, 2004: 97). As mentioned in chapter one quota sampling was used for 22 questionnaire respondents at 12 different automotive paint retailers and body shops on each of the following
provinces: Gauteng, KwaZulu-Natal, Eastern Cape and Western Cape. This is done to establish if there are any differences or similarities between the above mentioned provinces regarding the proposed launch strategy to be used.

Quota sampling will also be used on current and potential customers, of whom the characteristics of interest represent the population; this is done so as to understand the customer’s opinion about the launch of the new aerosol spray paint system.

3.6.1 Measuring Instrument
The researcher developed a comprehensive questionnaire to evaluate automotive paint retailers about their perception on the concept of the aerosol spray paint. Both closed-ended and open-ended questions were asked during the interviews. The following areas were covered:

- The perception of the respondents on the introduction of the new product in the market;
- The application of product launch process as a tool for success; and
- The role of customer relations during the launch phase of a new product.

The researcher then analyzed the data in the context of a launch strategy framework.

3.6.2 Pilot-testing
The aim of the pilot-testing was to ensure that all questions were understood by all parties involved and that they were relevant to the research program. According to Blumberg, Cooper and Schindler (2008: 402), pilot-testing is intended to reveal errors in the design and improper control of extraneous or environmental conditions. Pre-testing the instruments permits refinement before the final test.
One automotive paint retailer in the Eastern Cape was pilot tested. Two managers and two sales representatives were interviewed and surveyed. After the pilot study the questionnaire was adjusted and a final questionnaire was prepared and printed.

### 3.7 VALIDITY AND RELIABILITY

Daymon and Holloway (2002: 89 cited in Kent, 2007: 277) suggest that internal validity can be checked by showing findings to participants and asking for their comments. Reliability may be achieved by creating an audit trial of decisions made during the research.

McDaniel and Gates (2007: 285) are of the opinion that reliability is the degree to which measures are free from error and therefore provide consistent data. Validity, on the other hand, addresses whether the attempt at measurement was successful. The validity of a measure refers to the extent to which the measurement device or process is free from both systematic and random error. All these writers therefore agree that reliability and validity are an important part of the research.

A research instrument is deemed to be reliable if it contributes towards consistent results. The questionnaire was constructed in such a way that all questions were clearly understood by the respondents (as tested in the pilot-testing) and would provide consistent response as it was constructed from the literature. The results from the analysis are found to be consistent and therefore the measuring technique is reliable.
3.8 SUMMARY

In this chapter the researcher explained the research methodology used, which includes the construction of the questionnaires and design, sampling methods, the measuring instrument and the pilot-testing. The purpose of the questionnaire was to gather information from the managers and sales representatives of the automotive paint retailers and the prospective customers about the new aerosol spray paint system.

In the next chapter, detailed analyses of the responses are made and the findings are tabulated.
CHAPTER 4

ANALYSIS OF THE EMPIRICAL STUDY

4.1 INTRODUCTION

Carson et al. (2001: 172) claim that in any research study, analyzing of empirical data is a large task for the researcher. Cant ed., (2003: 3) add that each phase in the research process is crucial to the quality, reliability, integrity, and credibility of a research project.

In chapter three, the researcher described the research design, methodology, questionnaire construction and design, the sampling methods and concluded with validity and reliability of the study.

The purpose of this chapter is to analyze the results of the survey. The average and percentage of the responses were calculated. The outcome of each question, as presented to the respondents, is presented and is followed by an analysis relating to the theoretical framework outlined in chapter two.

The preparation and attention to detail involved in the organization, processing and analysis of data are also considered in this chapter.
4.2 ANALYSIS OF THE RESULTS

The researcher started with the name of the dealership and the province in which the dealership is situated. This was done to determine the differences and similarities of the results through all four provinces so as to find out if similar or different launch strategy would be needed on each province. See Annexure C.

4.2.1 Question 1: Advertisement and promotion

The goal of this question was to establish whether the product was sufficiently advertised and promoted by FAC to the dealerships.

Table 4.1 and Chart 4.1 indicate that 41% of sample population throughout the four provinces have seen and used the aerosol spray paint and 59% have seen it, but not used it.

Table 4.1: Advertisement and promotion

<table>
<thead>
<tr>
<th>Province</th>
<th>Yes, I've seen and used it</th>
<th>Yes, I've seen but not used it</th>
<th>No, I've not seen or used it</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>EC</td>
<td>4</td>
<td>36%</td>
<td>7</td>
<td>64%</td>
</tr>
<tr>
<td>WC</td>
<td>3</td>
<td>100%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>GP</td>
<td>1</td>
<td>33%</td>
<td>2</td>
<td>67%</td>
</tr>
<tr>
<td>KZN</td>
<td>1</td>
<td>20%</td>
<td>4</td>
<td>80%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9</td>
<td>41%</td>
<td>13</td>
<td>59%</td>
</tr>
</tbody>
</table>

%  41%  59%  0%  100%
4.2.2 Question 2: Market potential for the new product

The aim of this question was to determine whether there is market potential for this new product. Question 2.1 extends further to determine whether the product would be able to generate enough sales volume, relative to the current competitive products, to give profitable margins.

