

HOW TO LAUNCH A HEALTH AND WELLNESS PRODUCT

PART 2

INTRODUCTION

In the first series, we discussed some of the basics needed when launching a health and wellness product. Among them include imbibing the mindset of a product manager and understanding your target audience. However, there's more to it, and this book is focused on bringing them to you. In the previous book, you'd notice that most of the steps were focused on knowledge gain. You have to gain knowledge of your product and target audience to be able to know the best way to handle them. This shows that knowledge is the overall first step required in any endeavor.

This is similar to situations where you go to school to gain knowledge about a chosen field. The purpose of this is to learn the essentials needed when you intend to start a career in that chosen field. This is similar to a product launch, as you need to gain ample knowledge of the product and all that is involved before launching. Without this knowledge, the entire process will become more overwhelming than it needs to be. But now that this aspect has been covered, we'll be focusing on another essential aspect that requires your attention: the money aspect.

In conversations with friends, family, or colleagues, you must have heard people joke that "Money makes the world go round." While this might seem like a slight exaggeration on their part, it's true to a large extent. Money is the tool that turns ideas into reality. Without money, you can't pay for the ingredients you'll use to make the product or execute any plans you might have for marketing. So, money is an essential tool in launching a health and wellness product.

However, the major problem people have with money is the ability to manage it. Many brands also have an issue with getting the monetary value of their products. In this book, we'll be discussing these issues by addressing two major money aspects involved in launching a health and wellness product. These include budgeting and pricing strategies. With this information, expect to have the key to maximizing the monetary value of your product at your fingertips.

CHAPTER 1

COUNT THE COSTS

Although people say, “Knowledge is power,” I’ve found that sometimes, knowledge requires money for it to develop as a source of power. This is what applies when you’re planning a product launch. So, far we’ve discussed the various ways in which you can gain knowledge and ideas for your product launch. However, these plans and ideas cannot come to life without money as a fueling force. It’s just like when you go to a market to buy goods. When you get there, you don’t give the salesperson knowledge. What they need is your money because it is the only source of value that counts to them.

So, while you revel in the excitement of getting awesome ideas, remember the money aspect of it and count the costs involved to bring each idea to fruition. This involves creating a budget, as it is one of the most critical elements of launching a health and wellness product. A budget is a financial strategy that lists all of the costs associated with a product launch. To guarantee that the project is finished on schedule, with the resources allotted, and with the desired results, a well-defined budget is necessary. Without a budget, it’s easy to spend more than you bargained for and not have enough to cover all expenses related to your product launch.

Therefore, this chapter gives you an insight into all you need to know about budgets. It gives you a breakdown of the factors that determine a budget and shows the various steps involved in creating a budget.

Factors That Determine A Budget

Creating a budget isn't just about writing out a list of things you need and allocating their respective prices. Certain factors determine how a budget will be structured. These factors are examined below

Product Type and Complexity

The health and wellness industry is so vast that it allows you to diversify in many fields. You can decide to dive into skin care, hair care, or fitness. However, while doing this, it's important to remember that every product in these fields has different levels of complexity. This makes it one of the most significant factors that determine the structure of your budget. The cost to create, test, and launch a product also increases with its complexity. The budget is also impacted by the type of product because different goods have different needs for things like packaging, marketing, and distribution. In addition, the price of the packing will need to be taken into account, especially if the product calls for a particular kind, like eco-friendly packaging.

Another thing that affects the complexity of a product is the ingredients used to make that product. Some products are harder to find than others, which automatically makes them more expensive. If most of the products you wish to produce fall within this category, then you might have to brace yourself for a high budget.

Target Audience

As we've discussed in the previous chapter, your target audience charts the course of how your launch process is going to be. This is because your target audience involves your potential customers. To reel them in, you need a marketing strategy that speaks to them, and this could include advertising and promotion expenses. Therefore, the budget required for a product launch will vary depending on the target audience. For instance, social media marketing and influencer marketing may be required if the product is aimed at a younger audience. Older target audiences may respond better to more conventional advertising techniques like paper advertising. This infers that you might have to create a higher budget if your target audience is the former.

