

## A Study on Factors Influencing Value and Success of New Product “- Reference to High End Bikes



## Management

KEYWORDS :

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### ABSTRACT

*This research seeks to extend the earlier work done by various researchers and authors that examined the factors affecting the perception of value and in turn affecting the success of the new launch. In particular, the critical success factors involved in establishing value and success of the launch of high end bikes. The research is done in the context of the Royal Enfield motorcycle.*

*The central research methodology for the paper uses a quantitative approach involving the questionnaire. The questionnaire was administered to existing Royal Enfield motorcycle users. The respondents were asked certain specific questions regarding the critical factors. The questionnaire explored the critical factors for success and what factors builds value about the brand.*

*From the responses to the questionnaire it was clear that the company followed all the main Strategies that are required in building value of the brand and success of the product launched. But there are certain factors that companies do not take into consideration which is also found. These come out to be recommendations for them. Some of the limitation of the research is also covered which would be really helpful for the further research.*

### 1.0 INTRODUCTION

The American Marketing Association defines marketing as, “the performance of business activities that direct the flow of goods and services from producers to consumers or users”. According to Philip Kotler, “Marketing is a set of human activities directed at facilitating and consuming exchange of products and services through transaction to satisfy human needs and wants”. Marketing is a social and managerial process by which individual and groups obtain what they need and want through creating, offering and exchanging products and services of value with others. Understanding of these various definitions bring out the following core concept of marketing: needs, wants and demands, products (goods, services and ideas), value, cost and satisfaction, exchange and transaction, relationship and networks, markets, marketers and prospects. Needs, wants, Products, Value, Cost, And Demands (goods, services Satisfaction & Ideas) Exchange & Relationships Marketers Transaction & Network Markets & Prospects Marketing is a very wide area of study. It covers various aspects such as sales, advertising, distribution, etc... Which take the form of the principle branches of marketing? In order to enrich the growth of the branches of marketing a very deep and distributed root system is required. This root system of marketing take the form of a detailed study of consumer behavior with respect to products either in the pre- launch period with a great concern to sales growth. The necessity for consumer behavior and marketing study was not considered important during the period prior to 1950, it was during the time when companies were basically following sales oriented marketing strategy started to change over to a modern marketing strategy of being consumer oriented. When companies accepted this kind of an approach, customers were finally considered as the king of the market and the necessity for consumer behavior study regarding marketing came into lime light. Marketers are getting involved in finding the likes and dislikes of the consumers and trying to find out what those factors could be that influence a person in making purchase decision. By doing this, the marketers were able to satisfy the need of consumers, as well as, accomplish the objectives of company. In recent years, product launching has become an art which can Make or Break a product. A successful launch makes potential customers aware of the new product and keen to try it. The new product launch process plays a critical part in ensuring your offering gets to market in a timely and cost effective manner. Moving through the product launch process can be a resource intensive exercise and laborious exercise. Yet, when product launch processes are executed well they can make the difference between success and failure organization.

### 2.0 LITERATURE REVIEW

According to Akanksha Goel (2008) new product launch involves

lot of strategies and launching tactics. These strategies and tactics should be carefully applied as this can even put the company at a risk. The Indian paint industries follow all the procedures that are important while developing and launching a new product. The Indian economy is on boom and so is the Indian paint industry. If the above recommendations would be followed by the company, they can achieve the goal of growth both in the terms of sales and profits.

According to C. Anthony Di Benedetto (1999) the most successful launches were characterized by greater perceived involvement of the logistics function in marketing, sales, distribution, inventory, and service planning. Top perceived performance on virtually all the market information-gathering activities was very highly related to perceived launch success. Firms that thoroughly test the product in use and its advertising, study customer feedback during and after launch, and carefully interpret the findings of market testing have a substantially better chance of success regardless of the measure chosen.

According to Adavikolanu and Korrapati (2006) the successful launch of the new product in the market is very important in determining the growth and success of any company. As the global economy of 21st century is facing increased competition and internet technologies have advanced, it has become very crucial for any company to launch new products in the market. As stated by Wind and Mahajan (1997) “The high incidence of new product failure has been an accepted truth for long”. The failure of the product launch has called for more marketing research, marketing orientation and better marketing launch. “A new product could be highly innovative, incorporating advanced technologies that render them superior to competitive products, but still fail due to poor launch” (Lee and O’Connor, 2003).

Even though several researchers have focused on finding out the strategies of launching a new product, the bond between the “new product development and the launch strategy” has not been entirely understood.

