Launching a new-to-the-world product

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Preface

When we look back at the process of writing this paper, we feel that it has been an intense and demanding time, but also a rewarding and learning one due to the knowledge we have gained throughout the entire process.

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Abstract

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Title: Launching a new-to-the-world product

Background: Innovation is something that continuously leads to new knowledge and technologies. A vital step for an innovation is to actually launch it as a product. If the launch would be improved, the rate of success would increase.

Purpose: The purpose of this paper is to study how new-to-the-world products could be launched.

Delimitations: The delimitations in this paper are that issues concerning the brand, promotion, logistics and additionally the process before the launch will not be considered.

Methodology: The research is characterized by an inductive approach. The information in this paper was gathered by a case study, semi-structured interviews and a survey. Due to both quantitative and qualitative research, triangulation was used.

Conclusion: There are many elements to take into account when launching a new-to-the-world product. These elements are adoption and diffusion process, segmentation, price, timing, power of buyers, relative advantage and compatibility. Also if first-mover-advantage could be realized should be taken into consideration.

Suggestion for further research: Further research could involve going deeper into different companies and finding patterns between different industries. By more people shining light upon this subject, more views and aspects can arise, which could contribute to a broader understanding of the concept launch.
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1. Introduction

The introduction chapter concerns the reason for choosing this area of study, which is the authors’ personal interest in the subject. This is when trying to launch something innovative in situations of business-to-business. This is followed by a discussion about the problems that might occur along the way.

1.1 Background

An innovation is defined as a product that is converted from the latest knowledge. This product is subsequently put into use through the market or by other channels of distribution. (Johnson et al., 2008)

Even though innovations are created, it is a long process to develop the innovation into a new product. The new product development process ends with the market launch where the product is launched on a commercial or/and full-scale basis. (Cooper & Kleinschmidt, 1986) When a product is innovated, it needs to be launched into the chosen market. (Garrido-Rubio & Polo-Redondo, 2005) A new-to-the-world product is a product that is new to a company as well as new to a market. (Augusto & Coelho, 2009) A launch strategy consists of strategic and tactical decisions. (Garrido-Rubio & Polo-Redondo, 2005) It is usually an expensive, time consuming and resource costly process to handle. Hence, it is of great importance to identify the strategy for launching. (Ming-Hung & Kuen-Hung, 2007) Strategic and tactical decisions are vital when creating the launch process. (Garrido-Rubio & Polo-Redondo, 2005)

The strategic choices concerns decisions about being a follower or a leader, target markets and niched or mass market. (Calantone & Di Benedetto, 2007) The tactical decisions are influenced by the strategic choices. It is how things should be done that these decisions refer to. (Garrido-Rubio & Polo-Redondo, 2005) It is after the new product has been completed that these choices usually are being decided. (Talke & Hultink, 2010) If the launch would be improved the rate of success would increase. (Garrido-Rubio & Polo-Redondo, 2005) However, the launch management is usually neglected, when the developers send over the
product to the marketing department. (Calantone & Di Benedetto, 2007)

The success of products is also depending on the timing of launch, for example should an early launch be beneficial when there is high switching cost for the customers. (Calantone & Di Benedetto, 2007) If a product should be kept in secret or be pre-announced are also decisions to make in the process of launch. (Guiltinan, 1999) The environment and the structure of the industry should also be taken into consideration in the planning process concerning launch strategy. The power of buyers is an example of what affects the performance of a company. When the launch strategy is being created, considering the uncertainty factors needs to be addressed. (Calantone & Di Benedetto, 2007)

The launch tactics and final result is affected by a company’s degree of market orientation, which is how the company creates, spreads and react to information of the wants and needs of the customers. (Calantone & Di Benedetto, 2007) The social and technological capabilities of resources and the character of the market is what innovative products launch strategies are depending on. (Ming-Hung & Kuen-Hung, 2007)

1.2 Problem discussion

One important factor concerning the tactical decisions is the choice of price. (Garrido-Rubio & Polo-Redondo, 2005) The price is a major issue of launching. A price reduction, market penetration, could be made to lower the risk in the trial stage if there are barriers based on adoption. However, the disadvantage with lowering the price is that the revenues are reduced if the cost does not fall quickly. However, the higher price of the price strategy skimming could make the revenues to the highest, but it needs to be justified by other elements, for example the quality of the product. (Calantone & Di Benedetto, 2007) Another issue in launching is if a first-mover-advantage could be realized. This advantage can be realized, when customers think firstly of that company, creating an emotional bond. However, this first-mover-advantage does not have to correlate with success; superior competitors can still out manoeuvre the company in different ways. (Liang et al., 2009)

When launching a product, the behaviour of the customers needs to be stimulated. When it comes to products that are new-to-the-world, the process to focus on would be adoption and
diffusion. (Guiltinan, 1999) The process of adoption is the number of stages that a consumer goes through in order to adopt a product. (Solomon et al., 2010) The spreading of a new product in varying degree and velocity in a market is called the diffusion process. (Johnson et al., 2008) When the launch strategy will be chosen, it is how the market would accept the product that one should bear in mind. This is since a launch plan that stimulates the process of adoption could lead to the stadium of diffusion. (Guiltinan, 1999)

Issues that refer to preparing and positioning on a market are to a large extent concerning technological products. (Ming-Hung & Kuen-Hung, 2007) A vital factor for launch of technological products is the arrangements of distribution that should be unique. (Beard & Easingwood, 1996) Launch of high innovativeness products is what companies that offer high-tech products might turn away from. The competition becomes more aggressive when the market acceptance increases. The entire strategy, when this happens, falls apart because the typical launch strategies will not resist rivalry. (Ming-Hung & Kuen-Hung, 2007)

High cost when educating the market is what companies that take the position of a leader will be involved with. (Guiltinan, 1999) However, the economy of scale can be beneficial due to better quality and lower cost. (Kalyanaram et al., 1995) Furthermore, this could be an advantage of being a first-mover. (Guiltinan, 1999) If the prices and quality of an offer is not being seen as satisfying, a backward vertical integration can occur. (Johnson et al., 2008)

WeZupport’s main problem is to adapt the launch to an immature market. There is a threshold holding the demand back that could be surmounted with strategic and tactical decisions. A problem is that the users of the digital shopassistant are indeed ready for this solution but the business sector is holding the development back. Although the market is immature, this will eventually change and therefore WeZupport wants to be the first-mover. This complex situation requires an innovative launch strategy to be able to overcome these thresholds.

1.3 Research question

"When trying to launch a new-to-the-world product in a successful way, how should the launching plan be designed?"
1.4 Purpose

Our purpose is to study how new-to-the-world products could be launched.

1.5 Delimitations

Issues concerning the brand, promotion, logistics and additionally the process before the launch will not be considered in this paper.

1.6 Theoretical relevance

The theoretical relevance of this paper is to study the strategic launch decisions, such as a). first-mover advantage, b). the choice between mass market or segmentation, and c). the tactical price decision at launch. The stages compatibility and relative advantage in the innovation decisions process are also part of the study. We want to study if existing theories can be validated in a case study. It is especially if the relative advantage and compatibility in relation to specific launch tactics could be further validated through empirical investigations. We also strive to identify phenomena that have yet not been given any theoretical explanation.

