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Strategic Considerations To New Product Development (NPD) And Product Launch In Pakistan

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MSc Marketing

Strategic Considerations To New Product Development (NPD) And Product Launch In Pakistan

By

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ABSTRACT

The aim of the research was to understand what problems and considerations companies needed to take into account when launching new products in emerging markets, particularly by looking at the case of Pakistan. For this purpose semi-structured, in-depth interview approach was used with nine marketing professionals from renowned multinational corporations and local firms based in Karachi, Pakistan. Based on these interviews, the author derived four main themes which address the research question.

The author argues that that local firms and MNCs operating in Pakistan adopted a blend of various strategies when launching new products; with a majority of the strategies adopted by firms being in consensuses with the new product and launch literature, such as the Stage-Gate process. Moreover, the research also showed that during new product development firms faced numerous challenges, such as lack of R&D, corruption, lack of infrastructure, and so on.

Furthermore, drivers behind successful launches were also identified. These included market size, market growth, market positioning, target strategy, competitors and firms commitment towards the new product. Lastly, it was found that firms in Pakistan adopted a wide product assortment and a strong branding strategy, along with incremental innovation in a launch of a new product.

Keywords: new product development, launch strategies, emerging markets, launch strategies in Pakistan, strategic launch decisions, tactical launch decisions, new product innovation strategy, market challenges in Pakistan.

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CHAPTER 1:INTRODUCTION

The new product development process has received extensive attention from both academic literature (Hultink et al. 2000) and practitioners. There has been broad research conducted in the area of new product development and launch strategies. Research on new product development has focused on strategy, structure and the development process among other factors (Nakata and Sivakumar,1996).

The lack of attention is focused on the launch phase as this being the most expensive stage for the firm within the new product development process (Hultink et al. 1998) and also one of the most critical and risky stages of the process (Benedetto, 1999; Hultink et al. 1997,1998). Although prior research findings continue to add knowledge about the principles of effective new product launch (Hultink et al, 1997), many studies are conducted in developed markets and few in emerging markets. Pakistan being a low income and an emerging economy attracts number of local and international firms launching new initiatives to explore the untapped market potential. How firms can successfully enter these low income markets has not been effectively addressed in the literature on global and emerging market strategies (London and Hart, 2004). Moreover there also has been some research done to establish a link between national culture and new product development; a Japanese technique, generally failed in the United States, possibly because of a less-than-optimal fit with the American culture (Nakata and Sivakumar,1996). Various researches have been conducted in emerging economies such as such as Taiwan (Lee et al, 2011), Brazil (Khanna et al, 2005), and India (Iyer et al, 2006; Khanna et al, 2005) to understand the key considerations to new product development and product launch but very little has been done on Pakistan.

Distinguishing itself from previous studies in the domain of new product development and launch, this dissertation focuses on the new product development process and launch phase and practises firms adopt in Pakistan. Due to the gaps in the literature, and the geographical area of research, this study will attempt to explore key considerations to new product development and product launch in Pakistan. Furthermore, it intends to pay attention to the challenges faced by local firms and MNCs while launching new products to the market. Therefore this research is valuable as it aims to fill the gaps in these areas of the marketing literature.

As developing countries are a source of added revenue for local and MNCs, both are constantly innovating and trying to meet varied customer needs. This research aims to answer the questions of what challenges local and MNCs face when launching a new product in Pakistan. In doing so it looks at approaches adopted for new product development, drivers behind successful launches, and product innovation strategies employed. These research areas have been left out in marketing literature on Pakistan, and this dissertation aims to fill this gap, and provide insights into the Pakistani market and how firms take decisions associated with new product launches.

The first chapter of this dissertation will provide an extensive review of the theoretical background regarding emerging markets and their conditions, followed by detailed understanding of the new product development process and types of launch decisions. The literature review will also provide a thorough explanation of what launch decisions and drivers for successful new product launches. The next chapter will explain the methodology, providing a justification for the qualitative methodology and the use of semi-structured in depth interviews followed by thematic analysis method adopted for this dissertation. Following this chapter, a discussion and analysis of the results from the interviews will be provided. case studies and cross case data

will be presented. This thesis will conclude with the attempt to answer the questions posed by gaps found in the literature and the corresponding managerial implications for local and MNCs. This will incorporate the epistemological analysis of the approaches used thus highlighting the limitations and outlining the strength of the findings which can be used as a platform for further research of new product launches in Pakistan.

CHAPTER 2: LITERATURE REVIEW

This chapter will cover the literature that exists on emerging markets, followed by new product development and launch phase for a new product. As new product development is a very detailed process, this literature review will highlight various aspects of launch strategies within the context of an emerging market. Therefore the literature review will try to cast a wide net on conditions of emerging markets, new product development and launch strategies.

2.1 EMERGING MARKETS

There is commonly no recognized definition of the term "emerging market," but there are three features of a country's economy which makes it one. Begg and Ward (2013) explain these three characteristics of emerging markets. First is the level of economic development which is signified by the average GDP per capita, followed by economic success which is indicated by GDP growth rate. Lastly, it is the system of market governance and, in particular, the extent and stability of a free-market system. Emerging markets are those developing countries, which are in a process of restructuring their economies to adopt a more market oriented approach in order to enhance their trade, technology and foreign direct investment opportunities (Cherian et al., 2010).

2.1.1 The Importance of Emerging Markets

As mature markets in the developed countries are becoming more saturated, firms have turned progressively towards emerging markets (EM). Previously emerging markets were relatively of low priority; however, these markets are home to about 85% of world's population (Lee et al. 2011). Emerging markets offer numerous opportunities in terms of access to millions of new customers, potential sales growth and long term growth possibilities (Clarke III, 2000). Goldman Sachs estimate that by 2035, the gross domestic

product (GDP) of emerging markets will go beyond all the advanced markets and Brazil, Russia, India and China—the BRIC economies could become a much larger force in the world economy (Wilson and Purushothaman, 2003). Moreover, they also argued that the BRIC economies are growing so rapidly, that their combined markets could eclipse the markets of the current largest economy by 2050.

Apart from the BRICs, additional emerging economies include the Next Eleven (N11), a group of nations including Bangladesh, Egypt, Indonesia, Iran, Korea, Mexico, Nigeria, Pakistan, Philippines, Turkey, and Vietnam (Wilson and Stupnytska, 2007). Compared to strong emerging economies like China and India, N11 nations exhibit slower growth rates. As argued by Wilson and Stupnytska (2007), these developing countries offer the greatest potential for firms seeking to enter emerging economies. Sheth (2011, p. 166) states that "as the last century was all about marketing in the advanced economies, this century is likely to be all about marketing in the emerging markets".

There are numerous factors fuelling the growth of emerging markets. Economic reforms and policies have transformed and unlocked markets protected by socialism. This change has given rise to new markets for branded products and services (London and Hart, 2004). Moreover, all advanced economies are maturing, resulting in their domestic market being stagnant or growing at a very slow pace. Thus, the future for firms operating in mature markets is destined to come from the emerging markets. In aggregate the foreign direct investment (FDI) to developing countries has also increased. It witnessed a jump from 18% to 33% in 1996 when FDI exceeded to $100 billion (Arnold and Quelch, 2012) and at the end of 2011 global FDI stands at $1.3 trillion (Economist, 2012).

However, it is quite challenging and risky to operate in an emerging market, as market dynamics vary considerably. Potential challenges might include government and political instability, poor infrastructure capabilities, minimal local marketing expertise, and extensive corruption at all levels of the value chain (Lee, et al., 2011; London and Hart, 2004; Miller, 1998). In the following chapters, exact picture of emerging markets will be sketched in order to understand how they differ from developed economies and what possible challenges firms might need to face in new product development and product launch.

2.2 INSIGHTS INTO CONDITIONS OF EMERGING MARKETS

Entering and operating into emerging markets may require a different strategic approach for existing and new firms as they are distinctly different from mature markets. We will now develop an understanding of how these changing dimensions of emerging markets have an impact on theory, strategy, policy and practice (Sheth, 2011).

2.2.1 Political and Social Systems Dominate

Each country's political and social system as well as the manner in which it has opened up to the outside world affects its product, labour, and capital markets (Krishna et al. 2005). Emerging markets have strong relationships with socio political institutions. Sheth (2011) holds the view that religious, government, business groups, nongovernmental organizations (NGO's) and the local bodies govern the markets, rather than the competition in the market. Hoskisson et al. (2000) adds that political and social shocks greatly increase the levels of uncertainty in emerging markets, for both domestic and foreign firms. They further highlight that emerging markets have missing institutional features, political and economic stability, lack of well-defined property rights, lack of strong legal frameworks and high levels of bribery and corruption. It is not unusual in emerging markets that numerous government-owned firms are operating, thus controlling the market. In

energy sector examples include CNOOC (China), and India Coal (India). Rahman and Bhattacharyya (2003) concurs with this view and states that when such firms face competition government re-imposes regulations and somehow protect them from financial damages. Therefore, firms should be considerate of such lacking institutional framework in emerging markets which can affect them directly or indirectly.

2.2.2 Inadequate Infrastructure

One of the main characteristic of an emerging market is lack of infrastructure. Sheth (2011) defines infrastructural capabilities as physical roads, logistics and storage, distribution systems and market transaction enablers (POS terminals, banking functions). This might now be the case for every developing country as large metropolitan areas have sufficient infrastructure (Krishna et al. 2005). Lack of infrastructural capabilities can severely slow down a wide range of commercial activities. As discussed previously, developing countries lack distribution systems which consist of middle men and retail outlets (Nakata and Sivakumar, 1997) thus resulting in cost inefficiencies. A similar view is held Rahman and Bhattacharyya (2003) and further highlights that effective intermediaries and sound regulations are also missing in emerging markets; therefore, increasing the chances of possible conflict. Nakata and Sivakumar (1997) also highlight that emerging markets have generally lower technological capabilities. This is due to fewer or negligible R&D facilities and institutions for higher learning, which suggest that emerging markets are not creating products for their own markets.

2.2.3 Socio-cultural Conditions

Emerging markets are composed of multi-lingual and multi-cultural societies. Cui and Liu (2000) highlight that heterogeneity in an emerging market can be found in purchasing power, attitudes, lifestyles, exposure to media, dialects and consumption patterns. According to Johnson and Tellis (2008),

consumers are not driven just by economic consideration, but cultural facets of a society also affect consumption and buying patterns, which economics alone cannot explain. Kogut and Singh (1988) in their research on culture influence on markets highlights that, culture does not only affect the behaviour of a customer but also has a significant impact on execution and implementation of marketing and management strategies. With various different groups, regarded with a possibility of distinct preferences, firms must adapt their marketing and product messages to overcome sensitive cultural differences, thus adopting a uniform approach. Nakata and Sivakumar (1997) describe the socio-cultural aspect of emerging markets to be more personal in nature. They highlight that through time consumers and retailers have built close bonds in market places. Therefore, firms during strategy development need to make sure that that social and cultural factors are taken into account.

2.2.4 Product and Labour Markets

During the past decade developing countries have grown rapidly and many have opened their economic doors, but investors are still struggling to obtain reliable information about consumers and markets. Ghemawat (2001) highlights that firms are unable to find skilled market research companies who can provide them with reliable information. Rahman and Bhattacharyya (2003) explain that in developing countries there are hardly any agencies that can safeguard consumer rights against any dishonest businesses, nor which can provide redresses to consumer grievances. As education levels are low in developing countries, there is a scarcity of skilled labour and professionals (Nakata and Sivakumar, 1997; Sheth, 2011). Recent research by Krishna et al. (2005) on BRICs revealed deep insights into how product and labour markets function. They have highlighted that countries like India are moving towards the more mature markets but have still a long way to go.

There has been a wide variety of research on various emerging markets in areas of internalization, strategy and launch. Researchers have identified various characteristics of emerging markets which can play a key role in forming market driven strategies. Findings from the literature review can only be considered tentative as they provide some understanding about the possible effects of emerging market conditions on launching a new product. Literature suggests that economic, legal/political and socio-cultural conditions have an impact on firm strategies which can affect the launch of a new product in such a market. **Table 2.1** summarises the factors which differentiate emerging markets from developed economies and what possible challenges firms might need to face in new product development and product launch.

Table 2.1: Summary of Emerging Market Conditions

Paper	Challenges Identified	Market Studied	Methodology
Nakata and Sivakumar (1997)	Economic, technological, Legal/political, Competitive/marketing and Socio-cultural	Malaysia, Thailand, India, Indonesia, China, Mexico, Brazil, Chile, Hungary, Poland, Turkey, the Czech Republic, and South Africa	Literature review of emerging market conditions
Krishna et al. (2005)	Institutional Context (Political and social Systems, Openness, Product labour and capital markets).	BRICs (Brazil, Russia, India and China)	Harvard Business Review comparative analysis
Rahman and Bhattacharyya (2003)	Market density, Government relations, Distribution network and Buying Power	India	Literature review of emerging market conditions
Johnson and Tellis (2008)	Economic distance, Cultural distance, Country risk and Openness	India and China	Empirical analysis of Historical Data

Sheth (2011)	Market Heterogeneity, Socio-political governance, Unbranded Competition, Shortage of Resources and Inadequate Infrastructure	Comparison between Developed & EM	Literature review of emerging market conditions
Kumar et al. (2013)	Customer-Specific Variables, Marketing-Mix Variables and Firm-Specific Variables	United States, Canada, Europe, Asia, and Australia	Interviewed 42 managers of multinational companies

2.3 NEW PRODUCT DEVELOPMENT

This section of the literature review will discuss the new product development process, highlighting various stages involved and establish an understanding of the factors impacting success of new products.

Developing a new product or improving existing product lines is crucial for the success for any organisation and is considered to be a determinant of sustained company performance (Cooper et al. 2005). Many firms devote unreasonable resources and effort in developing new products as they offer competitive advantage and a new stream of revenues and profits. Although this holds true that new products open up new opportunities for firms, the significant risk associated with these new products cannot be neglected. According to Griffin (1997) average success rate for a new product is 59% in the US and around 100 ideas lead to 15.2 successful new products. On the other hand, only one out of 46.1 ideas is successful among the developing countries (Ozer, 2006).

As mentioned earlier, new product development process is complex, time consuming with very low-success rates therefore it reasonable to develop an understanding of the new product developmental process, factors which impact the success of new products and approaches to innovation/new product development.

2.3.1 New Product Development Process

The process of new product development is critical within any organisation. All products go through the stages of their lifecycle and will eventually have to be replaced or rejuvenated. To ensure a methodical approach towards new product development, firms have developed various models and procedures. One of model for driving new products to market which is widely used by companies is the Stage-Gate Model (Griffin, 1997; Cooper et al., 2002, 2005). Stage Gate is a process with series of stages, consisting of recommended best practices to take the developmental cycle to the next decision point followed by Go/Kill decisions which act as quality control check points (Cooper, 2008). **Figure 2.1** below shows an overview of a typical stage gate model.

