

# Product Launch course

Year 2,  
2017-2018

# Recap

**Why product development / innovation?**

**Why SWOT?**

**Time to market**

**Reasons for successful product launch**

# Make a SWOT of Inholland The Hague IMEM

## SWOT - Inholland The Hague IMEM

### Strengths

Existing program

### Weaknesses

Not whole staff is native speakers

Inholland compared to other Universities of applied sciences

### Opportunities

Higher demand Bachelor education

Higher demand English education

Relative low study costs in The Netherlands

High standard of education in The Netherlands

### Threats

Competition is growing

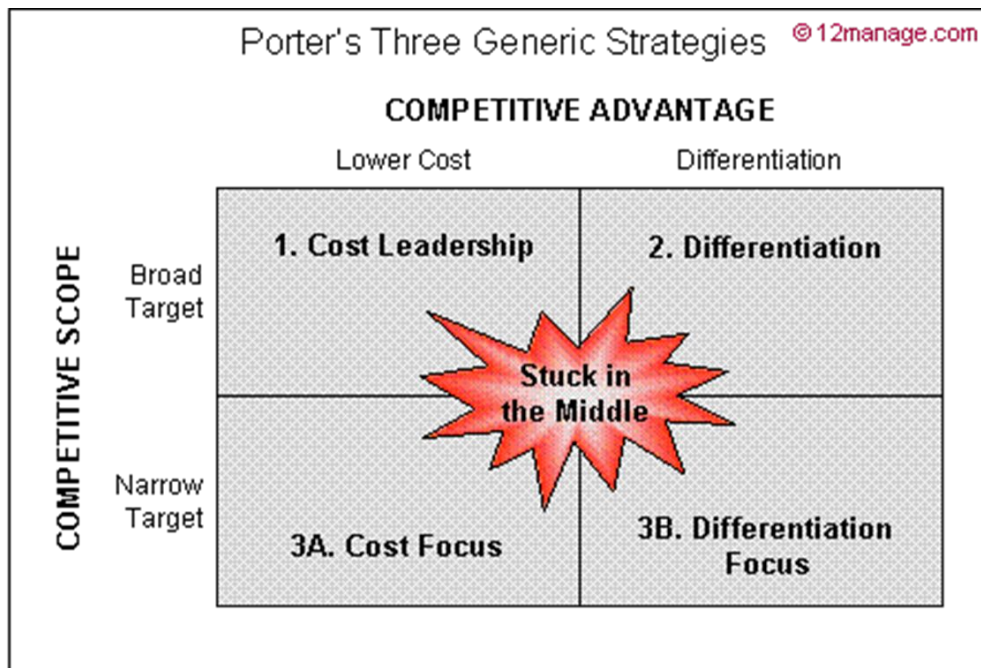
Politics want Dutch classes

# Reasons for failure of new products

Overestimation of market size / Design problems / Incorrectly positioned, priced, or advertised / Pushed despite poor marketing research findings / Development costs / Competition

1. **Not a unique product (does not offer a demonstrable advantage)**
2. **Poor marketing policy (so you are at fault)**
  - Target group not properly identified
  - Price too high
  - Out of stock