1.7 Practical relevance

The practical relevance of this paper is to investigate how a new-to-the-world product could be launched. It will therefore contribute to guidance, not only to our case company, but also to other businesses in the same situation.
2. Method

The following chapter describes how the research was completed in the different stages. It describes the scientific approach that the authors have used and the sample and population of the research. This is followed by the different empirical gathering methods and operationalization and also the criteria of measurements.

2.1 Scientific approach

*Positivism* is a widely used way of looking at science. This approach says that specific methods are used when *social happenings* are being researched. (Saunders et al, 2009) A key point of *positivism* is that only *happenings* that the senses can confirm can be accepted as knowledge and that these have to have both a deductive and inductive approach. (Bryman & Bell, 2005) What this means is that the objective of the theory is to build different hypothesis that will be tested in real life. (Saunders et al, 2009) Science portrayed as *positivism*, should be objective and free from any type of influences. Nevertheless, at the same time, a difference is constructed between scientific and approached statements. Only the scientific statements are then approved since the approached ones cannot be processed through a persons’ thought of mind. (Bryman & Bell, 2005)

*Hermeneutics* is an approach where you study, interpret and try to understand the foundation of the human existence. It is many times called the opposite of *positivism*. (Bryman & Bell, 2005) Traditionally, it is a method to interpret different kinds of texts, but the fashionable *hermeneutic* approach also includes that actions by humans can be interpreted in the same way. (Lichtman, 2010) As time has passed, *hermeneutics* has been seen more and more as an open, subjective science approach, where it stands for a qualitative understanding and interpretation. This way of looking at science is expressed by researchers’ first tries to understand the whole picture, while then trying to see different parts for themselves. As the interpretations are emphasized, the significant difference is stressed in every interpretation to show how many different interpretations are considered to give more value to the research. (Patel & Davidsson, 2003)
In this paper, the *hermeneutic* approach is used. This is since the authors not only accept the knowledge derived from senses, instead subjective aspects of the qualitative respondents will also be taken into consideration. Furthermore, the gathering of data is partly done by a case study where the case company’s subjective view is of significance. In addition, also individuals that are not part of the case company will be a part of the research. This means that a subjective and unique situation of relevance for this paper will be investigated. The paper will also show on deeper level different co-incidents that can be found in the theory that can be seen in the actual case, if there are any at all or not.

2.2 Scientific procedure

The *deductive* method is a method that is popular way of interpreting. Simply described, the thought is to find theories that seem relevant, and figure out different hypothesis that later on can be investigated by research. (Holme & Solvang, 1997) The last part is also the hardest one. Finding different hypothesis is a great challenge, and an even greater one is to understand them and putting them to use. If successful in doing this, these hypotheses can contribute to the known theory by being confirmed or discarded. (Bryman & Bell, 2005) In this method, the researcher starts by investigating the subject on a general level and later focuses more and more on a primary topic. Another method is the *inductive* one. (Lichtman, 2010) This can be described as the complete opposite to the *deductive* method in the way that in *inductive* research, theory becomes the result of the research. (Holme & Solvang, 1997) Many times, researchers take on a study because the current theories do not exist, or do not explain the subject in a proper manner. The *inductive* method do not test hypothesis as in the *deductive* method. Instead, this method is used when gathering information with the purpose to create theories, hypothesis or concepts. (Merriam, 2009)

This research is done with an *inductive* tendency judging by the type of research that will be done. This is because the question was formed along with the process, and then the actual research was done parallel to this. Thereby, a hypothesis was not used in this paper and therefore this paper did not use a deductive approach. Theories that were relevant for the paper were used to see if they could be applied to the case the paper investigates. Research was conducted with a real scenario case study to see how praxis and theory correlates between
each other.

2.3 Sample and population

A population is people in a specific area. Area here could, for example, mean all the citizen in a country but it could be anything. It is all the people we would like to know more about. (Holme & Solvang, 1997) There are two methods to sample the population, the non-probability sampling and the probability sampling. The sampling method non-probability sampling gives a less secure and qualitative result than what a probability sampling does, but a non-probability sampling is a more economical and practical choice. (Lekvall et al., 2001)

One type of non-probability sampling is the comfort sampling. This sampling method does not use a statistical sampling even though the research in reality should make use of one. Reasons for the choice of not using a random could be limits within the areas of time, finance and practicality. One way to perform a comfort sampling is to focus the research on accessible groups even though the target population for the research is wider, as for example using research groups as customers of a company or employees in a company. Another way could be to pick out individuals to participate in the research when standing in a place where many people pass by. However, when using these methods the participants will most likely be different from the more relevant research group for the study. This will probably give the research a distorted sampling since some people in the target population have lesser chance to be included in the research than others from the same target population. Because of these risks of error, the comfort sampling method is not to be recommended if it is possible to use other sampling methods. (Lekvall et al., 2001)

The empirical investigation has been approached through a comfort sampling, since we had limited time, finance and practicality. This means that the participants may not be the most relevant for this research. In addition, the result is not representative for the different populations used in this study. However, the main thought was not to generalize to the populations, but instead to shine light upon the subject for further research. Even though the results of this study can not be fully generalized, we still believe that we will be able to indicate on trends that refer to the whole population if the samples are similar to the population. To avoid the sample from differing from the population, we will use control
variables. This means that the sampling must fulfil the requirements of the control variables in order for us to be able to make conclusions about all populations even though the result will not be completely generalizable. We will try to meet the control variables, however, due to the *comfort sampling* when doing the survey over the internet, the authors loses some control over the respondent age, gender etcetera since anyone can answer it.

2.3.1 Case study sampling

The case company used in this paper was chosen by its present situation that is in the pre-stage of launch. In addition, the case company fulfils the requirements needed to shine light upon the theory *new-to-the-world* product that will be launched into a new market. The population of this case study is innovative companies that want to launch a *new-to-the-world* product.

2.3.2 Interview sampling

The qualitative interviews consist of four companies that sell products and services online in four different markets. The markets chosen were travel, clothing and make up, technology and cultural products. The reason for choosing these markets is that these are large in the areas of products and services that people shop for online that WeZupport aim to segment towards. (Bedin, CEO, 2011) These types of companies make up the population for these interviews. The segment travel is represented by the company Ving Sweden, the segment clothing and make up is represented by a company that wants to be anonymous, the segment technology is represented by Siba AB and the segment cultural products are represented by Ticnet. Every interview was made with the head of marketing in each company since these people were the most relevant to this research.

2.3.3 Survey sampling

The quantitative data of this paper was gathered from a *survey* that the potential end-users of the case company’s’ concept have filled out. These people might potentially be the customers of our case company's customers. These were reached by an *electronic survey* distributed on the social media *Facebook* and through email. The *survey* included 250 people, with a dropout of 10 percent. This dropout was due to incomplete surveys and incorrectly answered questions. The population of this survey is in general people that shop on the Internet. Furthermore, the respondents may not represent the population, which makes the process of
generalization difficult. However, due to control variables, there is a chance to be able to, despite this, indicate on trends.