The results from the survey, as shown in Table 4.2 and Chart 4.2, indicate that 54% of the respondents agreed that there is a need for the aerosol spray paint; 41% strongly agreed; 5% were not sure; while there were no respondents who either disagreed or strongly disagreed that there is a need for the aerosol spray paint in the market.
Table 4.2: Market potential for new product

<table>
<thead>
<tr>
<th>Province</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>EC</td>
<td>7</td>
<td>64%</td>
<td>4</td>
<td>36%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>WC</td>
<td>1</td>
<td>33%</td>
<td>2</td>
<td>67%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>GP</td>
<td>0</td>
<td>0%</td>
<td>3</td>
<td>100%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>KZN</td>
<td>1</td>
<td>20%</td>
<td>3</td>
<td>60%</td>
<td>1</td>
<td>20%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9</td>
<td>41%</td>
<td>12</td>
<td>55%</td>
<td>1</td>
<td>5%</td>
</tr>
</tbody>
</table>

Chart 4.2: Market potential for new product

Source: Table 4.2

Table 4.3 and Chart 4.3 indicates that 58% of the respondents agreed that the product would be able to generate medium sales volumes relative to the current competitive products; 32% indicated that the sales volumes would be high; 5% indicated that sales volumes would be very high; another 5% indicated that sales volumes would be low; while no respondents indicated that the volumes would be very low.
Table 4.3: Sales volumes

<table>
<thead>
<tr>
<th>Province</th>
<th>Very high</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
<th>Very low</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>EC</td>
<td>1</td>
<td>9%</td>
<td>5</td>
<td>45%</td>
<td>5</td>
<td>45%</td>
</tr>
<tr>
<td>WC</td>
<td>0</td>
<td>0%</td>
<td>2</td>
<td>67%</td>
<td>1</td>
<td>33%</td>
</tr>
<tr>
<td>GP</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>3</td>
<td>100%</td>
</tr>
<tr>
<td>KZN</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>4</td>
<td>80%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1</td>
<td>5%</td>
<td>7</td>
<td>32%</td>
<td>13</td>
<td>59%</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>5%</td>
<td>32%</td>
<td>59%</td>
<td>5%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Chart 4.3: Sales volumes

Source: Table 4.3

4.2.3 Question 3: Target market

The objective of this question was to establish the target market for the aerosol spray paint.

The results, as depicted in Table 4.4 and Chart 4.4, indicate that 21% of the respondents indicated that the aerosol spray paint should be targeted to a diversity of refinish markets, namely; DIY, body repair shops and
industrial; 40% would like it for the DIY market; 12% would like it for the body repair shops; 15% would like it for the industrial market; another 15% indicated that it should be targeted to the body repair shops; while 9% would like it to be targeted to other markets outside automotive and industrial.

Table 4.4: Target market

<table>
<thead>
<tr>
<th>Province</th>
<th>All</th>
<th>DIY</th>
<th>Repair shops</th>
<th>Industrial</th>
<th>Other</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>EC</td>
<td>5</td>
<td>29%</td>
<td>5</td>
<td>29%</td>
<td>4</td>
<td>24%</td>
</tr>
<tr>
<td>WC</td>
<td>1</td>
<td>20%</td>
<td>2</td>
<td>40%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>GP</td>
<td>0</td>
<td>0%</td>
<td>3</td>
<td>75%</td>
<td>1</td>
<td>25%</td>
</tr>
<tr>
<td>KZN</td>
<td>1</td>
<td>13%</td>
<td>4</td>
<td>50%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7</td>
<td>14%</td>
<td>5</td>
<td>15%</td>
<td>3</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: Table 4.4

Chart 4.4: Target market

Source: Table 4.4
4.2.4 Question 4: Point of sale

The purpose of this question was to determine the point of sale of the aerosol spray paint.

As shown in Table 4.5 and Chart 4.5, the survey responses indicate that 86% would like to buy aerosol spray paint over the counter to do their own touchups; 5% would prefer touchups to be done by professional body repair shops; while 9% indicated that the product should be used by both the body repair shops and the DIY individuals.

