ON Research

WINNING THE PRODUCT LAUNCH

An investigation of product launch activities involving both marketing and sales

The pressure to successfully launch new products is intense. Marketing and sales are expected to launch more products, more often, while dealing with shrinking product life cycles. And more is at stake—companies are increasing their investment in both product development and product launches. What can you do to ensure a successful product launch?

We researched the factors that contributed to the success and failure of 22 product launches, focusing on the interaction between sales and marketing departments. In the course of this paper, we will discuss how the launch process, objectives and measures, sales participation, knowledge transfer tools, and follow-up and feedback affect the product launch outcomes.

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Purpose of the Study

We undertook this research project to identify and understand the gaps in alignment among executives, marketing and sales during new product launches.

Study methodology

The research team conducted 75 in-depth telephone interviews with product managers, sales managers and salespeople, and executives who have been directly involved in a recent strategic product launch.

The researchers first interviewed senior executives and explored organizational integration, strategic objectives, tactics and results of recent launches. At the end of the interview, the executive cited two specific launches to analyze—one successful and the other unsuccessful. For each launch, the executive named a product marketer and a sales manager or senior-level salesperson to discuss the launch.

Twenty-two major product launches were analyzed in depth: eleven successful and eleven unsuccessful.

Participating companies

Participating companies in this study include 3Com, Amerinet, Clarify Software, Early Cloud, IBM Global Services, Hewlett-Packard, Infonet, Infinium Software, Mentor Graphics, Mitchell International, Phillips Semiconductor, Ross Systems, StorageTek, and others who requested anonymity.

EXECUTIVE SUMMARY

THE PRODUCT LAUNCH CHALLENGE

- The organizations in this study invested substantially in product launches, averaging seven major launches per year (ranging from 2 to 25 launches per year) and spending an average of $3.25 million to develop a product and $714,000 to launch it.
- 78 percent of the executives rated their method of launching new products "neutral," "ineffective," or "very ineffective."
- Of the 68 percent of executives who said their organization used a structured product launch, most said the process was not used consistently.
- Increasing company-wide buy-in was critical for new product launches.
- Increasing communication and coordination between marketing and sales was also key to product launch success.

OBJECTIVES AND MEASURES FOR PRODUCT LAUNCHES

- Overall, sales and marketing were aligned on product launch objectives and the measures of success—for instance, revenue, market share, and recognition.
- Sales viewed value propositions and beta test sites as more important than marketing did.
- Executives listed accurate value propositions as critical for successful launches and inaccurate value propositions as the number one barrier to success.

SALES INVOLVEMENT IN PRODUCT LAUNCHES

- Sales consistently rated its involvement in product launches lower than marketers or executives rated sales involvement.
- In successful product launches, marketing and sales were more equal when rating sales involvement and also rated sales involvement higher than in unsuccessful launches.
- Successful launches showed greater alignment and greater sales participation in four key areas: gaining input from the customer, obtaining advice on positioning, determining how to provide information to the sales organization, and obtaining advice on how to train the sales force.

EXECUTIVE SUMMARY (cont.)

KNOWLEDGE TRANSFER

- Successful launches use more methods and a wider variety of methods to transfer knowledge.
- Successful launches were more likely to use "road shows"—live presentations to sales offices.
- Marketing and sales reported higher satisfaction with knowledge transfer methods in successful launches.
- Successful launches used knowledge transfer tools closer to the launch date.
- In successful launches, sales received information pertinent to a sales campaign, such as product positioning, target markets, and competitive information, in addition to product descriptions.
- 74 percent of sales did not receive all the tools they needed and requested customer testimonials, competitive analysis, and pricing information most often.
- Sales spends 11% of its time learning about the new products.

MARKETING FOLLOW-UP WITH SALES AFTER KNOWLEDGE TRANSFER

- In successful launches, more than 90 percent of marketers and sales managers said sales offered verbal feedback on the effectiveness of knowledge transfer.
- Successful launches had a high percentage of follow-up after the product was announced.