### 3.0 SCOPE OF THE STUDY AND RESEARCH OBJECTIVES

#### 3.1 Scope of the Study

The scope of the study includes exploring the critical factors that contribute to the success of newly launched product. Such an exploration would enable the companies to invest only in those activities that would actually account for product success. This would also facilitate the companies to optimize on elements leading to success of new product.

**3.2 Objectives** The main objective of this project is to identify and measure key factors determining success of New Product.

**The objectives can be summarized as:**

- To examine how the value for the products are developed with the focus on the Royal Enfield motorcycle.
- To determine factors affecting the success of the new product in the context of Royal Enfield motorcycle.

**4.0 CONCEPTUAL MODEL AND HYPOTHESES**

**4.1 Conceptual Model**

The following conceptual model is proposed for measuring of success factors.

**Figure 1: Research Conceptual Model**



**4.2 Variables Definition**

**Independent Variables**

1. Distribution
2. Differentiation Uniqueness
3. Price
4. Promotion
5. Consumer Usefulness

**Dependent Variables**

1. Value and Successful Product Launch

**Definitions:**

**1. Distribution**

A set of interdependent organizations (intermediaries) involved in the process of making a product or service available for use or consumption. Even before a product is ready for market, management should determine what methods and routes will be used to get it there. Distribution's role within a marketing mix is getting the product to its target market.

This means establishing strategies for the product's distribution channels and physical distribution

**2. Differentiation Uniqueness**

The product offered a very strong benefit which not only concluded functional value but also a strong emotional bearing. The benefit and the form in which it was offered was unique in its own sense and the communication of this was handled very effectively so as to make a lasting impact on the consumer

Strong functional benefit

Unique product offering

The product is said to differentiate when it is unique in comparison with the product of its competitors. Differentiated across size, shape, color, utility, user class, symbols etc..

**3. Price:-**

The amount of money charged for a product or service, sum of the values that consumer exchange for the benefits of having or using the product or service.

**Importance of Price:**

In the economy, price allocates production factors

Consumers can be price-sensitive

Often judge quality by price

Value part of consumer perceptions of price

Individual firms need to set price within 4Ps

**4. Value:-**

Values can be defined as broad preferences concerning appropriate courses of action or outcomes. As such, values reflect a person's sense of right and wrong or what "ought" to be. "Equal rights for all", "Excellence deserves admiration", and "People should be treated with respect and dignity" are representative of values. Values tend to influence attitudes and behavior. For example, if you value equal rights for all and you go to work for an organization that treats its managers much better than it does its workers, you may form the attitude that the company is an unfair place to work; consequently, you may not produce well or may perhaps leave the company. It is likely that if the company had a more egalitarian policy, your attitude and behaviors would have been

**5. Promotion:-**

A campaign that gets the audience directly involved in an activity or event that enhances the advertiser's business. Promotion is a persuasive communications mix. It is a deliberate attempt to communicate information which presents a company and its products to prospective customers in a manner persuasive enough to induce the kind of acceptance, reaction, or response desired.

**The Role of Promotion in Marketing**

Promotion is intended to make a product more attractive to prospective customers. Through promotion a company strives to increase its product's sales volume at any given price; that is, the firm seeks to shift its demand curve to the right. A firm also hopes that promotion will affect the demand elasticity for its product; the intent is to make the demand more inelastic when price increases and more elastic when price decreases

**Advertising:-**

No personal communication paid for by a clearly identified sponsor promoting ideas, organizations, or products

**Packaging & Labeling:** Packaging is the science, art and technology of enclosing or protecting products for distribution, storage, sale, and use. Packaging also refers to the process of design, evaluation, and production of packages. Packaging can be described as a coordinated system of preparing goods for transport, warehousing, logistics, sale, and end use. Packaging contains, protects, preserves, transports, informs, and sells

**6. Consumer Usefulness:-**

In this point we consider that consumer usefulness by the product .how much it's use full in the daily activity, what are the more benefit get by the product during a product life .if you get more usefulness about the product consumer relay buy a product and subject to buy a product to they around people so it's increase a sales volume

**HYPOTHESIS**

- H1 Distribution has a significant relationship with Value.
- H2 Differentiation Uniqueness has a significant relationship with Value.
- H3 Price has a significant relationship with Value.

H4 Promotion has a significant relationship with Value.

H5 Consumer Usefulness has a significant relationship with Value.

**6.0 RESEARCH DESIGN**

This research is Empirical and Correlation. Distribution, Differentiation uniqueness, Price, Promotion and Consumer Usefulness these Activities are Independent Variables and Value are Dependent Variables. The authoritative articles were used for preparation and offering theoretical principles and research records and field method was employed for data collection and test of hypotheses.