According to SCB (2009) the share of people that bought something from internet April 2008 to March 2009 was 63 per cent of the population of Sweden. (SCB, 2009) The age group that shopped the most was people between the ages of 25 to 34 years. Men were shopping online slightly more than women during this period of time. (SCB, 2010) In order to verify these control variables to make sure that the respondents do not differ from the population that is intended to measured, some questions were added into the code of conduct. These questions were if the respondent has shopped online, the age and the gender.

2.4 Gathering of data

The gathering of data in this paper has been operationalized by conducting a case study, surveys and a few interviews. With this empirical information, the phenomenon studied will give value to the theories.

2.4.1 Case study

A case study is when something is investigated detailed and throughout. (Lichtman, 2010) A case can involve a phenomenon, a situation, an organization or a company. The most vital part of a case study is to study something unique or a special environment. A case study is in most cases put in the qualitative shelf due to its nature. (Lichtman, 2010) Different kinds of interviews suit this kind of research well and that is why a case study many times is called qualitative research, but many times a combination of both qualitative and quantitative research is involved in the case study. (Lekvall et al., 2001)

The case study performed in this paper is mainly of a qualitative manner. Most of the information came from the semi-structured interviews that were performed. These interviews were done to be able to go as deep into the case as required. They were performed over different information channels such as social media and chat. The information gathered comes from people in the example company that were relevant to discuss the purpose of this paper with. Information also came from the case company website.
2.4.2 Interviews

A way of conducting an interview is the *unstructured interview*. A key advantage of this type of interview is flexibility that the interviews give on the expense of the time-consuming nature of the interviews. Qualitative interviews are characterized by the first questions being general ones and focuses on the interviewers own conception and position. The interviewer wants to get as deep and detailed answers as possible. (Lichtman, 2010) A negative side of the interviews is that they are fairly expensive to conduct, but still, the depth of the empirical information compensates that issue. (Christensen et al, 2001) With an interview of this sort, it is suitable to let the interview move in different directions, because it lets the respondent choose what it is important. (Bell, 2010) The interviewer has then the choice to diverge from the questions to ask a follow-up question. These features make the interviews flexible due to the fact that the interviewer can modify the interview along the way. This type of interview with specific questions that can be answered in random order is called an *unstructured interview*. (Bryman & Bell, 2005)

The slightly different way of conducting an interview is the *semi-structured way*. This type of interview is more uncomplicated to analyze and summarize than the unstructured type. (Bell, 2010) The *semi-structured* interview is conducted through following questions of a general type. Generally the questions are developed to be used for several different respondents. However, the questions can also be varied to fit the different situations of the respondents. This type of interview is many times preferred by many researchers. (Lichtman, 2010)

During interviews a *semi-structured* way of conducting has been used. The authors had a set code of conduct on the specific questions and then the respondent could speak as freely as possible. The regulation of the questions was flexible when needed, this to get a freer interview structure. In some cases the respondent wanted to elaborate on something, and then this option was available. In those cases where one or two questions were asked at the same time, the code of conduct was to be followed and both questions were asked. During the interviews extra questions did arise. These were then included in the code of conduct.

2.4.3 Surveys

The *survey* consisted of structured closed questions. The questions that were asked in the
survey were chosen by the authors themselves to go hand in hand with both the theories chosen, but also with the empirical information. A more developed description of how and why the specific questions were asked is described in the appendix 3 of this paper, together with the survey itself.

Bryman & Bell (2005) points out that the negative part with closed questions is that there is no opportunity to engage and study follow-up questions. Another issue can be that the person filling out the survey interprets the question in one way, while the authors meant it in another. (Bryman & Bell, 2005) On the positive side, the surveys are easily replicable when the questions are exact and no variation in the answers can occur. (Groves et al, 2004) This also should verify that the surveys can be used on different selections of population. The numbers of questions were on a relatively low level, due to too many questions might yield a higher drop-out rate. This gave relatively extensive empirical information, which could be analyzed with theoretical studies. (Bryman & Bell, 2005) Before the surveys were distributed, they were tested to find any potential issues with them.

2.5 Operationalization

When the step is taken from theories to empirical information, the researcher faces many obstacles. This is where the theoretical information has to be connected with solid community praxis. (Potter, 1996) The issue here is that it can yield problems of a communication character. Even if the researchers have made an operationalization of their theoretical framework, which they found interesting and relevant, the aspect of other researchers finding the framework equally relevant cannot be foreseen. (Holme & Solvang, 1997) The operationalization starts with the theoretical information that has been gathered, in other words, with the more or less complex pictures of different relationships that the researcher would like to investigate. These theoretical concepts have to be precise and be given a univocal meaning and the more univocal they can be, the more precise answers will be obtained. Even if the desired answers are found, this is still a problem. It is vital if the operationalization will be perceived as fruitful, and not only fruitful to the researcher, but to everyone in the study. (Holme & Solvang, 1997)

This paper includes research from both quantitative and qualitative information in the shape
of surveys, interviews and a case study. The survey covers the case company’s situation and addresses the experience of Internet shopping from the potential users of the case-company’s product point of view, to see if the information from the company is reliable. Interviews are done with companies that are working in the field of the example described in the case-company. The last research source, the case study, is an example of when a company is trying to launch an innovative product. The *operationalization* has laid the foundation for the empirical research, which should give a higher credit to the entire paper and in the end an answer to the research question. The process of *operationalization* is attached in the appendix as appendix 1, 2 and 3.

2.5.1 Triangulation

*Triangulation* is a word that aims to describe the relationship between quantitative and qualitative research when dealing with a phenomenon. It was first understood as a strategy to verify the results that different methods produced. It can also be understood as a tactic to give the qualitative research a higher quality, but also a way of conducting qualitative research in an appropriate manner. (Flick, 2009) This method combines several methods of information collection to be able to get more findings. Especially when time is of the essence, *triangulation* is an effective way of getting several aspects on the studied phenomenon by using different methods. The used methods can later be examined to see what method found which finding. (Bell, 2010)

This paper has gathered information from several sources. The qualitative data comes from interviews with companies relevant to the case and with the case company itself. The quantitative information comes from surveys that respondents relevant for the case filled out. The theoretical information was the foundation of the paper for the authors to be able to get wider knowledge about the purpose before starting research to answer the question of the paper.

2.6 Validity and reliability of the research

When conducting research on this level, it is vital to be able to look at certain criteria that must be fulfilled to give the research *credibility*. *Validity* and *reliability* are two important criteria for crediting research that are being used frequently. What these mean are quite
different from one to another. **Reliability** can be found in the research if the research can be re-done at a different time. If the research shows differences from the first time, the criterion of *reliability* is not met. (Bell, 2010)

For this *reliability* criterion, the authors have tried to be as consistent as it is possible to be. If the same research is done at a later occasion, the results may turn out the same, but we have kept in mind, that situations and prerequisites changes over time which affects the research and the result of it. In this criterion the research can be redone in a different time and then get the same result if the research follows the operationalization and uses the same sampling choice with the same control variables. We believe that reliability is met to more extent in the quantitative research than in the qualitative research. This is since the answers from the quantitative research we gained, will be of the same type in a later context, since there are pre-stated answer choices. However this is not concerning the *why/why not* questions. Qualitative interviews give answers in a broader scale and therefore the reliability is not as high as it is for the quantitative approach. The reliability will be met since the sampling of the population will not be different from a new sample in a further research due to control variables. This is since our samples do not differ from the population that we are studying.