Sales Goals

In the process of launching your product, you need to have a sales goal describing the target you want to have reached at a particular time. Therefore, sales goals are the

expected number of units a business or brand expects to sell within a particular time frame. The sales goals help determine the budget required for the product launch. For example, if you wish to sell a large number of products within a short period, then you might have to create a higher budget to expedite the process. On the other hand, if you're more focused on steady growth, then your budget might not be as high. In other words, the more significant the sales goals, the higher the budget required for marketing and advertising. The pricing strategy for the product, which may affect the budget, is also determined by your sales goals. A product's price may influence how many units are sold, which will affect the budget.

Market Competition

Unlike before, every industry now has a lot of competition. People start new businesses every day, and the world is now littered with a lot of product launches. However, this doesn't stop you from standing out from the crowd. And if you play your cards right, you'll be able to stay ahead of the competition. One of the best ways to do this is to adopt a marketing strategy that'll help your business stand out. This marketing strategy has a way of impacting your budget, depending on the level of competition you face in your field. For example, the budget needed for marketing and advertising may need to be higher if there is a lot of competition in the market to make sure your product sticks out. The pricing plan for the product is affected by the competition as well, which may affect the budget. Sales may also suffer if a product is overpriced in comparison to your competitors, which will affect the budget.

Distribution Channels

Unlike before, people now conduct businesses that deliver globally. This is because social media has made it easy for brands and businesses to reach customers at home and abroad. But to reach these customers you'll need to conquer the hurdle of package delivery businesses. This is one of the greatest issues businesses in the health and wellness industry face because not all package delivery services are efficient. The select few which are efficient, usually cost higher, which will require a higher budget.

On the other hand, if you plan to distribute your product through multiple channels, such as online and brick-and-mortar stores, the budget required for marketing and advertising will be higher. The distribution channels also impact the packaging requirements for the product. This is because you wouldn't want your products to spill or get damaged in the process of delivery.

Timeframe

Most times, a product launch might not go exactly as planned. Even though you create a well-detailed plan, some things might be delayed in the process, giving you less time to complete the product launch before the set date. This is also known as the timeframe for the product launch, and it is another critical factor in determining your budget. The shorter the timeframe, the higher the budget will be as you might need to expedite some processes required to complete the project. If you have more time to prepare for the launch, the budget may be lower, as you will have more time to plan and execute the project. The timeframe also impacts the marketing and advertising strategy as there may be more or less time to reach the target audience.

Resource Availability

Besides the ingredients needed to make your products, you'll need other resources, such as human resources, financial resources, and technological resources. Therefore, resource availability affects how your budget will be structured. If your brand has limited financial resources, the budget for the product launch may have to be lower, as you'll need to prioritize the most critical aspects of the launch. On the other hand, if you have sufficient resources, you can reach for a higher budget.

Location

The location of the product launch is also a critical factor in determining the budget. Certain things might require more or less money depending on your location. Another thing that can affect your budget is the number of locations in which the launch will be taking place. If the product is launched in multiple locations, the budget required

for marketing and advertising will be higher. The location also impacts the distribution channels for the product, which can affect the budget.

Therefore, launching a new product requires a well-defined budget to ensure the project is completed on time, within the allocated resources, and with the expected outcome. By considering these factors, you can create a comprehensive budget that will help you achieve your launch goals.

How To Create A Product Launch Budget

Step 1: Define your goals and objectives

Establishing your aims and objectives for the product launch is essential before you can start to develop a budget. What are your objectives? Do you want to boost your brand recognition or drive sales? You can decide what activities to invest in and how much money to spend by having a clear understanding of your objectives. This will help you have a clearer view of how much money you need to put into each aspect of the product launch.

Step 2: Identify your target market

Your target market is the group of people who are most likely to buy your product. They are more or less your target audience. Understanding your target market is crucial to developing a successful marketing strategy and allocating your budget effectively. This will help you know the number of finances you need to put into marketing to a particular group, as the marketing strategies will differ depending on the group. You also need to consider factors such as demographics, psychographics, and behaviors when identifying your target market.

Step 3: Develop a marketing strategy

Without a marketing strategy, you might end up spending more than required. Since there are now so many marketing platforms, it's easy to get caught up in the buzz of it all and dabble in everything when you only need a select few. So, the first step is to

identify your target market. From there, you'll be able to develop a marketing strategy. This will include the various activities you will use to promote your product launches, such as advertising, PR, social media, and events. In all, your marketing strategy should be tailored to your target market and your goals.