Figure 2.1: Stage Gate Model
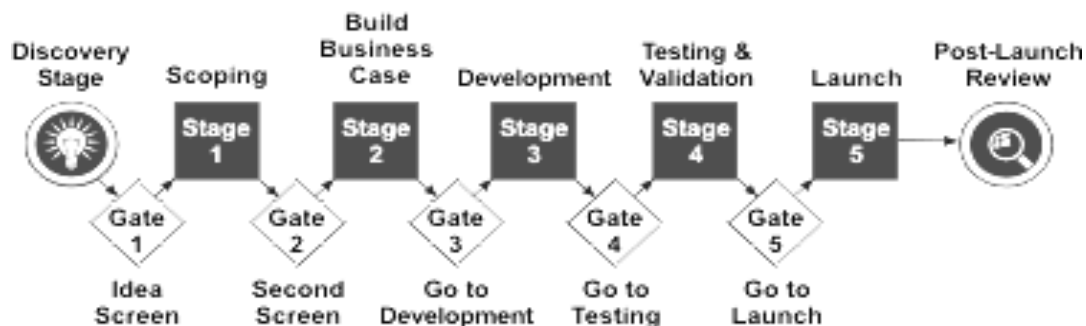
Source: (Cooper, 2008)

Each stage of the model is planned in a way to collect information in order to reduce risks (Cooper, 2008). The early stages of the process are more concerned with the preparatory work (initial screening, preliminary market and technical assessment), and are key for the success of new products (Cooper and Kleinschmidt, 1995a, 1995b). Commercial evaluation or building a business case stage is intended before the actual development of the product and hold significant importance in the entire process, followed by product testing and actual launch. Cooper(2008) highlights that the Stage Gate Model is an incremental process, and each stage costs more than the

preceding one. Moreover, this is a process where all functions of the firm are dedicatedly involved and activities within each stage is undertaken in parallel by a designated team. Another very integral aspect of this model is to take Go/Kill decisions which are known as gate. Cooper(2008) further explains that gates are there to put forward the idea to the next stage which is weighed against deliverables and criteria set by the team. This allows managers to make informed decisions about new product development and allows the best idea to reach the commercialisation stage.

Stage Gate Model is a comprehensive and methodical process to develop and launch a new product in the market. But within new product development process, certain activities are of specific importance for the success of new products (Ernst, 2002; Griffin, 1997). Cooper and Kleinschmidt have done extensive work on highlighting best practices and success factors in new product development process. For better understanding of these factors and their impact, this literature will now highlight the prominent factors.

2.3.2 Factors Impacting the Success of New Products

Literature on new product development highlights numerous factors which impact the success of a new product. Firms adopt and imbed these factors in their new product development process to benchmark and improve activities (Ernst, 2002). Cooper and Kleinschmidt's work revolving around success factors highlights four broad categories, (1) NPD process; (2) organisation; (3) culture; and (4) role and commitment of senior management.

2.3.2.1 NPD process

Cooper and Edgett (2005) highlight the importance of quality and planning before starting the new product development process. They emphasise on the broad evaluation of ideas, technical and market directed approach and commercial evaluation of the new product development project. Cooper and Kleinschmidt (1995a) draw attention to continuous commercial evaluation of the new product during all phases of development. This includes timely

termination of an unfeasible and unprofitable project. Cooper and Kleinschmidt (1995a, 1995b, 1996) and Cooper et al. (2002) further emphasise on the orientation of the new product development process. They stress on orientation has to be market oriented and ideally all information should be updated during the entire new product development process.

2.3.2.2 Organisation

Cooper and Kleinschmidt in search of organisation factors contributing to the success of new product development, outline five essential success factors. These are: (1) a cross-functional NPD team; (2) a strong and responsible project leader; (3) an NPD team with responsibility for the entire project; (4) the commitment of the project leader and the team members to the NPD project; and (5) intensive communication among team members during the course of the NPD process. Cooper and Kleinschmidt (1995a, 1995b) highlight that the NPD team should comprise of members from several organisational functions as they can make substantial contributions to entire process. Cooper and Kleinschmidt (1995a) also stresses on the importance of the project leader being responsible and committed to the NPD project as it results in overall synergy. Cooper and Kleinschmidt (1996), highlight the importance of a dedicated NPD team and commitment of the project leader. They are of the view that giving autonomy to a team has a positive effect on the NPD process and drives it to success. Moreover, they also emphasise that the team should bear responsibility of the entire NPD process and not just of various stages. Lastly, Cooper and Kleinschmidt (1994, 1995a, 1995b, 1996) hold a joint view that successful new product development results because of intensive communication between teams by sharing information and ideas.

2.3.2.3 Culture

Cooper and Kleinschmidt (1995a) highlight the significance of an innovation friendly, risk-taking and entrepreneurial climate in an organisation has been

identified as being the drivers to success. In addition the above success factors mentioned Cooper's and Kleinschmidt's (1994, 1995a, 1995b, 1996) suggest that employees should dedicate a portion of their time to brainstorm about new ideas and also work on unofficial projects which have been already stopped by the management. Promoting of such a culture conducive to innovation in an organisation will result in successful new product launches.

2.3.2.4 Role and Commitment of Senior Management

Findings from Cooper and Kleinschmidt (1995a) make it clear that support of senior management and sufficient allocation of resources are key success factors to new product development. They also highlight that resource allocation needs constant support by the senior management because at times more resources are required which are not taken in to account during R&D budgets. Moreover, it is also suggested that accountability of the senior management has significant positive effects on the success of a new product success.

2.3.3 Approaches to Innovation/New Product Development

The significance of innovation in creating a competitive advantage has been given significant attention in new product development literature. The term innovation and new product development has been interchangeably used in marketing literature. Innovation takes into account a much wider picture of managerial and institutional activity when compared to new product development (Iyer et al., 2006). As marketing in more concerned with product level innovations; therefore the term innovation primarily refers to the new product. Literature highlights a distinction between incremental and radical innovations. In marketing literature, incremental innovation is referred to product line extensions or adding modifications to existing platforms and products (Ali, 1994). Radical innovation on the other hand, results when a product is superior to the existing offering in the market and

is rendered non-competitive. Moreover, radical innovation has another dimension known as disruptive innovation; which is market based, where a small early segment of adopters allow the firm to develop the product and compete in the market (Story et al., 2011).

According to Ali (1994), incremental vs. radical innovation is discussed in the capacity of risk-low reward strategy for incremental products as opposed to high risk, high reward strategy for radical products. Firms design incremental products to meet a perceived market need, as it takes relatively a shorter time period. Moreover, incremental products offer firms with the opportunity for extending their market share and therefore, to satisfy the existing customers through constant improvements to products and through exploration of more predictable strategies for growth and success (Ali, 1994; Iyer et al., 2006). Results from Banbury and Mitchell's (1995) work on incremental innovation show that continuous improvements in products contribute to a larger market share for firms, therefore introducing incremental products to the market is critical for the long-term success of firms. However, firms adopting this strategy might face challenges and threats from new entrants who might launch new and innovative products.

2.4 LAUNCH STRATEGIES

This section is focused on developing an understanding of launch strategies, and will be made by reviewing the literature and drawing out the details of what comprise of strategic and tactical launch decisions

Launching new products in the market quickly allows firms a competitive advantage. Even today managers struggle to bring products to market in record time (Cooper et al. 2005). Chiu et al. (2006) explains that many factors such as rate of technological development, improved mass communication, competition, changing demographics, shorter product life cycles and increasing cost of research and development contribute greatly to

new product development. Firms must master product launch strategies and skilfully navigate proper product development which will separate them from failures. Hultink et al. (1998) and Benedetto, (1999) highlight that there is a high risk of failure in developing and launching a new product in the market and this triggered researchers to explore possible reasons. One of the very common issues identified in literature is impact of launch strategy (Hultink et al. 1997). Launch stage is the last and the decisive stage (Benedetto, 1999; Hultink et al. 1997; Hultink et al. 1998) of new product development. It is the initial stages of new product development that that take most of the time (Guiltinan, 1999). Launch or commercialisation stage is the most expensive and requires the heaviest investment in the overall new product development process (Hultink et al., 1997, 1998, 1999, 2000; Benedetto, 1999). For example, Gillette Sensor launch cost $200 million in research and an extra $110 million in year one's advertising (Benedetto, 1999).

The importance given to the last stage of new product development is based on the fact that it is in this phase where the largest investments are made in the entire process. Hutlink explains the importance of launch phase by stating "you cannot save a bad product with a splendid launch strategy but you can surely kill a great product with a poor launch strategy" (TU Delft, 2012). Despite the importance of this stage, there have been very few studies on launch strategies .Earlier understanding of launch strategies have been summarized and highlighted in new product management textbooks, but there still remains a lack of empirical studies that explore whether successful launch decisions are generic or specific by market (Hultink et al., 1998, 2000).

There have been some very prominent work in the realm of launch strategies by Hultink et al. (1997,1998,1999,2000), Guiltinan (1999) and Benedetto, (1999). In launch strategy literature very little consistency exist on what decisions make up a launch strategy, nevertheless recent studies

have categorized launch decisions into strategic and tactical launch decisions (Hultink et al. 2000).

2.4.1 Defining a Launch Strategy

Walker and Mullins (2008:8) define strategy as "a fundamental pattern of present and planned objectives, resource deployments, and interactions of an organisation with markets, competitors, and other environmental factors." Calantone and Montoya-Weiss (1993, in Hultink et al. 1997) underline that the launch phase is the most risky and least well managed element of the new product development process and is comparable to a marketing plan. Choffray and Lilien (1986) describe the launch strategy as those set of decisions and activities which are crucial to present a product to its target market, which in return begin to generate income from sales of the new product.

Green and Ryans (1990, in Hultink and Robben, 1999) argue that launch strategy consists of marketing decisions that are necessary to introduce a new product and begin to generate income from sales of the new product in (Hultink and Robben, 1999). Many authors agree on the construct of this definition, nevertheless, many authors share fewer consensuses on how to effectively execute a launch strategy. Drawing general conclusions from previous researches is difficult as each study has investigated different variables. For example Hutlink and Schoormans (1995) studied the role of pricing, promotion, product assortment and product advantage in launch strategy and highlighted them to be crucial for new product success.

Hutlink and Schoormans (1995) highlight that there exists little agreement about the variables associated to launch strategies. Launch strategy literature examining product launch have identified two broad categories of launch decisions: strategic and tactical launch decisions. Strategic launch decisions are focused on product and market problems, determining the

degree of product innovativeness, profiling target market and positioning (Benedetto, 1999). Tactical launch decisions revolve around the marketing mix decisions: what should the product and branding strategies be, which pricing strategy fits the target market, which mediums of advertising should be used to reach the customers, and what distribution channels should be adopted. Compared to strategic launch decisions, tactical decisions are more easily modified in later stages of new product development process and are not only typically made after strategic decisions, but may also be strongly influenced by the strategic decisions already made (Hultink et al., 1997)

Moving forward in this section, by reviewing the literature on launch strategies, an understanding of strategic and tactical launch decisions will be made. The literature reviewed includes generally acknowledged associations between strategic and marketing mix decisions for product launches as well as empirically tested research.

2.4.2 Strategic Launch Decisions

As discussed before, recent studies examined on launch strategies have identified two broad types of launch decision launches: strategic and tactical. Strategic decisions answer "what, where, when and why" aspects of launch and are taken in the early stages of new product development (at times even before development) and are carried on right through the process (Guiltinan, 1999; Hultink et al., 1997, 1998, 2000). Moreover, it is hard to change strategic decisions as this means altering the physical and conceptual development of the new product, which results in high costs (Hultink et al., 1998,2000). Product strategy has been the emphasis of most of the empirical research to date on launch strategies, with conflicting results, such as degree of innovativeness (Hultink and Robben, 1995) and time to market (Clark and Fujimoto, 1991).

According to Chiu et al. (2006), Guiltinan (1999) and Hultink et al. (1997, 1998, 1999, 2000) components of strategic launch decisions are product strategy; the nature of the new product to be developed, market strategy; the nature of the market that the new product will be launched in, competitive strategy; the competitive position of the new product, and the firm strategy; the firm's orientation towards the new product development process. Within product strategy, decisions need to be made regarding the project's technological roots, degree of innovativeness, and time to market (Hultink et al., 1997, 2000). Market strategy decisions include size and growth of the target market, (Hultink et al., 1997) and in which stage of the product life cycle are they entering (Hultink et al., 1999). The competitive aspect of strategy includes decisions on level of product advantage (Hultink et al., 1997) and number of competitors (Hultink et al., 2000). Finally, the firm strategy decisions are based on product development strategies; that is whether new product development is market or technology driven, or a combination of the two and innovation strategy (Hultink et al., 1998, 2000). The strategic components included are based on an extensive literature search. This process enabled to identify strategic launch decisions that received consistent mention in the launch literature. **Table 2.2** presents a descriptive review of recent findings on these selected launch decisions. This overview illustrates that there is consensus on the components of strategic launch decisions.

The four strategy decision areas discussed above are recognised to have a number of decisions within each aspect that have been explored within existing literature. The author is now going to highlight each decision in terms of performance impacts. Hutlink and Robben's (1999) study suggests that, the launch decisions that significantly impact market acceptance of new consumer products are relative product innovativeness and timing (not being a follower), thus achieving positive product performance and market

acceptance. Hutlink et al. (1999) identified that the number of competitors in the market (competitive strategy), the new product being technologically/market-driven (firm strategy) and the development cycle time (market strategy) being the three strategic launch decisions which can significantly impact the performance of a new product. Firms who are technologically driven, have long development cycles, offering innovative products and launching in markets with intense competition will experience lower level of customer acceptance as the perceived product advantage will be diluted. Hutlink et al.'s (1999) research also highlighted that new consumer products are launched with different profiles, from the highly innovative to the me-too and from the mass market to the niche market products. Hultink et al. (1998) also investigated generic launch strategies and linked it with new product performance. It was found that the most important strategic launch decisions are product innovativeness and market development characteristics.

Hultink et al. (1997) research shows numerous sides of the firm's strategy that provide an important framework for product launch. This research revealed dimensions to be product newness, driver of new product development (technology versus market), number of competitors, product innovativeness, targeting strategy (niche versus mass), innovation strategy (lead versus follow). Thus, the analysis primarily reflects the targeting strategy, timing strategy, and the impact of relative product innovativeness. This study also revealed that niche strategy was the most successful approach for industrial products where they target innovative products into markets with fewer competitors.

Research literature also shows that few researches been conducted to better understand successful launch decisions for new consumer and industrial product launches. Hultink et al. (2000) conducted a research to determine whether successful launch decisions differ for consumer and industrial

products. The launch literature suggests that strategic launch choices would differ in degree, but not in principle. Hultink et al. (2000) research suggested that strategic launch decisions significantly differ across consumer and industrial products. It was found that for consumer products the strategic launch decisions appeared to be more defensive. For consumer new products, strategies are mostly constructed to launch market-driven incremental product improvements by extending product line penetration into the firm's current markets, in order to improve the image of the company, to defend their current market position against competitors, and to increase barriers to entry. Hultink et al. (1998) support these findings and termed such products as penetration-priced products which are launched with both customer and sales force promotion. Successful consumer products may be slightly longer in development, introduced into slightly slower growth markets; to raise barriers and use excess capacity.

Most studies on strategic launch activities include research on product, market, competitive and firm decisions, and these show a reasonable amount of consistency in their findings. Moreover, some studies (Hutlink and Robben's ,1999 and Hultink et al., 1999) investigated consumer product launch strategies and performance. Hultink and Robben (1999) and Hultink et al. (2000) conducted a comparative research on consumer and industrial product launch separately and showed differences in launch decisions hold between the industrial and consumer contexts. Moreover, almost all studies have established the fact that strategic decisions govern the tactical decisions as they can occur even before launching the new product, and therefore, before deciding on the tactical decisions of the launch. Therefore, strategic and tactical launch decisions are not combined randomly; rather a large number of the decisions are interdependent and may be made in combinations (Hultink et al., 1998). Lastly, all the studies had some

shortfalls as data obtained for researches was from a wide set of industries and geographies, thus missing out on context-specific information.

As highlighted, through strategic decisions, a firm identifies its target customers, decides which market to enter, and the timing of the product launch. Key strategic launch decisions discussed in this section are market strategy, firm strategy, product strategy and competitive strategy. In other words, once the company has selected its target buyers, decided which market to enter, and the timing of the product launch, it will then be in a position to develop and launch new products (Rubio and Polo-Redondo, 2005).

