



Product launch improvement
at bugaboo international



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bachelor assignment

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Product launch improvement at bugaboo international

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Preface



Management Summary

Bugaboo international is a fast growing, young and innovative stroller company. Because of its explosive growth in the past couple of years, a structured NPD process has just been in use. A research concerning improvements of launch plans for bugaboo was the aim of this assignment. Therefore the central problem definition in this research is formulated as follows:

For bugaboo it is unclear what good strategies are to launch new products.

The focus of this research lies on the entire product portfolio of bugaboo international and this has resulted in the main question:

What are good launch strategies for bugaboo?

In this main question the word strategies embraces the entire launch plan of a new bugaboo product.

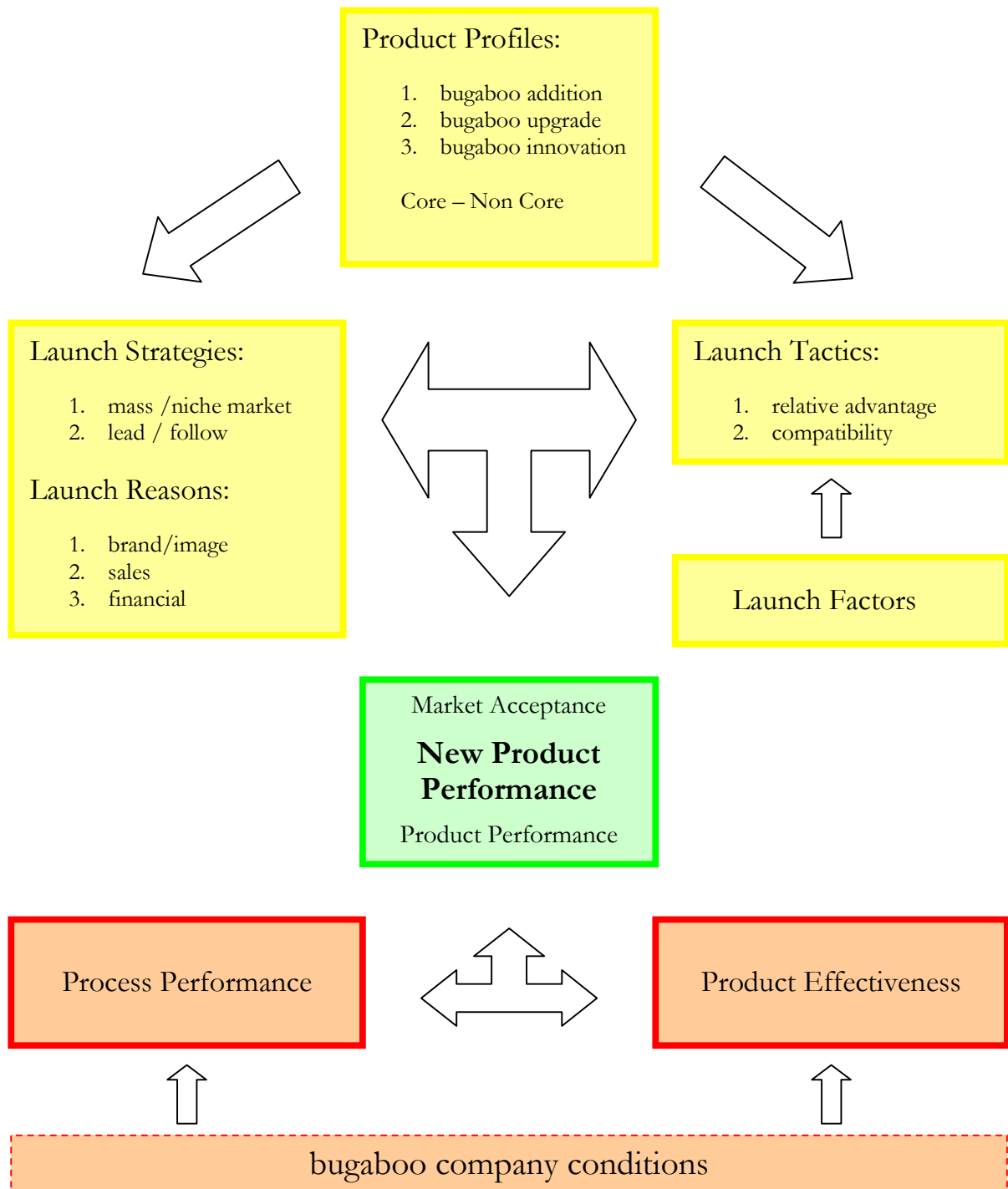
With the use of interviews with bugaboo employees, a focus group meeting with a number of employees and a literature study on product launches, the necessary data was gathered. After an analysis, this resulted in the creation of the bugaboo launch model. That model represents the steps that need to be taken into account when launching a new bugaboo product. The model contains the different approaches of a launch per product type which are determined by launch strategies, launch reasons, launch tactics and launch factors. The choices made, all influence the performance of the new product. That performance consists of the product performance and the market acceptance. Also included in the model are the company conditions, the organizational characteristics of the entire NPD process.

The launch plan is determined by placing the new bugaboo product into a product profile next to determining the choice if it is a core or non-core product. This determines the content of the launch strategy and the launch tactics. Different product types ask for other targeted markets and the choice to lead or follow. Next to that, the reason to launch differs per new product. These strategic choices influence the tactical decisions that need to be made besides the differences in the relative advantage and the compatibility of the product. A list of launch factors can modify the choices that are made in *how* to launch a product. This part of the launch plan will have an impact on the market acceptance of the new product and thus on the entire new product performance.

The process performance and the product effectiveness, that have to do with choices in the project team composition, organization of work, the group process, involvement of suppliers and customers and the leadership roles, influence the product performance of the new product and thus the entire new product performance.

Finally, the organizational bugaboo company conditions, next to the already mentioned organizational choices that are presented in the process performance and product effectiveness, include internal involvement, trust, confidence and commitment together with responsibilities that are necessary in the NPD process. These other specific bugaboo conditions can add valuable additional aspects to the product development process success.

The bugaboo launch model is presented in the figure on the next page.





Summary in Dutch

Bugaboo international is een snel groeiende, jonge en innovatieve organisatie die kinderwagens produceert. Een gestructureerd NPD proces is onlangs in gebruik genomen. Het doel is om onderzoek te doen naar verbeteringen voor het lanceren van nieuwe bugaboo producten. Daarom is de centrale probleem definitie van dit onderzoek als volgt geformuleerd:

Voor bugaboo is het onduidelijk wat goede strategieën zijn voor het lanceren van nieuwe producten.

Dit onderzoek richt zich op het gehele product portfolio van bugaboo international en dat heeft geresulteerd in de volgende hoofdvraag:

Wat zijn goede lanceer strategieën voor bugaboo?

In deze hoofdvraag behelst het woord strategieën het gehele lanceer plan van een nieuw bugaboo product.

Met behulp van het houden van interviews met bugaboo medewerkers, een focus groep met een aantal medewerkers en een literatuur studie naar product lanceringen is de benodigde data verzameld. Na een analyse heeft dit geresulteerd in het maken van een bugaboo lanceer model. Dat model representeert de stappen waarmee rekening gehouden dient te worden wanneer een nieuw bugaboo product wordt gelanceerd. Het model bevat verschillende benaderingen van een lancering per product type wat wordt bepaald door lanceer strategieën, lanceer redenen, lanceer tactieken en lanceer factoren. De gemaakte keuzes daarin beïnvloeden allen de prestatie van het nieuwe product. Die prestatie bestaat uit hoe het product zelf presteert en de acceptatie van de markt. Ook zijn de organisatorische voorwaarden opgenomen in dit model, de organisatorische karakteristieken van het hele NPD proces.

Het lanceer plan wordt bepaald door een nieuw bugaboo product te plaatsen in een product profiel naast de vaststelling die gemaakt wordt of het een kern of een niet-kern product is. Dit bepaalt de verdere inhoud van de lanceer strategie en de lanceer tactieken. Verschillende producttypen vragen om de benadering van andere markten en de keuze om te leiden of te volgen in die markt. Daarnaast verschilt de reden tot het lanceren van het product. Deze strategische keuzes zijn van invloed op de tactische keuzes die gemaakt moeten worden naast de verschillen in het relatieve voordeel en de compatibiliteit van het product. Een lijst van lanceer factoren kan de gemaakte keuzes licht aanpassen in *hoe* het product gelanceerd moet worden. Dit deel van het lanceer plan zal van invloed zijn op de acceptatie van de markt van het nieuwe product en dus op de gehele nieuwe product prestatie.

De proces prestatie en de product effectiviteit die te maken hebben met de keuzes in de compositie van het project team, de organisatie van het werk, het groepsproces, de betrokkenheid van leveranciers en klanten en de leiderschapsrollen, beïnvloeden de prestatie van het nieuwe product en dus de gehele nieuwe product prestatie.

Als laatste, de organisatorische bugaboo voorwaarden, naast de eerder genoemde organisatorische keuzes die gepresenteerd zijn in de proces prestatie en de product effectiviteit, bevatten de interne betrokkenheid, vertrouwen en verbintenis samen met de verantwoordelijkheden die noodzakelijk zijn in het NPD proces. Deze andere specifieke bugaboo voorwaarden kunnen waardevolle aanvullende aspecten vormen voor het succes van het product ontwikkelingsproces.

Het bugaboo lanceer model is gepresenteerd in de figuur op de volgende pagina.

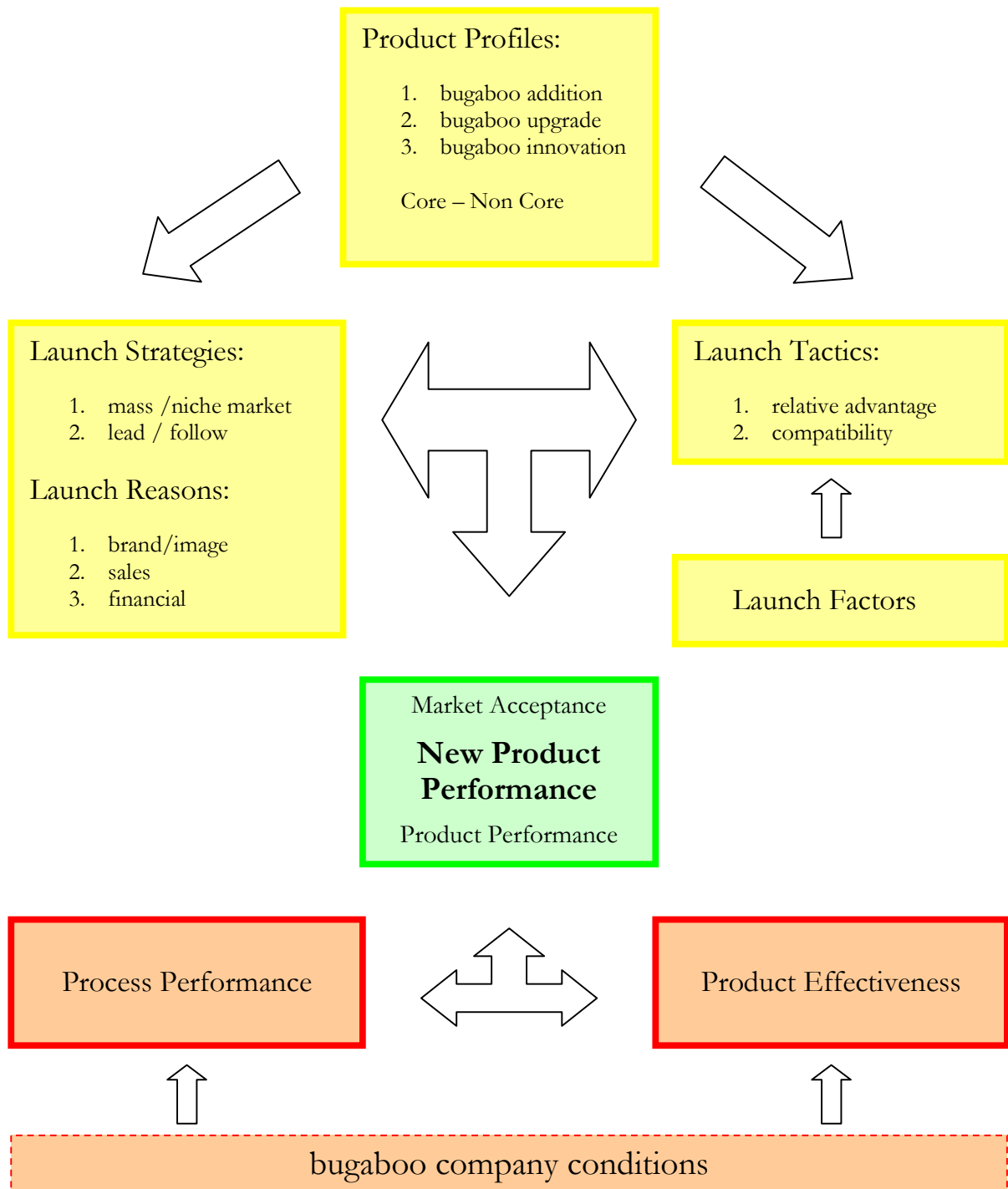




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Chapter 1: Introduction

1.1 The bachelor thesis

This bachelor thesis is the final part in completing the bachelor degree in Business Administration (Bedrijfskunde) at the University of Twente. In this thesis, a problem at stroller company bugaboo international is tackled by performing a practical research together with a literature study. The outcome of the research is this report in which conclusions and recommendations will be given to bugaboo.

This research was conducted at bugaboo international from September 2008 till December 2008. The preparations for this research were made in Enschede and at the bugaboo international office based in Amsterdam Zuid-Oost, the Netherlands. The actual research was carried out in the office in Amsterdam Zuid-Oost.

1.2 Bugaboo international

In 1994, Max Barenbrug graduated with double honours at the Design Academy in Eindhoven, The Netherlands in two subjects: mobility (Double Dutch City Bike) and leisure time (bugaboo stroller). Max wanted to design a stroller that was functional and at the same time attractive for men. So he developed a stroller with multiple functionalities (figure 1). This project eventually won the Rene Smeets price, a yearly price for the best graduation project at the Design Academy in Eindhoven.

Together with physician and entrepreneur Eduard Zanen – who had become closely involved in the development of the first bugaboo stroller – he approached various stroller manufacturers with his innovative design. Nobody seemed interested in this product, but Max and Eduard believed in this product and decided to optimize their stroller.



Figure 1: Max' graduation project

The design was ingenious but different. Max and Eduard continued to believe in the stroller, which could even be turned into a trailer for pulling behind a bike. Max went back to the drawing board and for the next two years he worked on refining "his" stroller.

The design was altered, leaving out the bike function, but adding the typical bugaboo functions, that are so popular now: the reversible seat, the reversible handlebar and the unique compact folding mechanism.

In 1996, Max and Eduard established bugaboo the company and in the next few years they focussed on mass-producing the stroller. In 1999 the first bugaboo stroller - the Bugaboo Classic - made its debut on the streets of Holland. Soon the time was right to expand and from 2002 the Bugaboo Frog became available in the United States and from 2003 in the United Kingdom. The Bugaboo Frog was characterized by a number of innovations: a "Frog-like suspension" which effortlessly tackled any bumps in the road, the swivel wheels allowing for a perfect 360° turning circle and a hand brake on the handlebar. The various bugaboo models are now available in over 50 countries across five continents.