Table 4.5  Point of sale

<table>
<thead>
<tr>
<th>Province</th>
<th>DIY</th>
<th>Professional</th>
<th>Both</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>EC</td>
<td>9</td>
<td>82%</td>
<td>1</td>
<td>9%</td>
</tr>
<tr>
<td>WC</td>
<td>3</td>
<td>100%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>GP</td>
<td>3</td>
<td>100%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>KZN</td>
<td>4</td>
<td>80%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>19</td>
<td></td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>86%</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

Chart 4.5:  Point of sale

Source: Table 4.5
4.2.5 Question 5: Strengths of the product in the market

The purpose of this question was to find the strengths of the product.

Responses to Question 5 indicated that most of the respondents would buy the aerosol spray paint because of the following reasons:

- Ease of operation and convenience
- Time saving for preparation and spraying
- Low material loss therefore less mess
- Only need 100ml on the can therefore cost saving on material
- The product has a huge range of colours
- The product can be used on different substrates

4.2.6 Question 6: Weaknesses of the product

The aim of this question was to determine the weaknesses of the product.

Responses to Question 6 indicated that most of the respondents feel that the weaknesses of the aerosol spray paint would be the following:

- Faulty nozzles which would result in the bad quality of the paint finish
- Nozzle adjustment flexibility to give a uniform finish at all times is not available on the current cans
- Capability of the product to give consistent colour finish when the can is nearly empty
- Ease of application for the first time users is questionable
4.2.7 Question 7: Product capabilities

The purpose of this question was to determine the most important reason for customers to use aerosol spray paint system that cannot be obtained from the conventional spray gun.

The results of this question, which linked the requirements of the customers to the capabilities of the aerosol spray paint, indicated that most of the respondent’s primary reasons for wanting to use the product were the following:

- The product is available in small quantities therefore cost effective and easy to sell over the counter
- The product does not need a compressor for application, therefore can be used in different locations without electricity supply
- The product is quick to prepare and fill into the cans
- The product gives good atomization, it is clean and will sell for small businesses

4.2.8 Question 8: Product capabilities – value for money

The purpose of this question was to establish whether the aerosol spray paint will give customers the value for their money.

As shown in Table 4.6 and Chart 4.6, the result indicate that the majority of the respondents (71%) either agree or strongly agree that the aerosol spray paint will give the customers the value for their money; 29% of the respondents were not sure; while no one disagree or strongly disagree that the aerosol spray paint will give value to the customers.
### Table 4.6: Product capabilities

<table>
<thead>
<tr>
<th>Province</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree &amp; Strongly disagree</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
<td>n</td>
</tr>
<tr>
<td>EC</td>
<td>2</td>
<td>20%</td>
<td>6</td>
<td>60%</td>
<td>2</td>
</tr>
<tr>
<td>WC</td>
<td>1</td>
<td>33%</td>
<td>2</td>
<td>67%</td>
<td>0</td>
</tr>
<tr>
<td>GP</td>
<td>0</td>
<td>0%</td>
<td>2</td>
<td>67%</td>
<td>1</td>
</tr>
<tr>
<td>KZN</td>
<td>2</td>
<td>40%</td>
<td>0</td>
<td>0%</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5</td>
<td>24%</td>
<td>10</td>
<td>47%</td>
<td>6</td>
</tr>
</tbody>
</table>

|          | %   | 0%   | 29%  | 24%  | 47%  | 100% |

### Chart 4.6: Product capabilities

Source: Table 4.6

#### 4.2.9 Question 9: Competition

The purpose of this question was to establish the competitive advantage of the aerosol spray paint over its competitors.

Altogether 36% of the respondents indicated that they perceive competition for the aerosol spray paint, as shown in Table 4.7 and Chart
However the information from their explanation revealed that the competition is on the narrow segment of the aerosol market, that is, on the cheapest non-durable end of the market. TouchUp custom spray solution does not compete in this segment of the market because of its higher quality and durability.

Altogether 64% of the respondents, as depicted in Table 4.7 and Chart 4.7, indicated that there is no competition for the aerosol spray paint in the same market segment of this (Table 4.8 and Chart 4.8), 71% either agree or strongly agree to use the first-mover advantage to increase their profits; while 29% do not believe that pricing the product high will give them a competitive advantage.

### Table 4.7: Competition

<table>
<thead>
<tr>
<th>Province</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>WC</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>GP</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>KZN</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>8</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

*Source: Table 4.7*

### Chart 4.7: Competition

Source: Table 4.7
Table 4.8: Competitive advantage

<table>
<thead>
<tr>
<th>Province</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>EC</td>
<td>1</td>
<td>17%</td>
<td>4</td>
<td>67%</td>
<td>1</td>
<td>17%</td>
</tr>
<tr>
<td>WC</td>
<td>0</td>
<td>0%</td>
<td>1</td>
<td>50%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>GP</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>1</td>
<td>100%</td>
</tr>
<tr>
<td>KZN</td>
<td>2</td>
<td>40%</td>
<td>2</td>
<td>40%</td>
<td>1</td>
<td>20%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3</td>
<td>21%</td>
<td>7</td>
<td>50%</td>
<td>4</td>
<td>29%</td>
</tr>
</tbody>
</table>

Chart 4.8: Competitive advantage

Source: Table 4.8

4.2.10 Question 10: Pricing

The objective of this question was to determine the pricing strategy to be used to make aerosol spray paint attractive to the customers.