2.4.3 Tactical launch decisions

As discussed in the preceding section, some decisions (strategic launch decisions) take place in the early developmental stage where as other key launch decisions take place after the conceptual and physical development of the new product. These are tactical launch decisions. Tactical decisions govern the "how" to launch a new product (Hultink et al. 1997,1998,1999,2000; Hutlink and Schoormans, 1995; Rubio and Polo-Redondo, 2005). The tactical launch decisions are central to the actual commercialisation of the new product and comprised of elements of the marketing mix: level of marketing investments, the breadth of product versions launched, pricing, product and branding, advertising and promotion and distribution (Benedetto, 1999; Hultink et al. 1997, 1998, 1999,2000).

According to Benedetto, (1999), Chiu et al. (2006), Guiltinan, (1999), Hultink et al.(1997,1998,1999,2000), Hutlink and Robben (1999) and Rubio and Polo-Redondo (2005) key tactical decisions are product, pricing, promotion and distribution tactics. Launch literature has highlighted various elements under each tactical launch decision and has often referred to these decision as marketing mix decisions (Hutlink and Robben,1999). **Table-2.2**

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presents a descriptive review of recent findings on these selected tactical launch decisions. This overview illustrates that there is consensus on the components of tactical launch decisions. Launch strategy literature has primarily focused on establishing a link between strategic and tactical launch decisions with new product performance. Hultink and Robben (1999) highlight that there are seventy five different measures of new product performance in the literature and the most researched are market acceptance (sale level/performance compared with competitors), financial performance (profitability), and technical product performance (customer evaluation of the product). Almost all empirical researches conducted in this domain focused on interdependencies between strategic and tactical launch decisions and taking into account the performance variables. For example prior researches have explained that new innovative product performance is probable to be higher when advertising expenditures are higher, relative price is lower and breath of product assortment is broader (Hultink et al. 1997). The author is now going to highlight each tactical decision in terms of performance impacts.

Hultink et al. (1997) and Hultink et al. (1998) suggest that tactical launch decisions relating to pricing, branding, product assortment and sales for promotional techniques are associated with strategic decisions. The most important tactical decisions are pricing and promotion. It is proposed that strategic and tactical launch decisions are not combined randomly and these decisions are interdependent and may be made in combinations. Hultink et al. (2000) highlights that firms launching new consumer products adopt a variety of tactical decisions ranging from of brand extensions, employing existing distribution channels and promote their products to trade and customers through print and broadcasting media (TV/Radio).

According to Hultink et al. (1998) an innovative new product launch will encompass a wide product assortment compared to competitors, a new

brand name, new distribution channels, lower distribution expenditures, and will adopt a high-price, skimming strategy. An incremental product launch on the other hand, will go for similar tactical decisions with existing distribution channels, higher expenditure on distribution, increase price and will use customer promotion and TV advertising. Hultink et al. (1997) suggest that niche strategies are more successful than mass marketing strategies through exclusive distribution and pricing policies. Guiltinan (1999) discusses that for an innovative product, wide product assortment allow firms to customize the new product and may be especially valuable when multiple usage-situation segments are being targeted. Hutlink and Robben (1999) puts forward a different view and suggest that to achieve a positive new product performance; the launch should contain a new brand name, market penetration objectives for an existing market, adopting a penetration pricing strategy.

Hultink et al. (1999) provided some valuable insights for launch strategy and tactics. Their analysis revealed that an innovative product with shorter development cycle, adopting a niche strategy and tactically adopting an intensive distribution followed by higher promotion expenditure and a skimming price strategy will score success in terms of customer acceptance, product performance and profits. Rubio and Polo-Redondo (2005) work holds a similar view and propose that new product launches will result in greater success if price skimming strategies are used, followed by intensive distribution and greater investment in communication media (advertising and promotion) compared to what competitors are practicing. It was also found that a new product has a higher tendency to fail; if it is launched using an individual brand, adopting penetration pricing and spending less on marketing communication activities than those made by competitors in the market.

Launch literature holds very limited evidence on research conducted to determine distribution decisions and how it affects the launch performance (Hultink et al. 1997,1998). Benedetto, (1999) identified that logistics activities are perceived to play a key role in successful new product launch. It was also revealed that higher perceived performance on tactical launch activities is associated with greater perceived success at launch. Tactical activities for distribution which were found to contribute considerably were quality of the sales team, and management of distribution channels of the launch. Ottum (1996) discusses that existing channels used for distribution leverages customer familiarity; whereas new channels allow extended reach to desired target markets. He also stressed that direct distribution channels allow firms extended selling capabilities, customisation and technical support when launching a new product in the market.

As it was established in the strategic launch strategies literature review that tactical launch decisions are governed my strategic launch decisions, consensuses was found in tactical launch strategy literature as well. It was found that majority of strategic and tactical launch decisions were associated and were not combined randomly, rather a large number of the decisions were interdependent and may be made in combinations. Moreover, the association of the two launch decisions was expected to influence success of the new product (Hultink et al. 1999). This was supported by the findings of Benedetto, (1999) and Hultink et al. (1998).

As discussed above, tactical decisions include decisions related to the new product, such as the brand policy, price, distribution and promotion, and the literature does not only refer to the strategies used (e.g. skimming strategy, intensive distribution, TV- advertising, etc.) but also the spending against the competition. Thus, tactical launch decisions are the marketing mix decisions for a new product: pricing, branding, advertising and promotion, and distribution. Combining these elements should lead to a launch strategy

that is internally consistent, yielding more positive results (Hultink et al., 1997,1998,1999; Hutlink and Robben, 1999; Rubio and Polo-Redondo, 2005).

Table 2.2: Launch Strategy Components in Previous Studies

Study	Data Collection	Country Context	Empirical or Theoretical	Strategic Decisions	Strategic Variables Studied	Tactical Decisions	Tactical Variables Studied
Benedetto (1999)	A mail survey of PDMA practitioners of 200 product launches	U.S.A (industrial firms)	Empirical	Market	number of competitors, target market, positioning	Product	Product lines
				Firm	Innovation Strategy, technology, sales force, cross-functional teams	Pricing	Pricing strategy
				Product	Product innovativeness,	Promotion	advertising
				Competitive	competitive response	Distribution	Sales force, sales force training, distribution intensity
						Others	timing
Hultink et al. (1997)	mail survey (138 successful and 83 unsuccessful launches were studied)	UK. (product launches within last 5 years)	Empirical	Market	Breadth of segments served (targeting), Stage of product life cycle, Target market growth	Product	Breadth of product line, branding
				Firm	market or technology-driven, driver	Pricing	Price level
				Product	Product innovativeness, Relative product newness, NPD Cycle time	Promotion	Advertising ,Promotion
				Competitive	Product	Distribution	Distribution

					advantage, number of competitors		intensity, Sales force effort
						Others	Timing
Hultink et al. (1998)	622 firms provided data on 1022 new product introductions of which 598 were successful and 424 were unsuccessful	Netherlands, UK and the USA for (manufacturing firms in the consumer durables, packaged goods, , chemicals , and transport/ communication industries	Empirical	Market	Growth rate, PLC stage, Targeting, competitors	Product	Branding, assortment
				Firm	NPD driver	Pricing	Level, strategy
				Product	Innovativeness, NPD cycle time, newness	Promotion	Expenditure, instruments (trade promotion, customer promotion, sales force promotion, direct marketing, advertising, PR, trade shows)
				Competitive	Competitors	Distribution	Channels, expenditure
Hultink et al. (1999)	269 managers contacted through questionnaire (208 new launches were studied)	U.K (consumer durables and consumer food and beverage industries)	Empirical	Market	Targeting strategy, Number of competitors, Market growth rate, Stage of PLC	Product	Branding strategy, Breadth of assortment
				Firm	Driver of NPD, Innovation strategy	Pricing	Price strategy and price level
				Product	Product newness, Innovativeness, NPD cycle time, Product advantage	Promotion	Promotion expenditures, Sales force intensity

				Competitive	competitive response	Distribution	Distribution intensity, channels and expenditure
Hutlink and Robben (1999)	288 managers contacted through questionnaire (previous interview personal and/or phone contact).	Netherlands (marketing function, general management, and the others worked in R&D or financial departments. Most respondents worked in business-to-business markets, consumer market and government markets.	Empirical	Market	Market Penetration Objective, Using Existing Market Objective, PLC	Product	Product assortment, new brand name,
				Firm	Innovation strategy	Pricing	Penetration pricing, other pricing policy
				Product	Relative Product Innovativeness,	Promotion	Relative promotion expenditure, personal selling
				Competitive	Competitors in the market, Competitors' Reaction to Product Assortment and price	Distribution	Relative distribution expenditure
						Others	Timing (early entrant, follower)
Hultink et al. (2000)	Questionnaire (previous interview personal and/or phone contact)-617 provided data	Netherlands, U.K., and the U.S (consumer and industrial	Empirical	Market	Market Growth Rate, Targeting Strategy, Stage of the PLC	Product	Breadth of Product Assortment, Branding Strategy
				Firm	NPD Driver, Innovation	Pricing	Pricing Strategy ,Price Level

	on 1,018 new product introductions, of which 595 were successful and 423 were unsuccessful.	firms)				Strategy	
				Product	Product Innovativeness, Product Newness, NPD Cycle Time	Promotion	Customer Promotion, Advertising , Advertising Trade Promotion, Personal Selling, Direct Marketing, Public Relations, Trade Shows, Promotion Expenditures, Sales force Promotion
				Competitive	Product Advantage, Number of Competitors	Distribution	Distribution Channels, Distribution Expenditures
Rubio and Polo-Redondo (2005)	Postal survey (previous interview personal and/or phone contact	Spain (Agro-food companies)	Empirical			Product	Branding
						Pricing	Price strategy (skimming and penetration), relative price level
						Promotion	Promotion strategy (push, pull), Promotional expenditure, communication channels (Direct marketing, Trade shows, POS, Advertising, PR, personal selling
						Distribution	Distribution expenditure, Distribution strategy (intensive,

							exclusive, selective)
Chiu et al. (2006)		Taiwan	Empirical	Market	Growth/potential , Target/position	Product	Branding, Breadth of assortment
				Firm	Structure (Integration, Differentiation, Coordination), NPD firm, Culture (Delegation, Openness)	Pricing	Price strategy (skimming and penetration), relative price level
				Product	Innovativeness, NPD cycle time	Promotion	Promotion Expenditures, Sales force intensity
				Competitive	Threats of Competitors, Product advantage	Distribution	Numbers of channel, Distribution expenditures
				Others		Others	Timing (First to market, Fast follower, Delayed entrant)

CHAPTER 3: METHODOLOGY

After reviewing the literature and establishing the main views of emerging markets, new product development and launch decisions, this section will now establish the main philosophical assumptions underlying the research and provide an overview of the research methodology, which has been employed in data collection. It has been claimed by Silverman (1993) that there is no true or false methodology but only more or less useful ones. According to Silverman (2010), research is a systematic inquiry to describe, explain, predict and control so as to understand a particular area of investigation. Nevertheless, a research on its own would not be complete if it lacked theoretical underpinnings. The theoretical structure relates to the methods, methodology, theoretical perspective (philosophical assumptions) and epistemology (philosophical basis) underpinning a research (Crotty, 1998).

Gephart (2004) highlights three main theoretical perspectives which have been used in management research. These are positivism, interpretivism and critical postmodernism. Positivism in an epistemological position that a researcher takes, that supposes the world is composed of realities and facts which are to be discovered by the help of science (Bryman and Bell, 2011). Interpretivism on the other hand, signifies an alternate dimension to the positivist approach. This view stands for the idea that people and their institutions are fundamentally different from that of the natural science. It searches for differences in the meanings and tries to unfold the alternative meanings present in the objective world (Silverman 2011). Lastly, critical postmodernism combines critical theory and postmodern thought; thus looking at "historical emergence of social structures and the contemporary contexts in which these structures form contradictions with implications for

social action and human freedom" (Gephart, 2004:457), while opting for a multi-layer understanding of social realities and its symbols, thus following the postmodernist tradition (Gephart, 2004).

The relationship between theory and methodology is important. This is because using methodologies that are consistent with the aims of the research has multiple benefits. This consistency not only allows for a systematic and more comprehensive analysis, but also for the production of well-defined and findings (Gephert, 2004). Among the three theoretical perspectives previously outlined, this research adopts an interpretive viewpoint, for it seeks to bring forth the subjective understandings of the marketing managers about product launches based on their unique experiences in their careers. In this research interpretive approach will be greatly used when interpreting interview responses therefore being consistent with the assumptions and aims of the theoretical views being expressed.

3.1 QUALITATIVE VS QUANTITATIVE
Having established the different theoretical understandings, this section will highlight on the two methodologies, quantitative and qualitative.

3.1.1 Qualitative research
In general, research is a planned course of action with the goal of understanding a phenomenon or finding answers to investigation questions (Johnston, 2010). Qualitative research is simply not quantitative research but has gradually developed many or maybe multiple identities (Angrosino, 2007 and Silverman, 2011).Angrosino (2007), further explains how qualitative research intends to understand and describe the social occurrence from the inside by analysing experiences of individuals or groups (knowledge, accounts and stories), interactions and communications (observation, recording) and by analysing documents(texts, images, film or

music).Over the years it has been difficult to find one common definition of qualitative research which is recognized by a majority of scholars. In regard to various approaches and researches, Gephart (2004) explains that qualitative research is a methodological process combined with various research methods that uses "uses an interpretive, naturalistic approach to its subject matter" (p. 455). Gephert (2004) also highlights the flexible nature of qualitative research due to which one cannot reduce qualitative research to a single definition. This is because "qualitative research is often designed at the same time it is being done; it requires "highly contextualized individual judgements" (Van Maanen, 1998: xi); moreover, it is open to unanticipated events, and it offers holistic depictions of realities that cannot be reduced to a few variables" (Gephert, 2004: 455).

Qualitative research can be divided into numerous divisions. The most common qualitative methods include case studies, interviews, observations, focus groups and field notes. Case studies are the detailed account and analysis of a specific social setting or a scenario (Gephart, 2004). Cooper and Schindler (2008) classifies case study research into three types; intrinsic case study (where the interest is only in understanding the particulars of the case), instrumental case study (where the interest is in understanding something more general than the case) and collective case study (where interest is in studying and comparing multiple cases in a single research study).

Secondly, interviews are a prominent data collection strategy in qualitative research. It is a process of gathering in-depth information about a research question from an informant (Johnston, 2010). They involve interactions between the interviewer and the interviewee where exchange of information takes place (Bryman and Bell, 2011). Interview can be one on one, or they can also be with a group of participants. The latter form is known as the focus group method. This is an effective tool in eliciting data on the cultural

norms of a group and in generating broad overviews of issues, but it is important to distinguish between the two. Group interviewing involves interviewing a number of people at the same time, the emphasis being on questions and responses between the researcher and participants (Gibbs, 1997). Focus groups however rely on interaction within the group based on topics that are supplied by the researcher (Morgan, 1997).

A third mechanism of qualitative research is observation, which includes participant observation, ethnomethodology and ethnography (Gummesson, 2007). Observational methods offers firsthand personal experiences from mere detached observation to slight participation to participative (Baker, 2006; Gummesson, 2007). Participant observation is a method of research in which the researcher participates directly in the events and/or environment being studied (Angrosino, 2007). Ethnography, a social science research method works on the principal of up-close, individual experience and probable participation of the researcher. Michael Genzuk (2003) describes ethnography as the art and science of describing a group or culture. Lastly, a key component of all qualitative research methods is field notes, which are used in research to record information and are an essential part of data collection in observational as well as interview based researches. Different types of field notes can be found in literature which are generated in the process of conducting observation. Lofland et al. (2006) and Bryman and Bell (2011) categorize them into mental, jotted and full field notes.

