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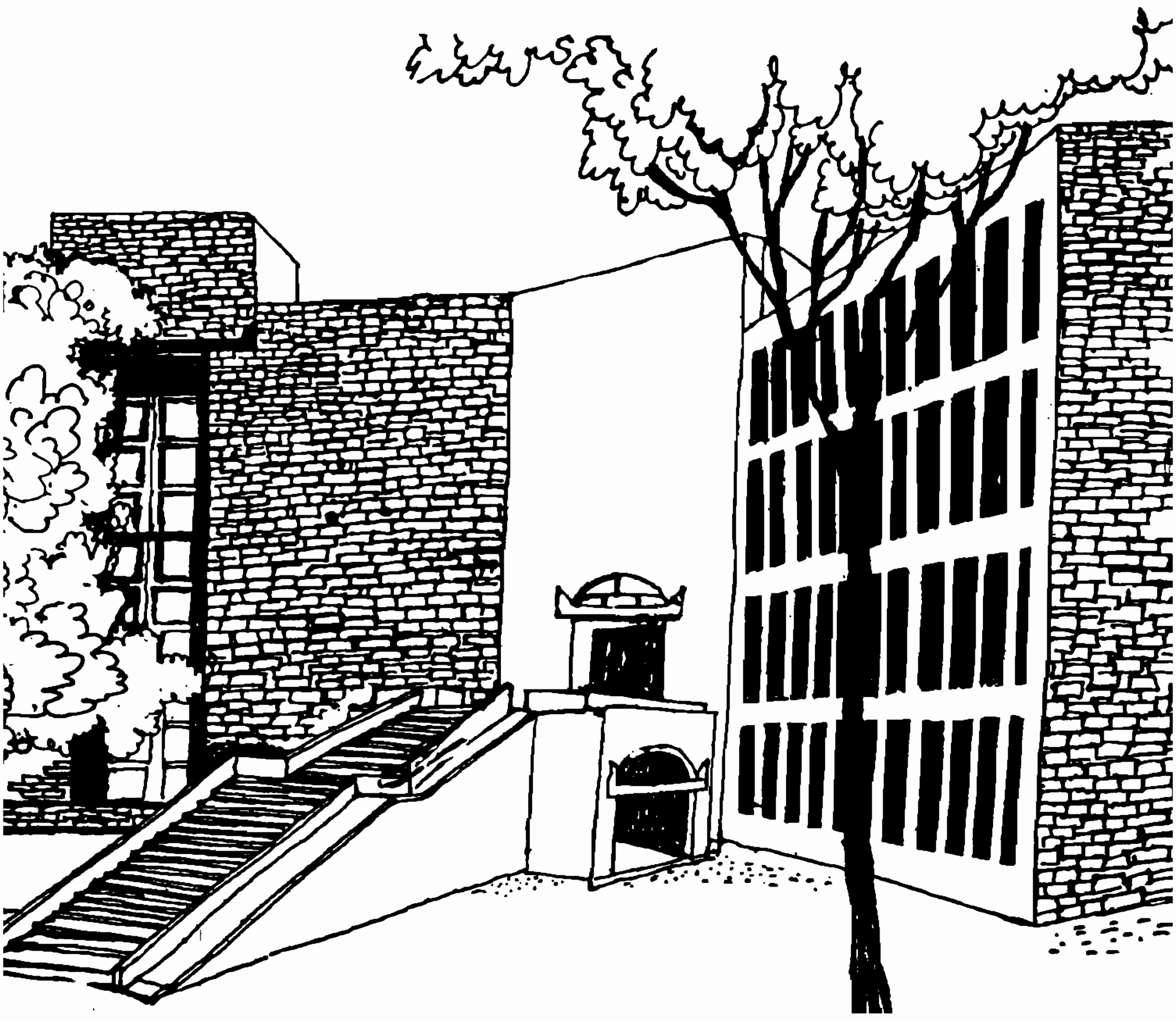

New Product Introduction Strategy in Consumer Products Category in India

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Abstract

The objective of this study is to obtain an insight into the nature of new product introduction strategies of Indian nature of new product introduction strategies of Indian organizations. Data on 237 product/brand launches were collected from information published in four business periodicals between January 1991 and July 1993. The study indicates that there are no significant differences between multinational corporations (MNCs), large, medium and small enterprises as far as propensity to introduce new products is concerned. But a higher proportion of MNCs and large enterprises tends to follow multi-product/brand strategies as opposed to a tendency to follow single product/brand strategy by small enterprises, and to a lesser degree, by medium enterprises. MNCs tend to depend heavily on brand/line extensions and to a lesser extent on new brand strategy; but they appear to be less aggressive in entering new lines through new product introductions. By and large, the strategies of large organizations resemble that of MNCs, though, on a comparative basis, they show lesser dependence on brand/line extensions and a higher emphasis on new brand strategy. New product strategies of medium enterprises fall between that of larger organizations and smaller enterprises. Small scale enterprises show an almost equal propensity to introduce products as MNCs, large and medium enterprises. The inability of the small enterprises to capitalize on equities of mega brands is compensated by aggressive new brand and new product strategies. In fact, small firms account for the highest proportion of new products that are introduced and this ability to venture into uncharted territories emerges as their greatest strength.