THE PRODUCT LAUNCH PROCESS

- Both sales and marketers blamed failed launches on unstructured launch processes and poor communication between sales and marketing.
- In successful launches, sales was more knowledgeable about the steps in the product launch process.
- Successful product launch processes are more likely to follow-up after knowledge transfer, but best practices were communicated in only 50 percent of the launches studied.
- Current launch processes involved sales less during the product launch process, which was a factor in unsuccessful product launches.

CONCLUSION

- A more comprehensive, structured product launch process—rigorously followed—will eliminate many of the barriers to early market penetration.

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THE PRODUCT LAUNCH CHALLENGE

*One failed launch involved a product that could **outperform the competition** at a fraction of the cost. Pretty good, right? Wrong. It was an absolute disaster because there was **no compelling reason** for a company to spend money to rip out an existing product and change to our new product.*

Executive Respondent

Several trends in the market place and within organizations make it both difficult and critical for companies to successfully launch their products:

SHRINKING PRODUCT LIFE CYCLES

Product cycles used to last years, which gave marketing and sales a comparatively long time to gain market presence. Today, typical product cycles of 18 months or less make it essential to gain market share quickly.

LARGE INVESTMENTS IN PRODUCTS AND PRODUCT LAUNCHES

Organizations invest tremendous amounts to bring new products to market and must achieve an adequate return on their investment. The organizations studied in this research project averaged seven major product launches per year, spending an average of $3.25 million to develop each product and an additional $714,000 to launch it.

POOR PRODUCT LAUNCH PROCESSES

Few reliable processes have been developed to ensure a successful product launch. In fact, many companies in this study used processes, but the process did not affect the success of the launch. And, although every study participant understood the importance of new product launches, they recognized that their method needed improvement. A significant majority (78 percent) of the executives rated their method of launching new products "neutral," "ineffective," or "very ineffective." Not one executive rated their methodology as "very effective."

Even when companies have a product launch process, they don't use it consistently. While 68 percent of the executives stated that their company had a structured product launch process, most felt that the process was used inconsistently. And, when companies do measure product launches, they measure only outcomes, not the effectiveness of the process. Without reliable data concerning the process, companies can't replicate and improve on previous successes.

The Product Launch Challenge (cont.)

> *If the sales force doesn't have buy-in, then the whole thing will fail.* **You have to build expectations** *for the product early on… not only in the minds of the consumer, but in the minds of your own sales force.*
>
> **Executive Respondent**

Lack of communications and coordination between sales and marketing during product launches

Sales and marketing have different but necessary roles and objectives during a product launch. Marketing is generally focused on market share over time while sales is focused on selling today. Participants felt increasing communication and coordination between sales and marketing during a product launch was a key factor for launch success. Although marketing takes the lead in product launches, marketing must integrate sales into the product launch process and provide them with specific deliverables so that the sales force can close opportunities rapidly and penetrate the market early in the life cycle.

Overcoming the challenges of product launches

Although sales and marketing have little influence over first two challenges—product life cycles and expected ROI, a great deal can be done to overcome the last two challenges—product launch processes and communication and coordination between sales and marketing. The remainder of this paper will explore key findings from our interviews with executive, sales, and marketing personnel involved in both successful and unsuccessful product launches. We hope to offer some insight into:

- Why product launches succeed or fail
- The need for structured product launch processes that work
- The areas where sales and marketing have the greatest alignment gaps
- When and how to involve the sales organization in the product launch process
- Success factors and barriers surrounding sales involvement in product launches

OBJECTIVES AND MEASURES

*In the past, we've gotten really excited about a new product, but didn't consider what the **value proposition** would be. How will this new product change their business? Is there a compelling event?*

Executive Respondent

What you hope to achieve in a product launch and how you measure that will determine the process you use and who you involve. In general, both sales and marketing understood and agreed on the primary objectives (revenue and market share) and the means to measure them (early closed sales). However, the research uncovered two areas that may serve as early indicators of future problems:

- Executives and sales managers listed value propositions as an objective, but not one marketer listed this as an objective.
- Marketers rated beta test sites as significantly less important for measuring success than either the sales managers or the executives.