The *validity* criterion is rather different from *reliability*. It is concerned with seeing how the results have been derived from the research. (Bryman & Bell, 2005) It also concerns actually measuring what was intended from the beginning. (Lekvall et al. 2001) An example of this is if you would like a yes or no *validity* is hard to get in especially quantitative research, since in this type of research has a greater distance to the source of information. (Holme & Solvang, 1997)

As the validity criterion is about if what was intended to be measured really is measured, we kept that in mind when constructing the research question. This since the research question gives guidance to a further research. Therefore, to be able to avoid a conducting of a skew reflection of the empirical area of study, the research question needs to fit what is intended to be measured. Furthermore, even the sampling choice is affecting if what is intended to be measured really is measured. We tried to make sure of this when we used control variables in our choice of *comfort sampling*. To make sure that the questions used in the empirical
investigation are designed to measure what is intended to be measured, an operationalization is used where the questions are addressed with theoretical aspects. When it comes to this criteria, the research done must have a clear connection with the rest of the paper and, especially, with the purpose of it. We believe that validity will be higher in the quantitative research than in the qualitative research. This is because of what is intended to be measured are subjective opinions from our sample. In a qualitative approach, subjective opinions are given a wider space than the quantitative approach that is given limited space in shape of pre-decided answer choices.

As a summary, in the quantitative approach the validity is high while the reliability is lower. This is while the reliability is high in the qualitative approach while the validity is lower.

2.7 Other criteria of measurement

Besides the two criteria mentioned above, there are several others that can measure different aspects of the research. These are transferability, confirmability, credibility and dependability. The former one, transferability, is to which extent the result can be generalized when it comes to relocating to another environment. Confirmability is referring to which extent others can confirm or verify the result. (Lichtman, 2010) In addition, the researcher should reassure that it is in good faith, which the researcher has acted in. This is with the insight that a complete objectivity is not possible to achieve when it comes to science regarding social issues. This good faith refers to that it is not by conscious that the researchers’ theoretical orientation or values has been affecting the researches execution. (Bryman & Bell, 2005)

The next criterion, credibility, involves the evaluation of credibility from aspect of the members of the study which means that the attendants of the research can credit the situation for being reflected in a proper manner. Dependability is when the researcher takes into consideration that changes can occur within the area of research. The researcher also has the responsibility to make sure that the changes are being fully described as well to describe how these affects the execution of the research. (Lichtman, 2010)

To follow these criteria the authors have tried to be as consistent as possible. The respondents have been told to be as open as possible and to answer sincere. This is strengthened by the
possibility of being anonymous, that was offered to the respondents. The purpose of the research has always been presented and all information has been written down in some form. All respondents have been relevant in some way for this paper and the authors have tried to find the most suitable respondents for the research to be able to answer the research question.

The criterion *transferability* is not met in this paper due to the choice of *comfort sampling* and therefore the result is not possible to generalize. The other criterion *confirmability* is partly met when the case company verified the interpretation that the author did from their statements. Why the paper partly failed to meet this criterion was because of the large retailers of internet shopping, who were interviewed, were not offered the possibility to verify the answers due to the lack of time. The authors of this paper have not consciously merged their own opinions into the research and therefore have been acting in good faith. This strengthens the level of *confirmability* in this paper, even though the authors might have affected the research unconsciously, since complete objectivity is not possible to achieve. The understanding and interpretation of the authors has influenced the different chapters of the paper, even though the focus has been on keeping the information as useful as possible. Furthermore, since the case company is the only one verifying that the information has been interpreted in a proper manner, the criterion *credibility* is not fully met. The last criterion used in this paper, *dependability*, is met since no changes have occurred during the research.
3. Theoretical framework

In this chapter, theories that are relevant to this paper are presented. This information will later on be the foundation for an analysis of the subject.

3.1 New-to-the-world product

A product that is new to a market, as well as new to a company is called a new-to-the-world product. (Augusto & Coelho, 2009) New-to-the-world products have a high complexity to launch. The company needs to construct a demand that is called primary demand. (Guiltinan, 1999) Primary demand is where buyers are positive to buy a product no matter what brand they find. That demand is often wanted in the first stages of the product’s lifecycle. (Solomon et al., 2010) In primary demand situations, cost of switching can occur when a substitute to the product gets attention. (Guiltinan, 1999)

A launch plan must be made of the needs to be stimulated in an area of customer behaviour; the processes of diffusions and adoption. The adoption phase will take time, due to that the time and cost of the customers, when making their buying decision. (Guiltinan, 1999) In the process of adopting a new product the buyer passes through different stages, including information search, evaluation, trial and finally adoption. The importance of these stages depends on how much information the buyer already has about the new product. (Solomon et al., 2010) This process of adoption, with a launch plan that stimulates this process, will turn into the stadium of diffusion. (Guiltinan, 1999) The diffusion process is where innovations spread across the market in varying velocity and degree. (Johnson et al., 2008) When reaching a group of early users they become opinion leaders. (Ming-Hung & Kuen-Hung, 2007) Opinion leaders are persons that are leaders and gives information to others in areas as, for example, consumption. An often used definition for opinion leaders is persons who tend to sway other individuals’ choices when it comes to purchases. These opinion leaders help spreading the product across the market. Persons that are recognized as opinion leaders often have features as being both socially dynamic and technology knowledgeable. Other examples of features are self-assurance and egocentrism. (Shoham & Ruvio, 2008)
3.2 Launching products of innovation

The launch of a new product involves high risks and expenses. (Hultink et al., 1997) Hence, the concern is to identify what type of strategy to use for a product launch. (Ming-Hung & Kuen-Hung, 2007)

In Figure 1, a theoretical framework is showing the launch strategy of innovative products as depending on the character of the market and the resources of social and technological capabilities. The characteristics of the market are referring to competition and market growth. The technological capability is referring to research and development and technological knowledge. (Ming-Hung & Kuen-Hung, 2007) A technological capability establishes a competitive advantage. (Duysters & Hagedoorn, 2000) The social capital could be strategic alliances and reputation. (Ming-Hung & Kuen-Hung, 2007) The capital of a social kind is also referring to, partnerships with emotions of trust and attachment that is mutual. The interaction among partners, can take the shape of using resources that are a part of social capital. The performance of a company is what the social capital embraces due to social networks valuable effect. (Lee et al., 2001) These are of significance when a launch strategy is being selected. (Easingwood & Harrington, 2002)