New Product Introduction Strategy in Consumer Products Category in India

by

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Successful organizations all over the world recognize that new product introductions are *sine qua non* for their survival and growth. Research studies indicate that early entrants in the market enjoy several advantages over late entrants, especially in obtaining a significant market position (Sands, 1979; Urban *et al.* 1986). The need for a proactive product introduction strategy becomes more critical due to the dynamic nature of product markets and the intensifying competitive situation. Despite its importance, however, different types of organizations are seen to adopt different strategic posture with regard to new product introductions. Studies which examine this phenomenon, namely, new product introduction strategies of organizations, have been scanty in the Indian context. Since, in India, different types of organizations, categorized on the basis of either the size or its association with international corporations, function under varying regulatory policies of government, this issue becomes more relevant and interesting.

OBJECTIVES

This study, therefore, is an attempt to specifically focus on the nature of new product introduction strategies of different types of organizations, namely, multinational corporations (MNCs), large organizations, medium enterprises and small scale firms. We examine this aspect with regard to different types of products in the consumer products category. This will help us better understand the differences, if any, in new product introduction strategies either due to the differences in the types of organizations or due to the nature of products.

DEFINITION OF NEW PRODUCT

The term new product has been used in different contexts with differing meanings. It can refer to a product concept totally new to the market or to a product new to the company which introduces the product, although similar products may already be existing in the market (Crawford, 1979). We, therefore, need to clarify the meaning of the term new product in the context of this study.

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Booz, Allen and Hamilton survey(1982) classifies new products into six categories. These are:

* Products which are new to the world.
* New product lines which allow a company to enter an established market for the first time.
* Additions to existing product lines which supplement a company's established product lines.
* Improvements in the existing products in order to replace existing ones.
* Repositioning of existing products.
* New products that provide performance at lower cost to customers.

From the above classification, it is clear that the term new products can refer to original products, improved products, modified products and new brands (Kotler, 1992, p. 311). This definition views new products essentially from the point of view of a company; all those products which a company introduces, be it a relaunch or repositioning, new brand, or even a pioneering product, are considered as new products. In our study also, we follow this broad definition.

STRATEGIES FOR PRODUCT INTRODUCTION

The definition of a new product covers a wide spectrum of product introductions. However, in the present study, we are concerned with the strategy of new product introductions and therefore, we classified all the new products introduced by organizations into four strategy categories:

* relaunch/repositioning strategy
* brand/line extension strategy,
* new brand strategy
* new product strategy.

In essence, this classification also views new product introductions from the point of view of firms, but the logic of strategy forms the basis of the classification. Each of these strategies is discussed next.

Relaunch and Repositioning Strategy

When a brand continues to remain in the market for a long stretch of time without any change in its qualities such as basic formulations and features, core benefits, packaging, etc., there is a high tendency for the brand to suffer from brand fatigue. The boredom that consumers are likely to feel about the brand may be one of the factors for brand fatigue and this is aggravated when competitors offer products with better features, packaging, more salient core benefits, etc. This also implies that the original position that the brand might have occupied in the minds of consumers either gets altered or the salience of the original position becomes less important. This inevitably leads to low brand patronage and high brand switching. The generally accepted practices to revitalize an existing brand/product are re-launching and repositioning.

A product is considered to be relaunched when some changes are made with regard to packaging and other physical aspects of the product (such as colour, size, perfume, etc.) along with appropriate changes in the advertising and communication strategy. Repositioning, on the other hand, entails appropriate changes in the marketing mix elements so that the perception of the product in the minds of the consumers is altered. Re-positioning also involves redefining target segments and/or altering the benefits offered by the product along with appropriate changes in the relevant marketing mix elements. Though this definition may give the impression that there is no difference between relaunching and repositioning,there are subtle distinctions. Relaunching a product need not necessarily involve repositioning. For example, when an existing brand of detergent powder or a toilet soap is relaunched as a "new improved" brand, it may not result in repositioning the brand as there is no redefinition of target segment and/or altering the intended benefits to consumers. But repositioning involves changes in some or all the elements of marketing mix consistent with the changes in benefits communicated to consumers vis-a-vis the competing brands or some specific need configuration of consumers. By and large, however, existing brands are mostly relaunched with an explicit intention of repositioning. In our study, we have clubbed together relaunch and repositioning exercises. In addition, we have also included some products which were reintroduced after its initial launch and were subsequently withdrawn in the same classificatory group.

Brand/Line Extension Strategy

Brands are considered to be one of the most valuable assets of a company (Aaker, 1991, 1992). Therefore, in markets which are highly competitive and in situations where the cost of introducing new brands is high, brand extension strategy is considered to be cost-effective and viable (Tauber, 1981, 1988; Aaker, 1990). The basic approach in brand extension is to leverage the equity of existing brands which are well established in the market to introduce new products. Tauber (1981) makes a distinction between line extensions and brand extensions. Line extensions represent new sizes, new flavours, etc. of the same brand whereas brand extensions(sometimes also known as franchise extensions) refer to the strategy wherein the brand name familiar to the consumers is used to introduce a product in a different product category. However, some minor variations in the product for the purpose of variety such as colour or perfume cannot be referred to as line extensions. For example, Lux, a brand of toilet soap of Hindustan Lever, is available in different colour shades, but these are not considered as line extensions. However, International Lux by the same company is a line extension. Similarly, Cinthol Lime and Cinthol Cologne refer to line extensions in the toilet soap category whereas Cinthol Talcum Powder refers to brand extension. In our study, we have considered line extension and brand extension in the same classificatory group.