3.1.2 Quantitative research
Quantitative research sets itself apart from qualitative research, as it "codes, counts, and quantifies phenomena in its effort to meaningfully represent concepts" (Gephert, 2004: 455) .Quantitative research clearly differentiates itself from qualitative research due to the analytical objectives, types of questions, types of data collection instruments, forms of data they produce

and the degree of flexibility built into the design (Silverman, 2010). **Table 3.1** briefly captures these major differences.

Table 3.1: Comparison of quantitative and qualitative research approaches

Criteria	Quantitative	Qualitative
Structure	-Seek to confirm hypotheses about phenomena -Tools use more rigid style of eliciting and categorizing responses to questions -Highly structured methods such as questionnaires, surveys, and structured observation -Large scale research	- Seek to explore phenomena -Tools use more flexible, iterative style of eliciting and categorizing responses to questions - Use semi-structured methods such as in-depth interviews, focus groups, and participant observation -Small scale research
Analytical objectives	-To quantify variation -To predict causal relationships -To describe characteristics of a population -Explore, discover, & construct	-To describe variation -To describe and explain relationships -To describe individual experiences - Describe, explain, & predict
Question format	-Closed-ended	-Open Ended
Data format and analysis	-Numerical -Codes	-Textual -Words
Results and Implications	-High generalizability	-Low generalizability
Role of Researcher	-Researcher & their biases are not known to participants. -Participant characteristics are deliberately hidden from the researcher	-Researcher & their biases may be known to participants in the study -Participant characteristics may be known to the researcher
Final Report	- Statistical report with correlations, comparisons of means, & statistical significance of findings	- Narrative report with contextual description & direct quotations from research participants

Source: Bernard (1995); Burke and Christensen (2008); (Cooper and Schindler, 2008); Gephart (2004); Lichtman (2013)

The table above depicts differences in both research methodologies. For a more in-depth theoretical treatment of the differences between qualitative

and quantitative research, an understanding of advantages and disadvantages of both the methodologies will now be discussed.

Quantitative research is highly praised for greater objectivity, validity and accuracy of results. Quantitative methods are designed to provide summaries of data that support generalizations about the phenomenon under study (Bryman and Bell, 2011). Kruger (2003) holds the view that quantitative research methods allow researchers to summarize vast sources of information and facilitate comparisons across categories and over time. Nonetheless, quantitative methodologies can be quite complex and require considerable investment for proper understanding and use (Kruger, 2003). Moreover critics of quantitative methods have also commented quality and density of the data is compromised for the sake of making large-scale analysis and it is difficult to get the "real meaning" of an issue by looking at numbers. Lastly, quantitative researches provide a limited results as they are focused in providing numerical descriptions rather than detailed narrative explanation and provide less elaborate accounts of human perception (Silverman, 2000).

On the contrary, qualitative research methodology provides a rich flavour for issues and circumstances (Gephart, 2004). It emphasizes on qualities of occurrences and the processes and meanings that occur naturally (Denzin& Lincoln, 2000). Qualitative research is "an approach that allows you to examine people's experiences in detail, by using specific sets of research methods such as in-depth interview, focus group discussions, observation, content analysis, visual methods and life histories or biographies" (Hennink, Hutter, & Bailey, 2011). It provides rich and detailed descriptions on the research topic by focusing on meanings and experiences of social influencers (Silverman, 2013). Qualitative research use the meaning depicted by societal members to explain their experience and reality. It uses words and text as meaningful representation of concepts; therefore it has an inherently

literary and humanistic focus (Cooper and Schindler, 2008). In other words qualitative research provides 'a description and understanding of the actual human interactions, meanings, and processes that constitute real-life organizational settings' (Gephart, 2004: 455).

Another key difference between quantitative and qualitative methods is their reflexivity. Usually, quantitative research methods are standardized. Methods such as surveys and questionnaires allow the researcher to ask identical questions from all participants in the same order (Bernard and Ryan, 2010). On the other hand, qualitative research methods are flexible and inductive, thus allowing the researcher greater spontaneity and adaptation of the interaction between the researcher and the study participant. Moreover, in qualitative methods, the relationship between the participant and the researcher is less formal thus allowing participants to answer more elaborately and in greater detail than is typically the case with quantitative methods (Cooper and Schindler, 2008). In short, it provides insights that are difficult to produce with quantitative research, allows a bases for understanding social processes and qualitative research highlights the human interactions and meanings that underlie phenomena and relationships among variables (Gephart, 2004).

For the purpose of this study, the researcher has opted for the use of qualitative research methods. Consistent with qualitative methodology, this research will undertake interviews as the data collection tool due to the main aim of this research. The main objective of this research is to understand what problems and considerations companies need to take into account when launching new products in a developing country, while focusing specifically on Pakistan as a case study. This issue requires rich, in-depth responses which will be obtained by interviewing industry professionals and for that reason interview is the best possible tool.

3.2 INTERVIEWS

As highlighted in the last section, this dissertation adopts the qualitative interview method due to the nature of the issue studied and viability of the method. This section will now focus on providing a justification for selection of this method.

Qualitative interviewing is based in conversation (Kvale 1996), with the emphasis on researchers asking questions and listening, and respondents answering (Rubin and Rubin 1995). Interviews in research are seen as "a means for collecting empirical data about the social world of individuals by inviting them to talk about their lives in great depth" (Liamputtong, 2009, p. 42). Qualitative research interview inquires about and describes the meanings of central themes in the life world of the participants. The main task in interviewing is to understand the meaning of what the interviewees say and the researcher seeks to cover both factual and subjective aspects in the interviewee's responses (Kvale,1996). Interviews are particularly useful for getting the story behind a participant's experiences. As interviews allow researchers with substantial information with rich, in-depth descriptions that explain and give meaning to people's lives, they have become a very popular method for data collection (Denzin& Lincoln, 2000). The main objective of qualitative interviews is to acquire detailed information of narratives or stories of people's experiences and shared knowledge in order to get a verbal picture (Cooper and Schindler, 2008).

There are multiple advantages of choosing interviews as a primary mode of investigation. These range from flexibility in questions, higher response rate and a more one on one and personalized interaction between the researcher and the participant. Interviews offer a flexible data collection opportunity to researchers as they allow for more detailed questions to be asked. Interviews generally achieve a high response rate and ease the process of data collection, therefore allowing the researcher to obtain detailed

information about personal feelings, perceptions and opinions (Bloom and Crabtree, 2006). Interviews also allow researchers to tailor questions and wording until the meaning of questions are clarified and ambiguities can be explained. Moreover, interviews may be useful as follow-up to certain respondents to questionnaires, e.g., to further investigate their responses and unlike with mail surveys, the interviewer has the opportunity to probe or ask follow up questions. (McNamara, 1999). Furthermore, interviews being personal in nature allow for a dense involvement, thus offering an enriching experience compared to questionnaires or observational techniques. Finally, the equipment for making interviews is relatively simple and does not require special training or technical expertise. Hence, due to these benefits, this dissertation has adopted to go for an interview approach.

Qualitative interviews have been categorised in a variety of ways. The structure of interviews can vary from free-where the researcher has very little control over answers-to inflexible- where the researcher asks specific questions. These approaches of interviewing are known as unstructured, semi-structured and structured (Kvale,1996; Rubin and Rubin 1995;Bloom and Crabtree, 2006; Cooper and Schindler, 2008).The choice of structure depends on the type of investigation being conducted and the purpose of the interview (Silverman, 2010). In an unstructured interview, the main focus is to allow participants to express themselves freely with very least control in order to get the most possible information. The order of content of questions is not as it allows more open-ended responses (Bloom and Crabtree, 2006). In comparison to the unstructured interviews, a semi-structured interview is more dominated and controlled by the researcher. The researcher has a script of interview questions, known as "interview guide", which allows him to prompt interviewee and guide the interview (Bloom and Crabtree, 2006). Moreover, semi-structured interviews are usually scheduled in advance at a designated time and are very useful for obtaining specific details about a

topic that has already been explored. **Table 3.2** briefly captures these major differences.

This dissertation adopts a semi-structured, in-depth Interview approach method due to the nature of the issue studied and viability of the method. This method allows researcher to develop a rapport with the interviewee and give access to in-depth information by probing areas suggested by the respondent's answers (Liamputtong, 2009).

Table 3.2: Comparison of Interview Approaches

Type	Format	Responses	Data
Unstructured	-Checklist -Interview guide	-Less controlled -Informants are encouraged to tell their stories	-Recorded on tape or through field notes
Semi-structured	-Written interview guide -All questions written down -Guide includes interviewer instructions	-Controlled -More detailed -Comparable responses;	-Recorded on tape or through field notes
Structured	-Open-ended survey questions - Short answers	-Highly controlled and specific	Usually recorded on survey instrument

Source:(Bloom and Crabtree, 2006); (Cooper and Schindler, 2008);(McNamara, 1999); (Patton, 2001)

3.2.1 Sample

"Qualitative researchers sample for meaning rather than frequency" as they are concerned with the information captured rather than how much or how many (Liamputtong, 2009, p. 11). This dissertation consists of a rare population of 9 marketing professionals from renowned MNCs based in Karachi, Pakistan (**Table 3.3**). Participants ranged from top management to middle management and have been associated with several new product launches in Pakistan.

These respondents are selected through convenient sampling involving the selection of the most accessible participants. The size of the sample was

determined by the time available and also by the nature of the research. Moreover, each interviewee was given considerable time of 70-90 minutes to share their experiences.

Table 3.3: Interviewee Details

Interview	Name of the interviewee	Industry	Designation
1	KhurramHanif	Pharmaceutical 1	Head Business Development
2	Arif Tahir	Pharmaceutical 2	Country Manager-Pakistan & Afghanistan
3	Dr. Harris Sheikh	Pharmaceutical 3	Head of Marketing
4	Ammad Uddin Siddiqui	Pharmaceutical 4	Assistant Brand Manager
5	Ali Ikram	Telecommunications	General Manager Marketing
6	Arshad	FMCG 1	Head of New Product Development
7	Taimur Rashid	FMCG 2	Category Manager
8	Minhaj Ali Khan	Oil & Energy	President
9	Muhammad Zahir	Fertilizer	Director Marketing

3.2.2 Administration of Interviews

In regard to administration of interviews, all participants mutually agreed to participate in this research and their participation was voluntary. Secondly all participants were contacted via emails before the formal interview process. After contacting the participants, each professional were emailed the Participant Information Sheet (**Appendix-I**) which allowed them to understand full details of the project, its goals, and what will be asked to do as part of the research. This was the preferred option for professionals due to their busy schedules (Bloom and Crabtree, 2006). Questions were not shared with any of the participants which enabled to get unplanned answers. Due to geographical limitations five interviews were conducted through Skype, whereas 4 interviews took place in interviewees offices. In both scenarios the atmosphere was private and was free from any disturbances. Before initiating the interview process, a brief introduction about the research was shared and before asking the interview questions, participants

consent was taken to use a voice-recorder. Details about the companies and their products is kept anonymous due to the sensitivity of the information. Lastly, on an average each interview lasted for 75 minutes.

3.2.3 Interview Questions

Data collection with the professionals involved a semi-structured interview; with open ended questions (**Appendix-II**). All interview questions were carefully worded, free from vague or unfamiliar terms in order to get clear responses and also to avoid leading the discussion by questions. Interview questions ranged from general questions and boiled down to specific questions in order to familiarise the participants with the research and also to obtain relevant and detailed responses. All questions were designed after reviewing the new product development, launch strategy and emerging market literature.

The first question was designed to find out how new product development take place in firms in Pakistan. This question revolves around the stage gate process highlighted by Cooper (2008) and aims to highlight the development process. The reason for starting off with a general question is to allow participants to start talking without any intrusion form the researcher.

> Question-1. From your experience in the industry and functional experience in your organization, how does the NPD process take place?

Question 2 and 3 focus primarily on Pakistan and main aim is to identify the challenges faced by firms in an emerging market because operating in these markets may require a different strategic approach for existing and new firms(Hoskisson et al. 2000). These questions are designed to probe changing dimensions of emerging markets such as institutional frameworks, infrastructure economic and political conditions, as they greatly impact

theory, strategy, policy and practice(Lee, et al. 2011; Nakata and Sivakumar, 1997; Sheth, 2011)

> Question- 2. Considering Pakistan specifically, what might be the challenges faced by local firms and MNC's in launching new products.

> Question- 3. In terms of the challenges identified for firms in Pakistan, how these effect the NPD process?

Questions 4-6 attempt to identify the key drivers for new product launches by firms in Pakistan. These set of questions aim to identify the strategic level decisions associated with new product launches such as market, firm, product and competition. These questions are designed to probe strategic aspect of decisions and answer "what, where, when and why" aspects of launch which are cited as a set of early launch decisions by Guiltinan, (1999) and Hultink et al., (1997, 1998, 2000).

> Question- 4. In the past 5 years, how many product launches have you been part of and what were the drivers behind the new product launch ?

> Question-5. How many successes and how many failures took place

> Question-6. From the product launches mentioned, which one was the most successful and what were the typical drivers behind that new product launch?

Questions 7-11 are designed to cover in-depth understanding of successful product launches and tactical launch decisions taken by firms. These questions revolve around the idea of how to launch a new product (Hultink et al. 1997,1998,1999,2000; Hutlink and Schoormans, 1995; Rubio and Polo-Redondo, 2005). As highlighted by Benedetto, (1999) and Hultink et al. (1997, 1998, 1999,2000) these set of questions attempt to probe tactical

decisions that are comprised of elements of the marketing mix: level of marketing investments , the breadth of product versions launched, pricing, product and branding, advertising and promotion and distribution.

Question-7. Considering the product launch(XYZ) you mentioned, what impact did the following   factors had on your launch decisions and new product performance:

- ✓ number of competitors and their reaction
- ✓ target market and market growth rate
- ✓ timing of the launch
- ✓ product innovativeness and newness
- ✓ NPD cycle
- ✓ interdepartmental and team coordination

Question-8. The product launch(XYZ) discussed, what impact did product decisions have on the launch ?

Question-9. The product launch(XYZ) discussed, what impact did pricing decisions had on the launch ?

Question-10. How does the distribution system in Pakistan impact local firms and MNC's in the launch phase and do firms take any initiatives in order to enhance this value chain process? And when do you decide on these decisions?

Question-11. What promotional methods/tools were used in this new product launch? How extensively were they used and what impact did they have? And when do you decide on these decisions (pre or post launch)?

The last two questions 12 and 13 focus on the consequences of the two set of launch decisions-strategic and tactical launch decisions. The main

objective is to understand what might be the best possible launch decisions for the Pakistani market.

Question-12. From the decisions discussed in new product launch, which decisions were taken prior in development stage, and which ones in launch phase? Were the decisions at any point associated or interdependent on each other?

Question-13. From the launch decisions and strategies discussed, which are the most effective and why?

3.3 ANALYSIS STRATEGY

After establishing the methodological framework of the research, this section will focus on explaining the strategy about data analysis.

3.3.1 Thematic Analysis

The data analysis incorporated techniques and strategies that were embedded in thematic analysis. Thematic analysis is one of the most commonly used methods of qualitative analysis. "Thematic analysis is a method for identifying, analysing and reporting patterns within data" (Liamputtong, 2009, p. 284). Daly, Kellehear, and Gliksman, (1997) describe thematic analysis as searching for important themes that help explain the phenomenon. It is structure of pattern recognition with text (data) where emerging themes become categories for analysis. This process of identification requires "careful reading and re-reading of the data" (Rice &Ezzy, 1999, p. 258).

