



Launch Strategy, Launch Tactics, and Demand Outcomes

Joseph P. Guiltinan

In a typical new product development process, the role of the launch stage is to maximize the chances of profitably achieving acceptance in the target market. A launch plan can include strategic decisions (such as relative innovativeness, mass versus niche targeting, and lead versus follow) as well as tactical decisions (including the types of communication and distribution activities to emphasize, introductory pricing, branding, and when to announce new items and delete old ones). Unfortunately, the existing literature offers limited decision-making guidance to managers on how to prioritize and integrate the various strategic and tactical options.

This article presents a conceptual framework that suggests that the strategic and tactical challenges posed in various product launch situations depend in large measure on the specific type of buying behavior to be influenced. Depending on the degree of product innovativeness, managers may establish one of three types of desired demand outcomes: (1) trial and repurchase, (2) customer migration, or (3) innovation adoption and diffusion. The degree to which the desired demand outcome is realized is shown to be dependent on buyers' perceptions of the new product's relative advantage and of its compatibility with buyers' values and experiences. Perceptions of the product on these two characteristics are initially influenced by the launch strategy. Given an understanding of these perceptions, managers can then select launch tactics designed to clarify or leverage relative advantages or to demonstrate or enhance compatibility to the target market.

The framework also demonstrates how the linkages among launch strategy, launch tactics, and the demand outcomes are impacted by the product-market environment, the technological dynamics of the industry, and the firm's resources and capabilities. The author argues that, by examining a given launch situation in the context of this framework, managers will be able to think more systematically about the strategy and tactics required for market acceptance. © 1999 Elsevier Science Inc.

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Introduction

While the preponderance of time spent on new product development occurs in the early stages of the process, the final stage—new product launch (also known as commercialization)—is very often decisive in determining new product success. New products may be cost-effectively designed to meet important user needs, but to assure that market acceptance occurs, new product launch plans must be designed to leverage and communicate the positioning of the new product to the target audience [52]. The importance of the launch phase of the new product development process is underscored by the fact that it is the phase that represents the largest investment in the entire process because of the combination of production and marketing expenditures incurred once a decision to launch is approved [64].

Despite the acknowledged importance of this phase, the topic of launch planning has been substantially under-researched [20,33]. A good deal of research has focused on the related topic of market entry [cf. [17,24,25,28,41], and Hultink et al. [33] incorporate many of those findings in a review designed to identify the strategic and tactical variables associated with new product launch. A number of researchers have studied *individual* aspects of launch planning and, in some cases, offer normative guidelines for decision-makers. A few other studies offer more comprehensive perspectives. For example, one recent study [5] describes and classifies the tactics firms use to launch high-technology products and links the choice of tactics to the maturity of the technology involved. In general, however, the literature varies substantially in identifying the dimensions of launch and fails to account for the interaction effects (reinforcing or counteracting) that can occur among launch activities, although an important recent development is the demonstration that there are important linkages among the dimensions of product launch [33,34].

This article offers a framework for systematic and integrative thinking about the new product launch

plan. The framework provides a conceptual base for analyzing launch situations so that managers can better identify *how* various launch activities might impact market demand. In ideal application, the framework can enhance the chances that a manager (or a new product team) will be able to develop an *integrated* launch plan—defined here as a *coordinated* set of strategies and tactics for introducing a product to a target market. The proposed framework is market driven in the sense that because market acceptance is a necessary condition for a successful launch, one must understand the various meanings of market acceptance and the driving forces influencing acceptance.

Timing of Launch Planning and Launch Activities

Based on analyses of best practices in many firms and industries, the prevailing wisdom on managing new product development suggests that marketing, engineering, design, and manufacturing activities should be coordinated across functions and across the stages of development [cf. [10]. Thus, whereas the actual launch occurs at the end of the process, launch planning usually begins when the marketing strategy is developed [62] and continues in parallel with product development and testing.

Figure 1 portrays the sequencing of marketing activities that are typically associated with stage-gate approaches to development. Importantly, one should anticipate differences across products in the timing involved across stages. For high-technology products, the time lag between Stage 2 and launch may be very small, as variations in product positioning or design are often made during commercialization [cf. [5]. By contrast, in less dynamic environments, product design may be finalized well before the actual launch date to ensure time to effectively design complex promotion, distribution, or customer service plans. Figure 1 also incorporates a feedback loop from the development stage (where the marketing mix aspects of the launch plan are being developed) to the marketing strategy. This is to suggest that the product positioning and target market selection decisions should be made with an understanding of the marketing mix activities that will be required for market acceptance, and may need rethinking if a manager believes the firm cannot integrate the various elements of the launch plan successfully.

BIOGRAPHICAL SKETCH

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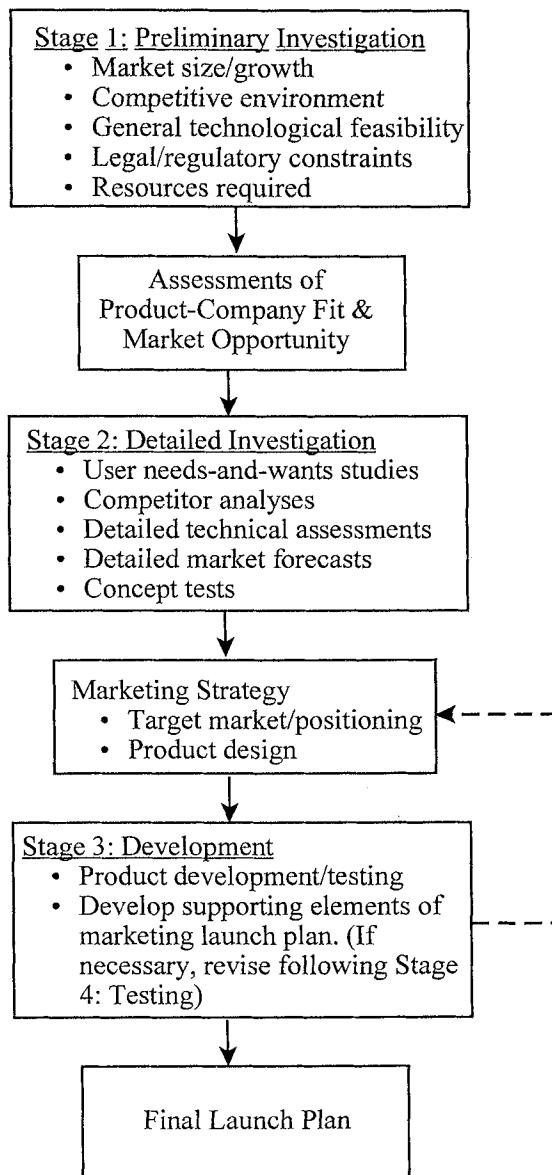


Figure 1. Development of marketing plans across stages of the product development process. (Based on Cooper, Robert. *Winning at New Products*, 2nd Edition. Reading, MA: Addison-Wesley, 1993, Figures 6-1 and 9-4.)

Because of the variety of decisions that are launch related and given the extensive time frame over which launch planning can occur, new product teams can benefit by a framework for systematic, integrative thinking about launch strategy and tactics.

Variations in Desired Buyer Behaviors

Because a central objective of launch planning is to stimulate demand in some way, we would logically expect that the selection of launch activities ought to depend on the type of buying behavior to be influenced.

Degrees of Newness and Targeted Behavioral Changes

In the well-known typology of new products developed by the consulting firm Booz, Allen, & Hamilton [10, p. 12], there are six different classes of new products.

1. New-to-the-world products
2. New (to the firm) product lines that enter established markets
3. Additions to existing lines
4. Improved/revised products re-entering established markets
5. Repositionings
6. Cost reductions.

The first four of these are of interest here because they represent the vast majority of new products and because they represent the most complex launch situations. Combining types two and three as “new entries or additions into existing markets,” we can identify key distinctions in terms of the type of demand a launch planner must influence (Figure 2). New-to-the-world products must build demand for a new product category (primary demand); product improvements are designed to stimulate new demand from past buyers; new entries emphasize obtaining a share of an ongoing market. To accomplish these different demand goals, a launch plan must help to stimulate different kinds of buying behavior patterns; adoption and diffusion; migration; and trial and repurchase.