Bugaboo products distinguish themselves by combining functionality, transparent design, clear applicability and a unique character: smart, exciting and no-nonsense. A new bugaboo product is not ready until it meets bugaboo's own high standards of concept and design. This causes a long product development process. A new bugaboo product has to be a real addition to the existing market. Bugaboo makes innovative products that make the difference; products that are new in



their function or application, new in offering simple solutions to difficult problems and new in the (re)discovery of materials.

The mission of bugaboo international is “to excite every person on the move”, but at this moment this is specified into exciting every parent on the move. The bugaboo vision is to be the leading brand in mobility, by making products that are functional and have to do with mobility. Currently the company focuses on innovative strollers, but this can possibly change in the future. Bugaboo products are known for being functional, innovative, a transport system, for having to do with mobility, for enlarging the freedom of movement and for regular use. At this moment bugaboo sells several different types of strollers worldwide like the Bugaboo Bee, the Cameleon and the car seat developed by Takata, together with all sorts of accessories and special editions.

Bugaboo has been explosively growing in the past couple of years; currently bugaboo international is situated in thirteen offices worldwide with over 250 employees. In the headquarters in Amsterdam 150 employees are situated and next to that over 500 employees are working in the bugaboo factory in China.

The organization is fast growing and this impressive and explosive growth means an increase in complexity and structure on all aspects of the entire organization.

1.3 Bugaboo products

The bugaboo product portfolio has evolved in the past decade. Below the different type of products will be presented in order to understand the recent developments and the focus of this research later on.

As mentioned earlier on, the Bugaboo Classic was the first mass-produced end-product of the bugaboo company. The first batch of Bugaboo Classic strollers was manufactured in Taiwan and delivered to Holland, where it hit the streets. Max Barenbrug evolves the chassis of the Classic to include an innovative frog-like suspension and in 2001 the result is the Bugaboo Frog.

In 2004 the Bugaboo cup holder is launched, parents can now store their coffee or their baby's cup. That year bugaboo also designs a Bugaboo Frog denim special edition to get in on the denim trend. In the forthcoming year the bugaboo product family expands to include two new products for the modern parent, the Bugaboo Gecko and the Bugaboo Cameleon. Also in 2005 bugaboo launches Bugaboo By, a travelling medium for creative statements. This is a cooperation with the Dutch Fashion Foundation and it features a limited-edition Bugaboo Cameleon by designer Bas Kosters.

In 2006 bugaboo creates durable and easy to manoeuvre transport bags, making it easy to transport the complete stroller.

Another type of stroller is launched, in 2007 the Bugaboo Bee is born, a compact and complete stroller especially designed for the urban needs. The 2007 denim 007 special collection and the metallic silver version are also launched for the Bugaboo Cameleon.

In order to provide head and neck support for the smallest babies, the baby cocoon is introduced which can easily be used together with the Bugaboo Bee.

In 2008, leading fashion designer Marc Jacobs works with bugaboo to create 15 glossy black-limited-edition Bugaboo Cameleons. One year later eight exclusive limited-edition Hello Kitty Bugaboo Bee strollers are produced and both become collector's items.

Another special-edition is born when a cooperation is set up with cartoonist and fashion designer Paul Frank. And for the third time bugaboo takes on the denim trend by creating a limited-edition of soft denim Bugaboo Bee's.



At this moment Bugaboo has also designed a line of products, including three special collection strollers, in honour of the (RED) partnership. (RED)'s primary objective is to raise awareness and funds for The Global Fund to help eliminate aids in Africa. Companies whose products carry the (PRODUCT)^{RED} mark contribute a portion of their profits from these products to The Global Fund. Bugaboo is the only (RED) partner to contribute a percentage of the money made from all products sold to this cause.

Nowadays you can purchase the Bugaboo Cameleon, the 2010 Bugaboo Bee (2007 upgrade) and their special and limited collections including the (RED) partnership together with multiple accessories like the wheeled board, the diaper bag and the iPhone holder.



Figure 2: Bugaboo Cameleon



Figure 3: Bugaboo Bee



Figure 4: special collection (bugaboo)^{RED}



Figure 5: (bugaboo)^{RED} iPhone holder

It is a fact that bugaboo launched dozens of new and innovative products in the past decade and added, changed and improved their product portfolio. This research will focus on the launch phase of a new bugaboo product. Particularly the launch of bugaboo products in general will be examined next to the upgrade of the Bugaboo Bee. From hereon the purpose of this research together with the research approach will be attended to.



Chapter 2: Problem Definition and Research Approach

2.1 Introduction

In this chapter the main problem for this research will be presented. Firstly, the research background will be defined in order to understand why this research project is conducted. Next, the research problem, the goals, the boundaries and significance of the research will be given. Thereafter, the different phases of the research and research questions will be formulated. The last step is to define a strategy for handling the main problem and answering the research questions. The research approach will show a methodology which will be used throughout the research.

2.2 Research background

Bugaboo, a design driven company, is known for its new and innovative mobility products. As mentioned before, at this moment the stroller business is the only category of products that bugaboo operates in, but this can change in the future. Lots of business processes have to take place before the actual end-products enter the market.

A new bugaboo product usually starts from a design idea and then develops through several stages where the design, engineering, marketing, production and sales department all have their concerns and responsibilities. Normally, a bugaboo new product development process takes several years before the product is actually being sold at retailers.

Recently bugaboo uses a New Product Development (NPD) stage-gate process for the development of new products (figure 6). The idea of using this type of process started several years ago, but since a year and a half it is fully in use. This model is meant to provide more structure, clarity and transparency in order to have a better and more efficient NPD process.

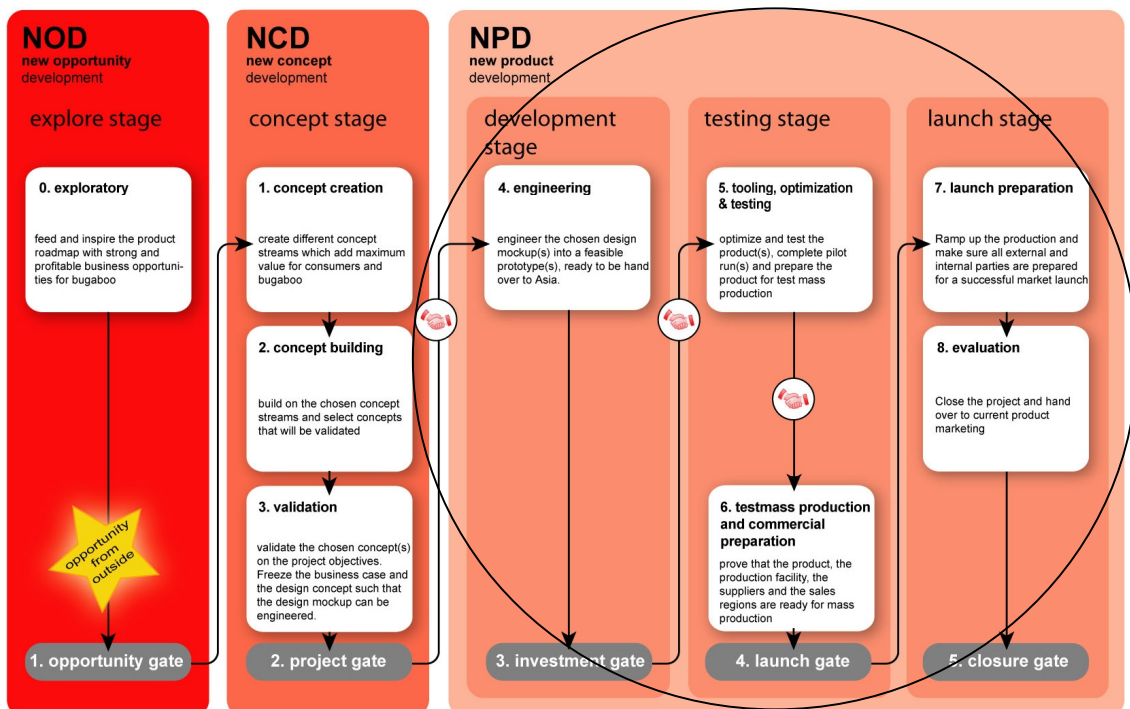


Figure 6: NPD process



This research will be focused on the activities of the launch process of bugaboo products. The launch process, also known as commercialization, concerns every preparation activity that takes place before the product is actually being sold to end-consumers. In terms of the bugaboo NPD process, the launch activities start at the development stage of NPD (figure 6; circle). From hereon the different departments of bugaboo are involved in order to have the product ready to enter the market.

Because of the vision of the company, to be the leading mobility brand, bugaboo will almost continuously launch new products. This means that the launch process is of major importance. A good and important reason for this research to focus on this part of the NPD process

As mentioned earlier, bugaboo sells different type of products; strollers, accessories, a car seat and specials (limited and exclusive editions). When a new idea becomes a project in the NPD process, it has to go through all the stages, where the schedule, the budget and the quality and specifications will differ per type of product.

2.3 Central problem definition

In the NPD process there are lots of factors determining the launch strategy of a product like the marketing of the product, the logistics involved and the production capacity and the type of product. There are also differences in types of NPD; is the project a completely new product, is it an upgrade of an existing product?

As mentioned in chapter 1, bugaboo has launched several products in the last couple of years and this research will address the entire product portfolio of bugaboo and this research will examine the possible improvements in the launch strategy for the upgrade of the Bee stroller, the bugaboo Maya.



Figure 7: Bee stroller

First the Bee stroller and the Maya stroller will shortly be presented in order to understand what the products are and how they are related to each other.



2.3.1 Bee

The Bugaboo Bee is a compact stroller characterized by three unique product features. It is a compact but complete city stroller that can easily be folded and carried. A reversible seat delivers comfort from birth that can be positioned in four positions. The Bee is an urban one-piece stroller and is easy to fold and unfold with one hand and one foot. The one-piece handlebar allows for easy steering with one hand and the cushion foam-filled tires with unique and independent suspension deliver a maneuverable, silent and smooth ride.

2.3.2 Maya

The new Bugaboo Bee, in this research referred to as the Maya, is the upgraded version of the Bee stroller, with innovative upgrades and functionalities.

With a new height-adjustable backrest, sun canopy, 5-point harness and extendable seat bottom, the new Bugaboo Bee experienced some technology and design changes. The circular joint reverse system, to lift and turn the seat, is improved and a complete accessory package is available to meet the demands for newborns and older babies, like the baby cocoon, a car seat adapter and a sun canopy.

In the (near) future new bugaboo products will be introduced. In order to improve the market launch process, bugaboo is eager to know what good new product launch strategies would be per product category and for the bugaboo Maya as an example.



2.3.3 Formulating the problem definition

In order to formulate a problem definition for this research, a model of Verschuren¹ (1991) is used.

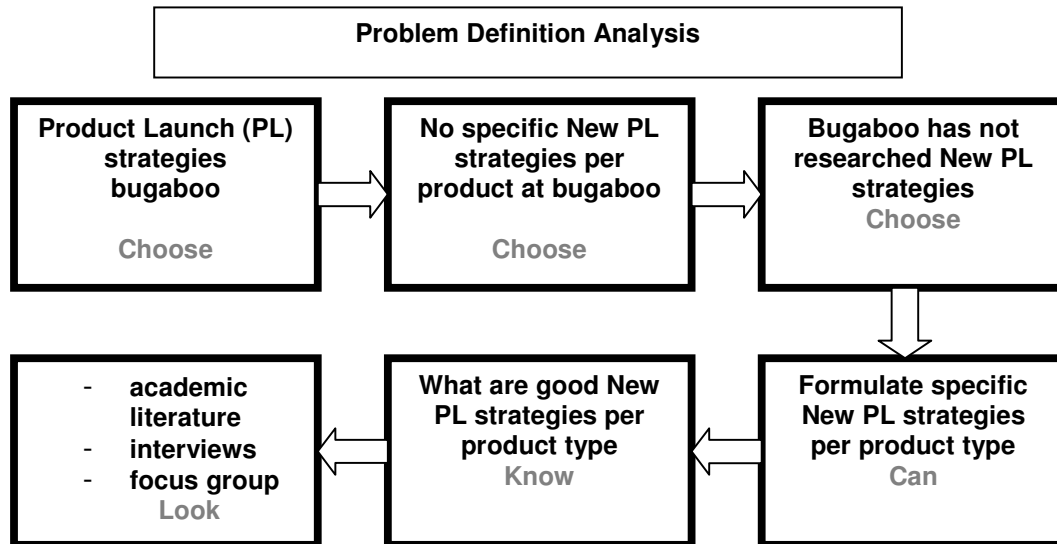


Figure 8: research problem analysis model

First of all the overall subject is chosen, with the main problem and the specific issue. From hereon, research can be conducted in order to formulate possible solutions for the problem. These specific solutions can be researched with help of several information sources.

Following the route of this model and the background of this research, the central problem definition becomes clear:

For bugaboo it is unclear what good strategies are to launch new products.

2.4 Research goals

Having formulated the central problem, it is then a logical step to have a specific goal for this research. In this case, bugaboo is eager to know if it can improve its launch phase of the NPD process. In particular the new product launch strategy for the entire product portfolio and thus the different product types. Also the upcoming Bugaboo Maya, a product upgrade, shall be examined. The goal is to come up with recommendations for a good launch strategy per product category by investigating the current situation at bugaboo international and comparing that to the outcomes of interviews with employees, focus group meetings and a literature study on market launch strategies. When this goal is achieved, other future products can benefit from the outcomes.

2.4.1 Boundaries and significance

The specific aim of the launch research is to improve the launch phase of bugaboo. In particular the launch of forthcoming products per product type will be under investigation.

The primary goal is to come up with specific launch strategies per product type for the entire bugaboo portfolio by building a launch model that includes structure and business rules. Secondly the aim of this research is to make this model applicable for the bugaboo Maya, a product upgrade.

¹ P.J.M. Verschuren (1991). De probleemstelling van een onderzoek. p4.

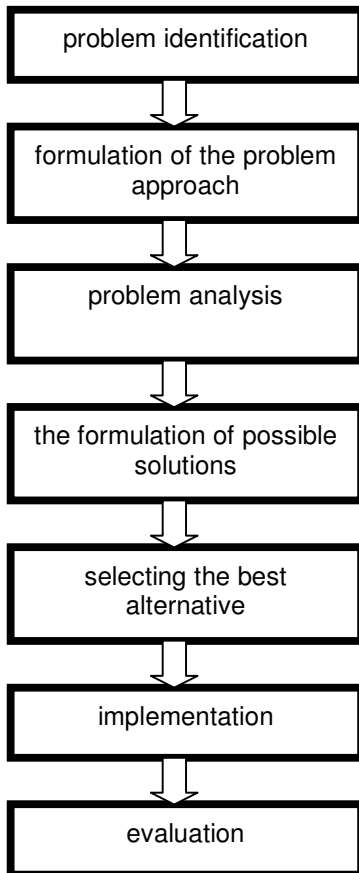


Figure 9: ABP

2.5 Research phases

From hereon a complete overview of the research phases and methodology will be given. The research phases will be followed to address the central problem definition and the main research question. An existing methodology that includes the phases: problem identification; formulation of the problem approach; problem analysis; the formulation of possible solutions; selecting the best alternative; implementation and evaluation will be used. These phases are derived from the Algemeen Bedrijfskundige Probleemaanpak (ABP)². This method has been developed by the School of Management and Governance Twente for solving problems within organizations (figure 9).

