

A Mini Success – Page 60 of Text Book (Marketing)

1. Identify four factors that might be important to a successful product launch.

First and foremost, for a successful product launch, timing is crucial. If a product is launched when there is an economic slump, it is very unlikely that the product would achieve a very high sales volume. Should a product be launched during a war, it would be equally difficult to sell as political sentiments in that specific market may not be stable. Thus, a product should be launched when an economy is growing, the purchasing power of the country is strengthening, and there is a potential demand, backed with market research, for the product. Of course, there may be exceptions for certain products, but in general, products launched in the wrong season and time will tend to be not so successful.

Branding also plays a role for a successful product launch. It really depends on the branding strategy. Certain companies may bank on their already strong brand presence like Nike, while some may launch the product under a separate brand to avoid brand dilution like Coca-cola. Either way, a brand determines the first impression or image of the product. If a company is known for luxury cars like BMW, it would be a better strategy to use a separate brand if the company decides to venture into the cheap and compact car segment. Branding exercise can make full use of the media influence as well to “pre-launch” a product before the actual launch. The bottom line here is, to launch a new product with success, branding should be taken into deep consideration.

For a successful launch, the product must have its own selling point. One may ask, “What is different about the product that customers would want to buy them?” This may include a certain degree of differentiation to distinguish the product from the competition. In fact, the product may have a specific selling point to target a specific market segment provided that demand is identified.

Last but not least, price. The price of a product determines what level of affordability the company wants to establish. If a product is very affordable, it may be successful in the mass market. If a product is sold with a premium price, the company may want to establish a luxurious image, and thus it may be successful in a specific niche market. Whichever strategy is embraced, price determines the whether a product is meant for the mass market or for a certain market segment. Only after that is known, then only a product may have a higher rate of success during the launch.

2. The Mini became a ‘star’ in BMW’s product portfolio. Examine two implications this might have for Mini?

A ‘star’ is a product with high growth rate and high market share. The first implication for Mini would be a high expectation from the customers and potential customers. Customers would be looking for reliability, better fuel consumption, speed, and of course great after-sales services. If there would be a newer version of Mini, certainly these expectations would have been greater. Consequently, BMW may need to protect Mini from competition and boost the product image among consumers. If Mini fails to fulfill those expectations and BMW is unable to fix it, it may backfire against Mini and affect the sales volume.

Besides, on a positive note, Mini would generate more income for BMW. The income from such position can be used to fund R&D efforts to further improve Mini. This would improve customer satisfaction and the brand of BMW Mini.

3. Evaluate the usefulness of product portfolio analysis to BMW.

By using the product portfolio analysis, BMW is able to determine the stages of the product and therefore the proper marketing strategies to tackle expected hurdles at each stage. For instance, BMW Mini is in the growth stage and sales are growing. However, from the product portfolio analysis, BMW can also expect competition to increase during this stage and marketing expenditures can be quite high. Nevertheless, the analysis would guide BMW, in this case of growth stage, to generate brand preference and increase distribution to overcome the competition.

If the product heads on to the maturity phase, the analysis again would guide BMW on what is the best step to take and what is to be expected from the market and competition.

In conclusion, the product portfolio analysis would be of great use to BMW as inputs of what to be expected and what is the best measure to counter the predicted hurdles.