VALUE PROPOSITIONS AS AN OBJECTIVE

From the executive's perspective, defining the right value proposition is critical to an effective product launch. Executives listed accurate value propositions as the number one best practice for successful launches and inaccurate value propositions as the number one barrier to success. When describing failed launches, executives used statements such as "the positioning statements were not centered on our customer's needs" and "we failed to figure out how that product fit into our client base's business."

In rating the importance of product launch objectives, the largest difference in sales and marketing responses was in how they rated value proposition as an objective.

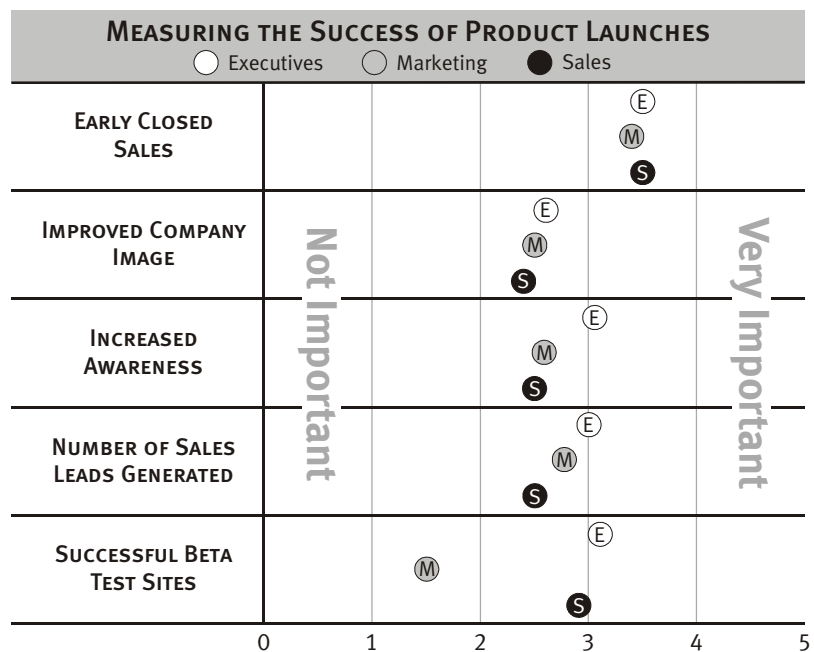| PRODUCT LAUNCH OBJECTIVES	Marketing	Sales
Revenue	33%	41%
Market Share	29%	23%
Coordination	25%	18%
New Market	25%	18%
Recognition	25%	23%
Customer Satisfaction	21%	9%
Timeline	21%	14%
Competitive Advantage	17%	23%
Competitive Necessity	13%	18%
Profitability	8%	5%
Goals	**0%**	**5%**
Value Proposition	**0%**	**14%**

OBJECTIVES AND MEASURES (cont.)

*We don't do enough concept proving. Product marketing needs more input before we spend money on bringing a product to market. We should be more diligent about **understanding whether the product is right** before we invest in a launch.*

Executive Respondent

WHY PRODUCT LAUNCHES SUCCEED OR FAIL EXECUTIVE RESPONSES			
KEY CHARACTERISTICS OF SUCCESSFUL PRODUCT LAUNCHES		KEY BARRIERS FOR SUCCESSFUL PRODUCT LAUNCHES	
Accurate value proposition	58%	Inaccurate value proposition	58%
Marketplace acceptance	53%	Wrong product	37%
Structured process in place	47%	No process in place	16%
Communication between sales and marketing	26%	Poor communication between sales and marketing	11%
Enough lead time	16%	Poor product marketing staff	11%
Enough budget	16%	Not enough lead time	11%
Effective sales tools	11%	Poor sales tools	5%
High quality product marketing staff	11%	Not enough budget	5%