It may be worthwhile to note one difference in the strategic connotation of line extension and brand extension. Line extension refers to introducing variations of the same brand and this helps the company in occupying various slots available in the market for the same product. In other words, this helps the company to protect its flanks in the same product market. In brand extension, on the other hand, the equity of a well known brand is leveraged to obtain a head-start in a different product line. Therefore, in relative terms, line extension tends to be more defensive in nature whereas brand extension is a more offensive strategy. Both these strategies are used by organizations successfully and frequently. For example, a study of 7,000 products introduced in 1970s in the supermarkets of US revealed that two thirds of the most successful products numbering 93 were line extensions (Tauber, 1988). In another study which examined 120 to 175 new brands that were introduced each year from 1977 to 1988 in the US supermarkets, approximately 40 per cent were brand extensions (Aaker, 1990).

New Brand Strategy

When an organization introduces a product with a new brand name in a category where the organization already has a market position, then this is termed as new product strategy. For example, Le Sancy introduced by Hindustan Lever is considered as a new brand for our study purpose. At this juncture, we need to clarify the essential difference between new brand strategy and line extension strategy. The basic purpose of both these strategy is similar: Either through new brands or through line extensions, a company protects its flanks from competitive inroads. However, line extensions revolve around the base of the brand equity and therefore the extended brand in the same line carries with it one or more base properties of the mother brand. As a consequence, by and large, the inter-segment distance between the extended brand in the same line is unlikely to be significant. Each new, brand, on the other hand, caters to a specific need of the market segment and hence the inter-segment distance between different brands of the same company in the same product category is likely to be greater. In other words, line extensions tend to occupy niches within the broad product-market segment whereas new brands tend to serve somewhat different product-markets. Therefore, the purpose of line extensions is to consolidate the company's position in the chosen product-market while the new brands help in consolidating the company's position in the chosen product line.

New Product Strategy

When an organization introduces a product with a new brand name in a category in which the company does not have a market position, then we refer to this as a new product strategy. The term new product also refers to a product new to the market, sometimes referred to as pioneering new product. Although we intended to include such products in our study, subsequently we did not find any product in our sample which was new to the market. Therefore, only those products which were new to the company constituted this classificatory category. Introducing a new product points towards the propensity of the organization to create market positions in less familiar arenas and is, therefore, more strategic in nature than line extensions or new brand introductions.

METHODOLOGY

The data on new product introduction were collected from the section on new product/brand launches published in periodicals such as ***Business India, Business World, Advertising & Marketing (A & M),*** and the Brand Equity feature of *Economic Times* between the period January 1991 and July 1992. The data were nominal in nature and contained details such as brand names of products, names of companies which launched the products, nature of launch, etc. The base source contained information on new products in the consumer as well as industrial products categories. However, since less than 15 per cent of the products mentioned in this source pertained to industrial product category, we excluded this category in our study as this would not be representative of new product introductions in the industrial product category.

While collecting data, we did not include very specialized products intended for narrowly defined segments (for example, an in-house journal or a journal by a club or an association), although the data were available. Since the data were collected from more than one periodical, care was taken to avoid duplication of information. After editing, we obtained data on 237 products in the consumer products category.

For the purpose of analysis, the organizations which introduced the products were classified into four categories such as multinational corporations, large organizations, medium enterprises and small scale industries. In many cases, the type of organization which introduced the product was mentioned in the base source of the data itself. However, in the case of those organizations whose category was not mentioned, we followed the annual sales turnover for classification based on size and also extent of association with multinational organizations. Thus, all those organizations which have significant shareholding and/or close association with a multinational firm (reflected either in the company name or brand names) were classified under multinational corporations. Organizations whose annual sales turnover was above Rs 100 crore were classified as large organizations, between Rs 20 crore and Rs 100 crore as medium enterprises and below Rs 20 crore as small scale industries. For consistency, this definition was extended to even those organizations whose category was mentioned in the original data source. In all, the data on new product introductions pertained to 151 organizations. All organizations, except 14 for which classificatory details were not available, were grouped into these four categories and the group of 14 organizations was classified under 'not known' category.

Categorization of the sample into four product introduction strategy categories such as relaunch/ repositioning, brand/line extensions, new brands and new product was done by the authors based on their prior understanding of and familiarity with the market situation. Questions such as whether the organization has a presence in the product category, whether similar brands exist in the market, and whether the same brand existed earlier, helped in categorizing the sample correctly.

TYPE OF PRODUCTS INTRODUCED

The sample of 237 products introduced represented a wide range of products in consumer product category (See Table 1). Of the total sample, consumer non-durable products accounted for 67.7 per cent (163 products) and the remaining 74 products (31.3 per cent) were consumer durables. A higher share of the consumer non-durable products in the total new product introductions reflects partly the level of new product activity; the consumer non-durables market appears to be more active than the consumer durables market. This is mainly due to the fact that in the consumer non-durable category, on an average, each organization introduced a larger number of products than those in the durable products category. Thus, in the consumer non-durable category, a total of 95 organizations introduced 163 products with an average of 1.7 products per organization whereas in the durable products category, 56 organizations introduced 74 products with an average of 1.3 products per company. This difference could also be due to the fact that in relative terms, in the durable products category, proportionately a larger number of firms appear to be equally active whereas in the non-durable products category, some firms appear to be more active than others in introducing more products.