The central problem definition is followed by a research goal from which the main research question will be stated. Verschuren en Doorewaard (2007) also prescribe a research goal and is required when writing a bachelor thesis by the University of Twente.

From the main research questions, several sub-questions with a smaller scope will derive in order to answer the main question.

2.6 Research questions

In order to address the central problem definition, a main research question will be given. Thereafter, several sub-questions will be formulated. Next, the approach in how to answer these questions is discussed. To achieve the formulated goals, the following main research question is formulated:

- *What are good launch strategies for bugaboo?*

This main question addresses the central problem definition and is specified to the launch of new bugaboo products. Launch strategies per product type will be presented and in order to achieve that, a general launch strategy model will be created. A launch strategy for the upgrade of the Bugaboo Bee, the Maya, following the launch model will be given to explain the use of the model. Therefore and for answering the main research question, the following sub-questions have been formulated:

- 1) What have been the current launch strategies at bugaboo for the Bugaboo Bee?
- 2) What are criteria for successful product launches?
- 3) Which launch strategy improvements can contribute to the market launch of future bugaboo products?
- 4) Which launch strategy improvements can contribute to the market launch of the Maya?

² ABP Module (2001). Reader: *Inleiding Technische Bedrijfskunde, onderdeel: methodologie*



To get a clear view on how this research will be conducted and in what manner the questions are related to one another and to the main question, a model is created (figure 10).

First of all it must be clear what the current launch strategies at bugaboo of new products and upgrades are (Q1). To do so, the actors and their interest need to be defined, so information from them can be derived. Next information is needed to determine what bugaboo defines as a (successful) product launch strategy (Q2) and at the same time a literature research can provide the information on different new product launch strategies and how this is applicable for bugaboo products (Q2). The literature and input from the employees can provide information that can be used for recommendations for future bugaboo products (Q3) and for the Maya (Q4), while taking all preconditions of bugaboo into account. With all the collected information and analyses, possible improvements for new product and upgrade launch strategies can be recommended (main question).

In this model a gap is indicated between current launch strategies and successful launch. This is the part of the research where differences and inefficiencies are expected when comparing the current launch situation at bugaboo to suggestions from employees and literature.

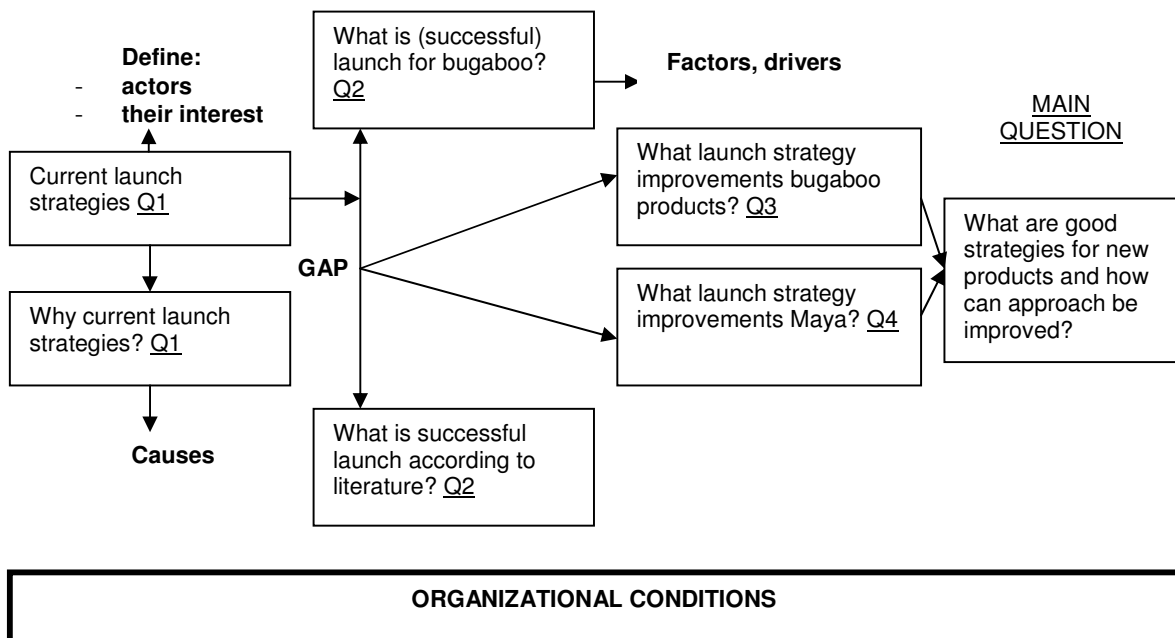


Figure 10: Research questions model

2.7 List of definitions

Several terms are mentioned in the problem definition and the research questions. Below an explanation will be given in order to understand the meaning of these terms in this research:

- Unclear: not clear to the mind for bugaboo, not well researched.
- New product: a completely new bugaboo product that will be introduced into the market in the future
- Upgrade: a new and improved version of a bugaboo product that is already being sold
- Upcoming products: products that are past the testing phase of bugaboo and are ready to enter the market in the (near) future
- Bee: a type of stroller that is currently being sold
- Maya: the upgrade of the currently sold Bee
- Launch: the process and phase in which bugaboo prepares a strategy to introduce its products to market until the actual market entry.



- Strategy: a systematic (long term) plan to achieve a certain goal.
- Current launch strategies: the current plans of bugaboo to put new products or upgrades into the market
- Gap: the difference between the current situation and the best situation concerning product launch for bugaboo
- Applicable: relevant and appropriate improvements for bugaboo concerning launch strategy
- Successful: the subjective desired effect for bugaboo concerning the launch of products
- Optimize / optimalization: reaching maximum efficiency in the product launch for bugaboo, by changing, adapting or improving the current situation.

2.8 Research approach

In this paragraph the research phases will be described and also per research phase there will be described what will be done.

2.8.1 Problem identification phase

The first step in this research is identifying why this research will be executed. In paragraph 2.3.3 a problem definition was given from which a main research question has been formulated. Then the formulation of the sub-questions should assist in answering the main question. The problem definition, the research background and the main question have been formulated in the previous section. These are based upon conversations with Rolf Smeding of bugaboo international, Petra de Weerd-Nederhof, Pieter Terlouw and my own input.

2.8.2 Problem approach phase

In this phase, the strategy on how to approach the main problem and the research questions is given. The literature and methods used to acquire information are described. A literature description and theories used for the problem analysis phase are stated in chapter 3. In order to answer the main question the structure of the ABP module is used.

First of all a short literature study on launch strategies has taken place in order to understand the topic of this research.

Shortly after, this research starts with interviews instead of a detailed literature research because of several reasons. First of all by interviewing the responsible persons and deriving information from them, it is easier to clearly define the research. Otherwise the literature research on launch strategies would be very broad. Second of all, with this approach more specific research can be done in less time, because of the better understanding of what the organization, bugaboo, wants. So the limitation of time in this research is another reason for starting with interviewing. After having collected the information from the interviews like determining factors and reasons for launch, the main issues shall be categorized in order to start a focus group session. This session should provide more detailed information on what the main priorities in product launch for bugaboo are. From this point, academic literature can be consulted in order to come up with improvements and recommendations.

This method of research is called a case study, by interviewing several employees of one organization and being in the field (Baarda, 1998) an in-depth examination of a single instance (Babbie, 2004) takes place. Qualitative data is collected by observation and interviews (Baarda, 1998). Yin (2003) states that in an exploratory case study, fieldwork and data collection are prior to the final definition of study questions and hypotheses. The information collected in this research by an exploratory case study should also make the research more clearly defined. Two important sources like data from bugaboo and knowledge from employees from several departments, as mentioned in Verschuren en Doorewaard (2007) are used.



A case study relies on techniques as in a history study, but two more sources of evidence are included; direct observation of the events being studied and interviews of the persons involved in the events. Thus the unique strength of a case study is its ability to deal with a full variety of evidence, like interviews, documents and observations, beyond what is available in a history study (Yin, 2003). This particular case study follows the type of research methodology which is based upon the use of multiple sources of evidence. Yin (2003) describes four kinds of case study designs (figure 11).

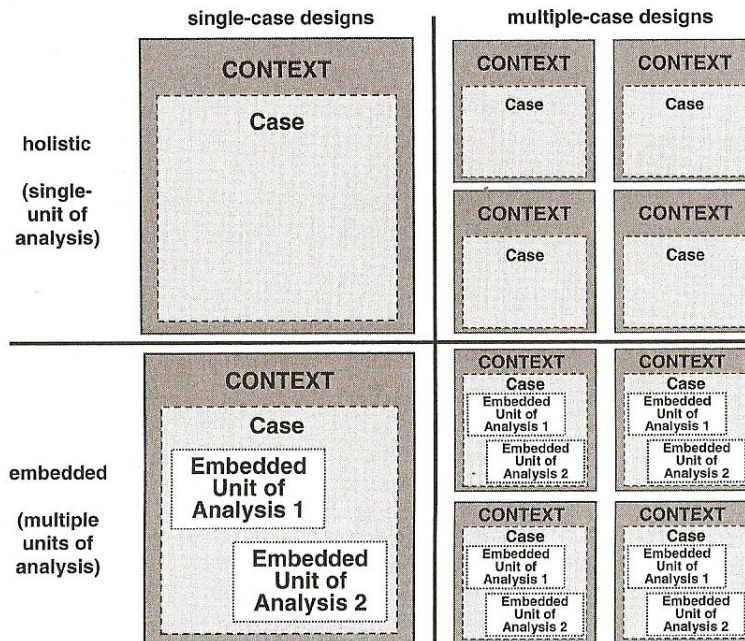


Figure 11: basic types of designs for case studies³

This matrix shows single- and multiple-case design situations where there can be a unitary unit or multiple units of analysis, which results in a single-case holistic design, a single-case embedded design, a multiple-case holistic design and a multiple-case embedded design.

In this research, within a single case, bugaboo international, attention is given to subunits. Although the study is about a single organization, the analysis includes several units of analysis which results in the design called a *single-case embedded design*. The use of more units of analysis is enhancing the insights into the single case. Any finding or conclusion in a case study is likely to be much more convincing and accurate if it is based on several different sources of information (Yin, 2003).

Besides multiple, variable data sources and units of analysis, a combination of methodologies to study a single problem or program is used in this research. This so called triangulation strengthens a study (Patton, 1990). In this research the study is strengthened by using methodologies like interviews, a focus group session and a literature study.

The reason for using this case study design is that a lot of information and input is needed from employees within the bugaboo organization. Academic literature on launch strategies often describe the “best in practice” solutions or case specific solutions, but the input of the bugaboo organization, for example, the culture and the bugaboo conditions determine the research as well. Solely focusing on the existing literature is not enough to recommend improvements in bugaboo specific launch strategies.

³ Yin, R.K. (2003), Case study research design and methods, p 40.



In order to gather the needed bugaboo specific information, the qualitative methodologist must get close enough to the people and the situation being studied to personally understand in depth the details of what goes on (Patton, 1990). In this case this research was performed a month and a half after I assisted the innovations department in their reorganization track Supply Chain Configuration.

This research starts with an inductive analysis with specific observations and is building towards general patterns, which emerge from open-ended observations. Because a structured questionnaire or interview requires a deductive approach, items must be predetermined by some theory or criteria. For this research this is not the case; the respondents can describe what is meaningful to them without being forced in answering into standardized categories. An inductive analysis is an immersion in the details and specifics of the data to discover important categories, dimensions and interrelationships; begun by exploring genuinely open questions rather than testing theoretical derived (deductive) hypotheses (Patton, 1990). By starting with observations that are later formulated into empirical generalizations, the Wheel of Science (Babbie, 2004) is used in an inductive manner. As mentioned earlier, this research starts with interviews which will be further described in the next paragraph.

After deriving the necessary information from the bugaboo employees, the literature study can be specified. This literature shall be used to come up with a concept model in new product launch strategies which will be presented in chapter 3.

In this research the central problem is tackled using input from inside the organization, because of the flaws that were internally made and the literature knowledge that was not attended to. These will be presented in chapter 4. The end-consumers do not have insight in this information and are therefore not part of this research. The formulated sub-questions in 2.6 will be answered in these two chapters.

2.8.2.1 Qualitative interview

The first phase of the research concerns the qualitative interview. This type of interview is based on a set of topics that is discussed in depth and not based on standardized questions (Babbie, 2004). Information from several responsible employees of the departments can offer input for narrowing the research in order to find the current problems in the improvement of the launch phase.

Interviews can be divided into different types, the structured and unstructured interview (Emans, 1990). The difference concerns the question and answer possibilities. In this research, a mixture of both shall be used, because several topics need to be discussed, but there must be enough room for the employees to give their own vision on the current situation and their possible ideas for improvement. Per subject a first question is known, but from there the interview is open ended (Emans, 1990). By asking more specific questions depending on the answers of the interviewee, the necessary and desired information can be derived.

The face to face interviews will take place at the bugaboo international office in Amsterdam, because that is where most of the interviewees are situated. When this is absolutely impossible, because the employees work in China for instance, interviews by phone will be conducted. The quality of interviews by phone does not differ a lot compared to face to face interviews (Emans, 1990). The face to face method is suitable in this situation, because the subjective information from the employees can be derived while asking them questions in person and adapting questions depending on their answers. Tacit knowledge, opinions and other personal input are desired to find out what is of importance for the organization. Another reason why open-ended interviews are used is because they add depth, detail and meaning at a very personal level of experience (Patton, 1990). The actual measurement will follow in chapter 4.



2.8.2.2 Focus group

The next step is to sort out the collected information from the interviews and come up with one or more large general launch factors or reasons and possible improvement suggestions provided by the interviewees. These central issues are the input for a session with a focus group which will serve as a decision support session for the literature study. A focus group is a group interviewed together prompting a discussion (Babbie, 2004). The discussion on several topics concerning the launch strategies is taking place with subjects selected on the basis of their relevance. With this technique certain aspects of the topics could be discussed which would not have emerged during the individual interviews (Babbie, 2004). The preparation and methods of this focus group will be explained later.

2.8.2.3 Literature research

With the information collected from the employees in the preceding two steps, academic literature will be used to search for improvements in strategies while the problem is now more clearly defined. The next step is to conduct a detailed literature study in launch strategies, focused on the outcomes of the data from the employees.

To conduct this research a research model from Verschuren en Doorewaard (2007) is used which is specified to this research (figure 12). Interviews with employees, the focus group session and a literature study provide judgment criteria. When comparing these judgment criteria to the current situation at bugaboo and their preconditions, several improvements from the literature can be evaluated. From here the possible improvement options can be analyzed and a proposal with recommendations can be given.

But first of all getting familiar with the organization and the way it works is of importance to understand what is going on and who to consult later on. This was possible during August and September 2008 while assisting the NPD department.

