

TESTING THE MARKET WATERS

DO YOUR HOMEWORK BEFORE LAUNCHING LARGE-SCALE PRODUCTION AND PUBLIC RELATIONS CAMPAIGNS

BY EVA WINGER

Editor's note: Spark is a regular feature for 2009 that chronicles the product-development journeys of three women inventor-entrepreneurs.

Madeline Canfield's saga of developing the Nanolite, the world's smallest key light, is reminiscent of David and Goliath.

The Nanolite, weighing 1.6 grams and measuring less than an inch long, faced 18 months of design, development and rigorous testing.

Canfield's team reduced an initial failure rate of 17 percent down to an impressive 0.5 percent.

With this low fail rate, Canfield felt confident to run a pre-production of 25,000 units, small enough to fit in her budget, but large enough to begin sales and test the market.

For Canfield, testing the market was an informal shopping mall survey asking random people what they thought of the preliminary display box and what they deemed an appropriate retail price.

"Up until that point I only talked to friends and relatives who I thought were biased based on our personal relationship," says Canfield. "I needed to see random people's responses to the Nanolite."

Canfield hit the mall, standing in a busy walkway and reeling in any person who made eye contact with her and stopped to look at the Nanolite in her hand.

"I probably should have asked permission from the mall to be there," says Canfield. "But I only had 25 Nanolites to give out."

Although her sample market size was small, she still gathered valuable data that was indicative of her local customer population.

Canfield demonstrated the Nanolite and asked each person whether just by looking at what the product can do, would they buy it. Twenty three percent of the group said they

would buy the Nanolite off the shelf.

Then she reviewed suggested retail prices of \$4.99, \$3.99 and \$2.99. The first price elicited some resistance. With the second, the majority responded favorably. And 100 percent agreed that \$2.99 was the best retail price for the perceived value of the Nanolite. *

"The initial test performed remarkably well and then we were encouraged to do a local retail test market," says Canfield.

Canfield approached a few retailers that were willing to buy 24 lights for \$1.99 each. Even with a retail price of \$3.99, the Nanolites sold out within months at most locations.

"I knew right then Nanolite had mass appeal," says Canfield, who still shied away from starting a large scale production run.

Canfield realized the only way to assuage her hesitations was to consult a public relations and marketing firm, which she hoped would confirm her grassroots consumer and retail research.

She also decided on a firm that could offer full services, not only handling PR needs, but also taking her marketing collateral to a professional and appealing level for her sales team, investors and buyers.

Location was the other requirement for Canfield. She wanted a firm that had national reach, but close to where she lived in Tuscon, Ariz.

"I anticipated a great benefit in being able to frequently meet face-to-face and fostering a team spirit," says Canfield.

Canfield found local Crosby/Wright, a firm with 17 years of experience delivering successful PR campaigns and had established a reputation as an industry leader in Arizona.

"After the first few brainstorming sessions I knew I'd made the right decision," says Canfield. "They showed me that they understood my needs by providing stimulating input with fresh ideas." **

Crosby/Wright made a favorable impression on Canfield by explaining their vision in taking the Nanolite from a homegrown image to one that would earn the right to hang on a retail shelf with other high-tech gadgets.

One of the first projects was to revamp Canfield's temporary graphics, packaging and Web site, which she put together earlier on in order to do her test market. This starting point allowed Canfield to get a better sense of which design and marketing direction to go in before investing thousands of dollars in collateral materials.

Canfield knew branding was important, but did not know exactly what it meant.

"Crosby/Wright explained that a brand generates a 'gut level' response in a consumer, creating a connection between the potential customer and the product," says Canfield.

She also learned that a successfully branded product can deliver a clear message, differentiate itself among competitors and establish credibility.

Once Canfield and Crosby/Wright finished developing the brand, including bold new graphics for a more technology-based feel and dynamic presentation, they picked up where Canfield left off with her local market testing.

Crosby/Wright set out to study customer and retail response to the new packaging, as well as its relation to sales.

With established business connections, Crosby/Wright placed Nanolite displays, each containing 24 lights, into a novelty store chain.

"Up until working with Crosby/Wright, I intuitively focused on key and automotive shops in my initial sales efforts," says Canfield. "I never viewed Nanolite as a novel product subject to whimsical customer purchases."

As a result of Crosby/Wright's strategic

product placement, the rapid sell-out of 24 Nanolites in three days in this newly discovered market, without any advertising, was confirmation enough to go forward with mass production of 300,000 units. ****

With a comfortable inventory on hand and a commitment to a year long contract, Crosby/Wright embarked on a robust PR campaign. To date, accomplishments have included Nanolite features and reviews on television segments and in newspapers and magazines. Plans for future promotions involve advertising, design and social media.


"PR is not an overnight one-time effort," says Canfield. "Success requires long-term investment of many resources to make an impact." ****

According to Canfield, hiring a PR firm was one of the best business decisions she ever made.

She left her marketing needs in great reputable hands, which allowed her to focus on other aspects of business development such as finding an investor, attending tradeshows and securing new business.

"Although PR can be pricey," says Canfield, "after selling over 100,000 units last year, I could easily justify the cost."

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Madeline Canfield

OUTSIDE ADVICE

Michelle Tennant of Wasabi Publicity Inc. weighs in on Canfield's experience. Tennant has been advising inventors and business professionals since 1989 on how to maximize their interactions with the public.

*** Perceived value is what you learn when you study group research. It's hard to capture the public's mindset on what they would feel comfortable spending without asking. Many inventors overlook this. Even if you decide to charge something else, this basic feedback informs you. Keep in mind trends and economic pressures and how that might affect your pricing. Think about how many times the travel industry changes their prices according to who's flying and where. They respond to public demand and so should you. Prices that are good in one city might be different in another. So do your research and pick your prices based on your target buying audience.

*** When hiring a PR firm, ask what results they've produced recently. Get testimonials from past clients. The best predictor of future behavior is past behavior. It's also very important that the PR firm blend with your business ethics and style. Trust your gut on this one. You'll either like them or be hesitant. If you're not sure, move on until you are. Finally, get what you're buying outlined in a strategic timeline so you know where you can push them and when you cross the line. PR firms are often asked to do a lot more than their contract allows and this can lead to tension.

*** There's a saying that it takes 10 years to be an overnight success. Huge production contracts are unusual for new products, unless you find the right niche in your research and evaluation of the public mindset. Don't be discouraged. One can clearly see how research, evaluation and 'testing the waters' helped the Nanolite achieve success in short-order.

**** If you cannot afford a PR firm's fees for at least one year find other resources until you can. I also recommend talking to the PR firm you have your eye on to see if they can put you in a starter program until you can afford the big guns. Conserve funds until your gut says "go." In the meantime, there are online venues and tons of free PR advice. For example, free sites to help you connect with media can be found at www.usnpl.com or www.pitchrate.com. Free hour-long recordings of do-it-yourself PR can be found in the VIP section at www.publicityresults.com. I provide my professional opinion and tips for free on my blog at www.storyteller-to-the-media.com. ■

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