BETA TEST SITES AS MEASURE OF LAUNCH SUCCESS

Respondents were in general agreement on most measures (early closed sales, press coverage, leads, etc.), but there was a marked gap in how executives, sales, and marketing rated successful beta tests (early client applications) as measures of launch success. Both executives and sales believe that beta test sites provide important sales tools such as proof statements and testimonials, which help them pursue another measure of launch success—early sales.

MEASURING THE SUCCESS OF PRODUCT LAUNCHES

○ Executives ○ Marketing ● Sales

Sales Involvement in the Product Launch

The research shows a significant gap in how executives, marketing and sales respondents perceive the level of sales involvement in product launches. Executives and marketing perceive that sales is much more involved than sales perceives itself involved. This was true in all but one phase of the product launch—final packaging.

Both sales and marketing rated sales involvement in successful launches higher than in unsuccessful launches. While alignment gaps still existed between sales and marketing in successful launches, they were less severe than in the unsuccessful launches. Interestingly, in both successful and unsuccessful launches alignment gaps persisted in two areas:
* Market Intelligence
* Launch Plan Execution

Misalignment on these two phases of the product launch are particularly troubling, as sales force involvement in these two areas is critical to the success or failure of a product launch. Since the sales organization is closely involved with the needs of the customers, sales involvement in gathering market intelligence would help marketing define the right value proposition—which the executives rate as a key characteristic of successful product launch.

How sales is used during product launches

There were four key areas that showed significant gaps in how marketing and sales described sales input in the product launch:
* Gaining input from the customer
* Obtaining advice on positioning
* Determining how to provide information to the sales organization
* Obtaining advice on how to train the sales force

SALES INVOLVEMENT IN THE PRODUCT LAUNCH (cont.)

In our most successful launches, product marketing was supportive and helpful.

The biggest difference is that they listened.

Sales Respondent

USE OF SALES DURING THE PRODUCT LAUNCH	SUCCESSFUL		UNSUCCESSFUL	
	MARKETING	SALES	MARKETING	SALES
Gain input from major customers	92%	73%	50%	45%
Obtain advice on positioning	50%	64%	33%	18%
Determine how to provide info to sales organization	58%	46%	58%	27%
Obtain information on how to train sales force	58%	46%	33%	18%

Successful launches reported greater sales involvement in the product launch process. In successful launches, product marketers relied more on the sales organization to:

- Collect customers input
- Advise on positioning
- Advise on sales force training

KNOWLEDGE TRANSFER

The study asked two questions regarding how marketing prepares sales to be market-ready:

- Which methods did product marketing use to transfer knowledge?
- What information did marketing provide to sales?

METHODS USED FOR KNOWLEDGE TRANSFER

When transferring knowledge to sales, both the method and the timing of the method affects product launch success. Gaps between sales' perception of knowledge transfer and marketing's perception of knowledge transfer were statistically significant between successful and unsuccessful launches. Successful launches use more methods and a wider variety of methods to transfer knowledge—for instance, they are more likely to use a medium other than print. A possible conclusion as to why this works better is that individual salespeople learn better with certain media. For instance, some people learn better visually, others learn better aurally.

KNOWLEDGE TRANSFER (cont.)

*In our most successful launch, **the salesforce was very well briefed** and knew exactly what to do. The advance knowledge and excitement helped the salesforce understand the new product because they had more time to devote mindshare to it.*

Executive Respondent

The most common methods used to get the sales force ready to sell the new product included:

- Product announcements
- Product presentations
- Sales brochures
- Sales kickoff meeting
- Formal classroom training

Of all the methods marketing used for knowledge transfer, live "road shows"—presentations to each sales organization—stand out as a significant factor in the successful product launch. Road shows may be more effective because they are personal contacts with the sales force and offer an opportunity to ask questions, creating a more personalized learning environment.