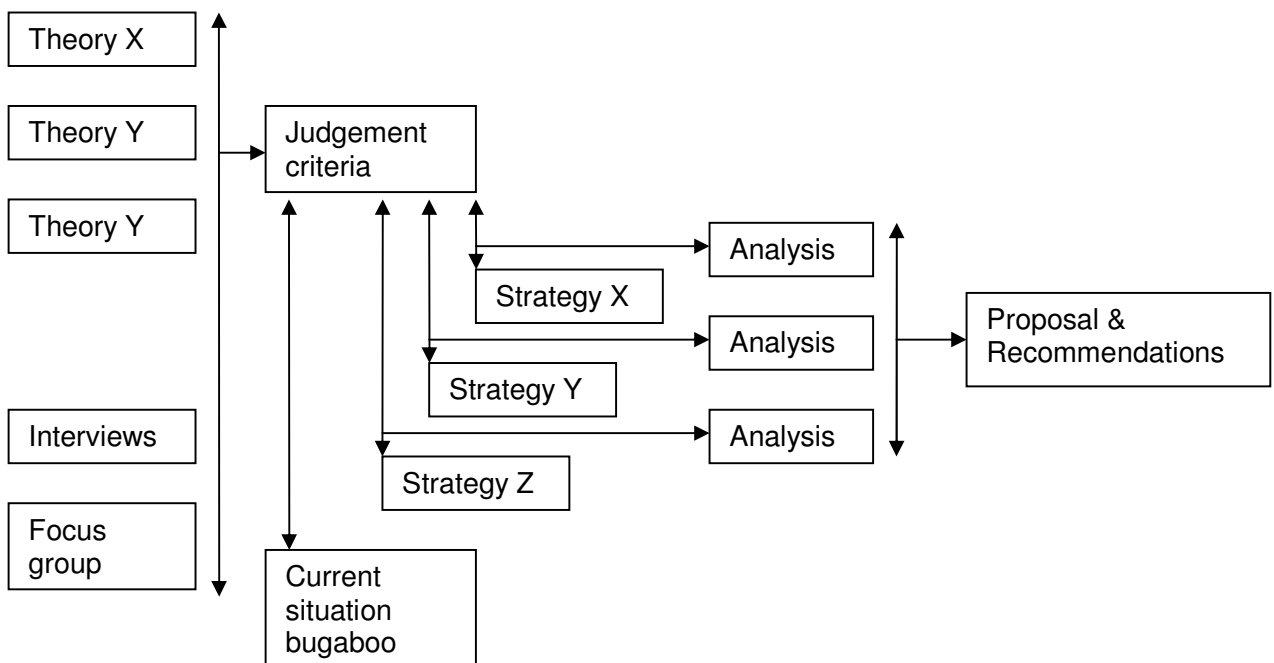


Figure 12: Research model

The research subject is bugaboo international, the units of analysis will be the individual employees who are involved in the product launch phase of the NPD process and who will be selected for the interviews and focus group session. The aggregation level is on the individual.



2.8.3 Problem analysis phase

Now that the problem approach has become clear and the aspects to be analyzed are defined, the strategy for answering the research questions that belong to the problem analysis phase will be outlined. First of all, by conducting the interviews, a lot of information is collected from the different employees. Because of the different departments they are working, this information will be categorized, so the main comments and input can be grouped in order to use this for the second phase of the research. Secondly this categorized information will serve as input for the focus group session. The aim of this focus group session is to discuss the input and comments from the employees in order to come up with important factors and reasons for a bugaboo launch. After this information is analyzed, a literature study can provide other insights in bugaboo launch improvements. Specific recommended strategies for future products per product type and for the Maya launch can then be formulated.

2.8.4 Solution formulation and decision phase

In this phase, solutions that address the central problem definition will be presented. First, useful information derived from the interviews, the focus group meeting and a literature review will be presented. Secondly, the launch model that is created by adapting the concept model from chapter 3 and the analysis in chapter 4 is discussed. After the launch model is presented the main research question will be answered. This phase will be presented in chapter 5.

2.8.5 Implementation phase

After answering the main research question, an advice to bugaboo is given. This advice contains the guidelines for the implementation of the chosen solutions. The implementation will be presented in chapter 5.

2.8.6 Evaluation phase

In chapter 5 the conclusions are drawn regarding the entire research process. All findings and the academic value of this research will be presented.

2.9 Requirements and restrictions

The NPD process itself is excluded in this research, solely the possible launch strategies are essential. The research is based on collected data from September 2008 until January 2009.

2.10 Conclusion

In this chapter all the research questions were formulated following the central problem definition. Next, the research goals, the problem approach were formulated and the research methods on how to address the bugaboo launch strategy improvements became clear. Through the use of qualitative interviews, observations, a focus group and a literature review the required information for answering the main question will be obtained.



Chapter 3: Building the concept launch model

3.1 Introduction

In this chapter, the theoretical framework will be provided in order to answer the research questions stated in chapter 2. Several theories will be described and later on these theories will be addressed more thoroughly and applied to the actual research problem. The theories used for the problem identification and approach phase have been described earlier on. This part will solely focus on the problem analysis phase. After addressing the relevant theories, a concept model shall be introduced which can be used as a tool for product launches.

3.2 Theories used for analysis

3.2.1 Launch strategies and tactics

A common issue identified in literature of new product launch strategies is the impact on product performance. Launch strategy decisions are made concerning the questions *what, when, where, why* and *how* to launch. Often the product launch in the NPD process requires the largest commitment in time, money and managerial resources (Urban and Hauser, 1993).

First of all, the differences between strategic and tactical decisions will be explained where after the impact on product performance is given.

Different launch strategy variables are included in different studies. Choffray and Lilien (1984) included the newness of the new product, pricing, timing and distribution decisions. Green and Ryans (1990) included timing, product advantage and marketing and R&D expenditures. And Hultink and Schoormans (1995) included pricing, promotion, product assortment and product advantage. A launch strategy consist of those marketing decisions that are necessary to present a product to its target market and begin to generate income from sales of the new product according to Green and Ryans (1990).

In their research, Hultink et al. (1998) wanted to provide a more complete understanding of launch strategies and the association with new product performance. In their descriptive and exploratory approach, a definition of the complexity and structure of 'generic' launch decisions is given.

First of all, this study mentions launch decisions prior to development, which are set before starting the project, these are defined as strategic launch decisions. Second of all, later decisions are the tactical decisions because they determine *how* to launch products.

The strategic launch decisions contain elements of the product strategy, the market strategy and the firm's strategy (Biggadike, 1979; Crawford, 1984), in other words the *what, where, when* and *why to launch* questions are made at an early stage of development and are difficult or expensive to change in the NPD process.

Tactical launch decisions are made relatively late in the project (after testing of the new product) and can easily and inexpensively be changed. These decisions cover the *how* question and concern marketing mix decisions like pricing, branding, advertising and promotion and distribution. The research model used (figure 13), shows interaction between strategic and tactical decisions and are both associated with new product performance.

Hultink et al. (1998) found strategic and tactical launch decisions that are related as sets. The most important strategic launch decisions are innovativeness and market development characteristics while pricing and promotion decisions were the most important in tactical launch decisions. This dimension is labeled *price/innovativeness propositions over the product life cycle*. Product life cycle (PLC) theories also describe that marketing decisions should change over the PLC stages (Day 1981; Levitt, 1969).

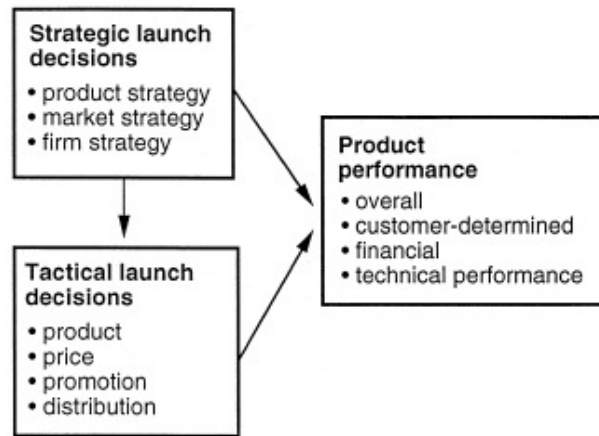


Figure 13: Impact of launch decisions on new product performance⁴

Another dimension suggests strategic decisions regarding the number of competitors, newness and two objectives (establishing a foothold in a new market and creating barriers for the competition) which are associated with the tactical decisions for distribution expenditures, the choice of distribution channels and the use of customer promotion and TV advertising. This dimension is labeled *attack or defend by distribution tactics*.

Next, the research shows several ‘generic’ launch strategies divided in three clusters: The Innovative New Products launch, the Offensive Improvements launch and the Defensive Additions launch (figure 14). This figure shows the content of the strategic and tactical decisions per cluster type of product.

	Cluster 1 (N = 298), Innovative new products	Cluster 2 (N = 260), Offensive improvements	Cluster 3 (N = 385), Defensive additions
<i>Strategic launch decisions</i>			
Innovativeness	More Innovative	More Innovative	Equally/Less Innovative
Newness	Completely New	Improvements	Additions to Line
PLC stage	Introduction Stage	Maturity Stage	Growth/Maturity Stage
Number of competitors		0	> 4
NPD driver	Technology-Driven	Mix Market/Technology	Mainly Market
Objectives	Foothold in New Market	Barriers for Competition	Expanding the Product Range Barriers for Competition Increase Penetration Lower Costs Possible Capitalize on Existing Market
<i>Tactical launch decisions</i>			
Branding	New Brand		Brand Extensions
Product assortment	Broader	Broader	Equal/Smaller
Distribution channels	New Channels	Current Channels	Both New and Current
Distribution expenditures	Less	More	Same
Price level	Higher	Higher	Equal/Lower
Pricing strategy	Skimming	Skimming	Penetration/Other
Communication channels		Customer Promotion TV Advertising	Customer Promotion Salesforce Promotion

Figure 14: A typology of launch strategies⁵

Hultink et al. (1998) also found that different launch strategies are associated with different levels of product development performance. It is clear that the choice of launch strategy decisions matters and that strategic and tactical decisions are not randomly chosen.

⁴ Hultink et al. (1998), In search of generic launch strategies for new products, p. 272

⁵ Hultink et al. (1998), In search of generic launch strategies for new products, p. 280



3.2.2 New product performance

In their research, Hultink and Robben (1999) present two dimensions of new product performance, *market acceptance* (new product's market position and sales levels) and *product performance* (the quality and technical performance). Five major observations from their findings are presented.

First, product innovativeness, early timing, penetration pricing, a broader product assortment, not using a new brand name and following offensive introduction objectives all positively relate to new product performance. Second, there is no relationship found between distribution and promotion expenditures and the stage of the PLC with new product performance. Next, not using a new brand name, the formulation of market penetration objectives and using an existing market related positively to new product performance. Fourth, more intense competitive reactions related positively to market acceptance. And fifth, the results are comparable for consumer and industrial new products.

To sum, the launch strategy should contain the following, in order to achieve a positive new product performance:

- an innovative new product
- a broad product assortment to cover customer preferences and budgets
- early timing
- not using a new brand name
- explicit market penetration objectives for an existing market
- penetration pricing
- explicit awareness of competitors; reactions to the new product

3.2.3 Product development success

Product development is a potential source of competitive advantage for many firms (Brown & Eisenhardt, 1995). For bugaboo the development of new products is embedded in the vision of being the leading mobility brand. New product ideas are continuously developed in order to follow the mission and vision of the company.

Brown and Eisenhardt (1995) developed a model of factors that affect the success of product development. Product development as a *rational plan*, *communication web* and *disciplined problem solving* are three streams that are investigated in their research. The rational plan research focuses on determinants of the financial performance of a product, the communication web research focuses on the effects of communication on project performance and the disciplined problem solving stream focuses on the effects of a product development team, its suppliers and leaders on the actual product-development process.

The rational plan of the product development should provide success via a superior product, an attractive market and a rational organization. The communication web should provide success via internal and external communication. And the disciplined problem solving should provide product development success by solving problems with discipline.

The rational plan emphasizes that successful product development is the result of careful planning of a superior product for an attractive market and the execution of that plan by a competent and well coordinated cross-functional team that operates with the blessing of the senior management (Brown & Eisenhardt, 1995). These variables are correlated with the financial success of a product development project.

Factors that influence the product success are product advantage, internal organization and market attractiveness (Cooper, 1979, Cooper & Kleinschmidt, 1987)

Overall, successful product development is the result of rational planning and execution. This is the case when the product has marketplace advantages, is targeted at an attractive market and is well executed through excellent internal organization. The latter must contain carefully planned pre-development activities, execution by competent and well-coordinated cross-functional teams playing on the synergies of the firm and significant support from top management (Brown & Eisenhardt, 1995).



The communication web stream focuses on the communication during the product development process. Based on research of Allen (1971, 1977) communication among project team members and with outsiders stimulate the performance of the teams. So the better that members are connected with each other and key outsiders, the more successful the development process. Overall, external communication is critical to successful product development, where successful product-development teams include gatekeepers, who encourage team communication outside of their groups and powerful project managers who communicate externally to ensure resources for the group.

Also internal communication improves the development-team performance; managers who are internally focused on the technical issues of the project enhance internal communication and improve team performance. Cross-functional teams that structure their internal communication around concrete tasks, novel routines and fluid job descriptions are associated with improved internal communication and successful products.

The disciplined problem solving sees successful product development as a balancing between relative autonomous problem solving by the project team and the discipline of a heavyweight leader, strong top management and a clear product vision (Imai et al., 1985, Quinn, 1985). This should result in a fast and productive development process and a high quality product concept. The project and senior management should provide a vision or discipline to the development efforts and on the other hand they should provide autonomy to the team. Product development is portrayed as a balancing act between product vision developed at the executive level and problem solving found at the project level.

This stream focuses more on the development process and product concept than on the financial success of the rational plan. Compared, the communication web stream has a broader scope and considers the role of suppliers and senior management in addition to project leaders and teams.

These three streams focus on different aspects of product development, but they also offer complementary and sometimes overlapping insights into product development (Brown & Eisenhardt, 1995).

There are multiple players whose actions influence product performance. The project team, leader, senior management, and suppliers affect process performance (i.e., speed and productivity of product development), the project leader, customers, and senior management affect product effectiveness (i.e., the fit of the product with firm competencies and market needs) and the combination of an efficient process, effective product and targeted market shapes the financial success of the product (i.e., revenue, profitability, and market share). Both product effectiveness and process performance influence the financial success of the product.

To sum, a high-productive process means lower costs and thus lower prices, which should lead to greater product success. Second, a faster process creates strategic flexibility and less time to product launch which may lead to financially successful products.

The product effectiveness also influences the financial success of the product. Product characteristics such as low-cost and unique benefits and competencies create financially successful products and these are more attractive to consumers.

Also a market that is large, growing and has low competition leads to financial success. The reasoning is that such markets offer the possibility of large sales and, in the case of growing markets, competitive instability that may favor new products.

Thus, a strong product-development process, an attractive product, and a well chosen market should lead to a financially successful product.



3.2.4 Pricing decisions

In order to understand the different pricing methods and decisions, a short explanation is given. Price skimming: Launching a new product at a high price to the initial market in order to attract the least price-sensitive customers. This is a pricing strategy to generate profit quickly before the competitors enter the market; an attractive strategy for a new and unique product. Prices can easily be lowered and the pricing method contributes to building value of the brand or to the reputation of a company. Rapid skimming means launching at a high price and a high promotional level and is useful when a large part of the potential market is unaware of the product. Slow skimming means launching a new product at a high price and low promotion; this makes sense when the market is rather limited.

Price penetration: Launching a product at a low price and making it attractive to the mass market in order to achieve a large market share by the initial sales. Potential fast diffusion and word of mouth effects are advantages. Also market entry of new competitors is discouraged because of the low price. Raising prices is difficult and the perceived brand value or reputation of the company may be influenced. Rapid penetration means launching at a low price with a high promotional level, a large unaware market is targeted. Slow penetration means launching at a low price and with low promotional activities. When the market is large, awareness of the product and competitors are potential.