Table 1: Type of Product Introductions

	Number	% of Total
Consumer Non-Durables		
Food & Beverages	70	29.5
Personal Hygiene Products	50	21.1
Health Care Products	19	8.0
Other (Fabric Care, Baby Care, Household Hygiene Products, etc.)	24	10.1
Total Consumer Non-Durables	163	68.7
Consumer Durables		
Home Appliances	24	10.1
Entertainment Electronics	11	4.6
Others (Wrist watches, Bicycles, Telephones etc.)	39	16.5
Total Consumer Durables	74	31.2
Grand Total	237	100.0

Out of the sample of 163 products in the non-durable category, food and beverages accounted for nearly 30 per cent (70 products) of the total sample: the products ranged from packed food items, new brands of vanaspati and edible oils, etc. to branded tea, coffee, other hot and cold beverages, liquors, etc. Personal hygiene products such as shampoos, toilet soap, facial creams, make-up base, shaving products, and other toiletries accounted for another 21 per cent (50 products). An interesting product category in this group was the health care products such as vitamin preparations, "vitalizing" tonics and tablets, energy restorers, etc. which accounted for about 8 per cent of the total sample (19 products). The remaining 24 products (10 per cent of the total sample) in the non-durable category comprised of fabric care products (newer forms of detergent concentrates leading the pack), baby care products, household hygiene products (room fresheners, toilet cleaners, insect repellents, etc.) and other similar products.

The largest product group in the consumer durable category was home appliances constituting about 10 per cent (24 products) of the total sample of products introduced. This group included products such as washing machines, kitchen mixies, refrigerators, geysers, etc. Entertainment electronics which included newer models of colour televisions, VCRs, music systems and other such items constituted approximately 5 per cent of the total sample of products. All other consumer durables such as two-wheelers, bicycles, wrist watches and cordless telephones constituted about 17 per cent (39 products) of the total sample.

ACTIVITY LEVELS OF DIFFERENT TYPE OF ORGANIZATIONS IN PRODUCT INTRODUCTIONS

As noted earlier, organizations in our study have been classified into four categories, namely multinational corporations (MNCs), large organizations, medium enterprises and small scale industries. Of the total sample of 151 organizations which introduced 237 products, the highest number of products was introduced by 35 large organizations accounting for nearly 27 per cent of the sample (63 products) (See Table 2). This was followed by small scale industries wherein 41 organizations introduced 56 products (23.6 per cent of the sample) and 36 medium enterprises wherein 36 organizations introduced 53 products (22.4 per cent). The 25 MNCs in the sample accounted for the smallest share of about 20 per cent (47 products) of the products introduced. This indicate that in terms of new products or brand introductions, the Indian organizations comprising of large, medium and small enterprises together introduced nearly 80 per cent of the new products and the share of the small firms was even more than that of the MNCs. Therefore, in terms of the propensity for new product or brand introductions, there is no significant difference due to the firm's size or its association with international players. In all probability, this is also a reflection on Indian government's policies of protection and encouragement for domestic industries. However, in view of the recent liberalization of the economy, this scenario might change in future and it would be interesting to observe the effects of the policy changes on the pattern of new product introductions after a gap of few years.

Table 2: Share of Different Types of Organizations in New Product Introductions				
Types of Organizations	No. of Products	% of Total	No. of Companies	Product/ Company
Multinational Corporations	47	19.8	25	1.9
Large Organizations	63	26.6	35	1.8
Medium Enterprises	53	22.4	36	1.5
Small Scale Industries	56	23.6	41	1.4
Not Known	18	7.6	14	1.3
Total	237	100.0	151	1.6

Although, as noted above, the MNCs accounted for only about 20 per cent of the total product introductions, the number of products introduced per organization was highest in this category. On an average, each of the MNCs introduced 1.9 products, whereas it was lowest among small scale industries (1.4 products per organization). In fact, the number of products introduced per organization declines proportionately as the size of the organization reduces. Thus, on an average, the number of products introduced per large organization was 1.8 whereas for medium enterprises it was 1.5. Thus, the difference in the number of products introduced per organization gives the impression that the size of the organization or its association with international players is directly related to the propensity of the organization to introduce products; larger organizations and MNCs tend to be more active by introducing more products per organization. However, in order to obtain a more realistic picture, we need to examine the proportion of firms belonging to different categories which introduced varying number of products. Table 3 gives these details.

From Table 3, we can draw two interesting inferences. First, we find that one MNC introduced 10 products while one large organization,7 products. If we re-calculate the number of products introduced per organization after eliminating these two extreme cases, we find that the number of products introduced per organization is not significantly different across different types of organizations. Thus, after excluding the extreme cases, we find that on an average, the number of products introduced per organization was 1.5 in the case of MNCs and 1.6 in the case of large organizations. This pattern is not significantly different from that of medium enterprises or small scale firms where it was 1.5 and 1.4 products per organization respectively. Therefore, we find that there is no significant difference across different types of organizations in their propensity to introduce new products. Alternatively stated, evidence does not suggest that either the size of the organization or its association with international companies is a significant determinant of an organization's activity levels regarding product introductions.