**6.1 Samples**

In a pilot study the questionnaires were distributed among 30 consumers and the variance estimated and the sample was calculated which is 120. The statistical population consists of consumers in Mysore. The research sample involves 120 consumers between the age of 18 to 30 years were selected by Random Sampling Method in the Royal Enfield motorcycle showroom of Mysore among the research population.

**6.2 Data**

The study uses Primary Data. The data were collected by the author made Structured Questionnaire and analyzed using Five-Point Likert Scale.

**6.3 Methodology**

Critical factors to the success of new product, this study analyzed the chosen variables using the SPSS software package. To evaluate the reliability of the questionnaire the factorial analysis was employed as main components. At first, the reliability tests of using factorial analysis were investigated for each variable. The results of Kayerz-Mayer and Bartelt tests showed that the factorial analysis is justifiable. In this analysis the questions by less factorial components were omitted and the final questionnaire consisting of 30 questions was analyzed. For survey on validity the Cronbach alpha was calculated for each question.

**6.4 LIMITATIONS OF THE STUDY**

The research is however attributed by some of the common limitations. First and foremost the researcher was not able to get the entire number of questionnaires that were proposed. The total number of questionnaires that were distributed was 150 out of which only 127 were returned back. Moreover out of the returned questionnaires 27 of them were incomplete. Hence they could not be accounted for further analysis and hence had to be rejected. So out of 150 questionnaires the researcher was successful in getting only 120 valid questionnaires. Second the researcher found that on the day chosen by him to collect the response it is possible that people who are really Royal Enfield motorcycle owner. Therefore the opinion is found to be biased and found not comprehensive.

**The sample is small to be generalized.**

The study was conducted only for the period of about three month and hence many other constraints with relative Value did not surface.

The study has been restricted to Mysore city and only to 120 respondents and thus making the sample small. The information provided by the respondents was not always authentic which indicated a vague picture in certain situations of the study.

The study is limited to Royal Enfield owners only.

**7.0 ANALYSIS AND DATA INTERPRETATION**

**Table 1: Variables Chosen and Respective Indices in the Questionnaire.**

SL NO	VARIABLES	VARIABLES CODING	INDICES
1.	Distribution	VAR 1	DSN1, DSN2, DSN3, DSN4.
2.	Differentiation Uniqueness	VAR 2	DU1, DU2, DU3, DU4, DU5,DU6
3.	Price	VAR 3	PR1, PR2, PR3,
4.	Value	VAR 4	VAL1, VAL2, VAL3, VAL4, VAL5.
5.	Promotion	VAR 5	PRN1, PRN2, PRN3, PRN4, PRN5, PRN6.
6.	Consumer Usefulness	VAR 6	CU1, CU2, CU3, CU4, CU5, CU6

**Table 2: The results of KMO and Bartelt Tests for Variables Factorial Analysis and Alpha Coefficient**

	KMO measure of Sampling Adequacy	Bartlett's Test of Sphericity			Cumulative Extraction Sums of Squared Loadings (%)	Cronbach's Alpha
		Approx. Chi-Square	DF	Sig.		
VAR 1	0.581	1807.567	10	0.000	78.400	0.951
VAR 2	0.666	1225.368	10	0.000	79.276	0.946
VAR 3	0.599	0502.107	10	0.000	80.186	0.942
VAR 4	0.786	0777.694	10	0.000	81.201	0.986
VAR 5	0.886	0475.474	10	0.000	76.587	0.962
VAR 6	0.800	0490.265	10	0.000	78.786	0.983

**Table 3: Results of Correlation Analysis.**

		VAR 1	VAR 2	VAR 3	VAR 4	VAR 5	VAR 6
VAR 1	Pearson Correlation	1	0.777**	0.816**	0.508**	0.806**	0.816**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000	0.000
VAR 2	Pearson Correlation	0.777**	1	0.874**	0.780**	0.880**	0.861**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000	0.000
VAR 3	Pearson Correlation	0.816**	0.874**	1	0.726**	0.762**	0.987**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000	0.000
VAR 4	Pearson Correlation	0.508**	0.780**	0.726**	1	0.779**	0.712**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000	0.000
VAR 5	Pearson Correlation	0.806**	0.880**	0.762**	0.779**	1	0.760**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		0.000
VAR 6	Pearson Correlation	0.816**	0.861**	0.987**	0.712**	0.760**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	

\*\* Correlation is significant at the 0.01 level (2-tailed)