3.2.5 Market acceptance and buying behavior

Guiltinan (1999) proposed a framework that includes various meanings of market acceptance and the driving forces influencing this acceptance, because he defines market acceptance as a necessary condition for a successful launch. In line with the research at bugaboo, launch planning begins when the marketing strategy is developed (Stryker, 1996) and continues in parallel with product development and testing.

Guiltinan (1999) suggests that the selection of launch activities depends on the buying behavior that needs to be influenced. For his framework, the typology of new products by Booz, Allen and Hamilton (Cooper, 1993) and the innovativeness are used to identify different demand goals. Below (figure 15), the new product type, the type of demand and different patterns of buying behavior that follow the type of demand goals are presented.

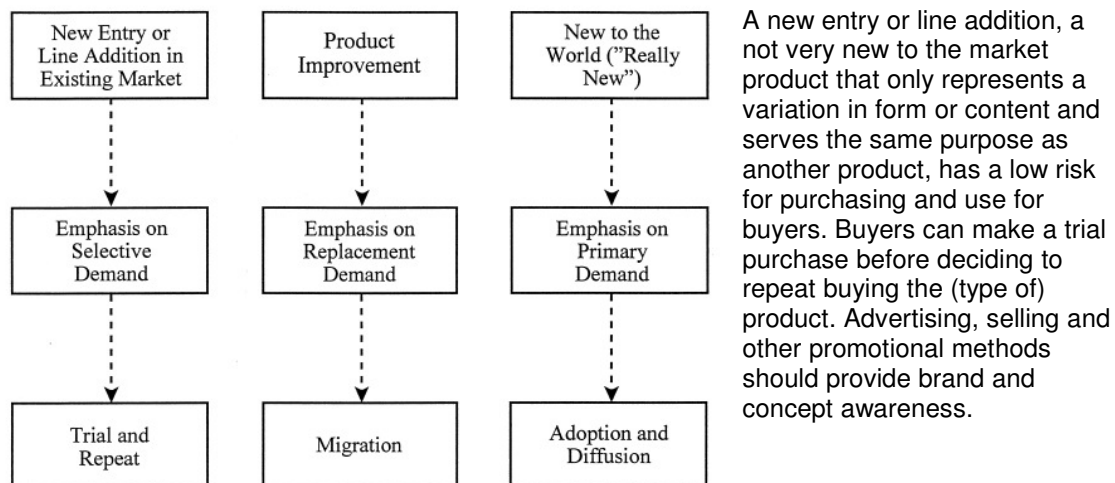


Figure 15: Degrees of innovativeness of new products and desired buying behaviors.⁶

⁶ Guiltinan, J.P. (1999), Launch Strategy, Launch Tactics and Demand Outcomes, p. 512



In case of a product improvement, an upgrade or change of an existing product, existing buyers need to migrate to the new product. An existing offering is replaced or a market segment is served by a new pricing strategy. Buyers' migration depends on the benefits and costs of change to the new product. The launch plan must contain stimulation of the improvement in the disadvantage of the old product.

In the last category, the "really new" products, buyers are slower to adopt and diffuse the product. Launch activities are aimed at innovative adopters, but when entering the market as a later entrant, other types of buyers are targeted, like late adopters.

So the type of newness of the product determines different activities in launching considering the demand.

Relative advantage and compatibility of a new product are the most important determinants of new product trial and adoption. The first depends on a positioning of a product's benefits against those of other products, the latter depends on a positioning of the product's fit with individuals' needs, values and experiences compared to the fit of other previously used products (Guiltinan, 1999).

Guiltinan (1999) presents a framework including these determinants together with strategic and tactical components of a launch plan (Hultink et al., 1997). Therefore the targeting strategy, the timing strategy and strength of relative advantage following the relative innovativeness of the product need to be considered. The choice to lead or follow in a market has impact on the relative innovativeness and vice versa.

In this paragraph trial can be explained as a consumer that tries the innovation to improve his or her estimate of its value. Adoption is defined as the consumer deciding to make full and regular use of the innovation.⁷

The market segmentation choice can be divided into some niche options that can be applied generally. Figure 16⁸ shows the different relationships between buying behavior, market segments and the importance of relative advantage and compatibility.

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.

Figure 16: Strategic niche opportunities and characteristics

⁷ Kotler, P. (2000). Marketing Management

⁸ Guiltinan, J.P. (1999), Launch Strategy, Launch Tactics and Demand Outcomes, p. 517



The tactical components of a launch plan are the decisions and activities used to show the relative advantages and the compatibility to the targeted market. Variations in combinations of launch tactics influence the desired impact on market perceptions and behavior in a way that strategy and tactics are mutually reinforcing.

The framework (figure 17), for selecting launch tactics in order to generate the desired demand outcomes Guiltinan (1999) presents, shows four different risk/reward scenarios. Reward will increase in case of greater relative advantage and risk will decrease with greater compatibility. Differences in choices of set of tactics like promotion, sales and distribution support, pricing, product and timing between the advantage and compatibility combinations represent the options to generate the desired demand outcome.

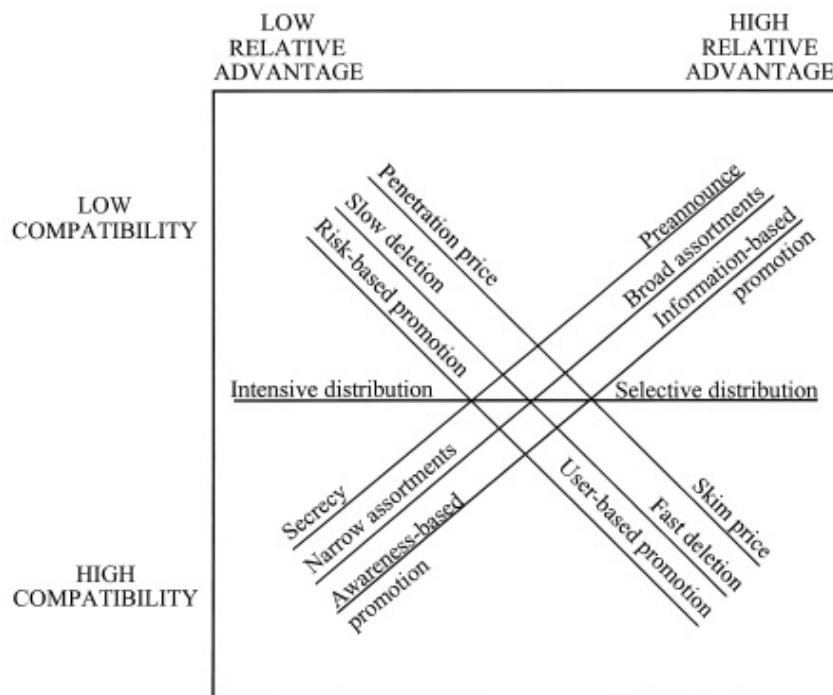


Figure 17: risk/reward combinations for the buyer and appropriate launch tactics⁹

⁹ Guiltinan, J.P. (1999), Launch Strategy, Launch Tactics and Demand Outcomes, p. 521



3.2.6 Replacement of products

Saunders and Jobber (1994) formulated a conceptual model of product replacement strategies that focuses on the successful management of the replacement of an old product by the new one. The central issue in the model is how to phase in new products while phasing out the old ones. Differences in the nature of the product replacement and phasing strategies together with introductory marketing strategies are presented.

Possible phasing strategies that can be used in combination with each other:

- Seasonal switch; during low season while demand is low and consumers' attention is elsewhere, trade shows are often used for the next high season. High seasonal launch is chosen to stimulate sales force and retail effort, while production discontinuities are low.
- Roll in/out strategies; spreading changes over time and markets. Acting first in home markets and then continue in other markets.
- Downgrading; the old product serves a specific market segment.
- Splitting; segmental roll in/out strategy where a product has specialized versions. Deleting one version while retaining others.
- Sharing; sharing of components by products, if products change radically, but parallel products retain components.
- Prior publicity; specials and teasers used to stimulate demand in old products. This can be a necessary strategy if consumers know that a replacement is coming that will make the old product obsolete. Teaser campaigns can slow the demand for the old product and stack up demand for the new one.
- Fudging; overlapping and not broadcasting the relationship between the replacement and the replaced product.

Next Saunders and Jobber (1994) defined a modification of Ansoff's product/market expansion grid (figure 18). This figure shows a classification of replacements and how the marketing mix changes during the process.

		PRODUCT		
		No Change	Modified	Technology Change
MARKETING	No Change	No Change No change	Facelift Appearance	Innovation Substitution Technology Materials Manufacturing
	Modified	Re-merchandising Name Promotion Price Distribution Packaging	Re-launch Costs Promotion Price Distribution	Competition Substitution Technology Materials Name Appearance Promotion Price Distribution
	New Market/ Segment	Intangible Repositioning Name Promotion Price Distribution Target Competition	Tangible Repositioning Name Appearance Costs Promotion Price Distribution Target Competition	New- Innovation Technology Materials Manufacturing Promotion Price Target market Competition

Figure 18: the phasing continuity spectrum¹⁰

¹⁰ Saunders and Jobber (1994), Product Replacement: Strategies for Simultaneous Product Deletion and Launch, p. 438.



The coordination of pricing and promotion of a product launch is shown in Kotler's matrix of introductory marketing strategies (figure 19).

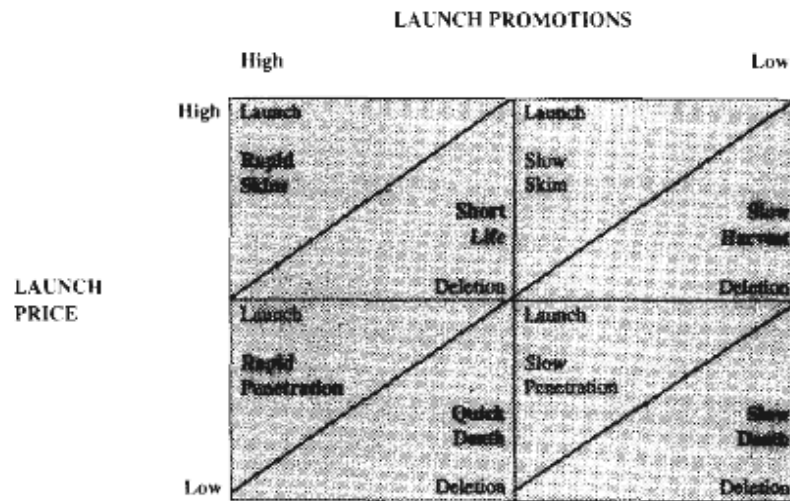


Figure 19: Launch deletion matrix¹¹

This matrix shows the appropriate deletion strategy compared to the launch strategy. For example when a product is launched with a rapid penetration strategy, the old product will suffer a quick death, because the new product takes over its market due to no price competitiveness and the promotional expenditures spent to the new product. The quick death of the old product helps the acceptance of the new product.

A rapid skim strategy (high price and high promotion) means addressing an unaware and other market, so in order to keep the market share of the price sensitive consumers, the short-life deletion strategy is appropriate for the old product. If slow skim and slow penetration strategies are not combined with slow deletion strategies, market share losses during the switch over occur. Slow skimming combines a high price with low promotional expenditures; a combination with harvesting the old product by reducing promotional support is the logical strategy.

In their article, Pennings and Lint (2000) claim that under certain circumstances it seems to be profitable to phase the roll out and to postpone a global market introduction in order to 'learn' about the market and to gain flexibility. Urban and Hauser (1993) give two reasons to phase out a new product. First of all, a company may not have enough capital to launch globally and secondly, a global market introduction can be too risky because uncertainty of customer response exists. A phased roll out provides more insight into the adoption and price-sales development of the new product. The phased roll out can also give information on how consumers react on the implemented marketing mix and if the product should be introduced globally.

3.2.7 Timing of product launch

In their research Hart and Tzokas (2000) examined the change of marketing mix decisions in a new product launch over the product-market life cycle. Not all new products are launched at the introduction stage of a market, so the launch will differ in marketing mix choices. The nature of a product and the perceived relative advantage will interact with elements of launch (Hart and Tzokas, 2000). The research focused on which elements of the launch marketing mix are the most important contributors to a product launch and if the elements change in case of entering a growing (introduction/growth stage) or static (mature/decline stage) market. Their results suggest that for a successful new product launch in both market stages, the product advantage and sales and distribution investments are of importance.

¹¹ Saunders and Jobber (1994), Product Replacement: Strategies for Simultaneous Product Deletion and Launch, p. 439



3.3 The concept launch model

The described theories above all presented different factors, variables and decisions regarding product launches. From hereon, these theories will be used and combined to form a concept launch model for new products.

First of all, the launch decisions are divided into launch strategies and tactics, which have impact on the new product performance (Hultink et al. 1998). Hultink and Robben (1999) presented two dimensions of new product performance; market acceptance and product performance.

Guiltinan (1999) suggests that the market acceptance is influenced by the buying behavior which influences the selection of launch activities. The buying behavior itself depends on the typology of new products and the demand goals.

As mentioned in chapter 2 and presented in figure 10, this research needs to take organizational conditions concerning the NPD process into account, before the use of a decision model. The development of successful new products is essentially a task of cross-functional information, management and decision-making (Hart and Baker, 1994). When various professions actively collaborate through the NPD process, the outcome is more successful (Cooper and Kleinschmidt, 1990; Maidique and Zirger, 1984; Pinto and Pinto, 1990) and while the development of a new product may be the only purpose for people to meet professionally, it is important that the NPD process ensures that they will work well and effectively together (Hart and Baker, 1994).

