



Evaluating and Forecasting a New Product Extension

Electronics Manufacturer

Case Study

M/A/R/C[®] Research

Evaluating and Forecasting

A New Product Extension

How an electronic manufacturer determined the viability of its new product line and determined the best strategy to maintain its position as category leader

Business Issues

A new addition to the manufacturer's DVD line-up was developed and introduced in a test market. Initial sales of the product in the test market had been strong and management at the company was interested in determining the optimum sales potential of this new product nationally.

This electronics manufacturer chose M/A/R/C[®] as its research partner based on M/A/R/C's proven forecasting methodology and analytical insight.

Research Objectives

M/A/R/C designed a methodology to address the study objectives and, specifically, the following questions about the DVD market:

- What is the DVD category growth potential opportunity through diffusion in the next five years?
- What is the sales potential for the new DVD in Year One and subsequent years after the introduction?
- What are the concept's strengths and weaknesses?
- What is the demographic profile of likely buyers of the new product?
- What would be the key drivers of the purchase decision among early adopters, late adopters, and non-adopters?
- How would the product compare to key competitors, in terms of performance on key buying criteria?

The company was interested in determining the optimum sales potential of this new product nationally.



Solution

M/A/R/C designed a forecasting and optimization research strategy for the company using the Assessor[®] system. M/A/R/C's Assessor framework uses multiple models of consumer behavior to estimate the level of trial or product purchased. This methodology was chosen because of its accuracy—having been successfully executed in thousands of studies with strong validation records.

In this particular case, an Assessor model based on diffusion theory was developed, taking into account how consumers adopt technological innovations. The diffusion model, in combination with the Assessor methodology, controlled for not only the key motivators driving the purchase of the new product, but also for information-seeking behavior, which usually mediates adoption of innovations.

Results and Actions Taken

M/A/R/C's findings contributed significant inputs to the strategic plan for marketing the new DVD.

- The new product represented a significant opportunity for the manufacturer. Assessor's sales forecast was validated to be right on point with actual sales of the product and category growth.
- Different marketing support activities were deemed critical to early adopters, who play an instrumental role in stimulating the category's rapid growth.
- The biggest potential competitor was identified and an offensive marketing strategy was designed to face competition.

Based on the forecast and insights provided by M/A/R/C's action-oriented insights, the manufacturer decided to introduce the new DVD line-up into national distribution, making it available at several electronic retail chains. A three-year marketing plan to support the company's position as a category leader was also implemented.

Assessor's sales forecast was right on point with actual sales of the product and category growth.