The survey responses, as depicted in Table 4.9 and Chart 4.9, indicate that 45% would like the price aerosol spray paint to be as cheap as possible; 41% would like the price to be the same as current competitive
products; while 14% would like it to be either more than or cheaper than the current competitive products.

Table 4.9: Pricing

<table>
<thead>
<tr>
<th>Province</th>
<th>As cheap as possible</th>
<th>same as current</th>
<th>More than current</th>
<th>Cheaper than current</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
<td>n</td>
</tr>
<tr>
<td>EC</td>
<td>5</td>
<td>45%</td>
<td>5</td>
<td>45%</td>
<td>0</td>
</tr>
<tr>
<td>WC</td>
<td>2</td>
<td>67%</td>
<td>1</td>
<td>33%</td>
<td>0</td>
</tr>
<tr>
<td>GP</td>
<td>1</td>
<td>33%</td>
<td>2</td>
<td>67%</td>
<td>0</td>
</tr>
<tr>
<td>KZN</td>
<td>2</td>
<td>40%</td>
<td>1</td>
<td>20%</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>10</td>
<td>9%</td>
<td>1</td>
<td>5%</td>
<td>2</td>
</tr>
</tbody>
</table>

%       | 45%      | 41%      | 5%      | 9%      | 100%  |

Chart 4.9: Pricing

Source: Table 4.9

4.2.11 Question 11: Return on investment

The aim of this question was to determine the willingness of the dealership managers to invest in the aerosol filling machine.

Altogether 91% of the respondents would be prepared to invest in the aerosol filling machine which would cost between R15,000 and R20,000,
as indicated in Table 4.10 and Chart 4.10; while 9% would not want to buy the filling machine until they are convinced that it will give them a quick return on investment.

**Table 4.10: Investment on the filling machine**

<table>
<thead>
<tr>
<th>Province</th>
<th>Yes</th>
<th>No</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
</tr>
<tr>
<td>EC</td>
<td>11</td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td>WC</td>
<td>3</td>
<td>100%</td>
<td>0</td>
</tr>
<tr>
<td>GP</td>
<td>2</td>
<td>67%</td>
<td>1</td>
</tr>
<tr>
<td>KZN</td>
<td>4</td>
<td>80%</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>20</td>
<td>91%</td>
<td>2</td>
</tr>
</tbody>
</table>

**Chart 4.10: Investment on the filling machine**

Source: Table 4.10

**4.2.12 Question 12: Labeling**

The goal of this question was to determine whether the name “Touchup custom spray solution” was attractive to the customers.

Altogether 90% of the respondents, as shown in Table 4.11 and Chart 4.11, either agree or strongly agree on the name “Touchup custom spray
solution”; 5% were not sure; while another 5% disagree or strongly disagree on the name.

Table 4.11: Labeling

<table>
<thead>
<tr>
<th>Province</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree &amp; strongly disagree</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
<td>n</td>
</tr>
<tr>
<td>EC</td>
<td>2</td>
<td>18%</td>
<td>8</td>
<td>73%</td>
<td>1</td>
</tr>
<tr>
<td>WC</td>
<td>0</td>
<td>0%</td>
<td>2</td>
<td>67%</td>
<td>0</td>
</tr>
<tr>
<td>GP</td>
<td>1</td>
<td>33%</td>
<td>2</td>
<td>67%</td>
<td>0</td>
</tr>
<tr>
<td>KZN</td>
<td>2</td>
<td>40%</td>
<td>3</td>
<td>60%</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5</td>
<td>15%</td>
<td>1</td>
<td>5%</td>
<td>1</td>
</tr>
</tbody>
</table>

Chart 4.11: Labeling

Source: Table 4.11

4.2.13 Question 13: Branding

The aim of this question was to find out if the “Plascon” brand would give the aerosol spray paint a competitive advantage.
As depicted in Table 4.12 and Chart 4.12, the results indicate that the majority of the respondents (86%) strongly believe that the aerosol spray paint should carry a “Plascon” brand because it is a strong and a well known brand; while 14% would prefer the aerosol spray paint to carry its own identity.