Trial and repurchase. When a firm introduces a product that is not very new to the market, the adoption decision is usually made without substantial search or deliberation. (New products that simply mimic competitors’ offerings or that represent variations in form or content but serve the same purposes [e.g., Pepsi One] are illustrative examples). When the riskiness of purchase/use is perceived as minimal, buyers can make “trial” purchases before deciding to use a product regularly (via repurchase). As buyers’ information requirements are relatively low, the level of trial achieved will largely depend on advertising, selling, or other promotional methods that provide brand and concept awareness, as well as on distribution availability. (For consumer goods, volumetric models of sales such as those in simulated test market models like ASSESSOR and BASES explicitly make this assumption). The trajectory of incremental trial can be forecast using models like that first developed by Fourt and Woodlock [19], which estimates demand

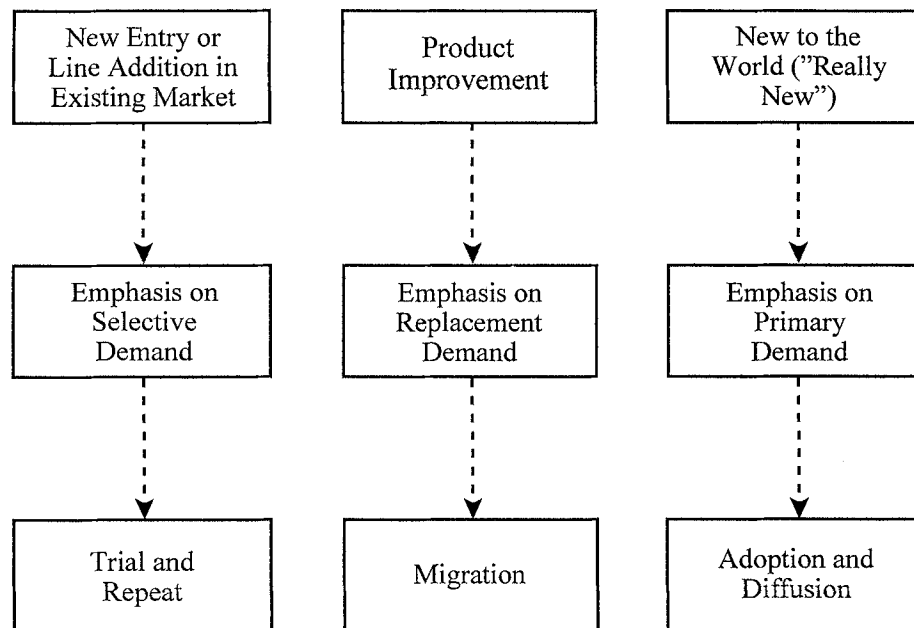


Figure 2. Degrees of innovativeness of new products and desired buying behaviors.

in each period as a percent of maximum sales potential; cumulative trial will usually be determined relatively quickly following launch. Because these products are not very new to the market, they are unlikely to have major incremental advantages over existing products; however, buyers will likely be familiar with how the product is used and the products will normally fit readily into buyers, operating or usage systems.

Customer migration. When a new product represents a significant upgrade or change on an existing product, part of the challenge for the introductory plan is to see that existing customers will “migrate” to the new product. Recent examples of this type of launch include the introductions of Microsoft’s Windows 98, Intel’s Pentium Pro chip, and Ford’s ’96 Taurus. Two types of situations in which migration is sought are when (1) the new product represents a new price-performance option designed to serve market segments for whom greater performance is very desirable, and (2) the new product represents an upgrade that replaces an existing offering. In the latter case (the ’96 Taurus, for example), if management cannot successfully migrate customers on the next purchase, they may ultimately lose the customer. In the former case, while the new offering will usually be a higher price-performance product, demand may remain strong enough for lower price-performance offerings to justify continued marketing of those products.

Potential customers who are migrating from other

parts of the product line will quickly become aware of the product’s existence. Their willingness to migrate depends on their assessment of the benefits and costs of change. In practice, this means that the launch plan may be concerned with the process of stimulating *discontinuance* of one product in favor of a new generation or model [48].

Innovation adoption and diffusion. The adoption process is generally slower when the new product is “really new.” In such cases, buyers are more likely to be deliberative in their decision-making so the cost and time involved in gaining adoption will increase. In a typical model of diffusion, the incremental number of new adopters over time is assumed to be normally distributed. Whereas innovators will adopt on the basis of their own evaluations (much like those buying low-risk products), as one moves through the curve, the role of word-of-mouth becomes increasingly important. The most widely cited diffusion forecasting model (developed by Frank Bass [3]) postulates that the adoption process for a new durable has an innovative component (adoption independent of the influence of prior adopters) and an imitative component. Typically, launch activities are targeted at innovative adoption, although later entrants to the market may target the later adopters.

In examining 1,022 new industrial product launches, Hultink et al. [34] categorized 943 of them into three types: “innovative new products,” “offen-

sive improvements,” and “defensive additions” (while later noting that some product-line additions could be “offensive”). That typology seems generally consistent with the typology of targeted behavioral changes offered earlier, except “trial and repurchase” goals would be construed as appropriate for both offensive and defensive “additions” as well as for late new entrants to established markets—a set that may not have existed in the aforementioned study.

Summary

Because products differ in their degree of newness there are variations in the kind of impact launch activities need to have on demand.¹ That is:

- A pioneering entry strategy requires a launch plan that will stimulate adoption and lead to diffusion.
- In an established market, a new product that has some unique positioning requires a plan to stimulate trial purchase as a precursor to adoption.
- Products positioned as upgrades to existing offerings (usually during growth or maturity stages of the product life cycle) are expected to achieve customer migration (and switching by competitors’ customers where possible).

The idea that degree of product newness is a key factor influencing product launch strategy is well documented [cf. [33,34,67]. One interesting finding is that the relationship between newness and new product performance is not monotonic; products with moderate degrees of newness underperform relative to products of low newness as well as to those of high newness, in large part because the execution of marketing activities for moderate-newness products is weaker [40]. Thus, it would seem useful to understand the launch mechanisms best suited to the market acceptance of various types of new products.

Characteristics of the Product Influencing Adoption

The *innovation decision process* is the series of steps an individual or organization goes through in deciding whether or not to adopt a new product. As documented in a number of studies, the rate at which buyers go through this process depends in part on characteristics

of the product [58]. These characteristics are listed in Exhibit 1.

In particular, the characteristics of relative advantage and compatibility merit special attention. Rogers [58] demonstrates their importance in a variety of settings including the adoption of bar code readers by food manufacturers, of agricultural seed and machinery products by farmers, and of preventive health care practices by individuals. Similarly, von Hippel [66] points out that the driving force behind industrial lead users’ support for innovative products is the relative economic advantage they stand to gain. Additionally, lead users are receptive to innovations they have helped to shape because they have identified and struggled with problems. This “felt need for the innovation” is a dimension of compatibility. Empirical evidence suggests that these two characteristics are the most important determinants of new product trial and adoption. Holak and Lehmann [32] found that—for an array of durable goods—the correlation between pur-

Exhibit 1. Characteristics of a New Product that Influence Adoption

1. **Relative advantage.** The comparative price and performance for the innovation relative to the established products in the market. Performance dimensions can include social prestige, savings in time or effort, a decrease in discomfort, and the immediacy of the benefit.
2. **Compatibility with values and experiences.** Whether the innovation is compatible with (1) sociocultural values and beliefs of the market; (2) previously introduced ideas/practices; or (3) felt needs for the innovation.
3. **Complexity in use or understanding.** Customers may believe they need new skills or training to properly use or understand how a product works.
4. **Trialability.** Samples, test drives, test farm plots, and in-plant machine trials are ways of reducing the buyer’s uncertainty with respect to how well the innovation will perform.
5. **Observability.** People are more likely to adopt an innovation if the benefits can be deduced from observing tangible features of a product. Non-observable benefits (“fights tooth decay”) or subjective benefits (“tastes great”) will require far more substantiation in order to be accepted by potential buyers.

Source: Everett Rogers, *Diffusion of Innovations*, 4th Edition, New York: Free Press, 1995, pp. 212–244.