Step 4: Determine the cost of each marketing activity

Once you have developed your marketing strategy, it's time to determine the costs of each activity. These costs ultimately determine whether your budget will be low or high. They also include expenses such as advertising costs, event fees, and the cost of creating marketing materials. So, ensure you research the costs associated with each activity and be realistic about the expenses you will incur.

Step 5: Allocate your budget accordingly

After determining the costs of each activity, it's time to allocate your budget accordingly. You will want to prioritize the activities that are most likely to help you achieve your goals and reach your target market. Be sure to leave some room in your budget for unexpected expenses, such as shipping or printing costs. These are usually tagged as miscellaneous because you can't always avoid unexpected expenses. A product launch involves many variables that can tip the scales of how fast you proceed. You might have to spend more money than initially planned to ensure that everything runs smoothly. By setting aside a budget for unexpected expenses, you become more prepared for any unpleasant situation that might be lurking ahead.

Step 6: Monitor and review your spending

Finally, it's crucial to routinely track and evaluate your spending. This will assist you in sticking to your spending plan and making any required adjustments. To make sure you are staying within your allotted budget, keep note of your expenses and regularly compare them to your budget.

Creating a budget for a product launch can be a daunting task, but by following the steps outlined above, you can ensure that you have a plan in place to manage your

expenses effectively. With a well-planned budget in place, you can launch your product successfully and achieve your goals.

CHAPTER 2

PUT A PRICE ON IT

When a customer first encounters a product, many things inform their decision to eventually buy that product. Some of them include the marketing strategy, the quality of the product, and the brand image. But among these factors, one of the most important ones is pricing. The price of a product compared to other similar products affects a person's decision to buy from you. For example, there are different makeup brands, but you'll notice that people mostly buy from the same set of brands. This is because the quality of the products is at par with their price. Therefore, you need to understand the intricacies involved in pricing a product. In other words, you need to develop a pricing strategy.

Pricing plans are the processes and methods used by brands to establish the prices they charge for their products and services. The price you put on your product is the quantity you charge for your goods, and your pricing strategy is the method you use to determine it. So, your price has to communicate how much you care about your brand, product, and customers to your potential consumers. This usually involves a strategy that encompasses various areas like the state of the market, input costs, profit margins, variable costs, competitor actions, account segments, etc.

The price you put on your product also reflects the value you place on your product. This is important, as it sets the stage for how people will also view your product. For example, if you charge an incredibly small fee for a product that provides immense value, people could get the idea that the product isn't all it appears to be. On the other hand, if you charge a reasonable fee for your product, people will be more likely to respect your product. It's the same thing that applies when people buy luxury products. They hold those products in high esteem and they're willing to pay a lot of

money for them. Therefore, you need to develop an effective pricing strategy to achieve this.

Another benefit of a successful pricing strategy is that it helps you gain your customers' trust and advance your brand toward its goals. In turn, these benefits gained will help you strengthen your position in the market. However, contrary to popular perception, pricing tactics aren't always about profit margins. You might, for instance, want to maintain a cheap price point for a good or service to maintain your market share and keep out competitors.

In this chapter, you'll be learning more about this and all you need to know about pricing strategies. These include the types of pricing strategies and the common pricing tactics you can use in your product launch process.

Types of Pricing Strategies

1. Cost-Plus Pricing Strategy

Cost-plus pricing is a method of setting prices that includes first calculating the cost of producing a good or service, then adding a markup to the result. This markup indicates the profit percentage your brand hopes to make on each transaction. This pricing strategy is especially effective when the cost of production plays a significant role in deciding the final price. This is common in sectors like manufacturing, building, and services.

Cost-plus pricing comes in two primary flavors: full-cost pricing and variable-cost pricing. For full-cost pricing, a markup is added to the total cost of making a good, which includes both direct and indirect costs like overhead and administrative costs. On the other hand, variable-cost pricing entails adding a markup to a product's variable production costs, such as materials and labor, while leaving out fixed costs.

Cost-plus pricing is beneficial because it is simple to calculate and guarantees profit on each transaction for your product. It also considers the actual costs associated with

producing the good, which can vary based on things like the price of labor, raw materials, and overhead. This guarantees that your brand is not making a deficit in the sales of its goods, which could be harmful to its financial stability.

Cost-plus pricing, however, also has some drawbacks. It does not consider the level of competition or whether customers are willing to spend a particular price for the product. As a result, this might mislead you to set prices that are either too high or too low, which may result in a decline in sales and earnings.