Table 4.12: Branding

<table>
<thead>
<tr>
<th>Province</th>
<th>Yes</th>
<th></th>
<th>No</th>
<th></th>
<th>TOTAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
<td>n</td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EC</td>
<td>11</td>
<td>100%</td>
<td>0</td>
<td>0%</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>WC</td>
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<td>0%</td>
<td>3</td>
<td>100%</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>GP</td>
<td>3</td>
<td>100%</td>
<td>0</td>
<td>0%</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>KZN</td>
<td>5</td>
<td>100%</td>
<td>0</td>
<td>0%</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>19</td>
<td>86%</td>
<td>3</td>
<td>14%</td>
<td>22</td>
<td></td>
</tr>
</tbody>
</table>

Chart 4.12: Branding

Source: Table 4.12

4.2.14 Question 14: Customer support

The objective of this question was to determine whether a customer and an applications support team would be necessary during the launch stage of the aerosol spray paint in order to enhance the reception of the product in the marketplace.
The results of this question indicated the following outcomes:

- Most of the DIY individuals do not understand spraying techniques; therefore knowledge of basic spraying techniques would be needed for customers.
- Small spray paint businesses, who are the potential customers for the product, would need formal spray painting training so that they in turn can educate their customers.
- A short video clip would be required on the launch day of the product to show customers the benefits of the product and how to use the product cost effectively.
- Training and technical support system would be required for the dealerships on the filling of the paint into the aerosol cans and maintenance of the filling machine.

As indicated in the literature review, a customer and an applications support team is needed during the launch stage of the new product to enhance the reception of the product in the marketplace and also to enhance sales and establish immediate customer confidence before and after the sale.

4.2.15 Question 15: Distribution and supply chain

The aim of this question was to establish the effectiveness of the distribution and supply chain of the aerosol spray paint for the forecasted volumes.

As depicted in Table 4.13 and Chart 4.13, an analysis of the survey responses to Question 15 indicated that 55% either agreed or strongly agreed that the distribution and supply of aerosol spray paint is adequate for the forecasted demand; while 45% were not sure.
### Table 4.13: Distribution and supply chain

<table>
<thead>
<tr>
<th>Province</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>TOTAL</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
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<td>%</td>
<td>n</td>
<td>%</td>
</tr>
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<td>33%</td>
<td>2</td>
<td>67%</td>
</tr>
<tr>
<td>KZN</td>
<td>0</td>
<td>0%</td>
<td>3</td>
<td>60%</td>
<td>2</td>
<td>40%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1</td>
<td>5%</td>
<td>11</td>
<td>50%</td>
<td>10</td>
<td>45%</td>
</tr>
</tbody>
</table>

**Source:** Table 4.13

### Chart 4.13: Distribution and supply chain

#### National
- Strongly agree: 45%
- Agree: 50%
- Not sure: 5%

4.2.16 Question 16: Customer value

This was an open question to establish any other issues that might be of concern about the aerosol spray paint.
The results of this question indicated the following outcomes:

- The product is easy to use, small quantities are available and product is user friendly.
- The aerosol spray paint concept is a brilliant idea; if it is priced correctly, it will definitely sell in the DIY automotive market.
- There is a gap in the market for a quick automotive refinishing.
- The concept opens up a new market in the automotive refinishing.

### 4.3 SUMMARY

In this chapter the researcher analyzed and interpreted the results of the survey. The fundamental objective was to propose an appropriate strategy that should be used by Freeworld Automotive Coatings to launch a new product. The process would includes the product rollout, establishing launch goals, management support, customer support, sales teams' support, advertising and promotion, pricing, packaging and labeling, distribution and supply chain proposed in chapter two. Each question was analyzed, the results were tabulated and pie charts drawn.

Chapter five will deal with the main findings, summary, proposed areas for future research and final conclusion.
CHAPTER 5

FINDINGS, SUMMARY AND RECOMMENDATIONS

5.1 INTRODUCTION

A final critical determinant of a strategy’s success, according to Walker, Boyd and Larreche (1992: 30), is the firm’s ability to implement it effectively. And this, in turn, depends on whether the strategy is consistent with the firm’s resources, organizational structure, coordination and control systems, and the skills and experience of company personnel. In other words, managers must design a strategy that fits existing company resources, competencies, and procedures or try to construct new structures and systems to fit the chosen strategy.

This chapter deals with an overview of the research and provides a summary of the findings. Recommendations of the firm’s ability to implement the proposed launch strategy effectively based on the literature review are also provided. The chapter concludes with suggestions for further research in the field of strategic marketing of new products and customer relationships.

5.2 MAIN FINDINGS OF THE STUDY

As highlighted in Chapter four, 12 automotive paint distributors and body repair shops were selected as respondents and all of them responded to
the questionnaire. This represents 100% response rate. The results showed the following:

5.2.1 Advertisement and promotion

It was stated in Chapter two that a key role of all promotions, especially advertising, is to reinforce a purchase decision, that is; to provide post-purchase reassurance.