Technological products encounter more issues concerning preparing and positioning on the market. (Ming-Hung & Kuen-Hung, 2007) Creating unique arrangements of distribution are vital for a launch, when it concerns a technological product. These arrangements might be new dealership of joint-venture. This joint-venture could also take the shape of cooperation of technological evolvement. (Beard & Easingwood, 1996) However, companies offering high-tech products might turn away from launching products with a high level of innovativeness. When the market acceptance increases, competition becomes more aggressive. When this
happens, the typical launch strategies will not resist rivalry and the entire strategy falls apart. (Ming-Hung & Kuen-Hung, 2007)

3.3 Launching for first-mover-advantage

The newness of a product is affected by the decisions between being a follower or a leader, and this also affects the demand that the company wants. When a company takes the position of a leader, they must educate the market, involving high costs. (Guiltinan, 1999) Companies that strive towards being the first-mover should only do so if they have the proper resources and skills, as well as the willingness to practise a strategy based on both high risk and return. Companies with limited finances and a low willingness for taking risks should not strive for being the first-mover. (Kalyanaram et al., 1995) However, there are possible advantages in the long run with early gained consciousness, distribution and trial. (Guiltinan, 1999) This is referring to the segment of the market that is greatest and largest. In contrast, companies entering later should target smaller segments. (Kalyanaram et al., 1995) When, due to increased compatibility and relative advantage the market acceptance is quicker, the benefits of being the leader are greater. (Guiltinan, 1999) The factor compatibility depends on the values and needs of the customers that should be matched to the products position and to the comparison between this and the match of other products that have been tested earlier. (Sang-Hoon & Sungjoon, 2004) The factor relative advantage depends on the position advantages of a product, compared to the performance and price of the innovation or compared to the ideas that the new product refers to replace. (Rogers, 2003) These two factors have influence on customers’ intentions of acquisition. (Sang-Hoon & Sungjoon 2004)

The first-mover-advantage could make the product and company to what the customer first spontaneously thinks of. As long as customers’ needs are being fulfilled, there will be a resistance to change, since the relation between the customer and the company creates a bond founded on emotions since the first-mover is the first to satisfy the customer. However, being first does not mean that the product will succeed. In markets where products evolve rapidly and a lot of technical advances are being made, being the first-mover can be an exposed position. Exposed, meaning that competitors with superior resources, as for example well known brands, more efficient products or greater capabilities, have an advantage whereby they could take over. (Liang et al., 2009) Companies that would gain advantage from being a
*first-mover* would be those who attain better experience economies and scale in short time, thus establishing a durable advantage in competition. (Guiltinan, 1999) This economy of scale can give advantages, such as a lower costs and better quality. (Kalyanaram et al., 1995)

### 3.4 Timing the launch

Another important aspect in product launch is the timing of the launch since it affects the success of products. If there are high switching costs for the customers, early launch is advantageous. (Calantone & Di Benedetto, 2007) *Pre-announcing* could be a way to create *hype* before actually launching the product. The product should be *pre-announced* in cases of high *relative advantage* and low *compatibility*. This is while the product should be kept secret until launch in cases of high *compatibility* and low *relative advantage*. (Guiltinan, 1999) Calantone & Di Benedetto (2007) states that by launching a product early helps to create a reputation for the product. Guiltinan (1999) says that if the customers find the *relative advantage* to have some substance, it would help to build a reputation. *Pre-announcing* creates an approval, when there is a new standard. It also gives consumers additional time to change systems that are interrelated and to get an understanding of the technology. (Guiltinan, 1999) When customers need to learn a new technology or new systems, the launch should be early. The appropriate launch time could be based on the customers and the company’s goals. (Calantone & Di Benedetto, 2007)

### 3.5 Strategic and Tactical decisions

The decisions of launch can be divided into strategic and tactical decisions. (Ming-Hung & Kuen-Hung, 2007) The strategic decisions, addresses why, when, what and where to do it. (Hultink et al., 1997) These decisions are going to have an impact in the long run. (Garrido-Rubio & Polo-Redondo, 2005) The strategic decisions are made in the early stages, where the product is developed, and followed through the whole process. (Hultink et al., 1997) The strategic choices influence which tactical decisions that will be made before the launch of the new product. (Garrido-Rubio & Polo-Redondo, 2005) The choices of target markets, mass market or niched market, or being follower or leader, are strategic choices. (Calantone & Di Benedetto, 2007)

Tactical decisions concerns how things should be done (Garrido-Rubio & Polo-Redondo,
2005) and choices at this level are usually being decided when the new product is complete. (Talke & Hultink, 2010) Decisions of the tactical kind can be about price. (Hultink et al., 1997) How the product would be accepted, depends on how the strategic and tactical launch decisions are implemented. (Garrido-Rubio & Polo-Redondo, 2005)

3.6 Power of buyers and uncertainty factors

When it comes to the planning process of the launch strategy, managers should take into consideration the environment and the structure of the industry. How a company performs is affected by, for example, the power of buyers. (Calantone & Di Benedetto, 2007) *Power of buyers* is when there is a pressure to achieve profit, as a consequence of the power of bargain that the buyers hold over the supplier. Buyers have a tendency to have power when they can be their own suppliers when having potential to obtain facilities of their own or if they already possess them. (Johnson et al., 2008) This means that there is an implicit threat that the buyers themselves can do the job of the supplier. That would be a **backward vertical integration**. (Porter 1980) This *backward vertical integration* can be a consequence of that the quality and prices of the offerings of the supplier are not being seen as satisfying. This situation is called *buyer competition threat* and is a part of the *power of buyers*. (Johnson et al., 2008) When there is a chance for a **backward vertical integration**, the *power of buyers* would probably be high. (Porter 1980)

Some uncertainty factors need to be kept in mind when the launch strategy is being developed. (Calantone & Di Benedetto, 2007) Uncertainty is defined as a defect of information, and is referring to the disparity between the information the company possesses and the information needed for a specific performance. (Büyüközkan & Feyzioğlu, 2004) Some examples of uncertainty factors are the market demand and technology. (Calantone & Di Benedetto, 2007) It is not easy to create sustainable technological advancements that will survive technological turbulence and due to this, a quick decision making process is necessary. Moreover, it is not easy to predict the time when changes of a technological kind will occur. (Augusto & Coelho, 2009) In the case of a low market uncertainty, the product is being sold and distributed in well-known distribution channels. The information on customers that the company possesses is also extensive. However, this is not the case in situations of high market uncertainty, where the information of customers is low. In a market that is
quickly changing, companies encounter uncertainty. One is that the potential buyers may not be able to express their needs. Neither do managers have full information about the opportunities of the new technology. (Büyüközkan & Feyzioğlu, 2004)

### 3.7 Market orientation and launch

It is also important that the company is market oriented, as this affects the final result and the launch tactics. A definition of market orientation is that the company creates information of the wants and needs of the customers and spreads the information and reacts to it. (Calantone & Di Benedetto, 2007) A major decision is to choose between targeting the entire market or selecting a niche to focus on. (Guilitinan, 1999) Improving companies’ profitability and competitive advantage by improving customer orientation will lead to market segmentation that also develops these advantages. However, advantage concerning segmentation need to be balanced with resources. These resources refer to the resources that are connected to the execution of the segmentation. However, the segmentation projects could be full of difficult issues even though the cost has been justified. (Dibb & Simkin, 2009) This development of a competitive advantage is founded on knowledge about the chosen segment. When choosing a segment, it should match the strengths that the company possesses. (Croft, 1994)

