

Successful Products - Successful Solutions

This case study focuses on the launch of a new cleaning product by the multinational organisation, Amway. It considers some of the processes which are essential to the successful launch of a product, such as the marketing strategy for the product, the product's positioning, the launch strategy and post launch analysis.

Introduction to Amway

Amway is one of the world's largest direct sales companies. Direct selling is based on person-to-person relationships and involves the distributor going to the consumer rather than the consumer going to a shop. Amway's product sales are broadly spread through North America, Japan, Europe, the Western Pacific and South and Central America. One of its largest product divisions is Home Care which accounts for a significant volume of sales, with household cleaning items making up an important part of this Home Care division. Within the Home Care division, products are promoted and sold by Amway's independent distributors who develop their own client base. Distributors play an important part in introducing new products to customers.

Introducing a new product

New products are often successful if they provide better solutions to consumers' problems and needs. An effective solution is one which makes the consumer feel that the product is:

- better than anything else available on the market
- just what they are looking for.

We can all think of products and services which create successful solutions, for example:

- non-stick frying pans
- cordless kettles
- personal stereos.

This case study examines the launch of a comparatively new product which met all the criteria of a successful solution.



The problem

There are many cleaning products on the market. Visit your local supermarket and you will quickly find the aisle which is filled with similar looking cleaning fluids, produced by a relatively small number of companies. However, most of these cleaning products are single purpose ones and are produced by manufacturers to standard specifications. Many cleaning products lack versatility, i.e. they can only be used for one particular task and in one particular way. Consumers, therefore, buy and store a whole range of inflexible products. You can check this out simply by examining the range of cleaning fluids that are stored in your own home. However, today's consumer does not want to spend valuable leisure time shopping for dozens of different cleaning products.



The solution

In September 1995, Amway launched the ultimate multi-purpose cleaner - the Amway Super Concentrated Cleaning System - a unique all-in-one product. The Super Concentrated Cleaning System is a three-in-one unit that saves time and money.

Unlike many cleaning products, this innovative system dilutes the cleaning product to suit the job. It is operated through a sprayer gun which locks onto one of three new super concentrated versions of Amway's top selling Home Care products - Liquid Organic Cleaner (LOC), See Spray Glass Cleaner and Zoom Spray Cleaner.

LOC Super Concentrate - cleans any household surface that water will not damage, e.g. walls, floors, appliances, woodwork, work surfaces, dishes and utensils. It can also be used for washing hands and to spot treat hand-washable, colour-fast fabrics.

See Spray Super Concentrate - for all glass surfaces, windows, mirrors, chrome, stainless steel, porcelain and ceramic tiles.

Zoom Super Concentrate - quickly removes tough grease stains and oily grime.

Each of these products comes in a new 250ml formulation which is four times the concentration of the litre-sized products. The sprayer holds a water bottle and dilution dial that enables the user to dilute the cleaning product to tackle every home cleaning problem - from floors, walls and windows to bathrooms and kitchens. The dial provides dilution levels from zero (all water) to five (all product) and the whole system fits in a lightweight caddy that is easy to carry around the house. The dilution control is quick and easy to use so that there is no messy measuring or pouring.

As with all Amway home cleaning products, the Super Concentrated Cleaning System uses only biodegradable surfactants. In addition, the new system uses 50% less packaging than equivalent one litre products and all packaging is readily biodegradable.

The importance of providing consumer benefits

One of the most important lessons to learn about successful marketing is that consumers do not buy products, they buy benefits.

For example, when you buy a compact CD player, you may look for one which:

- is stylish
- gives good value for money
- has the latest technology
- will not get broken easily
- gives the best quality sound reproduction.

You are, therefore, seeking a CD player which includes a whole range of benefits. Some of these are sensory benefits, e.g. the colour and look of the CD player, some relate to value, e.g. the price in relation to the quality of the product, whilst others relate to convenience, e.g. the ease with which the player can be stored or carried around.



The same sorts of considerations can be related to cleaning products. The customer will want cleaning products that:

- are easy to use and control
- have desirable sensory qualities (i.e. look and smell nice)
- are easy to store
- give good value for money.