The typology of new products of Hultink et al. (1998) and the framework of Guiltinan (1999), figure 15, are comparable and are related to each other as presented in the figure below:

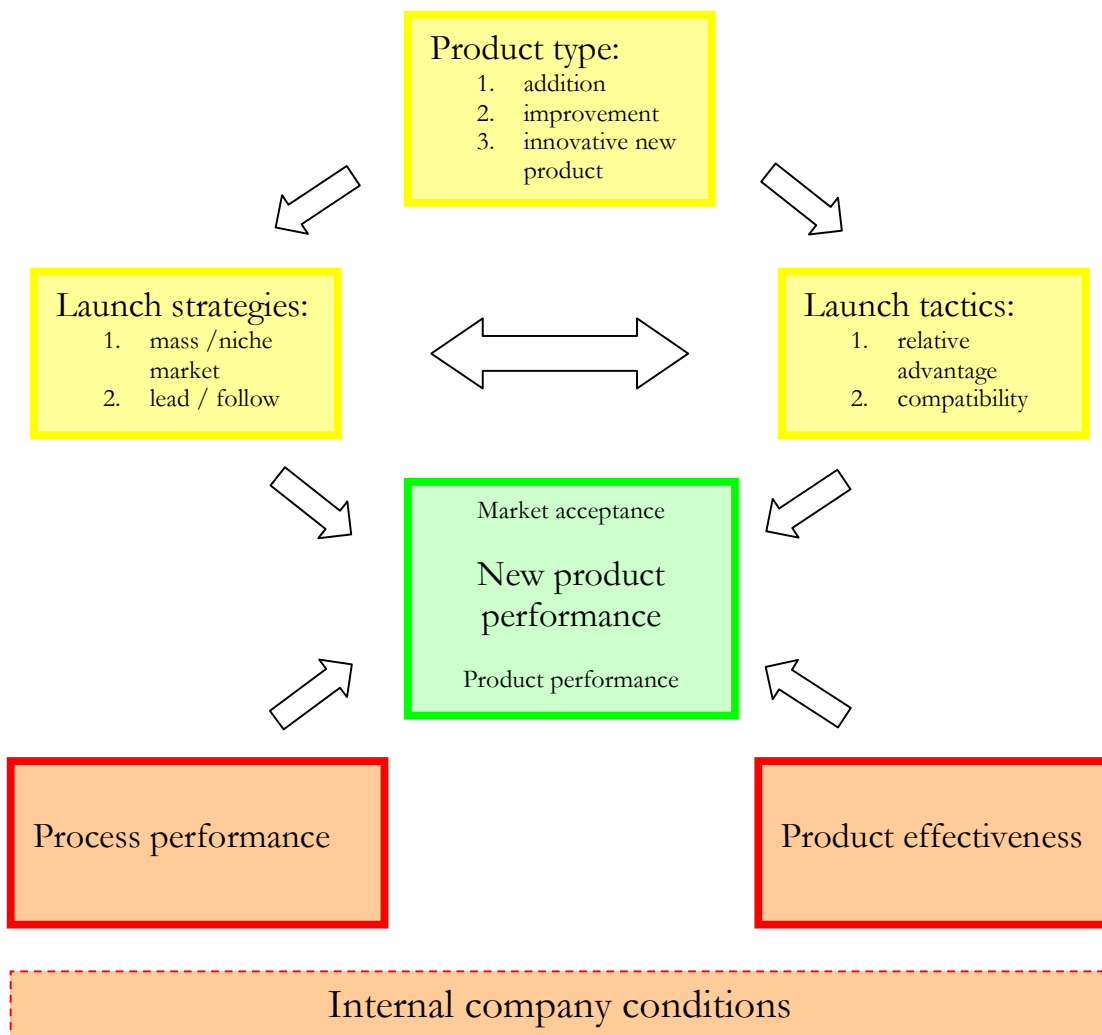


Figure 20: Concept model product launches



The overall use of the presented concept model will now be explained in more detail and then operationalized per segment. This model can be used in making choices for the launch plan of a product and consists of three parts. The yellow parts are the choices of launch characteristics for a product that will have impact on the green part of the model, the part of the launch plan that needs to be achieved. Finally, the red parts of the model represent the organizational conditions that need to be taken into account.

This model shows in what way the new product performance is influenced and can be achieved. Next all these different parts of the model will be explained and the use of the model is addressed.

3.3.1 Product types

In this model, the choices for the launch plan of a new product start with the determination of the type of product that is to be launched. The product types are divided into groups, in the concept launch model there are three types of products; an *1. addition*, an *2. improvement* and an *3. innovative new product*. Together with the choice of launch strategies (paragraph 3.3.2) of the company, the launch tactics (paragraph 3.3.3) can be determined.

3.3.1.1 Addition

The first detailed characteristics and steps of the launch plan following the concept model will be for the new product type addition. When an addition, already described as a variation in form or content with the same purpose as other products already in the market, is introduced to the market, buyers can make trial purchases before they use the product regularly via repurchase, because the risks of purchase and use is perceived as minimal. The level of trial will largely depend on advertising, selling and other promotional activities that show brand awareness and distribution availability. These products have minor incremental advantages over existing products in the market, so buyers are familiar with the product and how it is used. In this product group, the launch plan should stimulate trial purchase before adoption.

In case of an addition, the buying behavior; trial and repeat, shows the potential market segments and the relative importance of relative advantage and compatibility following figure 16 per segment. The relative advantage and compatibility of the new product are judged against existing products in the same market.

3.3.1.2 Improvement

When an improvement, a significant upgrade or change of an existing product, represents a new product, the launch plan should let existing customers migrate to the new product. This can be the case when a new price performance option is designed to serve market segments for whom greater performance is desirable or the new product represents an upgrade that replaces an existing offering (Guiltinan, 1999). The willingness of migration to the new product depends on the benefits and costs of change, the launch plan should stimulate the buying behavior of the new product in favor of the older product. Products that are positioned as upgrades to existing offerings are expected to achieve customer migration and switches from competitors to the product.

In case of an improvement, the buying behavior; migration, shows the potential market segments and the relative importance of relative advantage and compatibility following figure 16 per segment. The relative advantage and compatibility of the new product are judged against prior models or generations.

3.3.1.3 Innovative new product

With a really new product, the process of adoption is slower and buyers are more deliberate in decision making. Innovators will adopt on bases of their own evaluations. Further in the adoption curve, word-of-mouth becomes more important. The launch activities are targeted at innovative



adoption, but when entering the market later, also the later adopters are targeted. For a pioneering entry strategy, the launch plan should stimulate adoption that leads to diffusion.

In case of an innovative new product, the buying behavior; adoption and diffusion, shows the potential market segments and the relative importance of relative advantage and compatibility following figure 16 per segment. The relative advantage and compatibility of the new product are judged against products or categories of products that used to meet the same needs.

3.3.2 Launch strategies

The launch strategies in this model are referred to the choice of *where* to launch the new product. The *what* and *why* questions are already part of the choice in product types. These choices depend on the product type and the relative advantage and compatibility of the new product.

3.3.2.1 Mass market or niche target

Mass markets must only be targeted when the product is received as having a strong relative advantage and high compatibility for many potential buyers. But many products are specifically targeted to important segments, depending on newness of the product. Mass markets are often avoided when there is intense competition from powerful competitors and require extensive resource commitments.

3.3.2.2 Lead or follow strategy

Leading or following the market depends on the product newness degree and the desired demand outcomes that follow the product type.

For a line *addition* or new entry in an established market, only a particular niche is interested. The niche lead decision must be made unless the company has strong marketing advantages that can attack the competitors and the leader later on.

In case of product *improvements* the lead strategy is determined by the decision to upgrade a product (line) to new performance standards earlier than competitors. Higher relative innovativeness and relative advantage is necessary to let competitors' customers switch or customers that do not feel a need for improvement.

The strategy of a "*really new*" product depends on a trade off between high costs to convince the market with the long term advantage of the product and to gain early awareness, trial and distribution among the market segments. A lead strategy benefits in case of a strong advantage and high sales growth rates. The higher the relative advantage and compatibility, the faster the market acceptance and the greater the advantage to lead.

3.3.3 Launch tactics

The launch tactics are the tactical choices that are made following the relative advantage and/or the compatibility of the new product. The *how* to launch question is addressed.

Relative advantage and compatibility of a new product appear to have the greatest direct influence on the trial and adoption of the product. The relative advantage depends on the positioning of the products' benefits compared to other products and compatibility depends on the positioning of the products' fit with the individuals' needs, values and experiences compared to the fit of other previously used products. (Guiltnan, 1999)

The specific product features and the benefits that are designed into the new product drive the relative advantage and the compatibility of a product; the more importance of new benefits and levels of improvement over the existing products, the greater the potential relative advantage. And, the less changes required in the relative value to different benefits of the new product or the less changes in the product usage process, the higher the compatibility.



The combination of these two characteristics will serve as core dimensions of the launch plan and will together with the strategy decisions determine and clarify the launch tactics; pricing, branding, promotion and distribution, per new product type.

3.3.3.1 Low relative advantage/Low compatibility

In case of little relative advantage and incompatible needs, values or usage/experiences, buyers are not very motivated to adopt. Such products are experienced different from other products in stead of better than other products. Because of the low compatibility, but modest benefits of the product, the launch plan should reduce the risk to buy the product.

In order to enhance the buyers' comfort level, the sales department or distributors should maintain strong relations with the customer and provide maintenance, repair and operating services assurance. Risk reduction can also be enhanced by having easy access to related familiar products or goods and services.

In advertising, the risks of buying the product can be reduced by risk-based promotion; providing connections to established products, a tie-in promotion that will carry the same basic theme as the companies' campaign. Warranty will reduce the costs of poor performance for the buyer and price-based promotions, like money back guarantees, reduce the link to the idea that the product has few benefits.

To stimulate trial of the product, the penetration pricing strategy will be appropriate, because of the low relative advantage. If it concerns a product that replaces an old product, automatic and quick migration to the new product is not expected, because of the low relative advantage and incompatibility. Therefore a slow deletion plan is desired to keep established customers satisfied.

3.3.3.2 High relative advantage/Low compatibility

With this combination, usually the really new innovative products reflect this category. The benefits of the new product are usually associated with changes in usage or expectations, so the product information must contain the benefits of the relative advantage and information to overcome incompatibilities. Personal selling demonstrations, trade and customer shows are of importance to provide the information of the product.

Price incentives build active support among selective and exclusive distributors which will provide an extra incentive for them.

When multiple usage segments are targeted, a broad product assortment will help customizing the new product.

And pre-announcing the new product can alert the potential buyers to prepare for the change of their current product or usage system.

3.3.3.3 Low relative advantage/High compatibility

In this category the benefits and usage of the new product are similar to existing products. The promotion should be awareness based, because in this case the awareness of the product determines the trial of the product.

Buyers have low motivation to search for such products, but because of the compatibility, buyers will easily switch to the product. Because of the low motivation to search, the product must be widespread available among all normal channels, so intensive distribution is desirable. When a following strategy is the case, a narrow assortment is easier to sell to the distributors, because the leaders in the market would have already focused on the large segment. With low advantage new products, competitors are able to react quickly to the new product, so a late product announcement is appropriate.

3.3.3.4 High relative advantage/High compatibility

These new products are superior on products that are already important and well established to buyers. Compatibility is high because the usage of the new product and other product values do



not need to change very much. Normally this type of product is the best option for a successful product introduction.

The sales department and or distributors must maintain these perceptions by providing technical support and documentation.

Price skimming is possible when the advantages of the new product are acknowledged by early adopters. Price skimming can be combined with selective distribution, because the buyers are highly motivated to search for this product because of the benefits of the product.

Promotion should show the fact that the new innovative product provides high levels of benefits that are already desirable among buyers. This can be done by personal trials, samples or user-based tests. These promotional activities can function as references for other customers.

And because of the high relative advantage and the high compatibility of the new product, a fast deletion of the older product will help the migration.

The dimensions; relative advantage and compatibility, are not solid. Products are in range of the possible levels of relative advantage and compatibility. More important, the perceived advantage and compatibility from the buyers are of importance, so research, focus groups and interviews with sales representatives can be helpful to determine the level of these dimensions in order to anticipate on the launch strategy and tactics.

The presented launch information can be combined with each other and adjusted in some settings to form the launch plan that is desired for the specific product type.

3.3.4 New product performance

The choices made in launch strategies and tactics per product type will result in the performance of the new product. This new product performance will be defined using the typology of Hultink and Robben (1999) and their dimensions together with the product development success theories of Brown and Eisenhardt (1995). The latter two claim that successful product development will lead to better financial performance. In this model the new product performance represents the financial performance of the product.

Hultink and Robben (1999) divide this successful new performance in how the product itself performs and how the market accepts the product. These two dimensions; product performance and market acceptance represent the overall new product performance. Product performance depends on how customers evaluate the product's quality and technical performance. The product performance is mainly determined by an efficient new product development process and wise engineering decisions. This shall be further explained in terms of process performance and product effectiveness (Brown and Eisenhardt, 1995). Both product effectiveness and process performance influence the financial success of the product.

The market acceptance is mainly influenced by the product's innovativeness, timing of market entry, breadth of assortment, branding, pricing and competitor reactions. Thus the choices in launch strategy and tactics determine the market acceptance.

3.3.4.1 Process performance

The process performance; the speed and the productivity of the product are affected by the project team, leader, senior management and suppliers. Again a high-productive process means lower costs and thus lower prices, which should lead to greater product success and that a faster process creates strategic flexibility and less time to product launch which may lead to financially successful products (Brown and Eisenhardt, 1995).

This high productive process is achieved when suppliers are involved in the process, working in a cross-functional team with a gatekeeper and a moderate tenure of the team. Also the group process affects the process performance, especially communication. Well coordinated internal and external communication influences the product performance. The project leader should be the link between the senior management and the project team. Leaders with significant decision making responsibility, organization wide authority and a high hierarchical level are particularly



able to improve process performance. The project leader should be able to communicate the vision to the team. This means meshing together firm competencies and strategies with the needs of the market to create an effective product concept. Also project leaders should have management skills because they lead a small project team. Senior management support is critical to successful product development processes as well. The support is essential for obtaining the resources necessary to attract team members to the project, to gain project approval to go ahead and to provide the funding necessary to foster the development effort. Subtle control is important to superior process performance. This involves having the vision necessary to develop and communicate a distinctive and coherent product concept. Finally, extensive supplier involvement in product design can cut the complexity of the design project which creates a faster and more productive product development process. Also the involvement can alert a project team early on to potential problems.

3.3.4.2 Product effectiveness

The product effectiveness; the fit of the product with the firm competencies and market needs are affected by the project leader, customers, and senior management. The project leader is also of importance for the product effectiveness for the same reasons as stated earlier. And subtle control of the senior management is also important to effective products as it is for the process performance. Customer involvement can also improve the effectiveness of the product concept in the rational plan.

3.3.5 Internal company conditions

The internal company conditions are conditions that have to do with the organization of the NPD process at bugaboo. The process itself needs to be clear; strong management, information sharing and decision making choices. Employees must work well together and collaborate effectively for a more successful new product outcome. Many of these conditions are already part of the process performance and product effectiveness part of the concept model, but this can be completed with specific NPD process related conditions for bugaboo.

3.4 Conclusion

This chapter started with presenting several theories related to product launching. These theories were used to come up with a concept launch model. The concept model describes the content of launch plans according to the presented literature and gives an explanation on how launch strategies and tactics are related to each other as well as the influence on the market acceptance. In reality there will be additional constraints that will come into play during launch decision making like commitments to market segments and the use of standard distribution channels. This prescriptive framework can be valuable to managers or the NPD team, while it offers a structure for the product launch and is assumed to be conceptually the same for every type of product. The effectiveness of a given strategy depends on the nature of the conditions and opportunities at hand.

In the next chapter some additional literature will be presented in order to understand the research methods that are used in that phase of the research. Then, the interviews that took place with the participants of all the relevant departments at bugaboo will provide information on what the employees think is of importance for new product launches. In the interviews, the internal company conditions will be addressed and after these interviews, the results will be used for a focus group meeting and that meeting will provide more and detailed input from bugaboo employees on how to launch bugaboo products. In the focus group meeting, the employees will be challenged to come up with ideas concerning the product types, the launch strategies and the launch tactics. In that discussion they will be presented as *product profiles*, *launch reasons* and *launch factors*. The concept launch model will be analyzed, compared to the research input from employees and eventually changed in order to create the bugaboo launch model.



Chapter 4: Building the bugaboo launch model

4.1 Introduction

In this chapter, the current launch strategies and tactics will be addressed and the outcomes of the interviews and the focus group meeting will be analyzed in order to make comments on the concept launch model presented in the previous chapter. Eventually the concept model will be changed into a specified bugaboo launch model. First, the different types of measurement of the research performed at bugaboo and outcomes are presented.

At the end of this chapter, the bugaboo product launch model will be presented, using the concept model of chapter 3 and the outcomes of the analysis of the interviews and focus group meeting at bugaboo.

4.2 Actual measurement

4.2.1 Interviews

The first information on bugaboo product launches is derived using interviews with employees at bugaboo. The outcome of these interviews will serve as input for the first focus group meeting and will be used to analyze the concept model. Below the measurement and working methods are explained.