The process of recognizing the target groups is where target customers are identified and segmented into groups. These groups contain customers that have demands of a similar kind. This focus is needed to increase the efficiency of pleasing and attaining the customers. The decision of the target market to focus on is one of the most significant decisions to do. (Talke & Hultink, 2010) In most cases, targeting the entire market is not preferred, due to heavy competition from superior competitors. To be able to compete in this situation it is required a large amount of resources. (Guilitinan, 1999) When targeting the entire market there is also the risk that some needs of customers are not satisfied and resources are being wasted. (Croft, 1994) However, targeting the entire market could be preferable when the product will be seen as having great *compatibility* and powerful *relative advantage*. This is in the case of a wide range of customers. However, in the reality, new products seldom attract all new potential customers. Instead, they often target those who probably would be appealed by the advantage of the product. These are segments that are of strategic significance. (Guilitinan, 1999)
3.8 Pricing in the launch stage

A significant factor in the launch stage is the price. (Calantone & Di Benedetto, 2007) From the customers’ point of view, the price is a vital element in the desire for a product. The price also indicates the advantage, innovativeness and quality of the product. (Hultink et al., 2000) There might be adoption barriers, since customers may lack appreciation of the value of a new product or experience of using it. An option could be to give customers a price reduction to lower the risk in the trial stage. Even though a lower price generates demand and reduces the cost of volumes, there are disadvantages with lowering the price. This is because the margins and revenues are being reduced if there is not a quicker falling cost. This is a dilemma concerning a low price. (Calantone & Di Benedetto, 2007)

A greater understanding of earlier launches can be a foundation for development of faster advancement towards break-even. In addition, it would also give an understanding when it comes to superiorly controlling the programs of launch. Two reasons for a company to use a first-rated price could be to become a leader of quality or to make the revenue to the highest which is called skimming. (Calantone & Di Benedetto, 2007) When technological products are being introduced, companies traditionally use strategies of skimming. This is done to attract high-tech devoted customers that are not held back by a higher price, and is done in the first stage of the product launch. (Ming-Hung & Kuen-Hung, 2007) If a high price is used, it needs to be justified by another element, such as the quality of the product. Furthermore, if the product has a benefit in competition that is being perceived and if the product is distinguished, a price strategy of skimming would be preferred. (Calantone & Di Benedetto, 2007)

Furthermore, it is especially when the product has a benefit that is obviously unique and is perceived as a strategy based on skimming that gives more effectiveness. (Hultink et al., 2000) In addition, this should correspond to values and experience of customers. In contrary, the strategy of price penetration is suitable when the cost of distribution and production can be lowered. In such case, a position of leadership when it comes to price can be obtained by this. This strategy, price penetration, is also suitable when barriers of adoptions and speed dispersal need to be surmounted. (Calantone & Di Benedetto, 2007) Furthermore, the choice of price penetration is a reason to use when the diffusion of a product probably would pursue the
**typical diffusion curve.** This is because launches of the competitors’ products could be blocked. (Hultink et al., 2000) When it comes to the diffusion curve that is the most frequently used curve is the *S-curve*. This curve has been the most frequently used since it was developed. (Bessant & Tidd, 2007) A diffusion curve concerning innovations has a shape of an *S-curve*. This means that the early stages of the curve include a slow adoption process and this is before a quick increase in speed occurs. (Rogers, 2003) The *S-curve* ends with a demand that is limited and thereby has reached an area of stability. (Johnson et al., 2008) See figure 2 below.

**Figure 2**


![Diagram of diffusion curve](image)

The choice between *price penetration* and *skimming* is also affected by the extent of entry. In addition, *price penetration* is preferred when the scale of entry is major while *skimming* is preferable when the scale of entry is small. (Hultink et al., 2000) The tactical decisions concerning price depends on the *relative advantage* in relation to *compatibility*. In a case of low *relative advantage* respective low *compatibility* the price strategy should consist of a *price penetration* strategy, in opposite to, the use of *price skimming* strategy while the *relative advantage* and *compatibility* are high. The *price strategy penetration* is preferable when early adopters should be encouraged as well as when diffusion should go quick. (Guilottin, 1999) However, there is no restriction to only choose between these two. Other factors have to be taken into consideration by a firm. These are determination of what effect the net profit has of lowered price, the relationships between the current profit, volume and cost, demand stimulation and the price sensitivity of demand. (Calantone & Di Benedetto, 2007)
3.9 Acceptance and adoption

To choose a strategy of launch, one should bear in mind how the market would accept a new product. (Guiltinan, 1999) Customers are when they are deciding if they want to adopt a product that is new, going through a number of stages. This process is called the innovation decision process. (Rogers, 2003) A product's features, that are of significance in this process is the compatibility and relative advantage. (Guiltinan, 1999) The factor compatibility is depending on the values and needs of the customers that should be matched to the product's position and also the comparison between this and the match of other products that have earlier been tested. (Sang-Hoon & Sungjoon, 2004) Compatibility is also concerning if there is any feeling that innovation is needed. When it comes to new-to-the-world products, the compatibility is compared to the type of product that earlier has been used with the purpose to meet the needs of a comparability kind. (Guiltinan, 1999) The factor relative advantage is depending on the perceived position advantages of a product compared to position advantages of the ideas that a new product is replacing. This is also when there is an occurring comparison between the performance and price of the innovation. (Rogers, 2003) The perceived compatibility or/and perceived relative advantage are what the function of the goals concerning the demand are founded on. This is referring to an innovation. (Guiltinan, 1999)

One goal of demand is adoption. Tactical and strategic decisions drive the perceptions of compatibility and relative advantage. Furthermore, the tactical and strategic decisions are also being influenced with a measurement of these perceptions. The measurement consists of product and concept testing in the chosen market. (Guiltinan, 1999) Factors that are of significance when measuring the level of relative advantage could be satisfaction, social prestige, terms of economics and convenience. (Rogers, 2003) Concept tests in the aspect of relative advantage often uses measurement of the relevance or significance advantage included in the offer as well as the new concept uniqueness that is being perceived. These measures however, might not correspond with the perceptions made by the customers when it comes to relative advantage. (Guiltinan, 1999) Furthermore, it is if the potential buyers perceive the new product as beneficial that is of significance, rather than the objective benefit the product possesses. (Rogers 2003) In the process of diffusion and adoption the relative advantage is of most significance for the ones adopting the product early. This is while the compatibility is of significance when it comes to the ones adopting the product later. An issue
might be that buyers do not see the advantages in the new product and therefore the relative advantage will not be increased. However, it is not only these parts that drive them, for example product testing could also have an impact. The chance of getting the demand that was intended in the launch strategy greatly depends on how the market perceives the compatibility and relative advantage of the product. (Guiltinan, 1999)

When it comes to the effect that leads to adoption and trial, it is founded on especially the compatibility and relative advantage. Therefore, they should be taken into consideration when a strategy of launch is developed. (Guiltinan, 1999) The degree of adoption will depend on how the relative advantage is perceived, if the relative advantage is being perceived as heightened so will the degree of adoption also be. (Rogers, 2003) The management of sales must, in order to get the wanted result, take on the product with great dedication. In addition, when it comes to affecting buyers to buy, the sales management has a key role since they communicate a lot with the customers. (Micheal et al., 2003) 90 per cent of the communication is body language and only seven per cent is the vocal communication as stated by Borg (2009).
4. Empirical investigation

In this chapter empirical information will be looked upon and give a deeper understanding of the case-study company WeZupport. Also studies of the qualitative interviews and the survey will be presented. This chapter will together with the theoretical chapter lay the foundation for the analysis of this paper.