Table 3: Proportion of Organizations belonging to different Categories introducing varying number of Products									
(Figures in percentage)									
Type of Organi-zations	Number of Products Introduced							Total %	No. of Firms
	1 product	2 products	3 products	4 products	5 products	7 products	10 products		
MNC	68	16	4	4	4	-	4	100	25
LO	54	28	9	6	-	3	-	100	35
ME	69	19	6	6	-	-	-	100	36
SSI	73	19	5	2	-	-	-	100	41
Not Known	79	14	7	-	-	-	-	100	14
Total	68	20	6	4	0.7	0.7	0.7	100	151

Second, we also obtain an insight into the product introduction strategies of different types of organizations. Of the sample of 25 MNCs, 68 per cent introduced only one product and another 16 per cent introduced two products. This pattern was not significantly different from that of medium enterprises where 68 per cent of the firms in this group introduced one product and another 19 per cent, two products. In the case of large organizations, proportionately smaller number of firms (54 per cent) introduced one product, but a larger proportion (28 per cent) introduced two products. A significant difference, however, was observed in the case of small scale firms. About 76 per cent of the organizations in this category introduced only one product and 17 per cent, two products. If we consider the proportions of firms introducing one or two products, 93 per cent of small scale organizations fall in this category whereas only 84 per cent of MNCs, 82 per cent of large organizations and 87 per cent of medium enterprises belong to the group of firms introducing one or two products. The conclusion that we can draw from this pattern is that a predominant number of small scale firms tends to follow a single product strategy whereas MNCs, large organizations and to a lesser extent, medium enterprises tend to follow multi-product or multi-brand strategy.

NATURE OF PRODUCT INTRODUCTIONS BY DIFFERENT TYPES OF ORGANIZATIONS

On an aggregate basis, we had noted that about 69 per cent out of the sample of 237 products belonged to the consumer non-durable category and the remaining 31 per cent to the consumer durable products category. It would be interesting to examine if there are any significant differences among various types of organizations in the nature of product introductions. In Table 4, we give the proportion of products belonging to different product categories introduced by different types of organizations.

Table 4: Nature of Products Introduced by Different Type of Organizations												
	MNC		LO		ME		SSI		Not Known		Total	
	#	%	#	%	#	%	#	%	#	%	#	%
Consumer Non-Durables												
Food & Beverages	13	27.7	19	30.2	19	35.9	16	28.6	3	16.7	70	29.5
Personal Hygiene Products	16	34.0	13	20.6	7	13.2	8	14.3	6	33.3	50	21.1
Others	11	23.4	10	15.9	6	11.3	15	26.8	1	5.6	43	18.1
Total Consumer Non-Durables	40	85.1	42	66.7	32	60.4	39	69.7	10	55.6	163	68.8
Consumer Durables	7	14.9	21	33.3	21	39.6	17	30.3	8	44.4	74	31.2
Total	47	100	63	100	53	100	56	100	18	100	237	100

From Table 4, two inferences appear to be most striking. First, a significantly higher proportion of products introduced by MNCs belong to the consumer non-durable category (85 per cent) and only about 15 per cent belong to the consumer durable products category. This is in contrast to the scenario in large organizations and medium enterprises, where consumer non-durables constituted about 67 per cent and 60 per cent of the portfolio of new products respectively. In fact, consumer non-durables constituted a higher proportion of the products introduced by small scale firms than large or medium organizations which is about 70 per cent. Within the consumer non-durable category, MNCs appear to be strongest in the personal hygiene product group consisting of products such as toilet soaps, toothpastes, shampoo, skin care products, etc. About 34 per cent of the products introduced by MNCs belong to this group. Even in food and beverage categories, MNCs have a significant presence (about 28 per cent of the product introductions) although large, medium and small enterprises have a higher proportion of products in this category. It is likely that the factors such as the need to have a wide distribution coverage, the ability to build powerful brands, and the synergistic association with the parent company would have acted as a catalyst to MNCs to be more active in product introductions in the consumer non-durable category.

The second important inference that can be drawn from Table 4 is the significant presence of medium enterprises in consumer durable category - about 40 per cent of the products introduced belong to this product group. This is suggestive of the relative strength of medium enterprises in the durable products category. However, for a better clarity, we need to examine the same data from a different angle. In Table 5, we have reclassified the data to capture the relative share of different firms in product introductions across various product categories. From this table, it can be observed that both large and medium enterprises have equal share in the total number of products introduced in the consumer durable products category (about 32 per cent each), thereby implying that although about

40 per cent of the products introduced by medium enterprises belong to this category, they share the honours with large firms in introducing equal number of products in consumer durables group. It is also interesting to note that in this product group, small scale firms have introduced more products than MNCs (Table 5).

Table 5: Share of Product Introductions in Different Product Categories by Various Type of Organizations

(Figures in %)

	Consumer Non-Durables			Consumer Durables	Grand Total
	Food & Beverages	Personal Hygiene Products	Other		
MNC	19.4	36.4	26.2	10.6	
LO	28.4	29.6	23.8	31.8	
ME	29.4	15.9	14.3	31.8	
SSI	23.8	18.1	35.7	25.8	
Total	100	100	100	100	
Number	67	44	42	66	219
Not Known	3	6	1	8	18
	70	50	43	74	237

From the above discussion, it is clear that when we examine product introductions at an aggregate level, MNCs tend to focus more actively on the consumer non-durable category more so on the personal hygiene products group whereas medium enterprises tend to be more active in the consumer durable product category. However, when we examine the share of different types of organizations in product introductions across various product groups, we find that large and medium firms have contributed equally in the food and beverages product group as well as in the consumer durable product group. It appears that edible oils, packed foods, beverages, washing machines, kitchen mixies, wrist watches and refrigerators are the preferred products of large and medium firms whereas soaps, shampoos, toothpastes and such other toiletries seem to be preferred by MNCs. The small firms appear to be stronger in health tonics, vitalizing tablets, geysers, insect repellants and similar such products.