# Poor policy ....

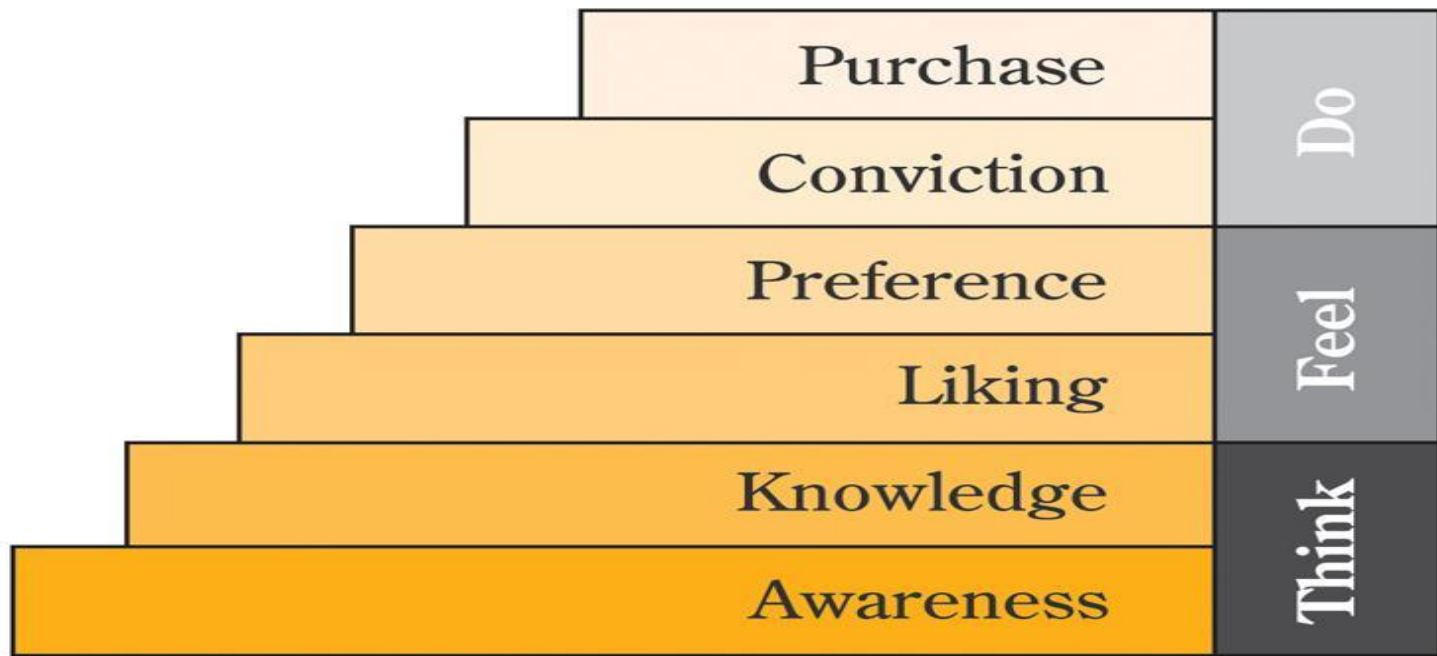


## Reasons for failure of new products

3. **Quality problems (shortcomings in technical product; teething problems)**
4. **Bad timing. How long are consumers 'waiting' before they buy.**

# Stages in product adoption

Hierarchy of Effects model by Lavidge & Steiner (1961): consumers pass through several stages: from product awareness, to preference and eventually to purchase





# Consumer buyer roles

- ***Initiator***
  - Person who first suggests or thinks of the idea of buying a new product or service
- ***Influencer***
  - A person whose views or advice will influence the decision of buying the new product or service
- ***Decider***
  - Buying decision maker of the new product or service
- ***Buyer***
  - Ultimate purchaser of the new product or service
- ***User***
  - Ultimate user of the new product or service

**Same for Business-to-Business ?**

# Categories of adopters of innovations

**Innovators**

**Early adopters**

**Early majority**

**Late majority**

**Laggards**

# Categories of adopters of innovations

## Innovators:

**the first individuals to adopt an innovation**

- **Willing to take risks**
- **Often youngest in age**
- **Often highest social class**
- **Have considerable financial resources**
- **Very social**
- **Closest contact to scientific sources**
- **High interaction with other innovators**
- **Their tolerance towards risk has them adopting technologies which may ultimately fail; financial resources help absorb these failures.**

# Categories of adopters of innovations

## Early adopters:

- High degree of opinion leadership
  - Typically younger in age
  - Relatively high social status
  - Financial resources
  - Advanced education
  - Socially active
  - More discrete in adoption choices than innovators
- realize judicious choice of adoption will help them maintain central communication position

# Categories of adopters of innovations

## Early majority:

- Adopt an innovation after a varying degree of time this time of adoption is significantly longer than the innovators and early adopters
- Tend to be slower in the adoption process
- Have above average social status
- Contact with early adopters
- Seldom hold positions of opinion leadership in a system

# Categories of adopters of innovations

## Late majority:

**will adopt an innovation after the average member of society**

- Approach an innovation with a high degree of skepticism and after the majority of society has adopted the innovation
- Have below average social status
- Little financial resources
- In contact with others in late majority and early majority
- Very little opinion leadership