¹ In Rogers’ terminology [58, p. 21], *adoption* is a “decision to make full use of an innovation as the best course of action available” based on the judgment about “the innovation’s capacity to solve an individual’s problem.” *Discontinuance* is “a decision to reject an innovation after it has previously been adopted.”

chase intent and relative advantage was .467 and that between purchase intent and compatibility was .556. (None of the other dimensions correlated above .16.) Similarly, Ostlund [51] found that the same two characteristics predominated as purchase predictors for new low-ticket food products. Additional insights on the compatibility issue are available in Dhebar [13] for the case of migrations and in Veryzer [65] for discontinuous innovations.

Because relative advantage and compatibility appear to have the greatest direct influence on trial and adoption, it would seem that any framework for developing a launch strategy ought to give primary consideration to these characteristics. Additionally, while observability, trialability, and complexity may be important constraints, they are characteristics that are largely fixed. A launch plan may provide information that improves understanding of how a product works or to verify unobservable benefits (for example, a toothpaste's decay-fighting capability), but such actions do not make the product inherently less complex or the benefits more observable; the launch strategy can treat the symptom but not the "cause" of these constraints. However, the other two characteristics can be influenced directly because relative advantage and compatibility are perceived and evaluated in a comparative fashion. Relative advantage depends on a positioning of the product's benefits against those of other products, and compatibility depends on a positioning of the product's fit with individuals' needs, values, and experiences/usage systems compared to the fit of other previously used products. Thus, the relative advantage and compatibility of a new product are judged against:

- Existing products in the same market for new entries or line additions into existing markets,
- Prior models/generations of the product in the case of product enhancements, and
- Product forms or categories previously used to meet comparable needs in the case of new-to-the-world products.

Within each of these three categories, the ability to achieve these demand goals—that is, to achieve trial or migration or adoption—will in large measure be a function of the perceived relative advantage and/or the perceived compatibility of the innovation. Below, the roles of various launch decisions and activities in influencing such perceptions are examined.

Antecedents and Components of Launch Plans

As noted earlier, the range of possible decisions and activities contained in a launch plan is extensive and varies across industries. Given the wide array of strategic and tactical launch tools, managers need some framework for selecting and combining those actions that are directed toward a common goal. That is, it would be helpful to managers to have a foundation for establishing integrated launch decisions that is conceptually grounded in terms of the factors known to be associated with the market acceptance of a new product. If perceived relative advantage and compatibility are central to achieving the types of demand outcomes (as discussed earlier), managers should be interested in how each of the various aspects of a launch plan influences these perceptions.

To compile a list of launch activities/decisions, two literatures were examined, one focusing on the launch process [cf. 5,9,33,52,62] and the other dealing with the application of individual launch actions [cf. 3,6,9,14–16,35,42,50,53,54,64]. The list then was separated into strategic and tactical components (largely following Hultink et al. [33]) as listed in Exhibit 2. In addition (as discussed later), some key launch-related policies and decisions were identified as antecedents of launch strategy rather than as direct components of the launch plan.

Figure 3 portrays the set of antecedents and components of launch plans as well as the mechanisms that link them with one another and with the desired types of demand outcomes. The central relationships within this figure can be summarized as follows:

- The basic types of demand outcomes sought are a function of the degree of product newness.
- Strategic components of the launch plan—those that concern the "what, where, and when" of the launch—are distinguished from the tactical components that represent the detailed "how" of the launch.
- Perceptions of relative advantage and compatibility are driven by both the strategic and tactical launch decisions; however, these perceptions (as measured through concept testing and product testing in the target market) also influence those decisions.
- The likelihood of achieving the specified demand outcomes depends on how well the product and the attendant launch actions meet the requirements of

Exhibit 2. Major New Product Launch Marketing Decisions/Actions**Strategic**

Target Market

- Niche vs mass

Leadership

- Lead vs follow

Relative innovativeness

Tactical

Promotion Activities

- Advertising
- Coupons
- Publicity/educational campaigns
- Sampling
- Reference test sites

Sales and Distribution Support

- Shows and demonstrations
- Technical support
- Distribution structure
- Intensity of coverage
- Distribution incentives

Pricing

- Introductory price: skim vs penetration
- Price administration

Product

- Branding
- Breadth of assortment

Timing

- Fast vs slow deletion of old products
- Whether to pre-announce

the target market in terms of relative advantage and compatibility.

- Managers face important contingencies in developing launch strategies and tactics. The most important normally will be the product-market environment, the technological environment, and the firm's resource base.

Drivers of Relative Advantage and Compatibility

The particular features and relative innovativeness of the product—attributes, benefits, procedures, and occasions for usage, etc.—are the primary determinants of relative advantage and compatibility. The greater the number and importance of new benefits and of levels of improvement over existing benefits, the

greater the potential relative advantage. Thus, a new product may have distinctive features or benefits, but if buyers do not *perceive* these to offer significant gains in utility over alternative products, the relative advantage remains low. (Veryzer [65] notes that new benefits that go beyond buyers' expectations may also fail to result in a perceived relative advantage). The fewer the changes required either in the relative value buyers assign to different benefits or in buyers' product usage processes, the greater the potential compatibility. If the new product demands new knowledge or destroys the value of a customer's prior experience, compatibility is reduced [cf. 13].

While the specific product features and benefits designed into the new product drive relative advantage and compatibility, the actual product design is also influenced by other strategic factors. Hultink et al. [33] show that several dimensions of the firm's strategy provide an important context for product launch, with six of these linked to tactical launch decisions. These six were (1) degree of product newness, (2) driver of new product development (technology versus market), (3) number of competitors, (4) product innovativeness, (5) targeting strategy (niche versus mass), and (6) innovation strategy (lead versus follow).

In Figure 3, we portray the first two of those dimensions as organizational decisions or styles impacting or reflected in the product design process. The third, number of competitors, is considered among the product-market characteristics influencing the design of the launch plan. The last three dimensions (relative innovativeness, targeting, and leadership) are central aspects of the launch strategy because they are specific to the product being introduced. The feedback linkage between product design and perceived relative advantage/compatibility reflects the opportunity for concept and product testing prior to finalizing the design. In specific terms, we would expect the general levels of relative advantage and compatibility to be influenced by the first two factors. For example, generally speaking, technically driven processes should yield less compatible new products than market-driven processes and higher degrees of product newness should yield a higher relative advantage (subject to the limitation suggested by Veryzer [65]) and less compatibility. (Specific dimensions of the market versus technology driven distinction identified by Choffray and Lilien [9] as influencing the rate of market penetration for new industrial products were whether the product was developed to satisfy some internal demand and whether the new product originated in the marketing