PRODUCT STRATEGIES OF VARIOUS TYPES OF ORGANIZATION

As noted earlier, one of the objectives of this study is to discern the nature of new product strategies adopted by various types of organizations, and it is for this purpose, that we have classified product introduction strategies into four categories, namely, relaunch or repositioning, brand or line extension strategy, new brand strategy and new product strategy. For different types of firms, we analyzed the number of product launches belonging to these four strategy categories. In the following sub-sections, we discuss the salient findings.

Relaunch/ Repositioning Strategy

Out of the sample of 237 products, only 17 (i.e., 7 per cent) introductions involved relaunch and repositioning (see Table 6). As a strategy, repositioning/relaunch received the least priority from organizations. In fact, only 3 out of 47 products introduced by MNCs and 11 per cent each of the product introductions by large as well as medium enterprises were relaunch/repositioning exercises. For small scale firms, relaunch/repositioning was negligible (only 1 product out of 56 launches).

The above pattern suggests the tendency of organizations to prefer different product introduction strategies rather than relaunch/repositioning. Perhaps, organizations may be finding it more profitable to introduce new brands or new products rather than diverting energies to merely revitalize the existing brands.

Table 6: Product Strategies of Different Type of Organizations

Strategy	Type of Organizations										Total	
	MNCs		LO		ME		SSI		Not Known			
	#	%	#	%	#	%	#	%	#	%	#	%
Relaunch/ Repositioning	3	6	7	11	6	11	1	2	-	-	17	7
Brand/line Extensions	24	51	28	44	18	34	8	14	5	28	83	35
New Brands	16	34	27	43	22	42	31	55	11	61	107	45
New Products	4	9	1	2	7	13	16	29	2	11	30	13
Total	47	100	63	100	53	100	56	100	18	100	237	100

Legend: MNCs- Multinational Corporations; LO-Large Organizations; ME-Medium Enterprises; SSI-Small Scale Industries

Brand/Line Extension Strategy

Our study indicates that brand/line extensions have been used by organizations as a significant strategy for product introductions (See Table 6). About 35 per cent of the products introduced (83 products out of a total of 237) belonged to this strategy category. The more interesting pattern, however, is the variations across different types of organizations in using brand/line extensions. For MNCs, brand/line extensions have emerged as the most important product introduction strategy; about 51 per cent of the products introduced by MNCs were brand/line extensions. Even large organizations show considerable dependence on brand/line extensions in product introductions, although to a lesser degree when compared with MNCs. In the case of large organizations, about 44 per cent of the product introductions were brand/line extensions. The dependence of medium enterprises, on the other hand, was even lesser than that of large organizations; only about 34 per cent of the products introduced by them belonged to this strategy category. For small scale firms, brand extensions constituted only 14 per cent of the product introductions.

The pattern which emerges from the above analysis confirms to the commonly held *a priori* notions. MNCs who not only have a significant presence in the consumer products category but also own well-known brand names, as a matter of logic, have depended more on brand or line extensions. Given the need for protecting their market position, MNCs have adopted both the offensive strategy of brand extensions as well as the defensive strategy of line extensions to a greater extent than the other types of organizations. The presence of strong brand names has also facilitated adoption of this strategy. In the case of large organizations also, a relatively higher dependence on brand/line extensions than medium enterprises is a reflection of the portfolio of stronger brand names that they possess. The same logic applies in the case of medium and small enterprises as well. The extent to which an organization emphasizes brand/line extension strategies depends on the size of the organization's portfolio of strong brand names; the higher the number of strong brand names, the greater will be the dependence on brand/line extensions by organizations. Only about 14 per cent of the products introduced by the small scale firms were brand or line extensions, as opposed to 51 per cent by MNCs, 44 per cent by large firms and 34 per cent by medium enterprises.

New Brand Strategy

In our study, the largest number of products that were introduced were new brands; they constituted about 45 per cent of the total product introductions (Table 6). The relative share of new brands in product introductions, however, varied across different types of organizations. For the small scale units, new brands constituted the highest proportion of product introductions (about 55 per cent) whereas for large and medium enterprises, the proportion of new brands in product introduction was 43 and 42 per cent respectively. For the MNCs, on a relative basis, new brands received lesser emphasis than brand/line extensions constituting about 34 per cent of their product introductions.

The pattern discussed above indicates that new brand strategy receives far greater attention from small firms; large firms tend to depend somewhat equally on brand/line extensions as well as on new brand strategy and MNCs tend to rely heavily on brand/line extensions. This pattern also suggests that introduction of new brands is an important growth avenue for small firms and to a lesser degree, for large and medium enterprises. In order to extend brand names, organizations first need to build brands and emphasising introduction of new brands probably will help achieve this purpose in the long run.

New Product Strategy

In our study, new products constituted only 13 per cent of the products introduced (Table 6). The highest number of new products were introduced by small scale firms (16 out of a total of 56 products) and the large industries accounted for the lowest number (only one out of 63 products). MNCs introduced a higher number of new products than the large organizations (about 9 per cent), but this was lower than the proportion of new products introduced by medium enterprises (13 per cent).