# Categories of adopters of innovations

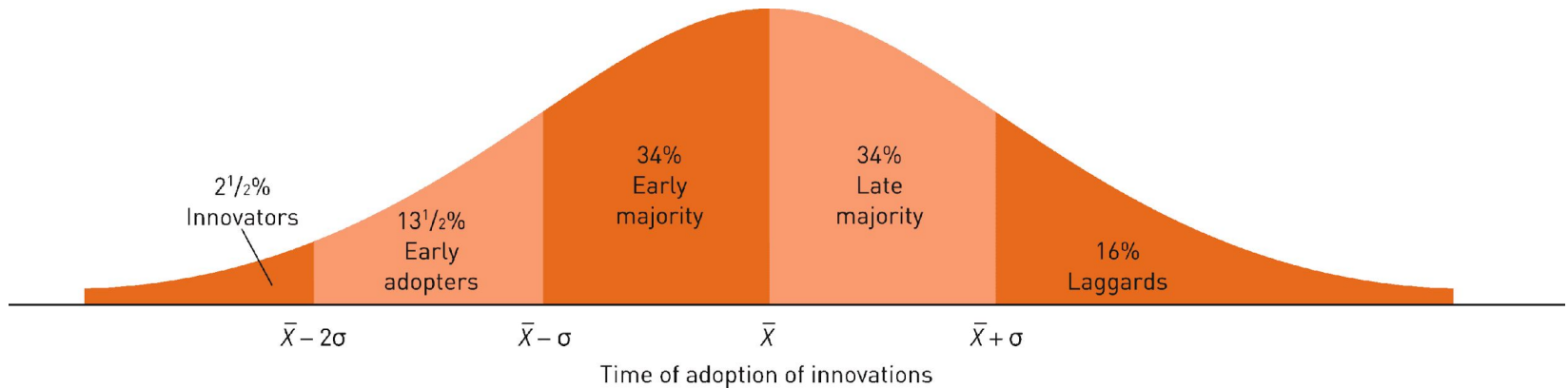
## **Laggards:**

**the last to adopt an innovation**

**little to no opinion leadership**

- Typically have an aversion to change-agents
- Tend to be advanced in age
- Focused on “traditions”
- Low social status
- Low financial resources
- In contact with only family and close friends

# Adopter categorisation on the basis of relative time of adoption of innovations



**Which role suits you best?**



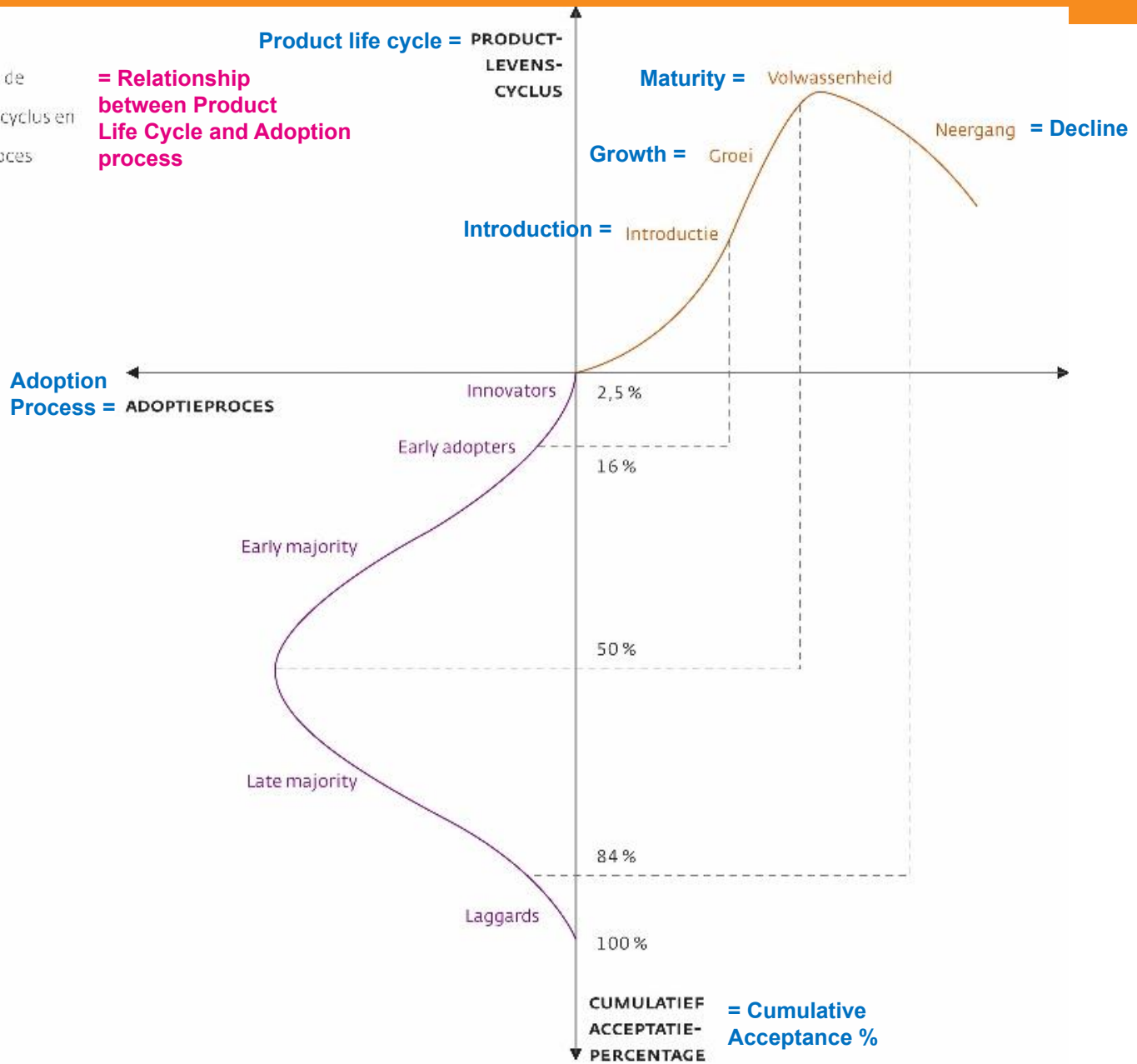
## Influence of product characteristics on rate of adoption

