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Launching and re-launching high technology products

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Abstract

This article attempts to describe the main strategies that are available to the manager of a high-tech product at three defining points: the launch; the development of the whole product; the re-launch. Normally introductory efforts are focused on the launch stage only. It is argued that the re-launch should be an integral part of the introductory strategy, signalling a new phase in the development of a product. Before being re-launched, the ‘whole’ product must be developed so as to appeal to the pragmatists in a sector in the mainstream market.

It is argued that the launch stage and the re-launch stage are best thought of as comprising four steps: market preparation, targeting, followed by positioning and finally the execution or attack step. These four steps are common to launch and re-launch but the tactics adopted within each are quite different.

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1. Introduction

A high-tech product goes through several phases during its life cycle during which it appeals to different audiences: initially it is adopted by the ‘visionaries’ and technical aficionados who accept the high risk involved in being first with revolutionary innovations; eventually, if it survives that long, it is purchased by the risk-averse main market who always wait until a product is proven and widely accepted before they will use it or deploy it in their companies. But success with the first group does not guarantee success with the second group as products such as Sony’s Betamax video players, IBM’s OS/2 software, pen-based computers, and countless word processing programs have shown. A successful launch does not necessarily lead to a smooth take-up by the rest of the market. The follow-on stages must be planned as carefully as the launch stage if overall success—and profits—are to be achieved.

Due to their technological nature, high-tech products have a particularly difficult time delivering these returns.

Some products take so long from the time of their initial launch to their transition to the mainstream market, that they seem to disappear altogether. ATM (Asynchronous Transfer Mode) network technology, electric cars and desktop videoconferencing are all currently in this category. The product may have enjoyed some modest initial success but this initial success is not maintained as it struggles to find a niche. It may be popular with some leading edge (or simply plain curious) ‘techies’ and with a few far-sighted managers but there simply are not enough of them to sustain its momentum. Its early promise is not maintained. Sales soon collapse as the product fails to catch on with the mainstream. It has entered a period of transition, called a “chasm” by Geoffrey Moore, during which momentum is lost, see Exhibit 1 (Moore, 1998). Strategies are needed to cross the chasm.

The launch stage for a high-tech product can appear at the time to be a make-or-break point in its product-life cycle; but of equal or more significance is the moment when it attempts to cross the chasm between revolutionary innovation and technology innovation. Dramatic transitions such as this mean an attack on a completely different audience, and may even require a complete reversal of marketing tactics (Moore, 1999, pp. 9–12). This is the opportunity for a re-launch.

The re-launch should be an integral part of the market-

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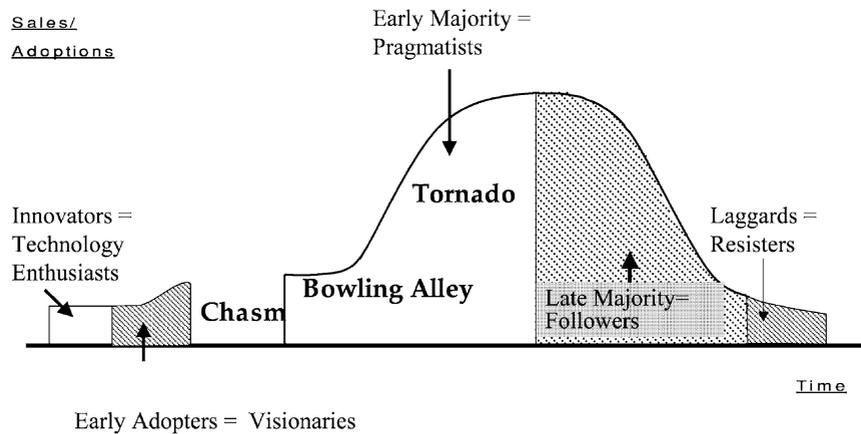


Exhibit 1. The Technology adoption curve (Moore).

ing strategy, signalling a new phase in the development of a product. Just as a second-stage booster rocket gives new impetus to a spacecraft and sends it to a new orbit, the re-launch can be used to redirect a high-tech product when it is ready to exit the chasm into the mainstream. Before being re-launched, the 'whole' product must be developed so as to appeal to the pragmatists in a sector in the mainstream market. Thus there are three stages to be planned: the launch; the development of the whole product; the re-launch.

This article attempts to describe the main strategies that are available to the manager of a high-tech product at these three defining points.

It is argued that the launch stage and the re-launch stage are best thought of as comprising four steps (Exhibit 2). The first step, market preparation, involves readying the 'market' for the change, where the market may include other companies as well as customers. The next step is targeting, followed by positioning based on the expected competitive advantage offered. The final step in the process involves execution or attack and consists of the strategies that are often the most visible part of the mix, taken to achieve specific results. These four

steps are common to launch and re-launch but, as we will see, the tactics adopted within each are quite different.

2. Stage 1: The launch

When handheld computers (personal digital assistants, or PDAs) were introduced by Microsoft in 1993, not even Bill Gates would comment on their future or possible applications. The introductory announcement focused on technology and features. This signalled the arrival of a revolutionary innovation (PC Week, 1993).

Because high-tech products are built (and often marketed) by technical rather than business people, they are normally launched at this early stage. Developers are so excited about their new discovery, and vendors about their technology leadership, they cannot wait to get the product into the market. The focus is on convincing technology enthusiasts and early adopters to 'try it out'. Quite often, the vendor is not sure of the practical benefits, but is trying to market the innovation based on its newness, cleverness, and potential uses—whatever they may be. The launch stage is thus a time of excitement, quite justifiably, and of optimism, usually less justifiably. It is rarely a time of well thought through planning and implementation. If the product is to be taken-up by early adopters and technology enthusiasts the following steps should be taken (Table 1).

2.1. Launch: market preparation

Market preparation is intended to prepare the market for the new technology, to build awareness, and most importantly to form relationships.

2.1.1. Co-operation/licensing/alliances

Market preparation strategies are used to prepare the market, usually in advance of the more direct strategies. In many cases, the way in which the marketer chooses

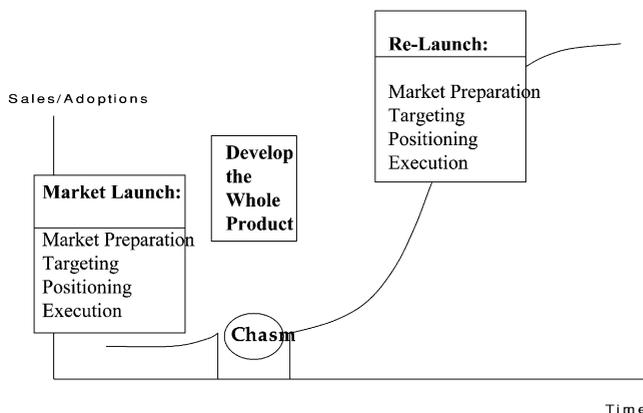


Exhibit 2. Launch, whole product, re-launch.

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