The above analyses suggest that new products as well as new brands constituted the most significant elements of small scale firms' product strategy accounting for about 84 per cent of their product introductions. But, for MNCs and large organizations, brand/line extensions and new brands accounted for 85 per cent and 87 per cent respectively of the products introduced. For medium enterprises, although new products formed a higher proportion of product introductions than MNCs and large organizations, brand/line extensions as well as new brands still accounted for about 76 per cent of product introductions. For small scale firms, and to a lesser degree medium enterprises, introducing new brands to consolidate their existing product lines and introducing new products to enter new lines appear to be the significant strategy whereas for MNCs and large firms, protecting their flanks through line extensions, leveraging brands in new lines for competitive advantage and product line consolidation through new brand introductions appear to be the strategy route.

PRODUCT STRATEGY IN DIFFERENT PRODUCT CATEGORIES

An analysis of product strategies with respect to different product categories indicates some differences across consumer non-durables and consumer durables (See Table 7). One significant difference that can be observed is the proportion of new products introduced in the consumer durable products category; about 23 per cent of the products introduced in durable products category were new products whereas in non-durables, it constituted only about 8 per cent. We can also note that the proportion of new brands introduced in consumer non-durables as well as durables categories was similar (45 per cent each). This, in other words, means that about 68 per cent of the product introductions in durable product category were constituted by new brands and new products while in non-durable category, new brands and new products constituted only about 52 per cent. The proportion of brand/line extensions was relatively higher in consumer non-durable category (37 per cent as opposed to 31 per cent in durable category). In addition to this, about 10 per cent of products introduced in non-durable category were relaunch or repositioning exercises whereas in durables, this exercise accounted for a negligible proportion. Thus, we find that in durable products, more firms are entering the market arena with products new to the firms while the non-durable category is witnessing a higher proportion of relaunches, repositioning and brand/line extensions. Perhaps this also indicates that in durables, at least some product-markets are evolving into more competitive ones with the entry of new players in the field. But in the non-durable category, existing players seem to be more active.

Table 7: Product Strategy in Different Product Categories												
Product Strategy	Product Category										Total	
	Consumer Non-Durable								Consumer Durable			
	Food & Beverage		Personal Hygiene Products		Others		Total					
	#	%	#	%	#	%	#	%	#	%	#	%
Relaunch/ Repositioning	5	7	9	18	2	5	16	10	1	1	17	7
Brand/line Extensions	21	30	21	42	18	42	60	37	23	31	83	35
New Brand	39	56	19	38	16	37	74	45	33	45	107	45
New Product	5	7	1	2	7	16	13	8	17	23	30	13
Total	70	100	50	100	43	100	163	100	74	100	237	100

When we analyze product strategies in the two sub-groups of consumer non-durables, we find that new brands constitute 56 per cent of product introductions in food and beverages whereas in the personal hygiene product group only 38 per cent accounted for new brands. The latter also witnessed a higher proportion of brand/line extensions (42 per cent) and relaunch/repositioning exercises (18 per cent) than food and beverages product group (30 per cent and 7 per cent respectively). This indicates a trend whereby a larger number of new brands are being introduced in food and beverage categories while the existing players are consolidating their presence through brand/line extensions and relaunch/repositioning exercises in personal hygiene products. Interestingly,new products constitute only a small proportion of product introductions in both these product groups.

LAUNCH STRATEGIES

While introducing a new product to the market, organizations either launch the product nationally or in a limited geographical area. Several factors such as the relative newness of the product, competitive situation, marketing infrastructure of the organization, etc. govern the nature of launch of the products. In our study, we could gather information on the nature of launch pertaining to 182 out of 237 products. The original data source had mentioned whether the product was launched nationally or whether it was launched in different zones or regions or metro cities or in important cities. Since the definition of regions or zones or even important cities could not be discerned from the original data source, we categorized the nature of the launch into two categories only, namely, national launch and regional/zonal/metros/cities launch. In Table 8, we give the launch strategies categorized into these two groups with respect to different types of organizations.

Table 8 : Launch Strategies of Different Types of Organizations									
	Launch Strategies								
Type of Organization	National Launch		Regional/Zonal/Metros/ Cities/Launch		Total		Not Known	Total
	#	Row %	#	Row %	#	Row %	#	#
MNCs	17	45	21	55	38	100	9	47
LO	25	51	24	49	49	100	14	63
ME	17	40	26	60	43	100	10	53
SSI	11	28	28	72	39	100	17	56
Not Known	3	23	10	76	13	100	5	18
Total	73	40	109	60	182	100	55	237

From Table 8, we can note that, on an aggregate basis, only 40 per cent of the products were launched nationally; the remaining 60 per cent launches were confined to regions, zones, metro cities or other important cities. We can also infer from this table that the proportion of national launches was higher for large organizations (about 51 per cent) and MNCs (45 per cent), somewhat lower for medium enterprises (about 40 per cent) and low for small scale firms (28 per cent). In other words, there are indications to suggest that the size of the firm, (which also points towards the level of marketing infrastructure that the firm possess such as extent and coverage of distribution, size of the field sales force, number of branch/regional offices, etc.), is likely to influence the nature of the launch followed by the organizations;larger organization tending to have more national launches than the small firms. However, for further insight, we also need to analyze whether the nature of the product has any relationship with the type of launch. In Table 9, we give the kind of product launches with respect to different product categories.