4.1 Introduction of the case company

The case-company WeZupport is a small but rapidly growing company. The company sells innovative solutions for having any type of digital meetings, events and lectures. It was founded in 2003. This is within the subject to do new ways of doing business and to learn and interact within organizations. (WeZupport – Arbeta och utbilda online, 2011)

WeZupport has the last couple of years worked with organizations with working, learning and interacting in new ways. Their customers are mostly Swedish, and ranges from universities to hospitals, but also to professional businesses that wants a more cost-effective interaction. The concept digital shopassistant is a solution for businesses with webshops to give their customers the same assistance in the digital store as in the physical store. This is through a web based interaction which gives the customer a live communication with motion picture and audio with the seller on the shops homepage. (Bedin, CEO, 2011)

4.2 Statement of the case company’s problem

WeZupport wants to launch a solution for improving the communication between seller and customer on the Internet in form of a software product combined with knowledge and information, which they will offer to other businesses. The product is called digital shopassistant. The product contains licenses for usage of the product combined with supporting service in means of knowledge, technical support and education. Furthermore, the launch of this product for this market will be assigned a limited amount of financial resources. Despite this, the company has a high willingness of taking risks. (Bedin, CEO, 2011)
4.3 Results from the case study interviews

4.3.1 Market situation

Today this type of product does not exist in the Swedish market. According to the CEO of the company, the reason for this is that the market is not fully mature to adopt this type of product. However, he also states that the users of this product are indeed mature enough to use this type of interaction support tool. Furthermore, the infrastructure needed is already provided for the potential users. It is actually the business world that slows down this type of development. Despite this current situation with the market being immature, in three to five years, 75 per cent of all companies in the Swedish market will possess a solution to offer their employees and customers to interact with a tool in some sort of way. The product that WeZupport offers is not a demand driven product and additionally, there is currently a low need or want for the product. WeZupport creates a new alternative to use their solution instead of current ones due to a more personal relation towards the user than any of the substitute solutions. The great benefit with this solution is the possibility to use body language, since most of the communication happens through body language. In addition, current solutions only uses less part of the communication process since they only interact with words. (Bedin, CEO, 2011)

As CEO Stefan Bedin says, they expect a threshold stage for this specific product and when this has been surmounted through adoptions and acceptance of major key-players, other twins might follow. In this type of scenario, the company expects a large growth and many new customers, but with this growth, WeZupport anticipates that other competitors will arise. If this would be the case, the company believes that they would have several factors of advantage through competence, experience and social capital. In this case, the social capital refers to cooperation with large partners with which they have plans to realize in a not so distance future. For example, these plans could involve outsourcing the sales process and also parts of the production to gain cost efficiencies. Even though WeZupport could gain these first-mover-advantages, they do believe that superior competitors could outmanoeuvre them with the help of greater resources. (Bedin, CEO, 2011).

In a competitive environment concerning this type of product, it is vital to be niched to handle
the competition in a more successful way. This is also what WeZupport intends to do. They want to focus on a few sectors and be specialized in these to be able to grow twins from a clearly defined target market. Within a situation of competition, they would concentrate on what they believe would be their relative advantage. These advantages are a strong commitment to the market, well evolved supplements to the product, cost flexible solutions for the customer that are modified constantly, networking and insourcing in the form of acquiring needed services around the product. (Bedin, CEO, 2011)

Uncertainties when it comes to this type of market are technological advancements and the demand. These technological advancements are something that WeZupport faces with a quick decision making process throughout the entire organization in order to rapidly be able to react to changes. WeZupport expects that the demand will increase dramatically in the next five to ten years, even though this development has been proceeding slower than they expected. (Bedin, CEO, 2011)

4.3.2 Concerns about the product

The digital shopassistant has been tested with several homepages to see how available the solution is to users. These were not within the segment of real internet shops but instead on artificial homepages. Preliminary investigation has been made in a smaller scale during the years that the company has been active. The market has also been investigated through surveys towards the customers, information from analysis companies and information from global players. These investigations showed that the company’s relative advantage was the knowledge part of the product. (Bedin, CEO, 2011)

The digital shopassistants design needs to be adapted depending on which buyer is interested. This is due to different homepages, the extent of the project and the buyers’ type of target market. When distributing the product, the company makes sure that everything goes comfortably for the buying company. This is since everything is distributed online. (Bedin, CEO, 2011)

4.3.3 Introduction pricing

The product is already cost-efficient from the beginning, which allows a lower introduction price to be offered. Furthermore, this makes the process of lowering costs not a priority for
the company. They also want to base their sales on volume, which is also supported by a lower introduction price. The company also says that the *price penetration* concept has to be used in this early stage because of the low demand. The other choice is to try to take a higher price from a few customers, but the company is afraid to get stuck in a complex project that would require too much resources. A lot of extra resources would be put into a *pilot sale* execution which would lead to an economic advantage for the buyer that could lower the introduction price even lower. This advantage exists to reduce the risk for buyers due to the threshold of maturity. (Bedin, CEO, 2011)

### 4.3.4 Market acceptance

The buyers could potentially skip WeZupport in the buy process and buy directly from Adobe, which is the supplier of the product. However, with the side-services and technical support that WeZupport offers, the risk of a scenario like this is reduced. To able to skip WeZupport the buyers themselves needs to develop their own technical support and learning process of the product, which is a too large and costly investment. (Bedin, CEO, 2011)

The trial stage will mainly be user-based where the major element will be a *pilot* where customers will have to possibility to interact with this type of product along with the supportive services. With this, the company wants to create a *hype* which could lead to a *ketchup effect* where one sale could lead to many others. This one sale could evolve to an *opinion leader* that WeZupport sees a key-factor of success. (Bedin, CEO, 2011)

### 4.4 Interviews with large online retailers relevant to the case

The interviews were done with four different respondents. In the interviews it was shown that there were mixed feelings about this solution among the respondents.