SATISFACTION WITH THE SELECTED TOOL

Satisfaction with the knowledge transfer tool was a key factor in successful launches—participants in successful launches reported greater satisfaction with all the knowledge transfer methods used. Satisfaction may be a factor of both the type of tool used and how well it's executed. For instance, although satellite/videoconferences were used less than 20 percent of the time, salespeople in successful launches gave satellite/videoconferences their highest satisfaction rating while salespeople in unsuccessful launches rated them among the lowest. CBT/Self Study methods and Intranet/Intranet support were rated as unsatisfactory in both successful and unsuccessful launches. These results would indicate that marketing needs to change how it selects, deploys, and funds knowledge transfer tools.

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KNOWLEDGE TRANSFER (cont.)

METHODS OF KNOWLEDGE TRANSFER	SUCCESSFUL		UNSUCCESSFUL	
	MARKETING	SALES	MARKETING	SALES
Product Announcement	92%	91%	92%	91%
Product Presentations	100%	64%	83%	82%
Formal Classroom Training	54%	46%	67%	36%
Sales Kickoff Meeting	75%	55%	50%	45%
Road Show	42%	46%	8%	27%
Videotapes	25%	18%	17%	0%
Audiotapes	18%	18%	8%	0%
Sales Brochures	92%	64%	83%	64%
Intranet/Internet Support	42%	27%	42%	9%
Satellite/Videoconference	8%	18%	8%	9%

USING THE RIGHT TOOL AT THE RIGHT TIME

Research revealed a difference in how successful and unsuccessful launches timed their knowledge transfer tools. The type of method should dictate the timing of its use or release. Three findings were particularly significant:

- In successful launches, marketing held road shows more than one month earlier than in unsuccessful launches.
- Marketing provided audiotapes in successful launches before the launch. In unsuccessful launches, marketing typically did not provide audiotapes until after the launch began.
- In successful launches, marketing provided videotapes closer to the launch date (typically one week) than in unsuccessful launches. Many unsuccessful launches provided videotapes as much as three months before the launch date.

TYPE OF INFORMATION PROVIDED TO SALES DURING KNOWLEDGE TRANSFER

In addition to the transfer method, the type of information marketing prepares for sales influences the success or failure of product launches.

In successful launches, sales received information essential to a sales campaign, such as:

- Product positioning
- Target markets
- Competitive information

KNOWLEDGE TRANSFER (cont.)

Our success depends on how comfortable we are with the new product and whether we think we can sell it. **We can't sell it simply because it exists.**

Sales Respondent

TYPES OF INFORMATION PROVIDED TO SALES				
INFORMATION RECEIVED	**SUCCESSFUL**		**UNSUCCESSFUL**	
	MARKETING	SALES	MARKETING	SALES
Product Functionality	100%	82%	91%	100%
Product Demonstration	83%	36%	75%	36%
Product Positioning	100%	64%	83%	55%
How to Present Product	100%	64%	8%	64%
Target Markets	92%	73%	8%	45%
Target Accounts and Contacts to Pursue	64%	20%	67%	30%
Customer's Financial or Business Impact	58%	36%	50%	27%
Competitive Positioning and Comparisons	83%	73%	67%	36%
Competitive Tactics	67%	64%	50%	36%
Prospect Qualification	50%	36%	75%	18%

But even in successful launches, 74 percent of salespeople felt they did not receive all the necessary tools to do their job. In sales respondents' comments, the top three tools requested by sales were:

- Customer testimonials
- Competitive analysis
- Pricing information

The types of information that sales received in successful launches and the types of information sales most often requested (positioning, competitive information, business impact) may be symptoms of the gaps in how executives, marketing, and sales perceive the need for value propositions.