The interesting point that emerges from Table 9 is the difference in the launch strategy with respect to different type of products. First, a higher proportion of consumer-durable products was launched nationally (57 per cent); in the non-durable products category, only 31 per cent products were national launches. Second, within the non-durable products category,only a lesser proportion of food and beverages products were launched nationally (26 per cent) when compared with personal hygiene products which had a higher proportion of national launches (50 per cent). Even within the miscellaneous consumer non-durables, insect repellents were the main candidates for national launches. From this analysis, it appears that the nature of a product is also an important factor which mediates the type of launch; products which tend to have variations in preferences and habits across geographical regions (for example, food and beverages which have regional preferences due to taste and habits or consumer durables which have lesser variations in consumer preferences across geographical areas) tend to be launched initially in limited geographical areas. We also noted that the nature of the organizations also tends to influence the nature of product launches; MNCs and large organizations (which have significant presence in personal hygiene products which in turn tend to have limited variations in preferences across geographical areas when compared with, say, food and beverages) have a higher proportion of national launches. Thus, the nature of the product and the type of organization emerge as two significant factors which determine the type of product launches.

Table 9: Nature of Product Launches with Respect to Different Product Categories

	Nature of Launch							
	National Launch		Regional/Zonal/ Metros/ I.Cities Launch		Total		Not Known	Grand Total
	#	Row %	#	Row %	#	Row %	#	#
Food & Beverages	17	26	48	74	65	100	5	70
Personal Hygiene Products	17	50	17	50	34	100	16	50
Others	5	21	19	79	24	100	19	43
Total Consumer Non-Durables	39	31	84	69	124	100	40	163
Consumer Durables	34	58	25	42	59	100	15	74
Total	73	40	109	60	182	100	55	237

CONCLUSIONS

The study of 237 product introductions comes up with several interesting findings. On the one hand, we find that consumer non-durables account for a higher proportion of products introduced mainly due to a higher average number of products introduced per organization. On the other hand, consumer durable product category is characterized by a larger number of players, each introducing on an average lesser number of products than the firms in the consumer non-durable category.

We also find variations in the pattern of product introductions strategies followed by different types of organizations. Although some researchers argue that it is easier for large firms to introduce new products when compared to smaller ones (Gatigna *et al*, 1990), our study indicates that as far as propensity to introduce products are concerned, there were no significant differences between MNCs, large, medium and small scale organizations. But, we also find that a higher proportion of MNCs and large organizations tends to follow multi-product/brand strategies as opposed to small scale firms and to a lesser degree medium enterprises which tend to follow single product/brand strategies.

MNCs which are stronger in consumer non-durable category tend to depend heavily on brand/line extensions and, though to a lesser degree,on new brand introductions. They protect their territory aggressively by providing variety to customers through line extensions and introducing new brands in the same line. They leverage the established brands to obtain differential advantage in new product lines. However, they appear to be less aggressive in entering the not-so familiar territories through introduction of new products. Due to the nature of products that the MNCs are involved with, they tend to have a high proportion of national launches. It has been noted that MNCs obtain competitive advantage over local firms by using intangible assets such as superior technology international brand name, marketing expertise, etc. (Dunning, 1988). We also obtain some support to this strategic posture which MNCs tend to adopt, particularly leveraging brand equity to consolidate their position in the chosen fields. But, we do not have strong evidence to suggest that the intangible assets are exploited by them to enter new product arenas.

The pattern of product introduction strategy followed by large organizations is by and large similar to that of MNCs lending support to the view that the strategies of large local firms tend to resemble the strategies of MNCs (Chong, 1973). However, large organizations, when compared to MNCs, have a stronger presence in consumer durable product category, show lesser dependence on brand/line extensions, and a higher emphasis on new brand strategy and an equally weak posture with regard to introducing new products.

The strategy of product introductions by medium enterprises falls between that of their larger counterparts and their smaller brethren. They are strong in consumer durable products, try to get well entrenched in their chosen lines by introducing new brands and show more aggressiveness than MNCs or large organizations in entering new product categories through new product introductions. At the same time, their dependence on brand/line extensions is lower than that of the large organizations. Given the nature of products they are involved with and their resource base, a predominant number of their products are launched in limited geographical areas.

The small scale industries show an almost equal propensity to introduce products when compared to MNCs, large and medium enterprises. They do not have strong brand names to leverage and hence their dependence on brand/line extensions tends to be low. However, their inability to capitalize on equities of mega brands is adequately compensated by a larger number of new brand introductions and an aggressive stance in entering new product categories through new products. In fact, small scale firms account for the highest proportion of new products that were introduced and this ability to venture into uncharted territories emerges as the greatest strength of small enterprises. This conclusion supports the views that small and medium sized firms are the main providers of technological innovation and entrepreneurship (Kau Ah Keng *et al*, 1989) and the smaller firms respond to market forces more rapidly than their larger counterparts (Yaprak, 1985).

The pattern of product strategies of different type of organizations suggests that the differential advantages of larger organizations with better resource base will come from their brand names whereas medium enterprises will continue to be strong players in markets which are less attractive to big players but yet beyond the capabilities of small players. The small firms, due to their entrepreneurial capabilities, will venture into newer fields and derive growth from new product introductions. But the critical requirement for long-term success in markets which are becoming more competitive is to develop strong brands in the chosen fields and hence the need for investing in brand equity for creating differential advantage must be recognized by all marketers, irrespective of their size and past performances.

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