In thematic analysis, being familiar with the data is integral, in order to produce an expedited and insightful analysis. For this reason, data collected through interviews is conducted and transcribed by the author (Liamputtong, 2009). Once themes are identified coding of the data takes place, meaning brief verbal descriptions are applied to small chunks of data. Themes or patterns within data can be identified in two ways. Braun and Clarke (2006)

highlights inductive (bottom up approach) and theoretical (inductive-top down approach) thematic analysis. An inductive thematic analysis is a process through which data is coded without trying to fit it into a pre-existing coding frame, in other words this form of thematic analysis is data driven. On the contrary, theoretical thematic analysis requires the researcher to drive the data analysis through analytic interest in the area therefore it is more analyst-driven. This approach allows a more detailed analysis of some aspects of the data (Braun and Clarke, 2006).

This dissertation adopts a theoretical thematic analysis approach as it allows a more in-depth and detailed analysis. Moreover, thematic analysis is also flexible in its method, thus allowing for inductive analysis and adaption to the field setting. In addition to this, it is a relatively easy and quick method to learn, and is accessible to researchers with little or no experience of qualitative research (Braun and Clarke, 2006). Lastly, it allows the researcher to summarise key features of a large body of data followed by highlighting key similarities and differences across the data. After each interview, data was transcribed and summarized (See **Appendix III**-summary of the transcript of Khurram Hanif, Pharma 1).

Chapter 4: Results and Discussion

This section presents the opinions and experiences of the participants who were interviewed in the research. As explained in the methodology section, data was gathered by conducting semi-structured, in-depth interviews of nine marketing professionals from renowned MNCs based in Karachi, Pakistan.

Based on the interview questions and themes identified, this section is divided into four categories. The first part focuses on the how new product development takes place in firms in Pakistan. The second category focuses on challenges faced by firms in Pakistan and whether that has an effect on the firm strategies towards new product development and launches. The third element of discussion is focused on strategic level decisions associated with new product launches followed by fourth category which discusses tactical launch decisions taken by firms during the launch stage. Each theme/category will be evaluated separately by comparing responses from different interviews followed by relevant citing from interviews. Lastly, data from each interview will be analysed and compared in the light of literature discussed in this dissertation.

4.1 THEME 1: NEW PRODUCT DEVELOPMENT

The first theme emerged from interviews is the process of new product development. New product development is the bloodline for growth for local and MNCs as this allows firms to gain competitive advantage and build on new and existing customer base (Kotler and Keller, 2006; Cooper and Kleinschmidt, 1990). To broaden the scope of understanding of how firms in Pakistan work their way to develop new products, the process is sub-divided into themes which emerged from the interviews.

4.1.1 New Product Development Process

Regarding new product development process there seems to be consensus amongst all participants in driving new products to the market. Interviewee 1, 2, 3, 4, 5, 6 and 7 claimed that they follow a systematic approach for developing a new product which includes a series of stages.

> *"There are various stages in new product development process. The first step involves market research which is carried out using X (third party research firm in pharmaceutical industry). Second step is to check the strategic fit of the new product in the existing portfolio (product and company), current and future market and keeping in line with the current and future firm strategies. After this the manufacturing part comes in followed by commercialisation."*
>
> (Interviewee 1, KhurramHanif, Pharma 1)

> *"New product development process at Telecom-1 is very established. To start with, a need analysis is conducted which is then weighed against the current products in the portfolio and also against the similar offerings in the market. Next, the company, customer and competitors analysis is conducted. This is done in order to understand whether the company is geared up to fulfil the need in the market which your competitor might be able to do. If there exists a split between the 3C's, the planning process starts and we brainstorm about the kind of product (options), target market and try to determine how the product can be differentiated in the market. All this is done in order to come up with the most profitable market offering which is also sellable."*
>
> (Interviewee 5, Ali Ikram, Telecom)

All interviewees from local and MNCs established one main aspect to the new product development process; this being that all firms have defined a streamlined process for new product development. Findings in terms of the process adopted by firms has consensus with the findings from the literature. It can be inferred that all firms adopt a Stage-Gate process (Cooper, 2008) which has become a popular system for driving new products

to market. In other words, most best-practice companies have implemented a robust idea-to-launch new products, such as Stage-Gate (Griffin, 1997; Cooper et al., 2002, 2005). Through interviews it can be inferred that all firms stress heavily on the initial stages of new product development which can be generalised as discovery, scoping and business case. This is done in order to gather detailed information to reduce uncertainties and risk. This is in line with Cooper's and Kleinschmidt's (1994, 1995a, 1995b, 1996) early work on new product development process where two aspects have significant positive influence on success of new products. They are (1) activities carried out in the initial stages such as test marketing and market introduction and (2) the use of market information along the entire NPD process. Basically, the results show the existence of a formal comprehensive new product development process amongst all firms.

The second dimension highlighted in terms of the new product development process, is taking a global approach. Interviewee 4 and 6 explain that all new product development is done on a global level and firms in Pakistan get tried and tested products to launch.

> *"FMCG1 in terms on new product development has now adopted a global strategy. Each category is first build globally inclusive of all brands. When it comes to product development in Pakistan, a complete package is available for the new product which is already been tried and tested in other similar global markets. The global R&D centres develop the product and the entire format and on basis of that the new product is rolled out in the market. The countries do not have a product development strategy whereas they have a product launch strategy. This has been going on from the past 6-7 years in Pakistan and other similar regions globally."*

<div align="right">(Interviewee 6, Muhammad Arshad, FMCG 1)</div>

This characteristic to new product development is also touched upon by interviewee 1 who explains that two approaches to new product development in their firm.

> "On a boarder level there are two parts of new product development at Pharma1. First one is the research part where product testing and development takes place where as the second part of new product development is when a product is manufactured and launched globally and the organizational or market need arises to launch the product locally."

(Interviewee 1, KhurramHanif, Pharma 1)

Interviewee 4 and 6 highlight reasons for adopting this global approach to new product development.

> "In regard to pharmaceutical industry of Pakistan, there is no product development process. We only have product launch processes because there are no research and development facilities. So all research and testing is done on the global level. For Pharma 4, our research and development facilities are in the US and China."

(Interviewee 4, Ammad Siddiqui, Pharma 4)

> "This allows the global region to have synergy in terms of less investment in each country and they share costs. These regions are segmented in terms of similar customer habits. Pakistan is coupled with India, Bangladesh and Sri Lanka."

(Interviewee 6, Muhammad Arshad, FMCG 1)

Reasons for MNCs adopting a global strategy for new product development is consistent with findings of Nakata and Sivakumar (1997). They highlight the fact that emerging markets lack technological capabilities and have fewer R&D facilities. One view expressed by Ozer (2006) also brings attention why emerging markets do not come up with new products. They suggest that

given that the studies about the NPD practices in the US date back to 1960s and this information has been widespread through various publications and conferences, therefore new product development processes are not found in emerging markets. However, a new dimension to new product development is unfolded, as firms develop products on a global level to minimize costs, increase efficiency and also to standardise the processes on a regional and a global level. This can be further understood by Levitt (1983, in Iyer et al., 2006) that firms are slowly moving towards a global strategy due to the efficiencies that arise from pursuing standardized strategies.

In recent years, scholars have increasingly paid attention to the emerging economies in developing countries, which have provided attractive location for doing business (Luo and Tung, 2007). Moreover, over the years developing markets continue to increase the number of products they produce, hence becoming more attractive areas of investment (Sun and Lee, forthcoming).

4.1.2 Role of Organisation in NPD

Companies successfully introduce new products through a well-developed process that leads them from creative ideas to a successful launch of the product by focusing on satisfying specific consumer needs. In this entire process, firm characteristics play a vital role. During interviews all respondents highlighted the importance of organizational factors which were crucial to a successful new product.

4.1.2.1 Cross-functional NPD team

All interviewees from local and MNC's emphasized on the importance of cross-functional teams and pointed out that they were comprised of several areas of expertise which contribute substantially to the development of a new product (Griffin 1997).

"Developing and launching a new product is a very long and tedious process when compared to local firms operating in the industry. When developing a new product, all functions of the organisation are involved (manufacturing, business development team, finance, legal and regulatory, creative services department, medical department..) and is a combined team effort."

(Interviewee 1, KhurramHanif, Pharma 1)

"At FMCG2, new product development involves teams from almost every department of the organization. Be it finance, marketing, consumer research, procurement, design, logistics, production... all departments have a significant role to play in this process. The idea of working together bring excellent team results and synergy as we all are able to share and critique different plans."

(Interviewee 7, Taimur Rashid, FMCG 2)

"Developing a new product is very complex, time consuming process and at large the entire firm is involved."

(Interviewee 8, Minhaj Ali Khan, Oil & Energy)

All participants were of the view that this is an extensive process and cannot be done in isolation. Findings from the data, in comparison to the literature verify that new product development process include teams or members R&D, marketing and production (Song et al. 1997). Moreover, findings are also consistent with Cooper et al. (2002) who found that cross-functional teams help overcome organizational interfaces, promote communication and cooperation and as a result it has a direct and indirect impact on the success of new products.

4.1.2.2 Responsible project leader
Interviewee 5 draws attention to another aspect which has received considerable attention in new product development literature.

"As an organization, every individual has different roles. The top management is more concerned with the company value and profitability. Therefore the responsibility to make this happens to trickle down to specific departments and teams. The segment and pricing team are custodians of the subscriber base and the profitability of the segment is the responsibility of the segment head. This business head is responsible to develop new product road maps, for final execution and also for profitability."

(Interviewee 5, Ali Ikram, Telecom)

Project leader in new product development process has a critical role to play. This finding is also consistent with previous research conducted by Cooper and Kleinschmidt (1995a) where they emphasize that a project leader has to show necessary qualifications, command authority and is able to give his highest attention to the project.

4.1.2.3 Role and Commitment of Senior Management

Support of senior management and adequate resource allocation are success factors in new product development process. Interviewee 1 and 2 brought this aspect into consideration when discussing the new product development process.

"Market need analysis for existing and new products is done every year at Pharma1. Moreover another exercise which takes place every 2-3 years is "Pharma1 Vision Exercise" where all executives and functional representatives meet and forecast projections for the next 5-10 years. We look into aspects such as the existing Pharma1 categories, future of existing categories, prospect new categories and markets to enter. This is a very exhaustive industry mapping and sizing exercise."

(Interviewee 1, KhurramHanif, Pharma 1)

"At Pharma2, top management lead from the front when new product initiatives are taken. Every year franchise heads have to present way forward for their categories and brands. We have to chalk out a plan for all the

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possible new introductions we can launch in the market which are then discussed at the corporate level. Pharma2 being a multinational company, all our budgets are initiatives are approved at the corporate level keeping in mind the current and future strategy of the firm."

(Interviewee 2, Arif Tahir, Pharma 2)

Interviewee 8, belonging to a local firm shows an entrepreneurial orientation in top management approach towards new product development initiatives.

"Our group's philosophy is to offer those new products which are useful and beneficial to the end user and we firmly believe in this. In my experience, I have started a lot of start-up businesses from scratch like DHL Pakistan. This is where the entrepreneurial drive and vision comes in when launching a new product."

(Interviewee 8, Minhaj Ali Khan, Oil & Energy)

The impact of top management support on the success of new products has long been established in the new product development literature (e.g. Cooper, 1999 and Ozer, 2006). What is also clear from data is that, as senior management's commitment to new products and active involvement in go/kill decisions can ensure adequate budgets and resource support. However, entrepreneurial orientation from top management allows firms to take calculated risks, innovate more and acts proactively therefore, contributing to positive performance towards new product development (Cooper and Kleinschmidt, 1995a).

4.1.3 New Product Innovation Strategy

The product innovation strategy adopted by a firm may have a different impact given the types of customer segments and competition present in the market. Firms in Pakistan also adopt various new product innovation strategies and they vary from industries. Interviewee 1,2,3,4 and 5 show

consensus in their new product innovation strategy and they justify their approach of an incremental product innovation strategy.

"In pharmaceutical industry, line extensions take place very often compared to a completely new product because that is a much simpler process. Reason being, the market and product are already established and there is a driven demand. Also, this is a much quicker process and justification and approvals do not take time."

<div align="right">(Interviewee 2, Arif Tahir, Pharma 2)</div>

"Currently all new products developed in the telecom industry are incremental products. This was not true 3 years back because all the competitors in the market lacked technological capabilities. Now if we launch a new offering in the market, other operators quickly replicate. Therefore even if we come up with a totally new voice product in the market, a similar product is launched. However in the domain of value added services, there still exist some room for totally new products. In short, value added services category allows us to develop totally new products whereas voice and sms packages are incremental product offerings."

<div align="right">(Interviewee 5, Ali Ikram, Telecom)</div>

However, interviewee 6 and 7 associated with FMCG industry and interviewee 3 associated with pharmaceutical industry hold a mixed approach towards product innovation strategy.

"In terms of new product launches, a mixed strategy is adopted in Pakistan. What I mean by mixed strategy is that FMCG 1 develops incremental line extensions of existing products and also launch totally new products. Consumer tactical insights development is a designated department in FMCG1 which captures changing market trends of consumer habits and new products are developed and launched taking those insights into consideration."

"At Pharma3, we have a mixed approach towards our strategy in new product innovation. Majorly we go for line extensions. We add various combinations in the formulation, add number of SKUS's, change the packaging, in order to enhance the product lifecycle of our brands. Out of the box product launches happen very rarely and that is part of our strategic portfolio. Our top 10 products are all incremental up-gradations. We only launch radical products when we feel the market is ready for them."

Participants 8 and 9 from local firms hold a more innovative approach towards new product development.

"Throughout years, our focus has been in launching completely new products in the market. We were the first company get the licence from government of Pakistan to market CNG (compressed natural gas). Factors which enabled us to venture into this business proposition was that there was a major gas distribution network established in Pakistan. Moreover other factors such as environmental advantage, saving for the government of Pakistan in terms of their foreign exchange as it reduces their oil import costs and the most important is the end user benefit. All these factors made sense to launch CNG as an automotive application fuel."

"Pakistan mainly being an agro based country; the demand for fertilizers is more than supply. We manufacture generic products for the market but on top of that, we have launched new variants of fertilizers which were never there."

Findings in regard to new product innovation strategy are mainly consistent with literature of NPD in emerging markets. London and Hart (2004) and

Arnold and Quelch (2012) highlight the MNC's in emerging markets rely on proven global practices and incrementally adapt their current products and extend existing business models. Findings from all the MNCs in Pakistan are in line with the research of Sharma et al. (2006) where they propose that incremental product innovations with lower cost and price structures would be more successful than radical innovations in emerging markets where infrastructure does not provide support necessary for the commercialisation of an innovation. Moreover, findings in regard to longer product lifecycles of incremental products are in line with Sharma et al. (2006) discovery that longer life cycles are seen in most radical products, thus making the radical innovation a relatively inefficient and inappropriate strategy. However, it can be seen that local firms have a more aggressive and risk taking approach towards launching new products. It can be inferred that the top management's entrepreneurial drive is mainly the reason for this. These decisions may vary from one emerging market to another but, a country's infrastructure, its economic development path, market size, and business and consumer culture impact the choice of radical or incremental innovations.

4.2 THEME 2: MARKET CHALLENGES

The second theme emerged from interviews are the challenges firms face while operating in Pakistan. The opportunities presented by emerging markets are quite appealing for firms, however they face various challenges (Kumar et al., 2013) .

4.2.1 Institutional Challenges

The first sub-themed identified under market challenges is missing institutional features. All MNCs have established that there is lack of institutional support in terms of pricing and regulations, safeguarding of patents, delays in approvals and prevalence of counterfeit goods.