Interestingly, the data on information type indicates a clear gap between what marketing is providing sales and what sales believes it needs during both successful and unsuccessful product launch. However, the research also shows that certain types of information are more critical than others—in successful launches sales and marketing were more aligned on positioning, competitive, and business impact information.

KNOWLEDGE TRANSFER (cont.)

DID SALES PROVIDE FEEDBACK?	SUCCESSFUL		UNSUCCESSFUL	
	MARKETING	SALES	MARKETING	SALES
Percentage of respondents who said sales provided feedback to marketing	92%	91%	58%	91%

FOLLOWING UP AFTER THE KNOWLEDGE TRANSFER

Whether or not marketing follows up and collects feedback from sales concerning the knowledge transfer has a dramatic affect on product launch success. Successful launches show marketing and sales almost perfectly aligned on their perception that sales provided feedback and marketing measured the effectiveness of knowledge transfer. Marketing follow-up and sales feedback create a loop, allowing marketing to gain an understanding of what sales needs and quickly respond to those needs. Even though the input was verbal, this data clearly shows how important it is for marketing to involve sales even in later stages of product launch and continue supporting sales after the product announcement.

THE PRODUCT LAUNCH PROCESS

When asked why launches failed, both sales and marketers agreed: no structured process or inconsistent use of the process. Poor communication, possibly connected to the lack of a structured process, was also cited as a top reason.

When asked why launches succeeded, sales overwhelmingly felt that success hinges on a structured process and communication. When asked why launches fail, marketing cited a lack of process or methodology.

Most understood that their company has a methodology for launching new products, however, in unsuccessful launches, sales did not know the steps involved. With a better understanding of the launch process, sales may have a greater understanding of how they can contribute to its success, and therefore, be more proactive in communicating with marketing.

With an improved launch process that involves sales more, marketing can ensure that sales receives the necessary sales tools on time and that the tools are "out-of-the-box" effective.

CAN SALES CITE THE SPECIFIC STEPS OF THE LAUNCH PROCESS?	SUCCESSFUL	UNSUCCESSFUL
	40%	14%

C ONCLUSION

It's apparent from the study results that the product launch processes that companies use need dramatic improvement—they lack structure, are not effective, are used inconsistently, and don't involve sales enough. A more comprehensive, structured process—rigorously followed—will eliminate many of the barriers to early market penetration.

A N EFFECTIVE PRODUCT LAUNCH PLAN MUST:

- Outline responsibilities across departmental and divisional boundaries
- Compel individuals to understand that the launch is a priority
- Outline the launch objectives and the measurements for success
- Include a very detailed document that specifies:
    - All tasks
    - Individuals responsible for those tasks
    - Time for the completion of those tasks
    - Interdependencies of those tasks
- Track the status of the tasks and provide feedback to the launch team and product manager responsible for the overall launch
- Provide a secure vehicle for sharing content with designated individuals who need the information
- Have a known process in place to receive and act upon input from the sales organization
- Seek input in a formal process from sales

About the Contributors

OnTarget, Inc.

Headquartered in Atlanta, Georgia, OnTarget, Inc. is a privately-held, global sales training and consulting firm. OnTarget provides a complete curriculum of sales training programs, consulting services and field application tools to help companies achieve competitive advantage and strengthen relationships with customers and partners. OnTarget employs over 70 professional sales consultants and 140 employees worldwide with offices seven offices in the U.S., four offices in Europe, and an office in Hong Kong. For more information, please visit http://www.ontarget.com.

IMPACT Marketing

Since 1989, IMPACT Marketing has been helping companies effectively launch new products by providing product launch consulting, program management, training, and tools. IMPACT Marketing's mission is to ensure marketing organizations are well versed in using the "INTEGRATED" Product Launch Process for strategy development, planning, and execution to align marketing, sales and all other critical organizations for improved launch results, early sales goals achievement, and maximized ROI. For more information, please visit http:// www.impactmarketing1.com.

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