Outlined below is a range of benefits provided by the Super Concentrated Cleaning System:

1 Tote tray

- collapsible handle
- lightweight
- easy to carry.

2 Super Concentrated Cleaners

- powerful cleaners
- save shelf space
- non-spillable bottle plugs.

3 Water bottle

- refillable bottle which fits next to the product.

4 Sprayer

- no mess, no fuss, no waste
- guaranteed for two years with domestic use, giving lasting durability.

4a) Sprayer Dial

- lets you dilute the cleaner to suit the job
- easy to use settings from 0-5
- automatically dilutes the product with water to the concentration required for the job.

4b) Spray nozzle

- adjusts to spray or stream.

5 Trigger

- convenience at your fingertips.

6 Grip

- designed for control and comfort.

7 Lock tab

- locks bottles into place
- allows quick and easy change to another product.

Marketing strategy

A strategy is a plan of action designed to achieve the goals of the organisation. In creating a marketing strategy for the Super Concentrated Cleaning System, Amway needed to set out the key objectives it wanted to achieve. The following objectives for the brand were set:

- to increase distributor profitability and productivity by providing a new and exciting business opportunity
- to optimise consumer convenience and value through enhanced product differentiation with this exclusive and revolutionary cleaning system
- to provide innovative and unique products to enhance the image of Amway Home Care.

Positioning

In order to make this strategy work, it was essential to think very carefully about the **position** that the new product would take in the market-place. The chosen position was to be:

"A revolutionary product system that provides the ultimate in customer convenience and control by automatically diluting and delivering the cleaning concentrates with water, providing customised cleaning at your fingertips, according to the customer's needs."

The product's success would depend, to a certain extent, on the ability of Amway's marketing department to get this message across to distributors and ultimately to consumers.

A winning situation

If the product was successful, it would create a winning situation for Amway, its distributors and consumers.

Amway would benefit from:

- environmental source reduction
- selling a quality product which would increase revenue and provide an ongoing contribution to business profits
- reduced shipping and storage costs with more value added. The small, concentrated nature of the product would make it easier to distribute and would yield higher returns.

Distributors would benefit from:

- selling a winning solution with world-wide exclusivity
- selling a product with a high return per unit sold
- repeat orders from satisfied customers.

Consumers would benefit from:

A range of innovative product features and benefits including:

- high value relative to price
- convenience
- high performance
- environmental sustainability.

Launching the new product

Multinational organisations like Amway have to consider the best ways of launching products on a **global scale**. It may be possible to carry out some aspects of the launch in identical ways in a range of countries, e.g. by providing an almost identical product in all markets. Other aspects, however, such as choosing the right sort of media and the language in which videos and commercials are produced, will be **specifically tailored** to a local market.

When carrying out a major launch, it makes sense to start in your traditional home market (in this case the United States) before rolling out the launch in stages across the globe. Lessons can be learnt from the early launches which can then be built into ongoing launches.

The world-wide launches for Super Concentrates took place in the following order:

US/Canada	May 1994
Hong Kong	November 1994
Thailand/Taiwan	December 1994
Malaysia/Mexico/ Panama	January 1995
Australia/ New Zealand	February 1995
Japan	April 1995
Europe	September 1995

The UK launch

The UK launch involved a number of conferences for distributors at prime locations up and down the country, the creation of a short video highlighting key aspects of the product and the production of a wide range of merchandising material. A promotional price was set for distributors who attended launch conferences, providing them with a **high margin on sales** made in the period following the product launch.

A number of **press releases** were created which clearly set out the nature and purposes of the product.

The press releases and product samples were sent to many national magazines which were relevant to Amway's **target market**, including *Good Housekeeping*, *Living*, *Perfect Home*, *House Beautiful*, *Homeflair* and *Woman and Home*.

In launching the Super Concentrated System, Amway needed to focus on the **competitive advantages** that the product would offer when compared with rivals. The key areas of strength that needed to be projected to the consumers were:

The uniqueness of the product - for the first time, consumers would be able to purchase a flexible cleaning system, which they would be able to regulate and control.

The advantages of concentration - in effect, consumers were now able to purchase 'micro liquids'. The new breakthrough product added to the range of choice by breaking from the traditional one litre size product packaging and provided very real benefits to the consumer in terms of convenience and value for money.