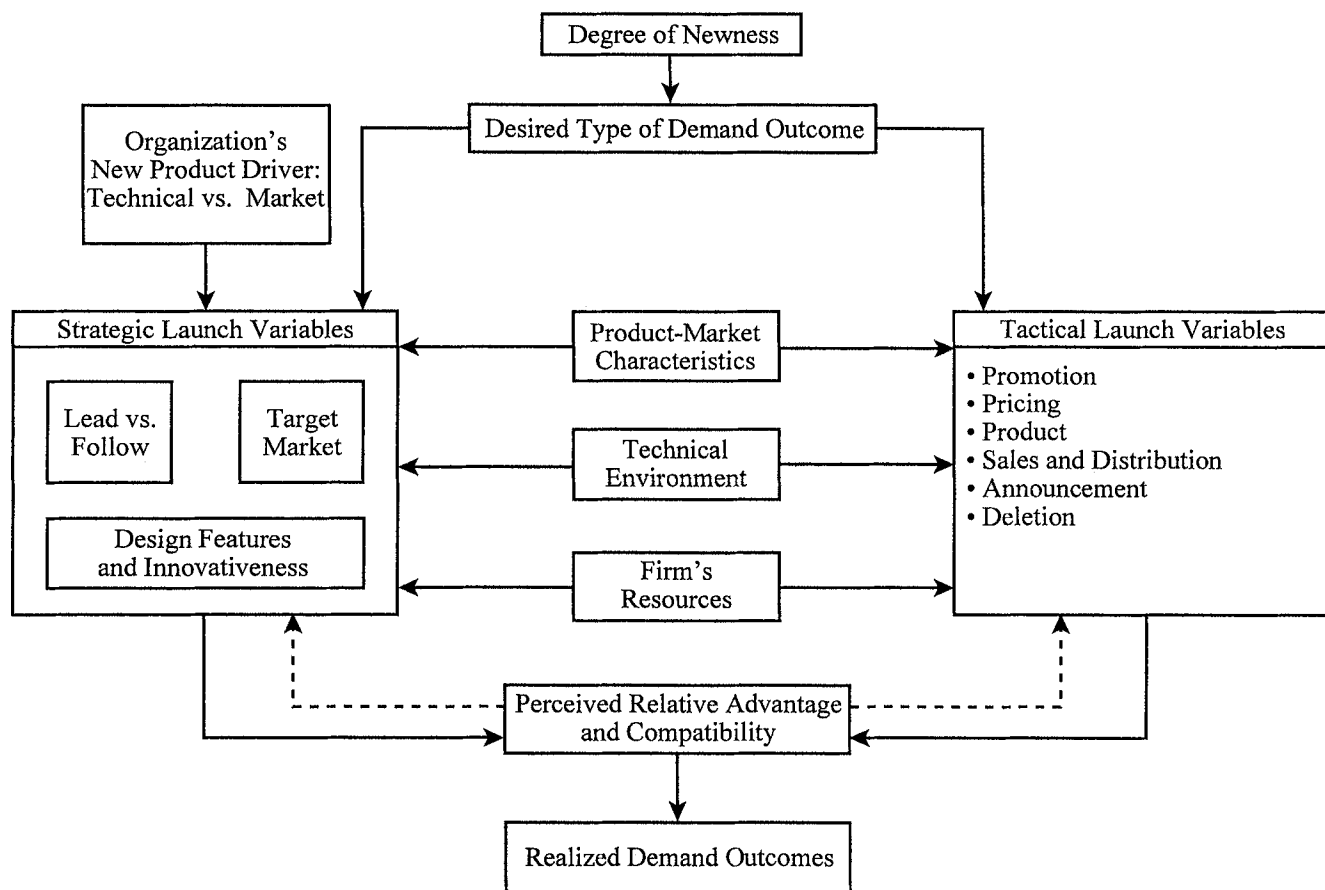


Figure 3. Antecedents and components of launch planning.

department). Of course, the relative innovativeness and advantages stimulated by such policies is contingent on competitors' initiatives and responses—a point discussed more thoroughly later.

Launch Strategy

Hultink et al. [33] identified four types of launch strategies and documented their relationships with launch tactics and with what we have termed “antecedents” to strategy. Their four types were (1) niche followers, (2) niche innovators, (3) mass marketers, and (4) would-be me-toos. Thus, the typologies primarily reflected the targeting strategy, the timing strategy, and the strength of relative advantage stemming from the product's relative innovativeness.

Relative innovativeness. As noted, relative innovativeness is partly driven by the antecedents discussed earlier. However, relative innovativeness is a perceptual as well as a technical attribute of a new product. If different potential buyers vary in their

perceptions of the product's innovativeness and advantages, then perceived innovativeness can depend on the target market selected. Additionally, relative innovativeness is a comparative attribute that, in a competitive environment, can change quickly [12]. Thus, the firm's decision to lead or follow in a market impacts relative innovativeness (and vice versa). Consequently, in Figure 3, these three dimensions are viewed as an interdependent set of decisions.

Mass market versus niche target. The choice of mass market versus niche strategy is governed by many factors. Generally, mass markets are avoided when they subject the firm to intense competition from powerful competitors and require very extensive resource commitments. Too, mass markets only make sense if the product is likely to be perceived as having a strong relative advantage and high compatibility across a broad range of potential buyers. In reality of course, new products—especially those with high degrees of newness—rarely appeal equally to all poten-

tial buyers. Indeed, many new products are marketed to buyers in specific, strategically important segments who are most likely to be attracted to the benefits offered. (The importance to new product success of selecting target markets where the satisfaction level of prospective customers with existing products is low is documented by Choffray and Lilien [9] in the case of industrial products).

In addition to the basic mass versus niche choice, it is increasingly popular for firms to seek to apply mass customization principles in which either the product or its representation is modified for individual customers. Mass customization typically involves reaching a wide audience but via direct dialog. Although mass customization can be complex and costly to implement, by customizing the product features, benefits, or package, or by personalizing the product, its placement, or the presentation of product information, compatibility should be enhanced—assuming the customization adds value from the buyer's perspective [22].

Typically, segmentation involves an examination of a variety of buyer classification, need, and preference dimensions. These, of course, are going to vary across specific situations. However, from a strategic perspective, there are some “standard” niche options that exist for each type of demand outcome. Table 1 offers a list of such options and suggests what the primary task of a launch plan will normally be in each case. Thus, for example, relative advantage will be more important

than compatibility for lead users (who, by definition, have shown a willingness to modify usage practices to gain new product benefits [66]). Or, in the case of replacement demand, compatibility is likely to be more important in “trading-up” current customers or those buyers who may not have a strong perceived need for improved features and therefore will not perceive a high relative advantage. (For example, less technically oriented personal computer users are more resistant to Windows upgrades because relearning and reformatting costs are perceived as high relative to the benefits expected).

Users of competing products are likely to have some switching costs, so relative advantages must be documented very effectively to those groups—except for variety seekers for whom novelty may be sufficient motivation. In the case of primary demand—where there are no direct competitors—switching costs are only incurred if a competing product category is being used (e.g., analog versus digital cellular phone service); in target segments composed of those not using a competing category (e.g., non-users of wireless communications), market acceptance will depend more on the recognition of the new product's features and benefits.

Especially when a benefit is truly new and unique (which is often the case for new software), its appeal may be much greater for category innovators and early adopters. To the extent such innovators are heavily

Table 1. Illustrative Strategic Niche Opportunities with Ramifications for Launch Tactics

Desired Buying Behavior	Potential Segments	Relative Importance of	
		Relative Advantage	Compatibility
Adoption/Diffusion	Early adopters	X	
	Late adopters		X
	Users of competing category		X
	Non-users of competing category	X	
Trial/Repurchase	Current customers using our products		X
	Competitor's customers	X	
	Lead users	X	
	Buyers with special usage needs		X
	Variety seekers		X*
Migration	Current customers		X
	Competitor's customers	X	
	Lead users	X	
	Buyers who recognize need for improved performance	X	
	Buyers who do not recognize need for improved performance		X

* Low compatibility may be a virtue in this segment.

X indicates the more important product characteristic.

“involved” in the category, they are likely to perceive the new product as high in both compatibility and relative advantage terms. By contrast, the “majority” in the market may be deterred by perceptions of incompatibility and may not value the new benefits as highly [cf. [45]. Absent diffusion via word-of-mouth, distinct plans may be necessary for achieving acceptance by the “majority” in such cases. Separate launch plans also may be required when the same product is being introduced to different usage-type segments. (For example, new computer software products may differ in compatibility or relative advantage for business versus home users).

Lead versus follow. The lead versus follow choice is partly influenced by the degree of product newness and type of desired demand outcomes. In the case of “really new products,” the strategic question is whether to “pioneer” a new category. Generally this is a decision in which firms must trade off the high costs of “educating” the market with the potential long-term advantage of gaining early awareness, trial, and distribution among the biggest and best market segments, while later entrants are forced to target smaller segments [36]. However, the benefits of being early are best realized when the leader has a strong advantage and expected sales growth rates are high [4]. By extension, the higher the relative advantage and the higher the compatibility, the faster the market acceptance and thus the greater the advantage of leadership.

For product improvements, leadership reflects the decision to apply new technology to upgrade a product line to a new performance standard earlier than competitors. While different groups may respond differently to a leadership strategy (cf. Table 1), a higher level of relative innovativeness and relative advantage is especially necessary to motivate switching by competitors’ customers or purchases by those who do not have a felt need for improvement. Additionally, the leadership decision depends on the competitive environment. The opportunity costs of being slow to upgrade are higher when existing and potential new competitors are strong [39].