"In pharmaceutical industry the biggest challenge faced by MNC's is the delay from the ministry of health. Since the last 2-3 years the ministry of health is in a state of flux and new product approvals have been delayed greatly thus impacting our outlook about the product launch. A second problem faced by firms is the regulation of product pricing. In Pakistan, pricing of pharmaceutical products are regulated by the government"

(Interviewee 1, KhurramHanif, Pharma 1)

"We struggle greatly due to weak patents. After launching a new formula in the market, a local firm launches the same product at a much cheaper price."

(Interviewee 3, Harris Sheikh, Pharma 3)

"There is no check and balance on counterfeit products. Laws are there, but no one follows them. Even our products are smuggled in from bordering countries and sold in wholesale markets at a much cheaper rate."

(Interviewee 6, Muhammad Arshad, FMCG 1)

The institutional challenges identified can be further understood by looking at Sheth (2011) and Hoskisson et al. (2000) work where they highlight that emerging markets have missing institutional features and lack in strong legal frameworks. These weak links in the system hampers the performance of firms thus resulting in delays to new product launches.

4.2.2 Economic Challenges

All interviewees emphasised that Pakistan is undergoing economic and political instability which is drastically affecting their future initiatives. Therefore negative effects of economic and political instability seriously effects performance of firms and create future problems.

"Economic pressures such as increasing inflation rates make it difficult to price the market offering at an affordable rate which also affects our profitability. Also, the deterioration in the law and order situation and power

break downs, has made it very difficult to reach different areas of the market."

<div align="right">(Interviewee 5, Ali Ikram, Telecom)</div>

4.2.3 Corruption

Corruption remains a substantial obstacle in emerging markets. All interviewees acknowledge that corruption prevails in political and legislative systems of Pakistan. Data gathered from interviewing managers from MNCs and local firms show that MNCs are the most effected by corruption.

"Local firms on the other hand cut short this approval process by bribing the government officials therefore launching their products much quickly in the market."

<div align="right">(Interviewee 1, KhurramHanif, Pharma 1)</div>

"There are few local strong business groups with deep pockets and personal relations with the government which allow them to take advantage."

<div align="right">(Interviewee 8, Minhaj Ali Khan, Oil & Energy)</div>

Local firms at large are also affected by such illicit acts, but some have the leverage to gain financial gains. Interviewee 9 explains:

"Government interference is always there. The industry faces heavy gas shortages and due to that firms suffer. However, we have a dedicated gas supply and we do not lose much on production."

<div align="right">(Interviewee 9, Muhammad Zahir, Fertilizer)</div>

When probed further to understand what might be the reasons that they have a strong liaison compared to the firms in the industry, interviewee 9 replied:

"Our board and investors are very strong and through years we have built strong ties with the government."

<div align="center">60</div>

Data obtained from interviews show consistency with findings of Hoskisson et al. (2000) and Krishna et al. (2005) where they highlight that lack of strong legal frameworks and high levels of bribery and corruption is prevalent in emerging markets. The weak legal and political loopholes can be further understood by looking at Rahman and Bhattacharyya (2003) work in India where they highlight that government protect few local firms from financial damages. However, it can be inferred that MNCs can try to build relational ties with local and government bodies which are quite important while operating in an emerging market like Pakistan.

4.3 THEME 3: STRATEGIC LAUNCH DECISIONS

The third element of discussion is focused on strategic level decisions associated with new product launches in Pakistan. Strategic decisions answer "what, where, when and why" aspects of launch (Hultink et al., 1997, 1998, 2000). To understand how firms in Pakistan take strategic decisions when launching new products, the decisions are sub-divided into themes which emerged from interviews.

4.3.1 Drivers behind NP Launches in Past 5 Years

All interviewees highlighted various set of drivers behind NP launches ranging from product, market, firm and competition. We will first develop and understanding of how many new product launches have taken place in the past 5 years and what were the typical drivers behind them.

Interviewee 6 and 7 had a similar approach in terms of the drivers behind new product launches. They both identify that market and competition are the typical drivers behind their recent launches.

> *"The first and the foremost driver for any new product launch is the market. What I mean from market is whether a similar product or the category*

already exists, if yes then we understand the competitors, the current and future growth opportunity in that area.

<div align="right">(Interviewee 6, Muhammad Arshad, FMCG 1)</div>

Interviewee 6 and 7 are both associated with FMCG industry with fierce competition and launch strategies are mostly constructed around competitors and market growth opportunities in order to defend their position. This is in line with the findings of Hultink et al. (1998, 2000) which describe strategic launch decisions associated with consumer products are more defensive. Findings also concur with Hultink et al. (2000) where they highlight that consumer product launches are mostly market-driven incremental product improvements by extending product line penetration into the firm's current markets in order to improve the image of the company and also to defend their current market position against competitors to increase barriers to entry.

Interviewees 1,2,3 and 4 from the pharmaceutical industry also had similar views about typical drivers behind the new product launches.

> *"During the past 5 years 8-10 new product launches have taken place. These launches were incremental product innovations where a new SKU was introduced in the existing portfolio of brands. Moreover Pharma 1 has also launched 4-5 new formulas which were a new category in the market."*

<div align="right">(Interviewee 1, Khurram Hanif, Pharma 1)</div>

> *"In the past 5 years I have been associated with 4-5 new product launches which were line extensions of existing brands. The single most important driver for any new product to is unmet need in the market. Once a need is identified we look into the future growth of the market."*

<div align="right">(Interviewee 2, Arif Tahir, Pharma 2)</div>

Local firms on the other hand had a different view when asked about typical drivers behind new product launches.

"Historically, I have been associated with new product launches in a longer time span and not just the past few years. We started most of our businesses in 1980-90's and then got involved in building those businesses. From my experience, the main drivers behind a new product launch is, that how innovative and new the product is and what benefits it has to offer customers, current and future growth of the market and the ability for the firm to be market oriented. We didn't build any new business in the past 5-7 years probably because of intense competition and lack of technological infrastructure."

(Interviewee 8, Minhaj Ali Khan, Oil & Energy)

"In the sphere of value added services, we have launched around 400 new products in the past 5 years. Each product in this domain was focused on a very small market niche and therefore we had to launch a number of products to cater to a diverse market. For voice products, it depends greatly on the product lifecycle and at which stage the market is. Three years back we used to launch a new voice product every two months but due to more players and little opportunities to create differentiated products, we launch incremental up gradations (every two months) in the existing market offerings and launch fewer new products."

(Interviewee 5, Ali Ikram, Telecom)

Data shows that local firms are more driven by launching innovative products in high growth markets and have adopted a more aggressive approach. This finding is in line with Hultink et al. (1998) who found that product innovativeness and market development characteristics are the most important strategic decisions. However, as competition grew local firms have faced intense pressure and they have limitations in introducing more innovative products in the market.

4.3.2 Success Vs Failures

New products are important for a firm's success. However many new products do not do well in the market place. Determining failure or success is neither an easy nor a straightforward task because it is multidimensional (Hultink et al., 1995). All interviewees have encountered successful and unsuccessful new product launches and highlight various factors behind them.

> *"Two product launches have been really successful, "Product1" and "Product2". Yes we did have some failures which were mainly due to product and safety issues, therefore the product was taken off the market on a global level. Another new product failure resulted due to some production issues as we were unable to manufacture the right size SKU for the market. Product3 was another product launch which was not so successful in the market resulting because of a strategic mistake as this brand was launched in the same category and the sales team could not position the brand properly in front of the target market."*

(Interviewee 1, KhurramHanif, Pharma 1)

> *"Success and failure basically depends on the benchmarks you have set for yourself. In the past we have faced very few setbacks but they were mainly because the market was not ready and our price points were not reasonable."*

(Interviewee 2, Arif Tahir, Pharma 2)

> *"I would not say that there were failures, but each product has its own trajectory. All product launches I have been associated with are meeting the sales targets and vision set by us. Yes, they could have been launched more effectively and can be improved in certain areas."*

(Interviewee 7, Taimur Rashid, FMCG 2)

Interviewees from MNCs and local firms when gauging success or failure of new product launches weighed them on product level measures (whether quality guidelines were met), customer acceptance measures and financial performance measures. These are in line with the performance factors put forward by Hultink et al. (1995). From the interviewee responses it can be inferred that products failed because of firms faced internal issues (production), lack to team coordination and planning and market factors. However, it was also found that some new product launches were not failures, just less successful. However, it was found that the unsuccessful launch of "Product 3" was not strategically aligned with other with other departments. This can be further understood by looking at the work of Benedetto (1999) where they highlight that the use of cross-functional teams in strategy development leads to successful launches.

On the other hand, interviewee 5 highlighted a very different perspective when probed about successful and unsuccessful launches.

> *"We have launched a lot of products in the past because there is not silver bullet. From top-level it is encouraged to experiment and therefore at times there were products which were new to the market and we were not sure if they were going to be a success. So there were many failures along the way."*

> (Interviewee 5, Ali Ikram, Telecom)

This again shows a more entrepreneurial approach in local firms towards launching new products and it is more reflected from the top management.

4.3.3 Drivers behind Successful NP Launches

This theme specifically focuses on the successful launches in terms of the four drivers-product, market, firm and competition. All interviewees emphasized that market size, market growth, market positioning, target

strategy, competitors, and firms commitment towards the new product as the key drivers for all successful launches.

"Product1 and Product2 were the most successful because we launched them as a totally new "Value Health" category in the market...There was a lot of commercial thrust behind these product launches. Drivers behind these product launches were the market growth and potential. Furthermore, interdepartmental and team coordination greatly influenced the success of these two new product launches.. Moreover we found a niche in positioning our products under the umbrella of "Value Health" which is described by quality and affordability. At the time of the launch, both brands had 100 plus competitors in the market. "

(Interviewee 1, KhurramHanif, Pharma 1)

"Few years back the shampoo market in Pakistan was not very developed and consumers used soap as it was a cheaper. We realised there was room in the market; therefore we launched smaller SKUs of Shampoo1 at a price point of local offerings in the market. We heavily focused on delivering functional benefits, plus a reliable brand to choose from. Our main strategy was to expand the market and now we sell 15,000 tons of shampoo compared to 5,000 tons."

(Interviewee 6, Muhammad Arshad, FMCG 1)

Interviewee 5 and 8 also emphasised on product newness as a key driver for a successful launch. However, interviewee 5 did not explicitly mention but it can be inferred that correct timing to enter and launch the product also acted as a driver for a successful launch.

"We launched a completely new product "Telecom1 Package" catering to the youth. Typical drivers behind this launch were market size (60% of the population), market growth and presence of only one competitor catering to this market segment. Due to only one competitor, operating in this segment, we were able to make enough differentiation in the product offering which

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allowed us to reach 6 million subscribers within one year. Another factor which contributed as a driver was the role of top management as they and the entire firm was firmly supporting this strategic move in launching an entire new segment portfolio in our business."

(Interviewee 5, Ali Ikram, Telecom)

Other interviewees also highlighted that firms involvement leads to a successful launches but interviewee 2 stressed on firm being the innovative and the main driver towards new product launch.

"Another factor which contributed significantly to a successful launch was buy-in form every member of the organization. Our top management was so passionate about the product that they were pushing it to have it in our portfolio. We all were so geared up in devising our plans to make this a rock star product."

(Interviewee 2, Arif Tahir, Pharma 2)

Interviewee 4 also drew attention to the competitive aspect of launching a product.

"It was more of a strategic objective to launch "Pharma4 Pen" in Pakistan. We had other products in this category but not something to fight the competition. Being a pioneer, innovator and global leader in diabetes, we wanted to firm our footings in Pakistan as well, therefore we launched low priced ."

(Interviewee 4, Ammad Siddiqui, Pharma 4)

Data collected from interviews shows show a reasonable amount of consistency with launch strategy literature. Both local and MNCs established that market size, market growth, market positioning, target strategy, number of competitors and firms commitment towards the new product are the key drivers for all successful launches. This can be further understood by

looking at the work of Hultink et al. (1999) where it was found that number of competitors in the market (competitive strategy), new product being market-driven being the strategic launch decisions which can significantly impact the performance of a new product. Responses are also in line with Hultink et al. (1997) and Hutlink and Robben's (1999) work, where it was found that strategic launch decisions such as targeting strategy, size and growth of the target market, the timing strategy, and the impact of relative product newness also play an integral part in success of a new product launch. Moreover, results also show consistency with the work of Benedetto (1999) who found that cross-functional teams play a key role in new product launch. Results are also in line with Hultink et al. (1998) and hold true for pharmaceutical and FMCG industry. The study revealed that firms market less innovative (reformulated/re-launched/incremental innovation) products to expand product range, stage barriers for competitors, increase penetration and reaching economies of scale to produce existing products at a lower cost.

4.4 THEME 4: TACTICAL LAUNCH DECISIONS

The last theme identified focus on tactical launch decisions which take place after the conceptual and physical development of the new product. Tactical decisions govern the "how" to launch a new product and the decisions pertaining to product, pricing, promotion and distribution tactics (Hultink et al. 1997,1998,1999,2000; Hutlink and Schoormans, 1995; Rubio and Polo-Redondo, 2005).

All interviewees adopted different strategies when commercialising a new product and were influenced by competitors, target market and market growth. To understand how firms in Pakistan take tactical decisions when commercialising new products, the decisions are sub-divided into themes which emerged from interviews.

4.4.1 Product Decisions

Launch literature highlights two components of product decisions-product lines and branding strategy. All interviewees highlighted their own strategies when asked about product decisions associated with the most successful new product launch. There was a consistency found amongst the FMCG industry and interviewees, 6 and 7 shared similar experiences.

"Soap1 was re-launched under the hygiene category with an existing brands name but a totally different positioning. Under the brand Soap1 we introduced related products of various sizes, types, colours, and prices. Keeping in mind the market trends and competitor products, new ranges were also launched comprising of soap, hand wash, shower gel and a shampoo. We bundled these offerings together to engage customers more and also to induce trial of the new range."

(Interviewee 6, Muhammad Arshad, FMCG 1)

"When launching Product ABC we targeted our same customer base and positioned the product very intelligently. Our branding strategy focused on delivering the best shaving experience coupled with comfort and style, keeping the existing category message consistent. To support this we also launched new shaving gel and blades and sold them in bundles which are competitors were not able to offer."

(Interviewee 7, Taimur Rashid, FMCG 2)

These findings are in line with Hultink et al. (1998) and Hultink et al. (2000) where they highlight that a new product launch new consumer products adopt a variety of tactical decisions ranging from brand extensions and a wide product assortment compared to competitors. Moreover, results show consensuses with Guiltinan (1999) where they discuss that product assortment helps in introducing and building new categories in the market.

On the other hand Interviewee 1,2,3,4 and 5 had very similar experiences in terms of their product and branding strategy when launching a new product.

> *"Product decisions had a very high impact. As they were new brands and were launched under the value health franchise all aspects of product had a significant impact. The packaging and designing of these two products was of a very high quality. The brand names were short and precise and were very strategically decided so it is easy for the doctor to recall.. At the time of the launch there were 100 plus competitors present in the market and our product made its mark. Moreover our commercial launch was very strong as we developed a niche for our brand."*

(Interviewee 1, KhurramHanif, Pharma 1)

> *"Telecom1 Package was a completely new brand launched under a new category/segment. Our branding strategy was very different from company's existing brands and conveyed a totally new message. Moreover we were able to create enough differentiation so the competitor could not replicate the product. This allowed us to create a positive association with the target market.*

(Interviewee 5, Ali Ikram, Telecom)

Interviewee 1,2,3 and 4 are associated with pharmaceutical industry in Pakistan. All successful launches discussed by them were of new generic brands and adopted a similar product strategy. These finding are in line with Hultink et al. (1998) Hultink et al. (2000)where they highlight that new product launch will achieve a positive new product performance if a brand new name is adopted. These findings contradict what Hutlink and Robben (1999) puts forward as it is launched to a totally new segment in the market.