2. Competitor-Based Pricing Strategy

As the name implies, a competitor-based pricing strategy is a method that involves basing your pricing decisions on the prices of your competitors. According to this pricing strategy, you can set the prices of your products fairly and still turn a profit.

Some of the sectors that employ this approach include retail, manufacturing, and service industries. It is especially beneficial for businesses operating in a market that is extremely competitive and where gaining consumers depends heavily on pricing. Therefore, this pricing strategy is perfect for a health and wellness product.

Competitor-based pricing strategy is simple to understand, but it requires a deep understanding of the market and the competition. Therefore, there are various steps to learning how it works. First, you need to conduct a competitor analysis. This involves researching the prices of your competitors' products or services, as well as their marketing and sales strategies. This information can be gathered through online research, customer surveys, or even by visiting the competitors' locations.

The second stage is to ascertain where your brand stands in the marketplace. Finding the advantages and disadvantages of your business in comparison to those of your rivals is necessary. It's also important to find opportunities to stand out from the competition and develop a unique selling proposition. The third stage in this procedure is pricing. Setting prices that are competitive with those of your rivals while still guaranteeing a profit is the objective. If you have a stronger name or an exclusive

value proposition, you might be able to charge a little bit more than your rivals in some circumstances. Finally, it is important to monitor your competitors to ensure that your prices remain competitive. This involves regularly checking their prices and marketing strategies and adjusting your strategy as needed.

The competitor-based pricing strategy holds many benefits. First, it is simple to understand and implement and it allows you to set competitive prices, without sacrificing profit margins. In addition, this strategy helps you stay up-to-date with market trends and changes. It is also a flexible approach that you can adjust based on the changes in the market. Despite this, there are still some drawbacks to using this pricing strategy.

It can lead to a race to the bottom in terms of pricing, where companies continually undercut each other until profit margins are slim. This strategy also doesn't take into account the unique value proposition of a company or product. Finally, it can be difficult to differentiate yourself from competitors if you are using the same pricing strategy.

3. Value-Based Pricing Strategy

A value-based pricing strategy is a pricing approach where you set your prices based on the value that your products or services provided to customers. This approach focuses on the benefits that customers receive from a product or service, rather than on your brand's internal costs or competition.

In a world that thrives on a value-added approach, this strategy has become increasingly popular, particularly in industries where customers are willing to pay a fortune for high-quality products or services. So, to adopt this strategy, you need to first identify the value proposition of your product or service. This involves identifying the benefits that your product or service provides to customers, as well as any unique features that differentiate it from the competition. The next step is to understand your customers. This involves identifying the customer's needs,

preferences, and willingness to pay for your product or service. The easiest way to conduct this research is through customer surveys, focus groups, etc.

Once you have identified the value proposition and customer needs, you can determine the price of your product or service. The goal is to set a price that captures the value that your product or service provides to customers, while still ensuring that you make a profit. This may entail pricing your product or service higher than your rivals', but this should be done based on the value that it offers rather than on internal expenses or rivalry. Last but not least, it's critical to continuously review and tweak your selling strategy. This entails monitoring market trends and customer input regularly, then modifying your pricing strategy as necessary.

The value-based pricing strategy is a promising one, as it has many benefits. One such benefit is that it focuses on the benefits that customers receive from a product or service, which can lead to higher customer satisfaction and loyalty. Another benefit is that it allows companies to capture the value that their products or services provide, which can lead to higher profit margins. Furthermore, it creates a more sustainable pricing strategy and helps you differentiate yourself from competitors by focusing on unique features and benefits.

Notwithstanding, this strategy still has its drawbacks. The value offered by each product can be vague, making it difficult to determine the value that customers place on a product or service. This strategy also requires a deep understanding of the market and customer needs, which can be time-consuming and costly.

4. Penetration Pricing Strategy

Penetration pricing strategy is a pricing approach that involves setting low prices to lure customers to buy your products or services to quickly gain market share. The idea behind this pricing strategy is that the low price will attract customers and encourage them to switch from the competition. This pricing strategy is often used by new companies or companies that are entering a new market. So, this strategy is perfect for

launching a health and wellness product. It is also useful if you are looking to establish yourself as a key player in the market. To effectively employ this approach, there are certain steps you need to take.