In an interview, it is important to stay objective as the interviewer and to keep the interview situation standardized; meaning the environment, the formulation of words and sentences in questioning and the recording of answers must not have an influence on the answers given by the interviewee (Emans, 1990).

Before these interviews will take place a good preparation is necessary. To begin, first contact with the interviewees will be made via an email (Appendix 1) which will explain the interview for this research. Next a Microsoft Outlook invitation will give the possibilities to accept the planning for the interview in the agenda of the people themselves. Also the meeting room can be reserved with this agenda.

When the interview meeting is accepted and planned, the right conditions must be set like time, resources and the environment (Emans, 1990). In this case the interviews are accepted by the employees themselves and the resources and proper environment, in which the people will feel comfortable, will be arranged by me.

Then before the interview can start, an introduction will take place to be sure everything is clear to the interviewee, like the purpose, background information and the possible approval to record the interview. Next the actual interview can start; the initial interview can be found in Appendix 3.

As mentioned earlier, this interview has open-ended questions and is semi-structured. Some key questions are formulated, but the answers of the interviewee can lead to new questions or the possibility to keep on asking on that subject. If the answers are not satisfying, the questions will be formulated differently or other techniques will be used to come to an answer like explicitly keep on asking for more information (Emans, 1990) see the figure below (Emans, 1990).

After the interview, the interviewee will be thanked for the time and effort and he or she will get to know what is being done with the provided information.

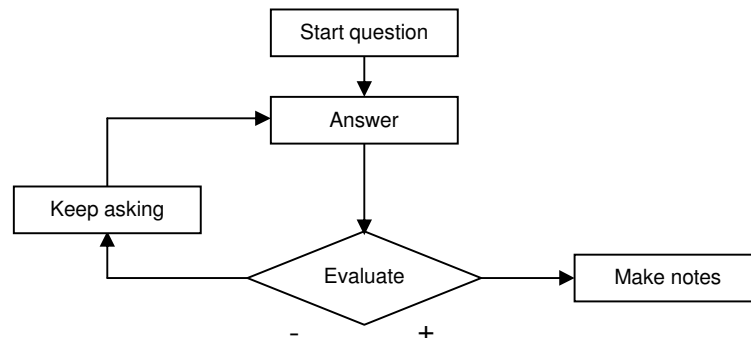


Figure 21: conversation episode

In order to determine the case study candidates, a screening with Rolf Smeding, project manager NPD, of responsible and significant employees was necessary to select the departments and responsible employees for the interviews. The actual candidates and their functions at bugaboo are listed in Appendix 2. Before conducting the first interview, a successful simulation of the interview has taken place with another bugaboo employee to test if the questions and discussion points result into answers containing useful information. After each interview, the outcomes will be reported in detail.

4.2.2 Focus group session

Now that the interviews have given a first insight in the current launch of bugaboo products and the employees were given the opportunity to identify problems and suggest improvements concerning the launch of new bugaboo products, a focus group meeting with several employees involved in product launches will follow to discuss subjects like launch reasons, launch factors and launch profiles for bugaboo.

Focus groups are primarily information-gathering processes and not meant to facilitate group decision making, team building, or to create a public image of listening (Morgan, 1993). This is exactly the purpose of this focus group session. In a focus group several subjects will be discussed managed by a moderator. Yoyovic (1991) suggests that "interaction among respondents stimulates new ideas and thoughts...yet group pressure challenges the participants to be more realistic". So the participants of the group are interacting with one another in a manner that each person influences and is influenced by each other person. The participants can stimulate or can be stimulated by others and this will result in more and possible other information and personal opinions derived from social, rather than personal processes. In this phase of the research this can result in additional data that would otherwise not be derived from the interviews.

The general concepts to be explored need to be formulated as a set of discussion guidelines that can be used by the moderator during the focus group sessions (Morgan, 1993) These guidelines are used as a layout for a set of issues for the group to discuss.

The role of the moderator should be given critical consideration, because the moderator's experience, competence, and style at facilitating group interaction and stake, or involvement, in the group's discussion will likely affect the quality of the data collected (Rigler, 1987). For this reason, an independent skillful moderator, Rombout Fluks from IG&H consultants, will conduct this focus group and I will be assisting and observing.

Quality factors in focus group research (Morgan, 1993)

1. Clarity of purpose
2. Appropriate environment
3. Sufficient resources
4. Appropriate participants
5. Skillful moderator
6. Effective questions
7. Careful data handling



8. Systematic and verifiable analysis
9. Appropriate presentation
10. Honoring the participant, client and method

These quality factors are all taken into account, the purpose of the focus group meeting is explained during the preceding interviews and at the beginning of the meeting. The environment and resources were taken care of in advance. The participants were all invited in advance together with the moderator, Rombout Fluks. Questions and discussion points were determined in advance, the meeting was recorded and the results of the meeting were directly analyzed and organized. The presentation (Appendix 5) was well prepared and presented by Rombout Fluks and me. Finally the participants were treated with respect and the methods were used as theory prescribes.

The method used during the focus group session is called an associative method (Rozenburg en Eekels, 2003) Associative methods stimulate spontaneous reactions on earlier generated ideas. Brainstorming and brain writing techniques have been used to come up with individual ideas and reactions on the presented discussion guidelines.

The purpose of this meeting is to gather ideas and suggestions for bugaboo launch factors, reasons and product profiles, where after these are prioritized. The results of the focus group will also be used for analyzing the concept launch model.

The focus group candidates were selected from the interviewees who are most involved in the process of launching bugaboo products. In Appendix 2 the employees and their function are listed with the requirements needed for the meeting.

First of all the meeting started with an introduction and explanation of the focus group. Then a short warming-up exercise¹² broke the ice and showed and triggered the employees that working together with some structure, communication and a certain pattern delivered the best result. The next step was to discuss and show the overall outcomes of the interviews. Then a discussion on launch reasons and launch factors started, where after bugaboo product profiles were discussed.

4.3 ...

4.4 Interview outcomes and the concept launch model

A detailed report of the interviews is attached in appendix 6 "Interviews with bugaboo employees". After an analysis, all answers, comments and suggestions have been summarized in product specific and not-product specific comments (Appendix 4). The product specific comments differ per bugaboo product, while the not-product specific comments are valid for all products and the NPD process.

The comments and suggestions made during the interviews, summarized in product and not-product specific comments, mostly have to do with the launch process itself and will be helpful in understanding what the employees think is of importance in this process. Figure 22 represents the part of the concept launch model that is addressed and is filled with what the bugaboo employees find important conditions.

¹² Together, bringing down a long stick to the ground, while everybody has to touch the stick at all time. The stick is placed on the index fingers of the employees while they are standing. Without communication, leadership, structure and a pattern, this (practical) impossible assignment will fail and the stick will go up instead of down.



bugaboo company conditions

- Shorter and more structured launch process
- Employee involvement
- Employee responsibility

Figure 22: company conditions provided by bugaboo employees

The concept launch model is providing the opportunity to work in a more structured and standardized manner. This must be supported by the MT and for example then the choice can be made to make the model part of the NPD process or to use it as a control mechanism.

The comments concerning the involvement of employees are conditions that need to be considered during the launch phase, like working together and creating involvement, trust, confidence and commitment between the departments.

Responsibility issues are comments that are launch process related as well and not part of the model itself. Agreements between departments and employees need to be made.

The suggested company conditions in the concept model will definitely be part of the final bugaboo launch model.

These results are presented at the focus group meeting and are considered as an important condition for the NPD process. The actual comments on the launch of new bugaboo products were used as input and starting point of the focus group meeting. These comments were categorized in product types, strategic comments and tactical comments. For the focus group, these categories were re-named into; *product profiles*, *launch reasons* and *launch factors* to clarify their desired output.



4.5 Focus group outcomes and the concept launch model

After the analysis of the interview outcomes, the focus group meeting was planned to further determine the important launch issues according to the selected bugaboo employees. The purpose of the meeting was to discuss the comments, to come up with reasons and factors that determine the launch plan and to define different bugaboo product groups. These outcomes are necessary to reflect on the concept launch model that shows different approaches in launching new products. This could lead to possible comments, changes and adaptations of the concept launch model.

The warming-up exercise showed the importance of working together, leadership, communication and a clear pattern. These were comments and issues given by the employees themselves in the interviews and necessary conditions in the bugaboo NPD process. The structure and pattern are also of importance considering the launch strategy improvements and emphasized the purpose of the entire research.

Figure 23 represents the part of the concept model that is addressed by the employees and shows what they think belongs to the presented groups.

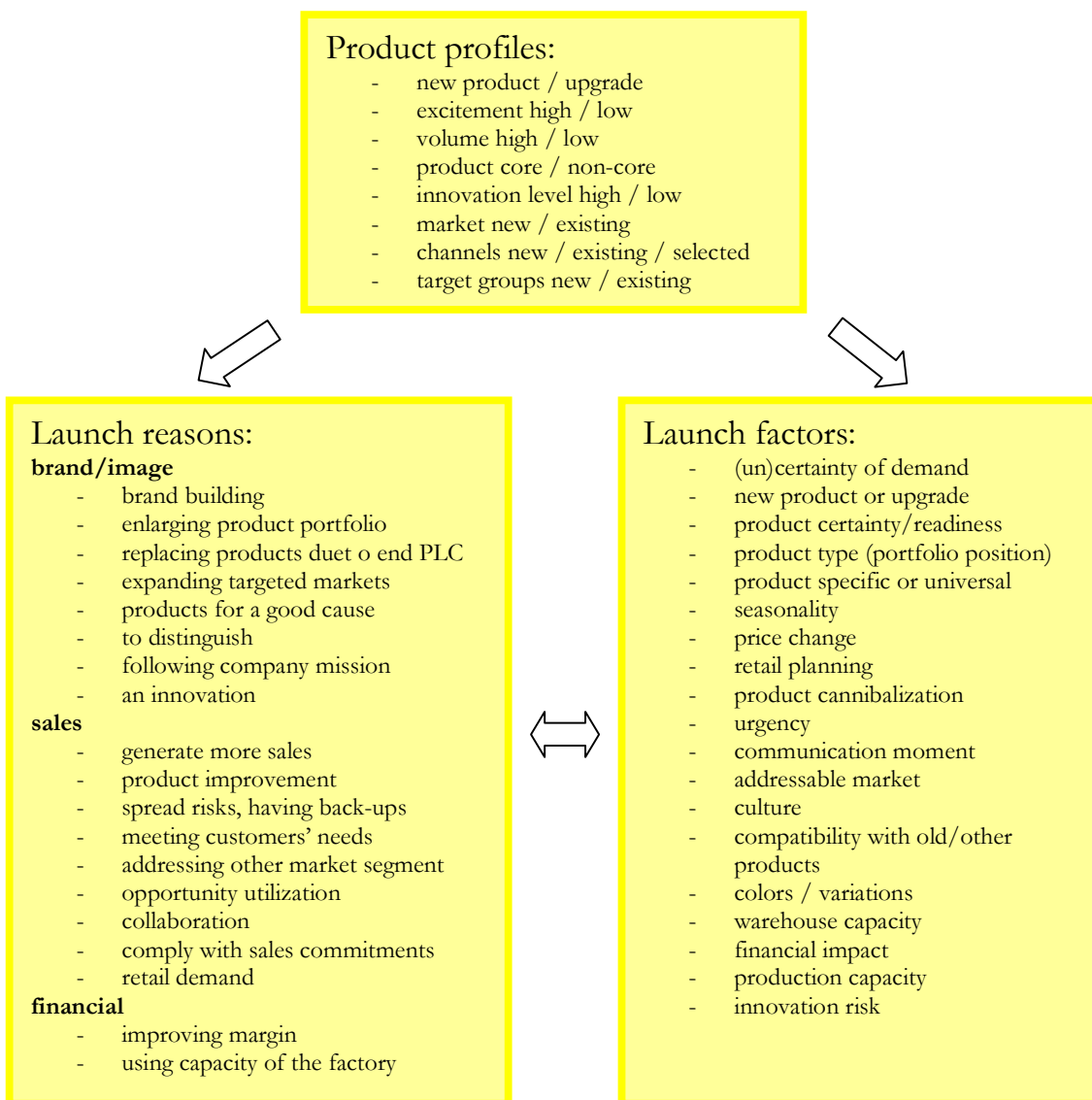


Figure 23: product profiles, launch reasons and launch factors provided by bugaboo employees



First, the reasons concerning a bugaboo product launch were discussed, selected and categorized after the employees had formed the three groups; brand/image, sales and financial. The question *why* and with what reasons bugaboo should launch a product is given in this figure. Then a brainstorm session on factors influencing the bugaboo launch strategy followed and finally, the employees were asked to make distinctions between bugaboo products and to divide them in profiles which capture the entire bugaboo product portfolio.

Now, figure 23 will be analyzed and compared to the concept model. In this comparison and analysis there are possible similarities formulated in a different way, idea's that belong to another part of the model and new input.

4.5.1 Analyzing product profiles

The product profiles provided by the employees are mostly already part of the concept model. The profiles *new product / upgrade* and *innovation level high/low* are already presented in the product types.

The suggested profile *product core/non-core*, is not directly mentioned in the concept model and belongs to the product type profile. This shall be presented in the bugaboo launch model.

Creating *excitement* around a product has to do with how the new product is presented to the world and is a promotional marketing issue.

The profile *channels new/existing/selected* are not directly a product type or profile, but is meant and presented as distribution choice in the launch tactics of the concept model.

The profiles *volume high/low*, *market new/existing* and *target groups new/existing* are presented as profiles but serve better in the strategic choices to lead or follow in a market and to aim at the mass market or a niche market.

4.5.2 Analyzing launch reasons

Where the concept model presents the choices *where* to launch in the launch strategies, these launch reasons add the dimension *why* to launch. These reasons were categorized in *brand/image*, *sales* and *financial* by the employees themselves that captures all suggested reasons. This does not mean that only one reason can belong to one category, but it gives the opportunity to determine why the new product is launched so that the launch plan can adapt to that category of launching.

4.5.3 Analyzing launch factors

The launch factors that were provided by the employees contain many factors that are already taken into account in the concept model. These are factors that can influence the choice of launch tactics. These will serve as a checklist when making the tactical choices that follow the product type, launch strategy, compatibility and relative advantage of the product

Some factors belong to another part of the model, for example, the factor new product or update is mentioned, but is already captured in the product type choices.

In the next paragraph the bugaboo launch model will be presented combining the concept model and the analysis of this chapter.



4.6 The bugaboo launch model

The bugaboo launch model (figure 24) is the result of the bugaboo concept launch model presented in chapter 3 and the analysis of the interview outcomes, the focus group meeting and the bugaboo launch history addressed in this chapter. In the past paragraphs the different parts of the concept launch model are compared to the research outcomes, which will now be presented in the actual model.

The launch history formed the basis for the creation of the bugaboo launch model itself and highlighted the need for more structure in the future. The interview outcomes emphasized the importance of the internal company conditions and are therefore still an important part of the bugaboo launch model. Finally, the focus group meeting delivered a set of product profiles, launch reasons and launch factors. These are all integrated in the final model and will be presented in the next paragraphs.

4.6.1 Product Profiles

The model starts with determining what type of product is to be launched. The three suggested product types in the concept model capture the bugaboo product portfolio and are solely re-named. Additionally, the core/non-core dimension needs to be considered after the product profile is clear. A core product in the bugaboo portfolio is of other importance than a non-core product and will influence the choices and importance of the launch plan.