When the new product is a line addition or new entry in an established market, leadership takes the form of innovative positioning in an established category (for example, Dell Computer or General Motors’ Saturn) so that the new product stakes out a unique position through a different form or special benefits [63]. However, because such new products are less innovative, they will have few relative advantages from the perspective of buyers and distributors. In-

deed, they may be perceived as “different but not better” in the eyes of the overall market and only appeal to a particular niche. In such cases, to assure niche dominance, leadership would seem to be advisable unless the firm has such strong marketing advantages over potential niche competitors that it can later overwhelm the leader (as Procter & Gamble did in overtaking Minnetonka’s Soft Soap).

While the decision on leadership is in part a strategy that derives from the antecedent decisions and from the product characteristics, it also influences those characteristics. That is, the decision to lead confers additional relative advantage while simultaneously reducing the likelihood of compatibility, while the opposite is true of the decision to follow. Thus, launch tactics should be selected: in the light of the product characteristics and relative innovativeness as designed; accounting for the needs and perceptions of target segments; in the context of the lead versus follow choice.

Launch Tactics

As presented earlier, the perceived relative advantage and compatibility of a new product depend on its innovativeness, whether it will be launched as a leader or follower, and who (the selected target market) does the perceiving.

Launch tactics are the decisions and activities that are primarily used to clarify or leverage relative advantages and to demonstrate or enhance compatibility to the target market. Table 2 presents research findings that illustrate how these launch tactics and decisions may influence the perceived relative advantage and compatibility of the offering. While these particular findings may not apply in every launch situation, managers need to consider how various combinations of launch tactics may be consistent and mutually reinforcing in order to achieve the desired impact on target market perceptions and behavior.

Integrating Launch Decisions and Activities

As discussed earlier, the selection of a launch strategy (including the product design) will influence perceptions of the relative advantage and compatibility of the new product. Additionally, from Table 2, we can see that different launch tactics can have particular influences on these perceptions. Thus, in an integrated launch strategy, launch tactics are selected to fit the situation (perceptions) that derive from launch strat-

Table 2. How Launch Tactics Influence Demand Outcomes

Promotion	
• Advertising	• Most effective when awareness/knowledge will stimulate trial [58].
• Coupons	• Effective in reinforcing awareness, especially if relative advantage is minor [54].
• Publicity	• Non-commercial sources of information are more important for new and controversial product technologies when perceived usage risk is high [5].
• Sampling	• Effective where product advantages are best learned via usage [60, p. 181] and, when word-of-mouth is important, if samples are targeted to opinion leaders [35].
• Reference Test Sites	• Beta test sites serve as “sampling” experiences and as references for other potential buyers [5].
Sales and Distribution Support	
• Shows and Demonstrations	• Useful for clarifying relative advantage when usage pattern changes are required [23] or when uncertainty exists about usage or performance [2,30].
• Technical Support	• Reduces problems of incompatibility in usage process; supports customization [1,11].
• Distribution Structure	• Existing channels leverage customer familiarity; new channels reach new target markets [52]. Indirect channels support assortment and availability; direct channels support detailed selling, customization, technical support, and are effective if relative advantage strong [9,53].
• Intensity of Coverage	• Intensity provides high availability and display space and can offer ease of warranty/maintenance service to reduce risk of usage problems [53,64].
• Distribution Incentives	• Margins are higher for products with low newness [9]. Active distributor support requires special incentives while high margins will stimulate availability [42].
Pricing	
• Introductory Pricing	• Market skimming is effective in segments where perceptions of relative advantage and compatibility are high. Penetration if lower prices encourage early adopters and speed diffusion [9,44].
• Price Administration	• Leasing, rebates, money-back guarantees reduce economic risk when relative advantages are modest [15,62]. Tie-in sales and bundling enhance compatibility via association with established products [58, p. 235].
Product	
• Breadth of Assortment	• Helps introduce new categories (where relative advantage is high) [36,41]; can facilitate customization of industrial products [33].
• Branding	• Brand leveraging facilitates positive associations, enhancing compatibility [58, pp. 236–237]; helps gain trade acceptance and trial for lower risk products, but dual branding or new brands may be warranted if new product is at a much higher quality level [49].
Timing	
• Product Deletion	• Faster deletion if new product has higher margin, but strong relative advantage [44,48]; slow deletion if psychological or other switching costs are substantial [13,59].
• Pre-announcing	• Builds “hype” for new products. If relative advantage is substantial, helps establish reputation. Builds acceptance for a new standard and allows more time for buyers to learn technology or modify related systems [16,43,56,57].

egy, so that the strategy and tactics are mutually reinforcing.

Table 3 and Figure 4 present a framework for selecting a set of launch tactics that is likely to generate the desired demand outcomes for a given combination of relative advantage and compatibility. In effect, Figure 4 portrays different risk/reward combinations for the buyer; reward increases with greater relative advantage and risk decreases with greater compatibility. Thus, the function of the launch tactics in each case is to either build on identified opportunities (leverage high levels of compatibility or demonstrate high relative advantages) or mitigate a constraint (distinguish the new product from other, similar products or clarify

linkages to traditional usage patterns or values associated with the category), deriving from the strategic launch decisions.²

² Although their interest was in the launch of high-technology products, the matrix developed by Beard and Easingwood [5] to describe current practices regarding launch activities is not incompatible with the one offered here. The dimensions used in that article were (1) whether new or established technology was used, and (2) whether the market being entered was new or established. These dimensions are related to those in Figure 4 to the extent that newer technologies yield greater relative advantages and that compatibility is likely higher if a firm's previous products were in the same market.

Table 3. Core Dimensions in New Product Launch Plan Typology

Low Relative Advantage/Low Compatibility	High Relative Advantage/Low Compatibility
Leverage familiar brand or established distributor or sales force relationship (including database marketing) Penetration price Slow deletion Emphasize risk-based promotion (leasing, money-back guarantees, warranty, tie-ins, equipment allowances) Provide complementary goods and services Intensive distribution	Preannounce Emphasize information-based promotion (shows, personal selling/demonstrations, Internet Web sites, technical support, and publicity/education) Brand names provide associations with new benefits/attributes Price incentives to stimulate distributor selling/merchandising effort (slotting allowances, dealer sales contests) Selective distribution Broad product assortments
Low Relative Advantage/High Compatibility	High Relative Advantage/High Compatibility
Secrecy before entry Emphasize brand awareness and coupons in promotion High distributor margins to build availability Intensive distribution Narrow product assortments	Skim price Fast deletion Emphasize usage-based promotion that clarifies level of benefits received (free samples, beta tests) and proper usage Brand names underscore superior levels of performance Selective distribution

Low Relative Advantage/Low Compatibility

Buyers are not easily motivated to adopt if the new product offers little incremental utility and is somewhat incompatible with buyers' needs, values, or usage/experiences. This may well be true of new products that mainly offer value for buyers in segments with special functional needs or usage situations, but which are targeted at mass audiences. Or, the same result can occur when firms decide to "lead" with new forms of a product where the relative innovativeness and relative advantage are modest. Such products may not be "better than" established products but may be "different from" them in the eyes of most buyers.

An industrial example is the introduction by Isolatek International of CAFCO 300, a fireproofing product for contractors, which is mixed in a slurry, then sprayed on structural steel. The product was similar to one offered by W.R. Grace, but differed in application style from Isolatek's other product—a mineral fiber (CAFCO Blazeshield) that is conveyed with a different pumping system and mechanism. Service exemplars (at least in North America) might be the debit card or the reverse mortgage. Many novelties or experiential products (such as Coors' clear alcoholic malt beverage, Zimà, or Apple's personal digital assistant, Newton, that recognized handwriting), would also seem likely to fit into this category.

Such innovations may be perceived as carrying economic, social, or other risks as a consequence of their "incompatibility" while offering modest incremental benefits. Thus, a launch plan should attend to risk

reduction. Because CAFCO 300 required contractors to buy and become proficient with new equipment and processes, the company offered equipment allowances to some contractors. The salesforce or the distributor also can reduce the perceived risk by maintaining strong relationships with loyal customers; familiarity with the salesforce or distributor may enhance the buyer's comfort level, especially if those familiar sources will be providing assurance through maintenance, repair, and operating services. If distributors are used, a relatively intensive distribution policy enhances risk reduction by reducing end-user search costs. Additionally, easy access to related products may allow customers to link the new product to familiar, complementary goods or services. Thus, small software firms sometimes seek to bundle their products with complementary products offered by large, established vendors, a strategy that enables them to fit under the "halo" of the larger firm's brand equity and achieve wider distribution.