An analysis of the survey responses to question one indicated that all the respondents have seen the aerosol spray paint. The majority of the respondents who have used it are excited about its performance and usability. Some of the respondents have been looking to sell the automotive refinish aerosol spray paint for a long time, but it was not available in the market.

Respondents who have used the old version of aerosol spray paint however, had bad experiences with its performance and usability and therefore need more assurance on the quality.

The above analysis therefore indicates that there is not much emphasis needed on advertising to the dealerships and body repair shops because all of these customers already know the product. However, other forms of mass media promotion like newspapers, magazines, television or radio advertisements will be required to reinforce a selling message to the over-the-counter DIY customers.

5.2.2 Market potential for the new product

The results from the analysis indicate that most respondents (95%) feel strongly that there is a market for the aerosol spray paint and that the sales volumes will be medium to high on the cheaper range. This is
because most of the customers, who are willing to do own touchups, use the cost effective range of refinish repair paint.

Some of the respondents, however, feel that the profit margins of the aerosol spray paint might be low relative to the current competitive products.

The literature review highlighted that it is important for the product not only be innovative in the market, but also be able to generate acceptable margins and acceptable sales volumes in the long term.

The above results therefore indicate that, even though there is a potentially unexploited market for the aerosol spray paint, there are some mixed reactions of whether it will be able to generate acceptable margin and acceptable sales volumes in the long term.

5.2.3 Target market
Identifying a target market and developing a marketing mix that reinforces the positioning strategy being used in the specific market place (as shown in Chapter two) forms part of the marketing strategy.

The responses to this question revealed that even though 40% of the respondents would like the product for the DIY market. Their view point however, suggest that the aerosol spray paint should not be targeted only at the DIY refinish market but to a diversity of other markets outside automotive and industrial markets.
5.2.4 Strengths and capabilities of the product
The results from the analysis indicated that ease of operation, convenience, time saving and low material loss during spraying were the main strengths of the product.

The study also revealed strongly that most of the customers believe that the aerosol spray paint, due to the above mentioned strengths and capabilities, could be the solution to the DIY refinish market and beyond.

5.2.5 Weaknesses of the product in the market
The vast majority of responses indicated that faulty nozzles and the inability of the user to adjust the nozzle were the main weaknesses of the product.

The above results therefore indicate that there is still much work to be done to improve aerosol nozzles so that they can be adjustable for different spray patterns on different substrates.

5.2.6 Competition
The analysis of the respondents indicated strongly that FAC must use the strengths and capabilities of the aerosol spray paint to gain a competitive advantage over the competition on the cheaper segment of the aerosol market. This should be done so that the customers can move away from the non-durable range of aerosol spray paint, which is currently in the market, to a cost effective but relatively higher quality and durability range which is offered through TouchUp custom spray solution.

5.2.7 Pricing
The study revealed strongly that market reality of the aerosol spray paint will demand a cheaper product for the DIY market. However, diversifying
the aerosol spray paint range so that there is a wide variety to choose from will be an added advantage to the pricing strategy.

This finding is further supported by Ferrell and Hartline (2008: 228), who state that firms make money on profit margin, volume, or some combination of the two. Therefore a firm’s pricing objectives should always reflect this market reality.

5.2.8 Return on investment
The results indicated that the majority of the respondents (91%) are willing to invest on the aerosol filling machine. It is therefore clear that filling machines must be available on the launch day so that early adopters would have an opportunity to make a purchase.

5.2.9 Labeling and branding
The results indicated that the majority of the respondents would prefer the name “TouchUp custom spray solution” on the label and “Plascon” for the brand.

The majority of the respondents (90%) argue that the name “TouchUp custom spray solution” indicates clearly that the product is for touchup and “Plascon” brand will give FAC a competitive advantage over competition because of Plascon’s reputation for innovation in the coatings industry.

Further more, the respondents were satisfied with the information on the cans and they believe that it not only aids in product identification and promotion but also contains a great deal of information to help customers make proper product selections.
This finding is further supported by the literature review which indicated that a quality label signals a quality product and also that the label must be designed for a particular market segment. In Chapter two it was also indicated that brand names assure customers that they will receive the same quality, if not better, with their next purchase as they did with their last. Through brand names, a company can create excitement, elegance, exclusiveness, and influence consumers’ perception and attitudes.

5.2.10 Customer support
The results of the survey indicated strongly the fact that customer support will be the prerequisite for the successful launch of the aerosol spray paint in the DIY market.

These results are supported by Annacchino (2003: 417) who indicated that a customer and an applications support team should be assembled during the launch stage of the new product to enhance the reception of the product in the marketplace and for customers who may not be knowledgeable or well versed with the product.