4.6.2 Launch Strategies and Launch Reasons

Now that the product that will be launched is part of a profile, the launch strategy and reason needs to be considered. Depending on the fact that a product is core or non-core, bugaboo needs to make the decision to target a mass market or a segment, a niche. Next to that the option to lead or to follow in the market depends on the product.

By adding the launch reasons in this model, the perspective of the launch is narrowed. Both these choices also depend on the launch tactics.

4.6.3 Launch Tactics

At the same time, the product type, following the product profile, determines the launch tactics together with the launch strategies. These launch tactics largely depend on the earlier presented compatibility and relative advantage of the new product.

Next to that, each new product launch needs considering of other factors that may influence the tactical choices, so that the suggested tactical choices by following the compatibility and relative advantage of the product can be modified.

These outcomes can also be modified by bugaboo, depending on the launch strategy and reason and vice versa.

4.6.4 Launch Factors

The launch factors that are presented in this chapter can influence the launch strategy and launch tactics and can be different per new product. For example, the factor seasonality is a factor that can influence the choice of the targeted market. When the new product is typically a summer item, the launch plan can be modified to that. The consideration of each factor differs per new product and new product launch.

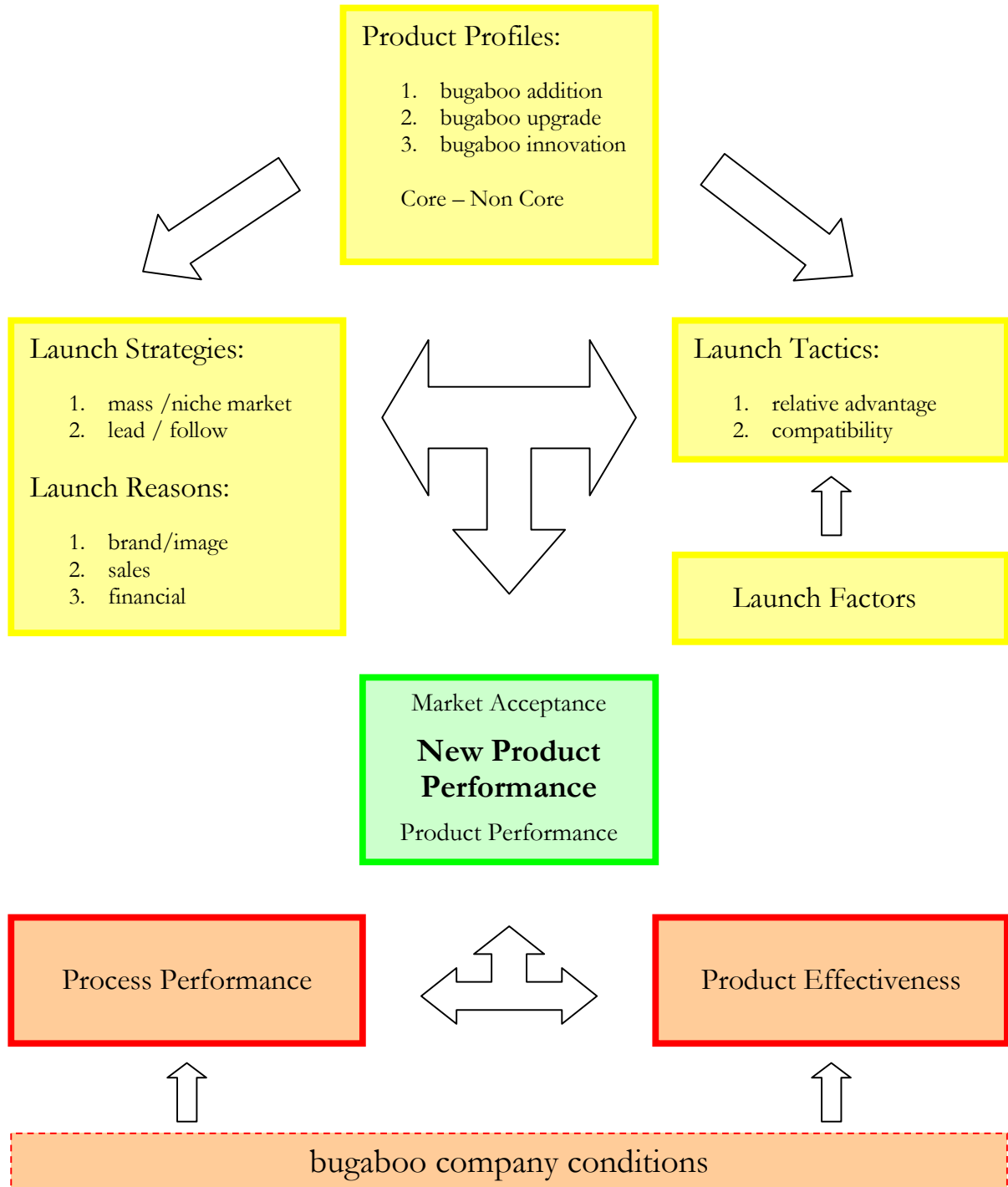


Figure 24: bugaboo launch model



4.6.5 New product performance

The new product performance or financial performance in the bugaboo launch model still consists of the market acceptance and the product performance parts. The market acceptance part of the new product performance is also still determined by the yellow parts of the model, which are the choices in product profiles, launch strategies and launch tactics, but these latter two are now also influenced by the launch reasons and launch tactics.

The product performance part is determined by the product development process of bugaboo. This is influenced by making choices in the process performance and product effectiveness.

When making the right choices in launch strategies and tactics per product type (yellow parts), the market acceptance will be the highest and thus will positively influence the new product performance.

By creating the highest process performance and product effectiveness (red parts), the product performance will be the highest and thus will positively influence the new product performance.

4.6.6 bugaboo company conditions

Finally, the other presented conditions for using a launch model are part of the bugaboo launch model, because this was also an important issue according to the employees of bugaboo themselves. .

So next to the already mentioned organizational choices that are presented in the process performance and product effectiveness, bugaboo feels that internal involvement, trust, confidence and commitment together with responsibilities are conditions that are necessary in the NPD process. These other specific bugaboo conditions can add valuable additional aspects to the product development process success.

4.7 Conclusion

The bugaboo launch model provides decision making guidelines to managers on how to prioritize and integrate the various strategic and tactical options. The model can help managers to think more systematically about the strategy and tactics for the market acceptance of the product and can be used as a foundation for integrated launch decisions for future products.

In the ideal situation, the model can enhance the chances that a NPD manager or a new product team will be able to develop an integrated launch plan. This can be defined as a coordinated set of strategies and tactics for introducing a product to a target market. Because of the variety of launch decisions that are launch related and the time frame over which launch planning can occur, a model for systematic and integrative thinking about launch strategies and tactics can assist new product teams in making decisions. Also the organizational part of the NPD process is presented in the bugaboo launch model and the way it influences the new product performance.

Discussing the comments on the creation of the bugaboo launch model, several considerations need to be made. The model can be of assistance in bugaboo launch decisions, but decision making not only depends on choosing the right strategy and tactics according to the model, but also on company and personal experiences next to long-standing commitments to particular market segments, distribution channels, branding policies and all sorts of legal and regulatory forces. So the actual launch plan should be a combination of using the advice of the model in combination with considering other company issues.

In the next chapter, conclusions and recommendations regarding the bugaboo launch model will be presented and addressed by looking at the Maya and how the launch plan of the Maya should be tackled. Also an implementation plan for the use of this launch model for bugaboo in the future shall be given.



Chapter 5: Conclusion and Recommendations

5.1 Introduction

In this chapter the conclusions of this research will be drawn by answering the main research question: *what are good launch strategies for bugaboo?* Recommendations to bugaboo and for possible further research are presented and an evaluation of the process of this research will be given.

5.2 Conclusions

5.2.1 Overall use of the bugaboo launch model

In this research, the main question: *what are good launch strategies for bugaboo?* was presented. A literature research, interviews and a focus group meeting with employees were used to provide an answer to this question. A specific bugaboo launch model was presented to provide decision making guidelines for the launch of a new product.

Generally speaking, the bugaboo launch model provides an answer to the main question. This model stands for a more structured and specific launch plan per bugaboo product type with different approaches to the launch strategies. With help of this model, bugaboo can make well-thought-of decisions in launching a future product.

Good strategies for launching products do not stand alone. The entire organization of the NPD process needs to be clear and fully accepted and integrated by the employees. That is why the bugaboo company conditions form an important part of the bugaboo launch model.

A launch plan needs to answer the questions *what, where, when, why* and *how* to launch a new product. Good strategies also balance between the best in practice methods and the experience and knowledge of bugaboo itself. So this model assists in making launch plans.

Because bugaboo is a design driven company, the launch model starts with the product profiles. This variable influences the rest of the choices that are made and followed in the launch model. Then the rest of the model can be followed to specify the actual launch plan. At this point, a specific launch plan can be made when making specific decisions per part of the model, which will be explained in the next paragraph.

5.2.2 Maya and the bugaboo launch model

The Maya is an improvement of an existing product, the Bugaboo Bee, which will be replaced. In this case we deal with a *bugaboo upgrade* following the launch model. The existing buyers of the Bee, a *core product*, need to be aware of the improvements so that they will migrate to the new product in the future.

The trial and adoption of new products are determined by the relative advantage and the compatibility of the new product (Guiltinan, 1999). When following the desired buying behavior, migration, the potential segments show the relative importance of the relative advantage and the compatibility (figure 16). Then the targeting strategy (mass market or niche) and timing (lead or follow) can be determined.

5.2.2.1 Following the strategic choices

The Maya has strong relative advantages compared to the Bee and is highly compatible for many potential buyers. Current customers and buyers who do not recognize the need for improved performance need to be aware of the compatibility of the Maya. Competitors' customers, lead users and buyers who do recognize the need for improved performance are more aimed at the relative advantage of the product. In this case, the mass market or important segments must be



targeted and because the Maya is a product improvement with higher performance standards that is not yet subject to competition, a lead strategy is a good choice. The reason to launch will be because of *sales* and *brand/image*.

5.2.2.2 Following the tactical choices

The tactical components, the launch plan to show the relative advantage and compatibility to the targeted market, contain the variables, given in the framework of figure 17. In case of the Maya, the product has a high relative advantage and is highly compatible, which means a low risk/high reward scenario. A price skimming strategy is appropriate combined with selective distribution, because the buyers are motivated to obtain the benefits of the new product, when not aiming at a mass market, because then more buyers need to be able to easily buy the product.

Attention to the product benefits must be given in the communication towards the buyers, but promotion can underscore that the innovation provides a higher level of benefits that is already desirable. Making use of evidence from personal trial is a better idea to serve as references for other customers. A fast deletion of the Bee is desired.

5.5 Recommendations

In order to improve the launch of future new products, bugaboo needs to consider the approach and on what base these launches take place. The bugaboo launch model can be considered as the first version of a model that can be used in reality. The structure, strategies and conditions are approached differently per product type, this basic idea seems appropriate.

A review on the content of every part of the model and the importance for the company can make it more a model that fits the bugaboo NPD process. The launch model should in the end become an integrated part of the NPD process itself.

The new product performance and market acceptance still need bugaboo (quantifiable) types of measurements like sales numbers and the market position compared to competitors. Then the new product performance can serve as an input for future products that can be of influence on the strategies and tactics. Then the model can be completed with a loop from the new product performance to the launch strategies and tactics to create a continuous model.

The sequence of where to start with defining the launch plan can also be considered. A launch plan can begin with the strategic choices of a company together with the product type in a way that they meet in the middle and together determine the launch tactics. And finally, this bugaboo launch model must be used as a framework that describes possibilities and is not prescribing the exact launch plan.

If bugaboo wants to use this launch model, a more detailed and common launch plan per product profile is desired in order to lay the basic foundations per profile. In that case, the new bugaboo product can be placed in one of the profiles and from there on a basic launch plan should already be clear. Then a blueprint per product profile is created that can be modified in detail per product.

5.5.1 Implementation

The presented bugaboo launch model can be of value to bugaboo in different ways. First of all, bugaboo needs to reflect on this report and model to evaluate how things work at this moment. When bugaboo concludes that this research has added value in a way, the idea of setting up a 'ghost' launch makes it possible to see how the bugaboo launch model can be of use. Then this test launch can show what the positive and negative points of using the model are. Besides these critics the parts that are unnecessary and the missing parts in the model will show.

This model must be presented in a way that the bugaboo employees understand the meaning of it and can check the launch plan by addressing the model. This can mean that a poster size model should be the end product after the evaluation of the bugaboo launch model presented in this report.



When this bugaboo launch model is actually used in the launch process, it can serve as an earlier mentioned blueprint or checking mechanism for the future products. Then it will also become clear if the suggested model needs modifications.

5.6 Evaluation

In this part, the significance of the research will be evaluated next to the research process.

5.6.1 Overall evaluation

Overall, this research contributes to the other researches performed on product launches. Insights from within a company and theories from earlier performed researches are used to come up with this report. The actual value for of the launch model for bugaboo is not known, but that can be checked in the near future.

For future research, this model can be compared to other launch processes of other companies to see if it is of any use and can be generalized or modified. At this moment the model is bugaboo specific, but a generic version of the model can be created with the opportunity to specify it to the company.

For bugaboo, the result, a bugaboo launch model, must be further operationalized, when bugaboo chooses to make use of the outcomes of this report.



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6.4 Other

- Bugaboo Sales tool kit book EU



Chapter 7: Appendices

Appendix 1 First mailing to interviewees

Dear ...,

First of all I will introduce myself before I will explain the content of this email. My name is André van Wijhe, I am a student Business Administration at the University of Twente in Enschede, The Netherlands and I am working at bugaboo on the fifth floor next to Rolf Smeding, since August 2008. Past couple of weeks I have helped and assisted the Supply Chain Configuration program, but from now on I will start to conduct my bachelor's research at bugaboo.

This concerns a research on improvement possibilities concerning launch strategies for bugaboo products including the forthcoming Maya. For this research I will need input from employees and next I will use scientific literature to investigate several options.

So my question to you is if you would let me interview you in order to get your ideas and insights on the current product launch of bugaboo products and what you think is of importance for the future. It contains some open ended questions, from where I would like to start a conversation with you on several subjects. I am hoping you are willing to cooperate, will you let me know?

The interview will take place in an available meeting room in the bugaboo international building in Amsterdam which I will reserve. I will send you an invitation via Microsoft Outlook that suits your agenda. If you cannot accept this invitation, please decline so I can suggest an appointment on another moment that suits you, you can suggest a new meeting to me or you can send me an email.

The interview will take half an hour to an hour of your time, depending on your own input. I will plan for an hour to be sure.

If you have any questions or suggestions, please contact me, I hope you will cooperate.

Kind regards,

André

By the way, I am Dutch, my emails are in English, but answering in Dutch is no problem.

@: andre.vanwijhe@bugaboo.com

T: +31 6 1991 4705

This next part will replace the fourth paragraph, when the interviewee is not able to be interviewed in Amsterdam due to activities abroad.

The interview will take place by telephone. If you agree I will send you an invitation via Microsoft Outlook that suits your agenda. If you cannot accept this invitation, please decline so I can suggest an appointment on another moment that suits you, you can suggest a new meeting to me or you can send me a mail.



Appendix 2 Interview candidates

Appendix 3 Interview scheme

Appendix 4 Outcome interviews

Appendix 5 Presentation focus group

Appendix 6 Interviews with bugaboo employees