Advertising may play a significant role in launching such products if it can be used to allay concerns about social risks through characterizing the user. (Thus, the debit card may be targeted to "busy people on the go"). The leveraging of an existing brand, tie-in promotions, or bundling are ways of providing connections to established products that may mitigate the extent of perceived incompatibility. Buyers will benefit from warranties that reduce the cost of poor performance or from price-based promotions (including money-back guarantees) that reduce the commitment

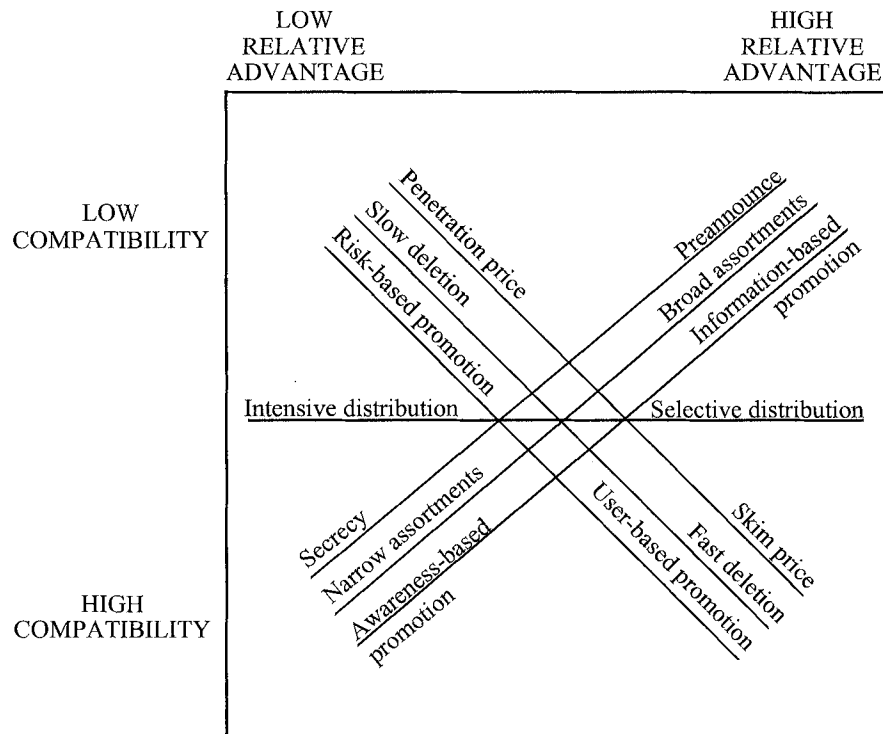


Figure 4. Different risk/reward combinations for the buyer and appropriate launch tactics.

to a product that appears to offer few incremental benefits. In order to stimulate trial, penetration pricing may be very helpful; the absence of a strong relative advantage reduces the likelihood that a large price-inelastic segment will exist. With respect to products designed as replacements for existing items in the product line, there is little incentive for voluntary migration if the new product is perceived as lacking a strong relative advantage or as incompatible. Thus, a slow deletion plan will be in order to avoid antagonizing established customers.

High Relative Advantage/Low Compatibility

This particular combination best reflects the category known as “really new” products—innovations that offer important new benefits. (A “lead” strategy enhances the degree to which such products are “really new”). However, a consequence of the new benefits usually is that changes in usage patterns or in expectations/values associated with the category are significant. Thus, extensive product information must be directed at prospects both to underscore the relative advantages and to overcome incompatibilities. Exemplars are the microwave oven, GM’s EV-1 electric car,

Toshiba’s Ultrasound medical imaging system, and Monsanto’s biotechnology-based Roundup Ready soybean seed. Trade and customer shows (along with attendant publicity) and personal selling demonstrations will be useful. This combination is reflective of a classic push marketing program in which manufacturer or distributor salespeople or other influence agents (such as the press) provide information that will shape customers’ cognitive evaluations. Thus, special price incentives to build active support among distributors are more likely to be important. When distributors are used, the expectations of a strong distributor marketing effort usually will warrant a selective or exclusive distribution policy both to facilitate control over the “push” effort and to provide an added incentive. In industrial markets, relationship marketing practices in which salespeople attempt to tailor the product and its benefits to each customer can be viewed as sophisticated extensions of such strategies [cf. [1]. Additionally, broader product assortments help customize the new product and may be especially valuable when multiple usage-situation segments are being targeted. Such launches also are conducive to preannouncing, because this tactic can alert buyers to prepare for changes in their usage systems.

Low Relative Advantage/High Compatibility

To the extent benefits and usage patterns of the new product are similar to existing offerings, awareness-based promotion is central to launch planning because awareness is the primary determinant of trial. Leveraging brand equity apparently enhances the efficiency of a promotional effort geared toward awareness [61], but a new offering with no distinct advantages except a lower price may depreciate the image of a brand (an explanation for Coors' introduction of popular-priced Keystone beer under a separate brand name). Also, a new offering designed to provide variety will create more cannibalization if a brand is leveraged because brand-loyal buyers are more likely to be attracted to it.

Additionally, while buyers will likely have a low motivation to search for such new products (because relative advantages are modest) if most competing products reflect similar values and usage systems, lack of compatibility will not be a barrier to switching. The low motivation to search means widespread availability of the product among normal channels (i.e., an intensive distribution policy) is therefore important if distributors are to be used. Especially in the case of a follower launch strategy, narrow assortments will be easier to "sell" to distributors (in part because market leaders will have already focused on the largest segments). Manufacturers of new surgical and patient care supplies are extremely dependent on distributors like Baxter Hospital Supply. Clinics and hospitals rely on Baxter's extensive inventories and computerized reordering systems in making choices not involving high-tech innovations; it is easy to try a new product if a new product is in the system and virtually impossible if it is not. Additionally, if the market leader has a minor or unsustainable advantage, competitors may react quickly to new introductions [7]. In such cases, it is appropriate to delay new product announcements until close to launch [43].

High Relative Advantage/High Compatibility

This combination occurs when the new product is superior on attributes that are already well established as important to buyers. In such cases, compatibility is normally high because usage patterns or other product-related values need not change drastically. (An important function of the salesforce or distributor, however, is to see that perceptions of high compatibility are maintained. Their technical support can provide documentation and service to assure proper usage of the

new product). This combination of characteristics normally presents the best opportunity for a successful product introduction. A skimming pricing policy becomes a real option when the product's advantages are highly valued by early adopters. Where distributors are used, skimming normally will be combined with selective distribution on the assumption that buyers are motivated to exert more search effort to obtain the high incremental benefits. As discussed earlier, this situation is less likely to occur when a mass market strategy is used because it requires all buyers to share a concern for improvement on existing attributes.

Communications that call attention to the product usage benefits are often a prominent element in the launch plan. Because the product is high in compatibility, communications need not be focused on altering product values or usage patterns. Rather promotion can underscore the fact that the innovation provides a higher level of benefits that are already desirable (e.g., smaller cellular phone size, more television channels, easier/safer operation of tools, computer systems offering faster operations). Such messages often must be buttressed by additional experiential evidence from some sort of personal trial. Samples or beta tests will allow users to verify the product's advantages and then serve as references for other customers. For example, Ingersoll-Rand documented the ergonomic benefits (and resulting productivity benefits) of its new line of Cyclone Grinder tools at Caterpillar worksites. Workers at those locations then offered testimonials about their usage experience with these tools. Finally, with respect to comparisons between the new product and the firm's existing line, high compatibility and high relative advantage will motivate migration thus facilitating fast deletion.