On the contrary interviewee 9 explains product assortment and brand strategy behind a re-launched product.

"We re-launched the existing category under a new brand name Fertilizer1 (Meaning-Greenery). All product lines remained the same but under new branding."

<div align="right">(Interviewee 9, Muhammad Zahir, Fertilizer)</div>

Data collected from interviews shows a reasonable amount of consistency with tactical launch strategy literature. It was found that a wide product assortment and a strong branding strategy results in successful launch of a new product as branding leverages positive associations and assortment of products allow firms to introduce new categories to the market. Moreover, adopting a broader product assortment allows firms to customise the new product and may be especially valuable when multiple usage-situation segments are being targeted (Guiltinan, 1999).

4.4.2 Pricing Decisions

Pricing strategy is a logical choice from a set of options (pricing schedules) that aim at profit maximisation (Guiltinan, 1999). Firms adopt various pricing policies when launching new products which are influenced by various factors. All interviewees selected a different pricing strategy based on the market and industry circumstances. Pricing decisions highlighted by interviewees were skimming, penetration, premium and competitive pricing strategies.

Interviewee 1,2,3 and 4 associated with pharmaceutical industry explained that product pricing is regulated by the government therefore they had little control over it. Launches discussed by them already faced competition in the market, therefore all had consensus in their pricing policy. However, regardless of the industry, interviewee 9 also adopted a similar pricing policy due to competition in the market.

"As explained, pricing is controlled by the government. In regard to these two product launches, price point was almost same as the existing brands in

the market. Pakistan being a highly price sensitive market, our strategy was to build our brands at the same price point."

<div align="right">(Interviewee 1, KhurramHanif, Pharma 1)</div>

"As there are strong local competitors in fertilizer market we adopted a competitive pricing policy. In fertilizer industry prices are determined by the nutrients the product offers. Our product offering has more composition and offers high yield therefore competitive pricing seemed the best option."

<div align="right">(Interviewee 9, Muhammad Zahir, Fertilizer)</div>

Interviewee 5,6 and 7 adopted a price penetration strategy when launching new products in the market. The main reason highlighted for this was higher level of competition and target market characteristics.

"Pakistan is a very price sensitive market and this segment "youth" was even more. Therefore we did not go for a skimming strategy and went for a price penetration strategy. Also we were the second entrants in this market so skimming price strategy never made sense. We differentiated ourselves by using specific pricing lever, "stop the clock" which means that calls are free after 2 minutes. Also our research showed that youth basically interact in groups therefore we launched cheap calling rates for friends and family which turned out to be the main attraction."

<div align="right">(Interviewee 5, Ali Ikram, Telecom)</div>

"As there were existing brands with same positioning in the market, we had to be very careful. We adopted a price penetration strategy. We also made bundled offering where consumers could purchase 3 product offerings."

<div align="right">(Interviewee 6, Muhammad Arshad, FMCG 1)</div>

Data collected from interviews shows consistency with Hutlink and Robben (1999) who highlight that to achieve a positive new product performance, the launch should focus of market penetration objectives by adopting a

penetration pricing strategy. Findings are not consistent with Hultink et al. (1999) and Rubio and Polo-Redondo (2005) who discuss that skimming price strategy will score success for a new product launch.

From all the respondents, interviewee 8 explains that their firm always went for a premium pricing strategy when launching a new product in the market.

> "As most of the new product launches we have done were brand new to the market, we had premium pricing and as competition came in we accordingly adjusted our pricing policy."

> (Interviewee 8, Minhaj Ali Khan, Oil & Energy)

This pricing strategy can be further understood by looking at the work of Lee et al. (2011) where they explain that many new products introduced in an emerging market are novel to consumers and they may not be familiar with them. In this case when a high price is charged, consumers often use the price indicator to assess product quality and uniqueness signalling them that the new product has substantially added value and is worth purchasing. Therefore firms have to be very sure on what price point they want their product to be associated at, as this creates a perception in the minds of the consumers.

4.4.3 Distribution Decisions

When launching a new product it is essential to develop a distribution policy as breakdowns in logistics may result in failed launches. Firms adopt various distribution strategies depending on the type of product and industry. All interviewees have established that distribution plays a key role in launching a new product and they have designated departments which work very closely with all distributors. It was observed that all MNCs adopt a very aggressive distribution strategy when launching a new product by hiring local and regional level distributors. Their main objective is to maintain availability at all retail channels before and after the launch. Interviewee

1,2,3 and 4 showed consensus in their distribution strategy. This is mainly because all are associated to the pharmaceutical industry.

> *"When launching new products in the market, we make sure that product is available at our trade outlets (pharmacies) on national level. We mostly use our existing distribution channels to make sure product availability is there. As majority of the national distributors have similar offerings in terms of the reach and their policies and we prefer to work with distributors who have the power to take the product on cash. Our distribution and supply chain department work closely with all distributors making sure that product availability and presence is in the market."*

<div align="right">(Interviewee 1, KhurramHanif, Pharma 1)</div>

All interviewees stressed that product handling and care were key in pharmaceutical industry and they work very closely in training and educating them about product care.

> *"We also have trainings with the distributor's team so they understand what the product is for, how to store a product and top line product information. This is done in order to make sure the product is kept as per Pharma1 guidelines."*

<div align="right">(Interviewee 1, KhurramHanif, Pharma 1)</div>

Interviewee 7 and 8 also show consensus in their distribution strategy when launching a new product and mainly focus on direct distribution channels to make product availability before and after the launch.

> *"Our main priority is to ensure availability in the market at all concerned target areas and retail outlets. Our demand planning department in coordination with our distributors plan how much quantity is required and how this will be managed. All this is done on a national level and we mainly use our existing channels of distribution when launching a new product. We target wholesalers and major retail outlets. Other small kirana stores*

(neighbourhood shops) are taken care by distributors and sub distributor contracts. Our strategy is very aggressive when launching a new product and we make sure it is available at all retail outlets. As we want to create more awareness therefore we also focus on point of sale by making product visibility more enhanced compared to other offering in the retail space."

(Interviewee 7, Taimur Rashid, FMCG 2)

Data shows reasonable consensus with Benedetto, (1999) work where it was found that management of distribution channels contributes significantly to new product launch success. Results are also in line with the work of Ottum (1996) who highlights that using existing channels of distribution allows familiarity for consumers and focusing on direct channels of distribution give firms extended capabilities to reach a large number of target market.

4.4.4 Promotion Decisions

When launching a new product, promotion plays a vital role in creating awareness and product trial. Whether local or MNCs, all interviewees have established that they intensively use different promotional tools, both prior and post launch. Use of various tools is mostly dependent on the industry and the target market it is focused on. Respondents from the pharmaceutical industry adopt a more personal and one-to-one promotional tools when launching new products. They mostly rely on sales force push and make sure that the sales team is properly apprised of the scientific knowledge and competitive selling of the product. This is because there are industry regulations and the customer base is not educated enough to make an informed decision, therefore use advertising is very limited. Consumer good firms use a more extensive, 360 degree approach where they use ATL, BTL and other promotional methods to reach the target audience. All interviewees show consensus that in the initial stage of the launch the promotional activities are carried out very aggressively and then they are trimmed down in order to keep their presence in the minds of the consumer.

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"The marketing and the promotional plan is very aggressive. Our main successful drivers have been the engagement campaigns with the doctors. In engagement campaigns, we reach out to doctors by conducting a lot of symposiums and brand launch seminars. We invite key opinion leaders (KOL's) to all these events and give them presentations about new researches and findings in the field of our product and highlight the brand subliminally."

(Interviewee 1, KhurramHanif, Pharma 1)

"Traditional promotional methods were used -TV advertising, billboards/outdoor hoardings. We also did a lot of online and social media advertising as our target market was youth. Moreover we also did a lot of direct contact activities where we went to schools, universities and colleges and approached the target market directly. We also did a lot of sponsorship initiatives such as football and cricket tournaments. We also did celebrity endorsements which also helped us reach our target audience. It was a 360 degree promotional campaign. As it was a totally new launch, these activates were carried for very intensely for the first 6 months and then trimmed down the frequency."

(Interviewee 5, Ali Ikram, Telecom)

There exists an agreement amongst all participants that heavy budgets are spent on these promotional campaigns as the main idea is to create awareness, trial and repeated purchase.

"Since 2011 we have not stopped these activities as we want to reach maximum market and want to develop our brand name more. Every year we spend round about 300-450 million rupees on promotional campaigns."

(Interviewee 9, Muhammad Zahir, Fertilizer)

Data collected from interviews shows consistency with findings from the literature where promotion is rated the most important of all tactical

decisions (Hultink et al., 1997,1998,2000). Data is in line with Hultink et al. (2000)and Rubio and Polo-Redondo (2005) where it was found that higher expenditure on promotional activates will result in new product success.

CHAPTER 5: CONCLUSION

There has been extensive research conducted in the area of new product development and launch strategies. Research on new product development has focused on strategy, structure and the development process among other factors (Nakata and Sivakumar, 1996). Although prior research findings continue to add knowledge about the principles of effective new product launch (Hultink et al, 1997), many studies are conducted in developed markets and few in emerging markets. Despite its recognition as a critical phase for the success of a new product and the significant costs involved, making it the most expensive phase for the firm (Hultink et al. 1998; Chiu et al. 2006), the launch phase of the new product development process, particularly in emerging markets, has received relatively little attention. Emerging markets offer numerous opportunities in terms of access to millions of new customers, potential sales growth and long term growth possibilities (Clarke III, 2000). Pakistan being one of such emerging markets has been subject to little research and there exists a dearth of literature on new product development and launch strategies in Pakistan. For this reason, this research was aimed to fill some of these gaps within literature by focusing on new product development and launches in Pakistan and what challenges might local and MNCs might face during this journey and what might be the possible success factors driving new products, therefore adding valuable insights in the domain of launch strategy literature.

Semi-structured, in-depth interview approach was used with nine marketing professionals from renowned multinational corporations and local firms based in Karachi, Pakistan. Their responses were evaluated and the author adopted a thematic analysis of the data. The main objective of this research was to understand what problems and considerations companies need to take into account when launching new products in a Pakistan. From the data

and analysis it can be argued that local firms and MNCs operating in Pakistan adopt a blend of various strategies when launching new products; with a majority of the strategies adopted by firms are in consensuses with the new product and launch literature, such as the Stage-Gate process (Cooper, 2008) in new product development. The Stage-Gate process has become a popular system for driving new products to market, which allows cross-functional teams to be heavily involve. A new dimension was also found during this study, which showed that MNCs adopt a global approach towards new product development, as Pakistan lacks technological capabilities and have fewer R&D facilities, which allow them experiencing efficiencies due to standardized strategies. This further highlighted what was indicated in earlier literature by Nakata and Sivakumar (1997) that emerging markets have generally lower technological capabilities. Moreover, this study also brought forth marketing challenges that many firms faced in new product development. These included lack of institutional support in terms of pricing and regulations, safeguarding of patents, corruption, delays in approvals and prevalence of counterfeit goods.   Thus, keeping in consideration the case of Pakistan as an emerging market, it can be argued that when launching new products, firms need to be conscious of potential problems that may arise in developing markets and that not all products will be a success. Hence, it can be argued that marketing and product launch strategies employed particularly in emerging markets must plan for contingencies that could arise along the way.

Furthermore, this research also investigated drivers behind successful new product launches. For a new product to be successful in Pakistan the drivers were found to be market size, market growth, market positioning, target strategy, competitors and firms commitment towards the new product were the key drivers for all successful launches. Lastly, it was found that firms in Pakistan adopted a wide product assortment and a strong branding strategy,

along with incremental innovation in a launch of a new product. This was because branding leverages positive associations and assortment of products allow firms to introduce new categories to the market. It was also found that pricing decisions associated with successful new products varied from being skimming, penetration, premium and competitive pricing strategies. Hence, in the case of Pakistan it can be argued that product launches that made use of a wide assortment of product lines, strong branding strategy, a well thought out price, with extensive distribution and high investment of promotional activities have generally been successful in marketing new products. While these strategies were found to be consistent with earlier findings on product launches from developed markets, these strategies are not generalisable. Participants in this research highlighted the importance of context based decisions that affected the launch of new products. Based on the findings of this research, it can be argued that the correct marketing mix for a new product is not one formula, but is a combination of various marketing tools, that managers tweak based on market conditions.

5.1 Managerial Implications

According to the findings of the analysis, it can be inferred that managers need to be conscious of the potential challenges that may arise in Pakistan while launching a new products. Moreover, for a successful launch in Pakistan, managers should need to take into account factors such as market size, market growth, market positioning, target strategy and competitors and firms commitment towards to new product as they all contribute greatly to the success new products. Additionally, new product innovation plays a vital part in success of a new product, therefore it is suggested that managers should focus on incremental product launches as they allow them to defend their current market position against competitors, followed with a wide assortment of product lines, strong branding strategy, a well thought out price, with extensive distribution and high investment of promotional

activities. However, it is important for managers to consider all launch factors highlighted in the thematic analysis, as paying little attention to some factors may result in a less successful new product launch.

5.2 Limitations and Further Research

Limitations are present in all research studies, and because this research involved in building an understanding of strategic considerations to new product development and factors that need to be considered to successfully launch a new product in Pakistan, various limitations emerged. Despite the inherent strength of the research it had some limitations due to the adoption of interview technique as a method of data collection. Firstly, it is possible that some interviewees did not portray the real picture in order to provide a good image of their company. Second, given the limited amount of time, gathering data from the organisations was difficult and only one person was interviewed from every company rather than having multiple respondents. Thirdly, the lack of expertise of the author in conducting research may have potentially restricted the process of data collection and data analysis. In addition, there is a further problem regarding the qualitative methodology as most of the findings generated cannot be generalized. The search for low income markets in emerging economies such as Pakistan, allow important areas to be researched. In the domain on new product development and launch, future research is needed to understand how firms create competitive advantage by examining their new product strategies and launch tactics. Moreover, academics may want to compare launch strategies of MNCs against a large domestic firm in a particular industry of Pakistan. In addition, future research is also needed on firms innovation strategies and approaches in Pakistan. Future research is also needed study of how specific forms of innovations contribute to the firm's performance in Pakistan.

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Appendix

Appendix-I

Information for Participants

Thank you for agreeing to participate in the project. Your participation is voluntary, and you may change your mind about being involved, or decline to answer a particular question or questions at any time and without giving a reason.

This page is designed to give you full details of the project, its goals, and what you will be asked to do as part of the research

What is the project title?

Strategic Considerations to new product development (NPD) and product launch in Pakistan.

Who is carrying out the project?

Salman Arif, as part of an MSc in Marketing at Nottingham University Business School.

What is the project about?

The main objective of this research is going to understand what problems and considerations companies need to take into account when launching new products in an emerging economy, focusing on Pakistan.

Who is being asked to take part, and why?

Marketing professionals who have been part of various new product launch campaigns in Pakistan. Reason for selecting this sample group is because they are directly associated with new product launch decisions and are able to identify factors which influence this process.

What will participants be asked to do?

Participants will be asked a number of questions in the form of a semi-structured, in-depth Interview. Research questions will try to answer key considerations firms/managers take into account when launching a new product in an emerging market (Pakistan) and what strategies have been successful and unsuccessful. As launch strategies is such a wide area of research, my main focus will be on areas of product, pricing, place, promotion, market conditions, and sales force strategies.

What will happen to the information I provide?

If agreement is given, the interviews will be recorded through Skype call recorder. All the answers provided by the interviewees will be treated confidentially. The presentation of the findings in the thesis being submitted to Nottingham University for the MSc qualification will include some direct quotations as well as interpretative analysis by the researcher. However, no participant names or any distinguishing facts about them [or their firm] will be used. This will ensure that anonymity is maintained for all participants.