- **Relative advantage**  
Innovation superior to existing products
- **Compatibility**  
Fit of values and experiences of potential consumers
- **Complexity**  
Ease or difficulty in using the technology or innovation
- **Divisibility**  
Innovation trialled on a limited basis
- **Communicability**  
Results of the innovation can be observed or described to others.

Figuur 8.5

Relatie tussen de productlevenscyclus en het adoptieproces

**= Relationship between Product Life Cycle and Adoption process**



$$\text{Breakeven sales volume (BEV)} = \frac{\text{Total Constant costs}}{\text{Contribution Margin (CM)}}$$
$$\text{Contribution Margin (CM)} = \text{Sales revenue} - \text{variable costs}$$

**Next week:**  
**Test exam 1**  
**Questions 5, 7, m.c.**

**Now:**  
**Test exam 1**  
**Questions 1, 4, 6**

## ANSWER 1.:

- **Increased total revenue** — The earlier you get your product to market (without cutting corners or compromising quality) the greater the revenue you can generate because your product faces less competition. In addition, you earn revenue for more of the product lifecycle.
- **Respond to shifting customer trends and behavior** — The earlier you get your product to market, the more you can respond to quickly shifting customer trends and behavior like online browsing and buying.
- **Efficient resource management** — Having a reliable timeline will allow you to prepare in advance for transportation times and costs, build schedules based on part lead times and headcount planning to satisfy the needs in various project phases.
- **Predictable schedules and launch dates** — The product development process is long and complicated. If you can accurately predict when your product will ship, you can take advantage of tradeshow, holiday buying seasons and other marketing opportunities.

## ANSWER 4.:

Consideration 1:

BCG quadrant: Question Mark:

Promotion: heavy to entice product trial

Consideration 2:

BCG quadrant: Star: Growth Stage of PLC:

Promotion: reduce to take advantage of demand

Consideration 3:

BCG quadrant: Cash Cow: Maturity Stage of PLC:

Promotion: increase to encourage brand switching

Consideration 4:

BCG quadrant: Dog: Decline Stage of PLC:

Promotion: reduce to minimal level

## ANSWER 6.:

The product life cycle and Boston Matrix similar in that the Boston Matrix reflects the product life cycle in terms of

- Introduction (Question Mark)
- Growth (Star)
- Maturity (Cash Cow)
- Decline (Dog).

**inholland**  
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