The Role of Branding

Given the differences in the marketing tasks across the four "core" launch scenarios, it is important to clearly assess the contribution of branding in each case. One view would be to consider the role of "brand" as complementing the overall promotional strategy. Thus, in the low compatibility/low relative advantage case, brand leveraging is appropriately a part of a risk reduction focus while in the high compatibility/low relative advantage scenario brand leveraging serves to enhance the speedy development of awareness. In the case of low compatibility/high relative advantage innovations, branding can be considered as a way of building information about the new attributes, bene-

fits, or usage situations that are associated with the product's relative advantage. Because brand extensions appear to be more effective than entirely new brands in securing first-mover advantages [37], if the strategy is to lead, then subbranding under a family umbrella (e.g., Miller Lite) seems the best tactic. Brand names that fail to adequately convey information about new unique benefits (e.g., Kodak's Advantix camera) may reduce or negate the impact of other launch tactics. Finally, for high compatibility/high relative advantage launches, managers will want to emphasize the superior levels of benefits obtained from usage. New brands or sub-brands that elicit comparisons to existing products (such as "Stainmaster" or "Windows NT") would seem most useful.

The Role of Interactive Marketing

Industrial and consumer products firms who sell direct through their own salesforces have long known the advantages of being able to target carefully tailored messages to customers. Computing and information technology have substantially broadened the ability to market "one-on-one" through database marketing (whether implemented by catalog, telephone, or in-person selling) and the use of computer-mediated environments (notably, World Wide Web-based marketing). These technologies can be used as promotional mechanisms to supplement indirect channel systems or as fully contained direct channels. Although both provide cost-effective means for reaching good prospects, each has special advantages for supporting new product launches.

Database marketing normally focuses on a firm's existing customer base. Thus, it is an excellent vehicle for introducing new products from an established source, especially when a minimal customer search effort is anticipated, and to prospects selected on the basis of past usage of similar or complementary products. As such, it permits intensive coverage when the database includes the target market, and it "connects" the new product to established vendors and categories. Thus, this communication method provides opportunities for reducing risk as well as achieving awareness. By contrast, Web-based marketing is effective at facilitating self-directed search efforts directed toward the acquisition of extensive product information and tailored to the specific questions of individual customers (through "menus"). In many respects, the Web is a collection of consumer shows, with the audience com-

posed largely of people who are prospects by virtue of their category/product interest and search effort.

Thus, database marketing appears to support the low relative advantage cases in general and the low relative advantage/low compatibility case in particular. The Internet actually supports a large range of communication media, and its full marketing potential is not fully understood [31]. However, it appears that Web-based marketing can ultimately have the same applications as database marketing, but, in addition, has the ability to satisfy the demand for extensive information characterizing the high relative advantage cases.

Linking, Strategies, and Tactics

As noted, Hultink et al. [33] identified sets of launch tactics that were associated with the four types of launch strategies they derived. Although their typology did not directly incorporate the compatibility dimension, there is at least some correspondence between those strategies and the relative advantage dimension of the typology presented in Table 3. For example, their "niche innovators" clearly held strong relative advantages in their target markets. The tactics associated with this strategy—broader product lines, skim pricing, selective/exclusive distribution—are consistent with those our typology would project to be appropriate. In contrast, their research showed that "mass marketers," having no strong innovativeness advantage, display the tactics associated with low relative advantage in Table 3—intensive distribution, penetration pricing, and emphasis on brand leveraging.

Key Contingencies

Much of the past research on market entry/product introduction has focused either on the impact of product-market conditions (e.g., growth rate or concentration) or on the types of marketing mix elements associated with successful entry. Gatignon et al. [20] note that research on the link between concentration and share is equivocal and that the effect of market growth on share may be spurious. Their key point is that it is the actions of firms and buyers in the context of such conditions that determines outcomes. Thus, they advocate the modeling of competitive environment and firm capabilities as contingencies; the effectiveness of a given strategy depends on the nature of the conditions and opportunities at hand [20]. (See also [47]).

The Firm's Resources and Competencies

Based on the preceding sections, it would be expected that particular resources and competencies are prerequisites for executing various plans. With respect to launch tactics, the type of competency required is largely dependent on the required promotional emphasis. Where risk-reduction promotion is required, the key resources are established “go to market” linkages—salesforce, channel, or database linkages that facilitate bundling, tie-ins, low search costs, and customer assurance. Small firms that lack complementary product lines or databases may need to develop strategic, co-marketing arrangements with larger firms. Where awareness promotion is required, a strong brand equity and financial resources for promotion and intensive distribution are paramount.

In the case of information-based promotions, strong channel partnerships and a skilled salesforce are key resources. (While direct channels may sometimes be more attractive than indirect channels in such situations, tactics must be sensitive to relationships with existing channel partners [53]). When usage-based promotion is critical, technical support services must be extensive (whether delivered by the salesforce or by distributors).

Economic factors related to cost structures are important contingencies. Firms that are able to quickly achieve superior scale and experience economies are more likely to benefit from first-mover advantages by establishing a sustainable competitive advantage. Those that enjoy lesser costs of distribution, sales, and advertising due to economies of scope will be especially more competitive in targeting mass markets [38]. Effective supply-chain management competencies (such as electronic data interchange networks) also are important to competitiveness and channel efficiency. Channel efficiency considerations would seem paramount in the low relative advantage/high compatibility case where channel partners usually contribute little to educating or servicing end customers, and where indirect channels, intensive coverage, and resultant high margins are required to ensure availability (Table 2).

The magnitude of the resources required for each situation also depends on the strategic aspects of the plan. As discussed earlier, a part of the rationale for niching and for “following” is that the financial resources required are typically less since fewer customers need to be reached (in the case of niching) and because followers often do less of the work of educat-

ing the market about new categories, new forms, or new performance levels. However, followers often can be successful if they possess superior technical skills, brand equity, or channel partnerships that allow them to overcome pioneer advantages (as Microsoft has done with Internet Explorer) or “leap frog” the key product benefits of the leader. On the other hand, access to superior technology and patent protection are key resources fostering relative innovativeness. These resources thus support a “lead” strategy, particularly because they can create advantages that are sustainable. More generally, strong marketing skills may allow followers to be successful in niche strategies, while leaders typically rely less on brand equity [36].

Product-Market Characteristics

A number of variables have been examined in the market entry literature that relate to the size and growth rate of the market and to market structure, and it is clear that these variables have an impact on the success of a new product launch [20,24,25,41,67] whether or not the launch is into a “new” market. For example, large and fast-growing markets require greater marketing resource commitments [20], which may place mass market strategies beyond the reach of smaller firms. In markets with many competitors and low concentration, success has been linked to an early entry innovation strategy and to a strong emphasis on advertising and distribution expenditures in launch tactics [25]. However, the size and growth of a market and the number of entrants are not always known at the time a launch plan is developed. Managers involved in launch planning—especially in the case of “really new products”—must judge the likely rate of growth and competitive concentration that will ultimately occur in a market in applying these insights.

Competitive dynamics. If a launch plan is to be developed strategically, then it must be done in the context of market dynamics. In particular, firms would like to be able to predict or influence competitive responses to new product introduction plans. Some recent research has identified the factors influencing the reaction time of competitors. Specifically, competitors take longer to react when switching costs are high, market growth is low, the rate of technological change is low, the time required for developing new products is long, and when the reacting firm's share is high [7]. Strength of competitive reaction also has been studied. Competitors are apt to react in a more aggressive manner if the competitive threat presented

by the introduction is very large or if competitors perceive the manner of introduction to be hostile (i.e., specifically designed to harm individual competitors) [29]. In the context of the proposed framework, a new product that is highly compatible with values and experiences is likely to confront lower switching costs than a new product with low compatibility. Thus, faster competitive reactions can be anticipated. A high relative advantage generally would suggest a more significant competitive threat and thus a more aggressive competitive response. Competitors may not be able to respond through introducing their own new products in the short run (due to patent protection or long lead times) but may react through some other variable (such as price cuts) that may reduce the perceived advantage of the innovation. With respect to product introductions that represent new market entries, analyzing relative advantage and compatibility can indicate the kind of functional-level entry deterrence strategy that can be expected. Table 4 illustrates this analysis for the set of strategies listed by Gruca and Sudharshan [27].