What will be the outputs or outcomes?

The interview data will be analysed and interpreted and written up as the findings chapter of the dissertation authored by Salman Arif. Writing a dissertation is necessary for successful completion of the MSc Marketing at the Nottingham University Business School.

Contact details: Salman Arif, e-mail: lixsa43@nottingham.ac.uk,

tel: +44 (0) 7543358054

Supervisor: Dr. Vicky Story, e-mail: Vicky.Story@nottingham.ac.uk, tel: +44 (0) 115 8466192, University postal address: Nottingham University Business School, Jubilee Campus, Nottingham, NG8 1BB

Complaints and governance procedure:

If you wish to complain about the way in which the research is being conducted or have any concerns about the research then in the first instance please contact the *[Principal Investigator or supervisor]* or the School's Research Ethics Officer:

Adam Golberg, Nottingham University Business School, Jubilee Campus, Nottingham NG8 1BB

Phone: +44 (0)115 846 6604, Email: <u>adam.golberg@nottingham.ac.uk</u>

Appendix-II
Interview Questions

Question-1. From your experience in the industry and functional experience in your organization, how does the NPD process take place?

Question- 2. Considering Pakistan specifically, what might be the challenges faced by local firms and MNC's in launching new products.

Question- 3. In terms of the challenges identified for firms in Pakistan, how these effect the NPD process?

Question- 4. In the past 5 years, how many product launches have you been part of and what were the drivers behind the new product launch ?

Question-5. How many successes and how many failures took place

Question-6. From the product launches mentioned, which one was the most successful and what were the typical drivers behind that new product launch?

Question-7. Considering the product launch(XYZ) you mentioned, what impact did the following factors had on your launch decisions and new product performance:

- ✓ number of competitors and their reaction
- ✓ target market and market growth rate
- ✓ timing of the launch
- ✓ product innovativeness and newness
- ✓ NPD cycle
- ✓ interdepartmental and team coordination

Question-8. The product launch(XYZ) discussed, what impact did product decisions have on the launch ?

Question-9. The product launch(XYZ) discussed, what impact did pricing decisions had on the launch ?

Question-10. How does the distribution system in Pakistan impact local firms and MNC's in the launch phase and do firms take any initiatives in order to enhance this value chain process? And when do you decide on these decisions?

Question-11. What promotional methods/tools were used in this new product launch? How extensively were they used and what impact did they have? And when do you decide on these decisions (pre or post launch)?

Question-12. From the decisions discussed in new product launch, which decisions were taken prior in development stage, and which ones in launch phase? Were the decisions at any point associated or interdependent on each other?

Question-13. From the launch decisions and strategies discussed, which are the most effective and why?

Appendix- III
Interview Transcript

Interviewer: Salman Arif

Respondent: Khurram Hanif

Location: Online interview via Skype

Time/Date: 7:00 AM, August 12, 2013

BEGIN TRANSCRIPT:

SALMAN ARIF: From your experience in the industry and functional experience in your organization, how does the NPD process take place?

KHURRAM HANIF: On boarder level there are two parts of new product development at Pharma1 Pakistan. First one is the research part where product testing and development takes place where as the second part of new product development is when a product is manufactured and launched globally and the organizational or market need arises to launch the product locally.

SALMAN ARIF: Is there a formal process for NPD ?

KHURRAM HANIF: There are various stages in new product development process. The first step involves market research which is carried out using IMS (third party research in pharmaceutical industry). Second step is to check the strategic fit of the new product in the existing portfolio (product and company), current and future market and keeping in line with the current and future firm strategies. After this the manufacturing part comes in followed by commercialization.

SALMAN ARIF: To what level is the firm involved in this NPD process ?

KHURRAM HANIF: Market need analysis for existing and new products is done every year at Pharma1. Moreover another exercise which takes place every 2-3 years is "Pharma1 Vision Exercise" where all senior executives and functional representatives meet and forecast projections for the next 5-10 years. We look into aspects such as the existing Pharma1 categories, future of existing categories, prospect new categories, current and new budgets and also look into new markets to enter. This is a very exhaustive industry mapping and sizing exercise.

SALMAN ARIF: Is there a team responsible for NPD at pharma1 ?

KHURRAM HANIF: Developing and launching a new product is a very long and tedious process when compared to a local firms operating in the industry. When developing a new product, all functions of the organization are involved (manufacturing, business development team, finance, legal and regulatory, creative services department, medical department..) and is a combined team effort.

SALMAN ARIF: How long does it take to develop and launch a new product ?

KHURRAM HANIF: One of the biggest opportunity areas for Pharma1 in developing a new product is time. Compared to local firms, it takes us a very considerable amount of time to develop and launch a new product in the market. Local firms speed to market is very fast as they have the leverage of not following all rules and regulations and can develop and launch the product in less than a year or maybe a bit more. For a MNC like Pharma1, if we are lucky, we can develop and launch a product in 2-3 years.

SALMAN ARIF: What proportion of products are incremental/radical ?

KHURRAM HANIF: There are certain products in our portfolio which have reached the saturation point. Therefore our strategy at times is to come up with a new SKU's or products. In case of Product1 (biggest brand of

Pharma1 and of the market), after realizing the product lifecycle and the market we have recently launched a new SKU and upgraded the product lifecycle.

SALMAN ARIF: How much budget is dedicated to NPD ?

KHURRAM HANIF: In pharmaceutical industry, actual new product development cost goes into trials and market research. In regard to Pharma1 Pakistan, our role is to commercialize and at times manufacture the products which are already big success internationally. Currently we are working on a new product, which is in its development stage and for that we are utilizing the services of Indian Pharma1 laboratory which amounts to around 1.8million rupees or maybe more.

SALMAN ARIF: Considering Pakistan specifically, what might be the challenges faced by local firms and MNC's in launching new products.

KHURRAM HANIF: In pharmaceutical industry the biggest challenge faced by MNC's is the delay from the ministry of health. Local firms on the other hand cut short this approval process by bribing the government officials therefore launching their products much quickly in the market. Since the last 2-3 years the ministry of health is in a state of flux and new product approvals have been delayed greatly. Second problems faced by firms is the regulation of product pricing. In Pakistan, pricing of pharmaceutical products are regulated by the government (ministry of health). The last general price increase that was in 2001 and in the last 12 years there has been no general price increase which basically means that there is a lot of devaluation of Pakistani currency, increasing inflation and increasing cost of production.

SALMAN ARIF: In terms of the challenges identified for firms in Pakistan, how these effect the NPD process?

KHURRAM HANIF: There are long lead times which effect the new product development process. Internal process are quite efficient and we suffer heavy losses by entering late in the market. One area where firms can look into in shortening this lead time is buy purchasing an existing brand or trademark but then again this is very costly.

SALMAN ARIF: In the past 5 years, how many product launches have you been part of ?

KHURRAM HANIF: During the past 5 years 8-10 new product launches have taken place.

SALMAN ARIF: What portion of them were incremental/radical ?

KHURRAM HANIF: These launches were incremental product innovations where a new SKU was introduced in the existing portfolio of brands. Moreover Pharma1 Pakistan has also launched 4-5 new formulas which were a new category in the market.

SALMAN ARIF: How many successes and how many failures took place?

KHURRAM HANIF: Two product launches have been really successful, "Product 1" and "Product 2". Yes we did had some failures in the past.

SALMAN ARIF: Any reason behind the failure of these products ?

KHURRAM HANIF: They failed mainly due to product safety issues and the product were taken off the market on global level. Another new product failure resulted due to some production issues as we were unable to manufacture the right size SKU for the market. Product 3 was another product launch which was not so successful in the market resulting because of a strategic mistake as this brand was launched in the same category and the sales team could not position the brand properly in front of the target market.

SALMAN ARIF: From the product launches mentioned, which one was the most successful and what were the typical drivers behind that new product launch?

KHURRAM HANIF: "Product 1" and "Product 2" were the most successful because we launched them as a totally new "Value Health" category in the market. Moreover previous generic new product launches done by Pharma1 Pakistan lacked research backing where as these two new products were launched like a Pharma1 research brand and a lot of brand building initiatives were taken. In other words there was a lot of commercial thrust behind these product launches. Furthermore, interdepartmental and team coordination greatly influenced the success of these two new product launches.

SALMAN ARIF: Did you launch these products to compete with competitors?

KHURRAM HANIF: At the time of the launch, both brands had 100 plus competitors in the market but our positioning strategy really made the difference. Considering there were other brands in the market, Product 1 contributed 70million rupees to sales in the first year of launch and is significantly growing by a healthy 30%. Product 2 on the other hand with 120 competitors present in the market, posted 87million rupees of sales in the first year of launch. Reason for this outstanding success is because as a firm we believed in these products and our commercial thrust was very strong.

SALMAN ARIF: Did future market growth also acted as a driver ?

KHURRAM HANIF: Drivers behind these product launches was the market growth and potential. Moreover we found a niche in positioning our products under the umbrella of "Value Health" which is described by quality and affordability.

SALMAN ARIF: Considering the product launches you mentioned, what impact did the following factors had on your launch decisions and new product performance:

-number of competitors and their reaction

KHURRAM HANIF: This was not a significant factor for us as there were 100 plus competitors present in the market and our product made its mark. Moreover our commercial launch was very strong as we developed a niche for our brand. Whenever we are launching a new product, our focus is to compete with the top 5 brands in the market and our commercial thrust is there to make that happen.

-target market and market growth rate

KHURRAM HANIF: Actually these markets are so huge that even if we achieve sales of 100million rupees, it is hardly any dent in the 4billon rupee market. In short we are still not big enough to drive the market growth.

-timing of the launch

KHURRAM HANIF: As highlighted before, in most of our product launches we are late to enter the market because of registration and trademark issues. Moreover our internal process are very cumbersome which add up to the time delays.

-product innovativeness and newness

KHURRAM HANIF: Product being innovative and new plays an integral role. In this scenario, the two products were not new as there were competitors in the market. We differentiated our brands by positioning them very smartly.

-NPD cycle

KHURRAM HANIF: We are already too late to enter the market. Our new product development cycle is 2-3 years if we decide to develop and launch a new product. As Pharma1 is a MNC and is heavily regulated, we have to respect the patents of other MNC's present in the market. On the other hand the local firms do not take patents into account and copy the molecular formula and launch their products.

SALMAN ARIF: The product launch discussed, what impact did product decisions have on the launch ?

KHURRAM HANIF: Product decisions had a very high impact. As they were new brands and were launched under the value health franchise all aspects of product had a significant impact. The packaging and designing of these two products was of a very high quality. The brand names were short and precise and were very strategically decided so it is easy for the doctor to recall.

SALMAN ARIF: The product launch discussed, what impact did pricing decisions had on the launch ?

KHURRAM HANIF: As explained, pricing is controlled by the government. In regard to these two product launches, price point was almost same as the existing brands in the market. Pakistan being a highly price sensitive market, our strategy was to build our brands at the same price point.

SALMAN ARIF: How does the distribution system in Pakistan impact local firms and MNC's in the launch phase ?

KHURRAM HANIF: Distribution system is Pakistan is fairly big and firms engage with different distributors as per their needs and reach. Pharma1 work with national level distributors who have access to all the cities and towns. They have access to these areas either through their sub offices or at times they appoint sub-distributors to reach remote areas. Moreover our

distribution and supply chain department work closely with all distributors making sure that product availability and presence is in the market.

SALMAN ARIF: What distribution level strategies do you take when launching a new product ? Do you use the same channels ?

KHURRAM HANIF: When launching new products in the market, we make sure that product is available at our trade outlets (pharmacies) on national level. We mostly use our existing distribution channels to make sure product availability is there. As majority of the national distributors have similar offerings in terms of the reach and their policies and we prefer to work with distributors who have the power to take the product on cash.

SALMAN ARIF: Do you take any initiatives in order to enhance this value chain process?

KHURRAM HANIF: All guidelines in terms of product handling is shared with the distributors to make sure that they are in line with Pharma 1 standards. We also have trainings with the distributors team so they understand what the product is for, how to store a product and top line product information. This is done in order to make sure the product is kept as per Pharma 1 guidelines. Reason why we do not train the distributors on technical knowledge is because doctors are the ones who prescribe the drugs. And we being a responsible firm do not influence the retailers (unlawful practice) to push our products because we want doctors to make an informed decision when prescribing the product.

SALMAN ARIF: What promotional methods/tools were used in this new product launch?

KHURRAM HANIF: Sales force is an integral muscle of the commercial arm. Therefore marketing works very closely with the sales and the commercial team when launching a new product. Whenever a new product is launched

we make sure the sales team is properly apprised of the scientific knowledge and competitive selling of the product. Our training program is very intensive and they engage in activities like mock detailing and competitive detailing so when they are interacting with the target audience (doctors), they know how to sell the brand.

We only focus on trade and not on institutional sales as we have to lower the price considerably. Our sales team visit the doctor and pitch them on the quality of the brand and the persona and sell them on the franchise concept. Moreover there is a lot of engagement with our target market (doctors) and we make very creative campaigns to capture their attention so they are continuously engaged with the commercial team during the launch.

SALMAN ARIF: How extensively are these promotional methods used ?

KHURRAM HANIF: The marketing and the promotional plan is very aggressive. Our main successful drivers have been the engagement campaigns with the doctors. In engagement campaigns, we reach out to doctors by conducting a lot of symposiums and brand launch seminars. We invite key opinion leaders (KOL's) to all these events and give them a presentations about new researches and findings in the field of our product and highlight the brand subliminally. Over the past few years we have developed some science based engagement programs which allow our sales team to cleverly engage the doctor. These programs are focused on disseminating information on various diseases and their management. We conduct programs at all scales, where a trained and qualified Pharma 1 employee gives out product information followed by research backings.

SALMAN ARIF: After launch, for what duration do these promotional activities are carried out ?

KHURRAM HANIF: These promotional activities are carried out on a regular basis even after the launch. This is because or target audience is huge and we have to cater to all of them. What we mostly do is plan our activities for quarter 1 and quarter 4 and go a bit slow in the middle and focus more on sales force push.

SALMAN ARIF: Which advertising mediums do you use in the launch phase ?

KHURRAM HANIF: Due to strict regulations in the pharmaceutical industry, we cannot indulge in traditional advertising like TVC's and billboards. We do very targeted advertising in medical journals and directories which allow us to spread our message across our audience. Our main strength is our strong commercialization capabilities which allow us to engage 5,000-10,000 doctors through various programs on a national level.

SALMAN ARIF: From the decisions discussed in new product launch, which decisions were taken prior in development stage, and which ones in launch phase ? Were the decisions at any point associated or interdependent on each other ?

KHURRAM HANIF: There is a lot of homework involved when deciding on strategies for a new product launch and most of the decisions are taken before the launch. For example: which product, which market, which brand, which SK, distributor options, pricing strategy, what level of marketing and what promotional budgets are involved. In short we conduct in-depth research to test out the waters. To be successful in the market, most of the decisions are taken before the launch. All major decisions regarding product and the market and done before launch and minor decisions are taken after. In short tactical refinements are done post launch and 90-95% of work and direction is set before launch. From my experience and exposure in the industry, tactical decisions are derived by the strategy. So in other words if

you have made the right strategy, the tactics planning will be will be quite easy to implement.

SALMAN ARIF: From the launch decisions and strategies discussed, which are the most effective and why?

KHURRAM HANIF: For a MNC in pharmaceutical industry of Pakistan, it is very difficult to launch a generic product in the market but if well thought out and planned it is worth the pain. For a product to be successfully launched all strategies have to lined up together, we thought out, it has to be aligned with perfectly with the brand portfolio, buy in from the top management and our financial planning was right.