First, you need to identify your target market. This involves identifying the customers who are most likely to purchase the product or service. Next, determine the price of the product or service you wish to render. The goal is to set a low price that is competitive with the competition but still ensures that you make enough profit. The low price is intended to attract customers and encourage them to switch from the competition. The next step is to promote that product. This is the best way to inform customers about your product and encourage them to buy from you.

Finally, monitor and adjust the pricing strategy over time. You can regularly check sales data and customer feedback, and make adjustments to the pricing strategy as needed. With this approach, you can quickly gain market share and establish the company as a key player in the market. This strategy also helps to attract customers away from the competition and create buzz around your product or service. Furthermore, it enables you to gain valuable customer insights.

Notwithstanding, this strategy could bring about certain disadvantages in the long run. First, it could lead to lower profit margins in the short term. Second, you might not be able to sustain this approach in the long term if your brand can't maintain low prices. Finally, it may damage the perceived value of the product or service if customers perceive it as low quality.

5. Skimming Pricing Strategy

A skimming pricing strategy is a pricing approach where a company sets a high price for its products or services to maximize profits in the short term. The idea behind this pricing strategy is that the high price will attract customers who are willing to pay a premium for the product or service. In other words, this strategy is targeted at people who indulge in luxury products. It is also often used by companies that are

introducing new, innovative products or services to the market. To successfully use this strategy, you first need to identify your target market through customer research.

The next stage is to set a high price that reflects the premium value of the product or service. The high price is intended to attract customers who are willing to pay a premium for the product or service. Once the price has been determined, work on promoting the product or service through advertising, public relations, or other marketing methods. The goal is to create awareness of the product or service and position it as a premium brand. Finally, it is important to monitor and adjust the pricing strategy over time.

Like other pricing strategies, the skimming pricing strategy offers many benefits. For example, it helps you maximize profits in the short term, particularly if you have high research and development costs. It also helps you establish the product or service as a premium product. In addition, it enables you to recoup your investment in the product or service more quickly.

There are also some drawbacks to using a skimming pricing strategy. First, it's not sustainable in the long term if your competitors enter the market with lower prices. Second, it may limit the size of the target market, as some customers may not be willing to pay the premium price. Many customers are more focused on getting products at the lowest price possible. Finally, this pricing strategy may attract price-sensitive customers who are less loyal to your brand.

Besides these pricing strategies stated above, there are some other common pricing tactics you can use to draw customers to your products. These include:

1. Discounts

The phrase "discount pricing" refers to a wide range of pricing strategies used to boost demand, sell off unsold inventory, or boost sales. When selling at a discount rate, you have to ensure that you sell at a price that your brand can reasonably sustain. In the process, customers benefit from this, as they can pay a lesser price than the original

one. This also creates an idea in the customer's mind that they are "getting a good deal" on a good or service, which makes discount pricing effective.

2. Bundles

Small businesses can offer a variety of products at a lower cost than they could if they sold them individually thanks to bundle pricing. Like discount pricing, bundle pricing also makes customers feel they're getting a good deal because they get more products at a lesser price. Many small businesses choose to use this strategy when a product's life cycle is about to end, particularly if the item isn't selling well.

3. Freemium

Freemium pricing combines the terms elite and free. It has a pricing system that offers both free basic services and expensive extras. This strategy attracts prospective customers by offering some services for free. To use the other functions, users must pay a fee. So, it's like a "buy one get one free" arrangement. Customers will be more willing to buy because they know they'll be getting a good deal from the extra product they'll receive.

CONCLUSION

To achieve a successful product launch, you need money. Money helps ensure that you secure the services of people required to make the launch a success. It also plays a large role in the level of loss or profits you gain from the launch. Therefore, you need ample knowledge of how to handle money in a product launch. This involves two major areas such as budgeting and pricing.

Creating a budget requires you to keep account of all the costs you're likely to incur in the course of your product launch. On the other hand, pricing involves the price you put on each of your products to secure profit from them. Some common pricing strategies include discount pricing, bundle pricing, skimming pricing strategy, value-added pricing strategy, etc.

With the knowledge of these two areas, you can be sure of a hitch-free process in settling any expenses or monetary aspects of your product launch. In the final book series, we'll be delving into the marketing and promoting aspects of a product launch. We'll also be answering a very important question, "After a product launch, what next?"