Identifying competitors. Importantly, the competitive context of relative advantage and compatibility can change depending on whether we are examining current or prospective competition, resulting in combinations not explicitly included in Figure 4. For example, one could argue that DuPont's Stainmaster carpets offered a very important relative advantage over both existing DuPont lines and current competitive lines when first introduced. Because the "stain-resistant" quality did not pose large compatibility challenges, the fast deletion of DuPont's existing line made sense (as did a usage-oriented promotional campaign in which dealers provided consumers with opportunities to attempt to permanently stain sample DuPont Stainmaster carpet swatches). At the same time, there was no patent protection for Stainmaster and thus no relative advantage with respect to *pro-*

spective competitors offering stain-resistant carpeting. Accordingly, a secretive launch that caught competitors by surprise was an important dimension of the launch plan. On the other hand, it may be difficult to develop launch tactics that will effectively support a leader launch strategy if the relative advantage over *existing* competitors is low. The advantages are likely to be strongest if the new product is likely to have a strong and sustainable advantage over *anticipated* competitors, and when later entrants will be perceived as incompatible due to high switching costs. In that situation, pioneering may be well served by preannouncing.

Technological Dynamics

Often competitive dynamics are linked to the technological environment in which new products are launched. (Indeed, the construct of "environmental hostility" has emerged [8] to reflect the aggregate degree of competitive and technological turbulence in a market.) In general, technological change would seem to be an environmental variable that is of special concern when a firm operates in markets where follow-on or upgraded models are planned or expected, or in markets where compatibility standards are sought.

Technology life cycle. Launch plans for migration-focused outcomes should depend in part on the technology life cycle. To the extent that technology is mature, the rate of technological enhancement would typically be smaller, whereas the introduction of a technological discontinuity would augur a higher rate of introduction of new, upgraded products [18]. In the context of Figure 4, discontinuities represent high relative advantage situations while new products based on mature technologies generally yield low relative advantages. With low relative advantage, deletions are normally slow as many customers are likely to be

Table 4. Anticipating an Incumbent's Entry Deterrence Strategy

Incumbent's Entry Deterrence Strategy	Conditions When It Can be Expected
Brand proliferation	Entrant is different, not better (low relative advantage, high compatibility)
Build switching costs (frequent buyer; special complementary services or products)	Entrant has low relative advantage and low compatibility
Preemptive advertising spending	Entrant depends on awareness to drive trial (low relative advantage; high compatibility)
Penetration pricing	Entrant has low perceived relative advantage or has high advantage, but incumbent can establish a standard by speeding diffusion
Pre-announcing new product upgrades	Relative advantage of entrant's upgrade is perceived as small

satisfied with existing offerings. This may lead management to focus on milking old technologies even as new competing technologies appear. While such new technologies may largely serve to cannibalize existing sales, penetration of the new technology will occur rapidly if most buyers value the enhanced advantages highly [21]. Additionally, economists explain that expectations about the rate of technological change influence the adoption rate, at least among organizations [55]; the shorter the expected lag until a technology upgrade, the more firms will postpone adoption. Thus, launch plans need to capture the context of the technological dynamics. In rapidly evolving technological environments (those that are experiencing or have just experienced discontinuities), diffusion may be slowed if the attraction of the high relative advantages is tempered by customers' high expectations regarding the value of future advantages. But a strong relative advantage will be reinforced if all segments of the market value the new advantages equally highly. In the former case, niche targeting, less aggressive deletion programs, and price skimming (for that segment that does value the product highly) will be more appropriate than in the latter circumstance.

Distribution effects. Importantly, a high rate of technological change in an industry generates more risk for distributors. It is likely that more distributor support of new products is needed precisely in those situations where market acceptance is most difficult to achieve (i.e., where both compatibility and relative advantage are problematic) and thus where diffusion may be slow. But slow diffusion and deletion put pressure on distributors to maintain stocks of both new and old products. In such an atmosphere, preannouncing of upgraded products is riskier because it can freeze a firm's own sales and thus compound the distributor's inventory risk.

Standards. Another important contingency is whether a firm wishes to establish a technical standard as a part of the leader strategy. Importantly, the magnitude of a firm's relative innovativeness does not appear to be the critical element in successfully establishing a standard. (Betamax was the superior VCR technology and failed, whereas the IBM PC was late to market and not especially superior and succeeded). Instead, the task is to convince users and producers of complementary technologies that this particular standard will be supported. The implication for launch planning would be to use penetration pricing and otherwise subsidize initial adopters and to pre-announce

the launch to build expectations about the success of the design [26].

Assessing Relative Advantage and Compatibility

As with most simple typologies, many observations are not easily categorized. Clearly, dimensions like relative advantage and compatibility are not dichotomous but can have a range of possible levels, so a product needs to be "rated" in some way by the manager or team responsible for launch planning. While technical insights will be important here, the important point is that buyers' *perceptions* of relative advantage and compatibility are what matter. Thus, marketing research has a significant role in the categorization of new products.

While some researchers have developed scales to represent Rogers' product characteristics [58], p. 209], in many cases firms will have data from concept tests, product tests (including beta tests), and salesforce feedback regarding these characteristics. With respect to relative advantage, concept tests typically measure the perceived uniqueness of a new concept and the importance or relevance of the benefits offered; product tests (including observation of the product in use) allow for direct comparisons to current products, and post-use ratings of performance [46], pp. 254–274]. For business-to-business products, assessments of relative advantage often can incorporate more direct value analysis measures (such as reduction in life cycle costs or greater memory per dollar). However, such measures may not be isomorphic with customers' perceptions of relative advantage, especially in a setting where there are multiple important attributes.

Insights on compatibility may come from the "likes and dislikes" diagnostics measured in concept or product tests. With respect to more subtle dimensions (such as incompatibility with organizational practices or social norms), focus groups and one-on-one interviews by sales representatives can be helpful. Additionally, especially for industrial products, input from "lead users" [66] is especially valuable. That is, a key dimension of compatibility is whether there was a felt need for an innovation. Lead users are presumably the most likely buyers to have a felt need because they are typically the customers with the most to gain from an improvement.

Finally, in applying the typology, the designations of "high" and "low" are bound to be somewhat sub-

jective, and many new products will not be clearly “high” or “low” on one or both dimensions. So hybrid or mixed launch plan combinations may be appropriate in some settings.

Discussion

The framework presented here offers a systematic perspective on the task of new product launch planning drawing on behavioral constructs that have been previously linked to new product acceptance. Thus, this framework complements recent work that empirically documented the existence of linkages among various strategic and tactical dimensions of launch [33] and suggests that consistent patterns of launch tactics are associated with given innovativeness strategies [34]. Specifically, the framework offers a conceptual explanation of how launch strategy and launch tactics are related as well as how they influence market acceptance. For individual managers or teams who are responsible for designing launch plans or evaluating “standard” launch processes, the framework offers assistance in structuring their tasks by forcing them to identify the specific demand outcomes they hope to achieve and the barriers to acceptance they are likely to face in their particular situations.

Certainly the organizational and market contexts in which new products are developed and launched can be varied and rich in terms of idiosyncratic policies and processes. Likely there are additional constraints (such as long-standing commitments to particular segments, channels, branding policies, and innovation leadership roles) that also will come into play in launch decision-making. Additionally, industries vary widely in terms of the potential legal and regulatory forces that influence launch strategy either directly (such as the Food and Drug Administration’s controls on launch timing and promotion of new drugs) or indirectly (such as Federal Communication Commission policies on competitive entry and standardization in the various telecommunications markets). Nevertheless, prescriptive frameworks such as the one offered here can be valuable to managers to the extent they offer a structure for examining the marketing launch task.

A core assumption of the framework is that the fundamental process underlying market acceptance is essentially the same regardless of the nature of the product (tangible or intangible, consumer-oriented or business-to-business oriented, high-tech or low-tech). Clearly, one would expect differences in the allocation

of funds across marketing tactics between consumer and industrial products or in the frequency of “first-mover” opportunities between high-tech and low-tech categories. However, to the degree that a manager’s desired market outcomes can indeed be characterized based on the degree of newness, and to the extent that relative advantage and compatibility are the dominant factors influencing buyers’ responses to new product offerings, then the framework presented here should enhance the manager’s conceptual understanding of what a launch plan needs to accomplish in any particular situation.

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