**Table 4: Implications of Correlation Analysis**

Hypothesis	Description	Correlation Coefficient	Sig. (2tailed)	Acceptance/ Rejection
H1	Distribution → Value and success of the product launched	0.790	0.000	Accepted
H2	Uniqueness Differentiation → Value and success of the product launched	0.779	0.000	Accepted

H3	Price and success of the product launched → Value	0.507	0.000	Accepted
H4	Promotion and success of the product launched → Value	0.874	0.000	Accepted
H5	Consumer Usefulness and success of the product launched → Value	0.752	0.000	Accepted

Hypotheses were tested in order to analysis of data. Correlation analysis is the best and powerful analysis method in behavioral and social sciences. Concurrent analysis of dependent and independent variables is the characteristics of multivariable analysis. Covariance or causative modeling or structural model equations analysis is one of the main analysis methods for complex data structures and it means different variables analysis that show the concurrent effects of variables in a theoretical based structure. This method as a combination of complex mathematics and statistics is multivariable regression and route analysis in a complex system in order to analysis of complex phenomenon.

The research conceptual model was proposed as theoretical model. In this model Distribution, Differentiation uniqueness, Price, Promotion and Consumer Usefulness this Activities are Independent Variables and Value are Dependent Variables. The theoretical model and the data collected by questionnaire were tested by SPSS Software in order to evaluate the level of support of the proposed model.

The Correlation Analysis criterion of acceptance and rejection of the relationship between independent and dependent variables in hypotheses. As a result the hypotheses with negative correlation coefficient and (at 1% level of significance) were non-significant and they were rejected. The conceptual model was evaluated according to the research data and all 5 hypotheses were accepted. The results are summarized in table 3, and 4. Correlation coefficient is positive among all dimensions, thus there is a positive relationship among Advertisement, Sales Promotion activity and overall Brand Equity dimensions.

**8.0 FINDINGS**

The Correlation Analysis is criterion of acceptance and rejection of the relationship between independent and dependent variables in hypotheses. Thus the key findings of the research are summarized below.

- 1. Correlation** coefficients of Distribution, Uniqueness, Price, Promotion and Consumer Usefulness. Was positive indicating the positive relationship among Value and success of the product launched
- 2. All** hypotheses were accepted in studying of success factors of new product. There exists significant correlation between Distribution, Uniqueness, Price, Promotion and Consumer Usefulness and Value and success of the product launched.
- 3. Distribution** Uniqueness, Price, Promotion and Consumer Usefulness increase the consumer loyalty it increase product Value and success of the product launched so Value and success of the product launched is depended variable. It increases consumer loyalty, product sale, consumer buying decision depending on product

The Correlation Analysis is criterion of acceptance and rejection of the relationship between independent and dependent variables in hypotheses. Correlation coefficients of Distribution, Differentiation uniqueness, Price, Promotion and Consumer Usefulness are 0.790, 0.779, 0.507, 0.874, and 0.752 indicating the positive relationship among Value. The value increases consumer loyalty, product sale, and consumer buying dissection depending on product value.

**H1** is accepted the correlation coefficient between Distribution and Value is 0.790 .Hence there is positive and significant relationship between Distribution and Value and success of the product launched

**H2** is accepted the correlation coefficient between Differentiation uniqueness and Value is 0.779. Hence there is positive and significant relationship between Differentiation uniqueness and Value and success of the product launched

**H3** is accepted the correlation coefficient between price and Value is 0.507. Hence there is positive and significant relationship between Price and Value and success of the product launched

**H4** is accepted the correlation coefficient between Promotion and Value is 0.874. Hence there is positive and significant relationship between Promotion and Value and success of the product launched

**H5** is accepted the correlation coefficient between Consumer Usefulness and Value is 0.752. Hence there is positive and significant relationship between Consumer Usefulness and Value and success of the product launched

**9.0 CONCLUSION**

With an increase in competition and variants of the products companies are implementing various strategies to make their new launch successful. In today’s scenario, customers are very conscious of what they are buying. They seek all the information prior buying a product. The consumer seeks value for the amount that he spends especially when it is a high end product as he buys it not only for passion for the product, the name of the brand, the make but also as a status symbol and for acceptance from friends and family. It is found in the study that the customer does not value products on its price which is good indication for the company. The value and worthiness of the product is not weighed on the price. But the company has to consider the usefulness aspect seriously as majority of the cases it is the usefulness that is considered at the top and companies should strengthen their distribution further.

**10.0 SCOPE FOR FURTHER STUDIES**

There is always something that could be added in order to enhance the value and success of product launched of this research.

More variables performing to value and success of product launched could be added for more comprehensive outcomes. An independent model could be developed in order to examine the relationship of factors determining new product success.

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