5.2.11 Distribution and supply chain
The literature review in Chapter two indicated that a primary responsibility of manufacturing and distribution is to develop and manage the supply capability of the product. A total supply plan must be developed, which satisfies the physical requirements, strategies, and goals of the product.

Over a half of the responses (55%) indicated that there are no major problems with the current distribution and supply chain. Therefore, the current strategy could be used for the distribution and supply of the aerosol spray paint.
5.2.12 Customer value
The results of the survey indicated that Plascon “TouchUp custom spray solution”, a unique aerosol spray paint system targeted at the automotive refinish DIY market, has a potential to be successful in the current competitive market because it is innovative and can add value for the customers.

5.3 SUMMARY

The topic researched in this treatise was “A proposed launch strategy of an aerosol spray automotive paint”. This research topic has brought about a new approach that could be used in the automotive refinish market to launch new innovative products.

The benefits of the approach of launching a new product and the tools available for applying marketing strategy principles were emphasized and used in this investigation to propose a suitable launch strategy for FAC.

The main purpose behind this systematic strategic approach was to enable FAC to improve the current planning process which is used as a guideline to launch new products in the automotive refinish market.

Application of the chosen product launch strategy simplified the process and a new process was proposed by the researcher, in conjunction with the FAC marketing team. The new proposed process is more flexible and, if implemented effectively, should result in a successful launch.

The process should also result in the reduction in costs of the current marketing planning that is used by the company, as well as the considerable decrease in time spent on unnecessary marketing activities.
that do not produce profitable results. It is also believed that excellent customer relationships would be achieved after implementation of the process.

This study has provided FAC management with valuable information regarding implementing the principles of a new product launch process in any other department or departments within the company. Based on the response observed in the marketing department at FAC, this study has created an excitement which was not previously present in the organization whenever a new innovative product is to be introduced into the market.

The remaining issue is to discuss what FAC should do to implement the proposed launch strategy in order to improve the reception of the aerosol spray paint into the DIY market. This will be discussed in the recommendations.

5.4 RECOMMENDATIONS

The primary objective of the study was to propose a launch strategy that should be used by FAC by investigating the best practices that are suitable to drive and implement such a strategy.

To achieve the above primary objective, the following secondary objectives were addressed:

- The establishment of the theoretical framework of a process of launching a new product, and
- The determination of the launch process to attract DIY customers that FAC could service.
The following comprise recommendations to fulfill the above objectives:

- Firstly, it has been indicated from the analysis that different regions have different experiences about the product. It is therefore recommended that the aerosol spray paint should be launched on a sequential regional rollout basis, which follows the rollout strategy. As mentioned in chapter two, this has the advantage in that the initial regions are effectively test markets which can be used to fine tune the marketing program.

- To generate enthusiasm about the new product introduction FAC must display flyers, a colorful product range and show the video clip to attract customers who might not have knowledge about the product, its features and its benefits. This must be done as part of the advertising and promotion on the launch day.

- It has been revealed that the strengths and capabilities of the aerosol spray paint would be an advantage to attract customers over the competition. It is therefore recommended that FAC should spend more time in the strategic marketing of the benefits that customers would get by using aerosol spray paint compared to those they would get by using competition’s products.

- Since both labeling and branding has received overwhelming acceptance in the market, FAC must label and brand the aerosol spray paint with bright and distinct colours with a big “Plascon” logo so as to differentiate it from the competition’s products.
• The pricing strategy of FAC should mostly be influenced by the firm’s requirements for net income and the objectives for long term control. Low prices rarely provide a sustainable basis for competitive advantage in today’s markets. However, the objectives of FAC should be for long term market control, a short term income must not be so critical and therefore it is recommended that a market penetration strategy should be used to launch the aerosol spray paint.

• To enhance the marketing of the aerosol spray paint, it is recommended that FAC should implement a focused differentiation strategy on the marketing plan as part of the business-level strategy since the aerosol spray is targeted to the narrow industry segment.

• For the aerosol spray paint to be successful in the current competitive environment, it is recommended that FAC should develop a comprehensive sales support team. This team would be in the field after the launch to cultivate new accounts, service existing accounts, demonstrate the new product and redirect their energy and focus to support both new product introduction and the existing business.

• It is also proposed that FAC must pay more attention to the customer and technical support teams which should be available throughout the launch to guarantee the quality of the product. Since most of the automotive refinish customers require a couple of year’s warranty for the repair jobs, it is therefore important that the aerosol spray paint not only be
innovative but also be able to give customer the same or a better warranty than the current competitive products.

Finally, clear objectives, priorities and targets should be spelt out during the planning phase of the new product launch. Both output indicators for monitoring initial results, and outcome and impact indicators for evaluating the execution of the plan, should be established beforehand during the planning process. In addition, the target group of customers should be clearly identified so that a suitable strategy could be formulated to attract as many customers as possible during the launch stage.