Environmental positioning - at a time when many consumers are committed to making purchases which support the conservation of the environment, the new system clearly provides strong competitive advantage. As consumer standards and expectations continue to rise, no company can survive and prosper if it fails to pay full attention to the developing needs of the customer and to the increasingly insistent needs of the environment.

Strategy and tactics of the launch

In Business, there is an important distinction between **strategy** and **tactics**. A strategy is a plan or practical measure designed to achieve certain objectives, while the tactics are the actions taken to implement the strategy and achieve these objectives.

The strategy relating to the launch of the Super Concentrated Cleaning System involved three stages:

Stage 1: to build excitement

Stage 2: to create awareness

Stage 3: to build product knowledge.

Building excitement usually involves informing the consumer that a new product will shortly be available. However, suspense is created by providing very few details of what the product actually is. Then, nearer the launch, you start to give the public a clearer idea of the product and its attributes. Finally, after the launch, you

The Communications Programme		
Strategy	Tactic	Duration
To build excitement	Teasing programme	2/3 months pre-launch
To create awareness	Amagram cover article and four-page spread	Launch month
To build product knowledge	Post-launch articles	Continuous coverage through monthly post-launch activity

need to carry out a lot of hard work to build up an understanding of the brand and its advantages so that you build up a solid base of consumers.

One of Amway's best communications vehicles is its regular magazine, Amagram, which provides product details to its distributors. The communications programme devised for the launch of the Super Concentrated Cleaning System began with individual quarter page teaser adverts in Amagram and then built up to a full page spread prior to launch.

In terms of communications literature Amway created:

- a customer brochure to create the contact and build product awareness among customers
- a solution guide for the proper use of the products
- a demonstration kit to help distributors create a professional image and effectively demonstrate the performance of the product.



Post launch analysis

Following a product launch, it is vitally important for an organisation to **assess** how well the product has been received by the consumer. Since the launch of the Super Concentrated Cleaning System, Amway has carried out some **detailed research** to assess the success of the product and highlight areas for building the brand.

The analysis has found that distributors have identified a number of strengths including:

- the innovative, unique nature of the product
- ease of use
- easy of carrying
- ease of changing between the different products
- automatic dilution
- clear bottles so that the product can be seen.

The weaknesses identified in the research are that it is difficult to compare usage with the old one litre bottles, that the multilingual label appears cluttered and that the tote tray is too small.

Conclusion

The launch of any new product poses a number of threats. For example, there is a good chance that **competitors** will copy the product and steal a **share of the market**. Amway, therefore, is **building on the strengths** of the Super Concentrated Cleaning System. Its success clearly indicates that Amway has started a trend which may well revolutionise the cleaning products market. Like any successful organisation, Amway is continuing to develop the product, research the market and respond to customer demand.

TASKS & ACTIVITIES

1 'New products are often successful if they provide better solutions to consumers' problems and needs'. Think of four examples of new products, other than those mentioned in the study, which have provided better solutions for consumer problems.

2 Set out a SWOT analysis for the Super Concentrated Cleaning System. SWOT stands for Strengths, Weaknesses, Opportunities and Threats.

3 How might Amway further improve its Super Concentrated Cleaning System?

4 Amway is currently building up the strength of the Cleaning System. Produce a short leaflet of about 300 words which sets out the key benefits of the product to consumers.

5 Describe six major points of difference that might occur between the global launch of a product and a national launch.

6 Consider the national magazines Amway chose for its press releases and product samples. What does this tell you about the target audience for the product?

7 Imagine that you are responsible for the television advertising of the Super Concentrated Cleaning System. At what time of day, and between which programmes, would you target your advertising?

8 This case study highlights the three stages involved in the launch of the product: a) building excitement, b) creating awareness and c) building product knowledge. Explain how you would carry out each of these stages in launching a product of your choice.

9 What do you understand by the term 'positioning'? Why is it so important for Amway to be clear about the positioning of its products?

10 Explain each of the following business terms as they are used in the case study:

- multinational
- benefits
- marketing strategy
- positioning
- promotional literature
- high return per unit sold
- environmental positioning
- post launch analysis.



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