5.5 AREAS FOR FURTHER RESEARCH

Emanating from the outcomes of the research the following recommendations are put forward for consideration regarding further research:

- Customer relationships in the automotive refinish as a tool for competitive advantage.

- Investigation into how do South African automotive refinish paint distributors manage to sustain their business without sound marketing principles.

- Strategic marketing of new innovative products in the automotive DIY industry.
5.6 CONCLUSION

A well planned new product launch strategy can result in the identification of new unexpected markets and many opportunities that were never anticipated. Therefore it is very important for the firms to spend a significant amount of time (in strategic marketing planning) during the planning phase of the new product launch design.

Strategic marketing planning is the initial stage of the new product launch. After the planning has been completed, managers must design a strategy that fits firm’s existing resources, competencies, and procedures or try to construct new structures and systems to fit the chosen strategy. This will ensure better overall implementation and improved efficiency, resulting in the successful new product launch.

Whether or not FAC uses any of the strategies, processes and approaches discussed in chapter two of this study, ultimately the effectiveness of the system depends on how well it is utilized and managed within an organization.

It can be concluded that whether the proposed new product launch strategy can achieve its objectives, depends on whether:

- Customer relationships can be improved – This will require the identification and examination of all gaps that should be filled in order to keep customers satisfied;

- Sales support system is achieved – This means allowing sales personnel who are always on the field to take responsibility for marketing current business and cultivating new accounts; and
• Customer and technical support teams are trained in relevant customer relationship skills – This includes appropriate and continuous training on how to handle both hard and soft customers.

The recommendations made in this treatise, if properly applied and implemented, could form the basis of an effective product launch strategy at Freeworld Automotive Coatings.
REFERENCE LIST:


ANNEXURE A

PHOTOGRAPHS OF LABELS
ANNEXURE B

PHOTOGRAPH OF AEROSOL CANS

[Image of five aerosol cans of different colors and labels]
**ANNEXURE C**

**Questionnaire**

**Plascon “TouchUp custom spray solution”** a unique aerosol spray paint targeted at the automotive refinish “do-it-your-self” (DIY) market.

**Dealership Name:** ……………………………………………………………………………………

**Name of the province:** …………………………………………………………………………………

1. Are you familiar with aerosol spray paint as described above?

   | Yes | No |

   1.1 If yes, have you used or seen aerosol spray paint before?

   | I’ve seen and used it | I’ve seen it but not used |

   1.2 If no, would you like to know more and use aerosol spray paint?

   | Yes | No |

2. Do your customers have a need for aerosol spray paint?

   | Strongly Agree | Agree | Not sure | Disagree | Strongly disagree |

   2.1 If yes, what would be your projected sales volume per month relative to your current competitive products?

   | Very high | High | Medium | Low | Very low |

3. What market segment are you targeting for aerosol spray paint?

   Do-it-your-self “DIY” market

   Body repair shops

   Industrial market

   Other
4. Would your customers buy aerosol spray paint over the counter for touchups or would they prefer touchups to be done by professional body shops?

| They would like to buy it for own touchups “DIY” | They would prefer touchups to be done by professional body shops |

5. What do you like most about aerosol spray paint? Please list the advantages of aerosol spray paint.


6. What do you like least about aerosol spray paint? Please list any disadvantages of aerosol spray paint.


7. What is your customer’s primary reason for wanting to use the aerosol spray paint? Please specify the most important reason to use aerosol which cannot be obtained from the conventional spray paints.

8. Does the aerosol spray paint give your customers what they have expected of it?

| Strongly agree | Agree | Not sure | Disagree | Strongly disagree |

9. Do you have competition for aerosol spray paint currently?

| Yes | No |
9.1 If yes, how does TuchUp aerosol spray paint differ from the one from the competition? (i.e. What makes it unique over competing products?)

9.2 If no, would you like to use the first-mover advantage to increase your profits?

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>

10. How would you price the aerosol spray paint? (Tick one)

* As cheap as possible
* Same as current competitive products
* More than current competitive products
* Cheaper than current competitive products

11. Would you be prepared to invest in the aerosol filling machine which would cost between R15 000 and R20 000? Why?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

12. What is your opinion on the name “TouchUp custom spray solution”?

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>
13. Do you think the aerosol spray paint should be branded “plascon” or should it carry its own identity? Why?

Yes, it should be branded “plascon” because

No, it should have its own identity because

14. What kind of customer support do you think would be required for aerosol spray paint?

15. Is the distribution and supply chain of aerosol spray paint adequate for the forecasted demand?

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>

16. What is your overall opinion about aerosol spray paint?

Thank you for your participation