The travelling company had a positive opinion about the solution. They argued that an interaction with motion picture and audio is a natural development for this specific company since they currently have a well used text based chat system. They feel that this solution where a seller showed in motion picture is a beneficial and effective complement to their current solution. However, the company does not know if a body language interaction would give advantages in sales. (Pellvik, Marketing manager, 2011) Pellvik (2011) states though, it
might be beneficial for sales. However, despite the positive point of view of the solution, the travel company has to take into consideration the cost of the solution and how easy it is to integrate into their currently existing support environment. Especially the technical level and cost of the solution should both be on a low degree. Concerning the technical aspects, such as technical support, education and servers, they would like to place as much of these services internally in the company. The company is not especially focused on what competitors do, instead the focus lays on what is beneficial for the customers. In addition to this, the company would not feel pressured to use this solution if competitors would start to use it. (Pellvik, Marketing manager, 2011)

The representative of the clothing and make up section had a slightly different view. They do believe that, in the long run it will be obvious to have live customer support in their company web shop, but to them it is not a given solution that the customers’ needs to see the seller. It is nothing that they have considered as a factor of success online. They feel that there are other elements that have a greater impact on minimising the risk and increasing the safety for the customers, at least in their industry. They say the major benefit of a solution like this is that the customer gets live help with a direct response. These advantages that could occur are that the demand on customer support increases dramatically, both when it comes to profile but also with the complexity with different languages in the live interaction. It is easier to give a higher quality throughout the entire process with a different approach. A solution like the case company’s could also give customers too high expectations on the answers from the seller. They also see that it could be a problem of integrity that needs to be considered. Furthermore, they do not find this solution of interest at the present time. However, if the company would use this kind of solution, they do not want to maintain the supporting services themselves. Instead they would outsource everything. If any competitors would start to use the solution, would not affect the company’s decision of use or not to use the solution. (Anonymous interview A, 2011)

The company representing the cultural segment did not believe that this solution would fit their organisation. They could not identify any problems that could be solved with a solution like the one the case company offers, but it is still something that has to be tested and the cost versus gains has to be balanced and looked upon. They are doubtful that they could gain
anything, when it comes to sales when having a human interaction with body language. Instead they say that the disadvantage with a solution like this is that it could distract the consumer. They state that simplicity is of importance. They do not feel that one should overwork the buying flow. However, the company states that this solution could fit other types of services or products than the ones they currently offer. In addition, they are not willing to use this solution. However, the company would prefer external help in form of technical support, education and servers if they would in the future want to use this solution. This is because they do not want to occupy their own resources. In the case of a competitor starting to use this solution, the company would not feel pressured to start to use the solution themselves.

(Hallgrim, Market manager, 2011) Hallgrim (2011) state though, that they are evaluating the option to have some kind of interactive chat for specific parts of the web site where they know that the customers have a lot of questions.

The company that sells technological products did believe that this solution could be useful in some situations. The company states that it should be a possibility to choose to interact with a seller online and live. As for the increased advantage from the body language the company does not believe that it would give them any benefits. They state that in this case the customer needs to see the entire person which would not have a large impact. The representative for the company does not believe that this solution would increase their sales. However, as a customer service support the representative thinks it would have a purpose. This is when their current chatting system would be developed and thereby they see this solution as a possible upgrade. (Thor, Aftersale, Customer Service Manger, 2011) Thor (2011) states, if Siba AB would try this kind of solution, they want it to be sold in a package with technical support, education and servers but this could differ due to which company that wants to start using it. As for Siba AB, they want to outsource everything except the personnel. The company would not feel pressure to start using this solution if competitors would do that. They say that it would be interesting to see this kind of solution implemented on a company web site. (Thor, Aftersale, Customer Service Manger, 2011)
4.5 Survey answers

The number of responses that were gathered was 250. Among these responses 57.5 per cent of the population was female while 42.2 were male. The overrepresented age group of the respondents was in the age group 18-24 years, where 64 per cent were between 18 and 24 years. The second largest group was 25-34 years old. The two different groups, 35-55+ and under 18, were together eight per cent. This is showed in diagram 1.

Diagram 1

99 per cents of the respondents had shopped on the internet one or more times. The majority that had shopped online was women. Concerning how satisfied customers are in physical stores, 55.7 per cent said that they were satisfied. 31.3 per cent stated that they were neutral. 10 per cent were very satisfied and only 5.6 per cent were dissatisfied or very dissatisfied. Furthermore, the survey showed that 63.4 per cent were satisfied with the service in a web shop. In the opposite, it was 4.9 per cent that were dissatisfied. The rest of the respondents were neutral or did not want to take side for the level of perceived service.

It emerged several important phrases among the respondents in the open questions. Two of the most significant arguments for using the digital shopassistant is the following about service regarding online retailing: “It is not really any special service, but more to click, fill in account number and then it is done. It is would be needed something else in order for me to shop more online” and “lack of personal assistance face to face”. Some other phrases that appeared more than others are stated below as a summary.
<table>
<thead>
<tr>
<th></th>
<th>Pro</th>
<th>Con</th>
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<tbody>
<tr>
<td><strong>Physical store</strong></td>
<td>“Good service when you ask, sometimes you have to wait for sellers though.”</td>
<td>“The level of competence in store employees is often disturbingly low.”</td>
</tr>
<tr>
<td></td>
<td>“You can check the product and also get an explanation from the seller but it takes time.”</td>
<td>“The sellers often don’t know what they are talking about.”</td>
</tr>
<tr>
<td></td>
<td>“I can ask questions directly to the seller.”</td>
<td>“Cold staff sometimes.”</td>
</tr>
<tr>
<td></td>
<td>“It depends on what store but the workers in the shop are mostly friendly.”</td>
<td>“The personnel mostly stay behind the counter. Feels like I disturb them if I ask something.”</td>
</tr>
<tr>
<td></td>
<td>“Non-clarities may be handled at once.”</td>
<td>“You usually get the help you need but not more then that.”</td>
</tr>
<tr>
<td><strong>Web shop</strong></td>
<td>“Easy and saving time.”</td>
<td>“Hard to know about the goods when you only have a short description and a small picture. A lot of reading about the deals and rules regarding repurchase for example.”</td>
</tr>
<tr>
<td></td>
<td>“If I have questions they always answer them.”</td>
<td>“Non-personal. Not possible to get GOOD advice about problems.”</td>
</tr>
<tr>
<td></td>
<td>“When being in a physical shop I expect a higher degree of service than when I shop in a web shop. It is often cheaper and I find it okay to do more of the work myself and get less service.”</td>
<td>“It’s often harder to get help, usually you get a lot of information but if you got a specific question you must call customer service, which can mean a lot of waiting.”</td>
</tr>
<tr>
<td></td>
<td>“I find it comfortable to shop online from home and get the products delivered to my home.”</td>
<td>“Cannot say that there is any special service except an e-mail address you can mail to if there is any concerns. Some has telephone numbers and I think that is very important.”</td>
</tr>
<tr>
<td></td>
<td>“Often cheaper, and you have the feeling to control the situation, to not pay useless services.”</td>
<td>“Sometimes I can miss the contact with the staff.”</td>
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</tbody>
</table>
58.2 per cent of the respondents stated that they have not encountered an automatic shop helper *Avatar.* 31 per cent of the respondents did not know if they had encountered an *Avatar.* Furthermore, 12.9 per cent of the respondents stated that they have encountered this support. In addition, the ones that answered *yes* had answers of disparity when it comes to the satisfaction of the *Avatar.* 26.2 per cent was satisfied while 26.2 per cent were not satisfied. 19 per cent answered they were very dissatisfied with this solution. In the opposite 9.5 per cent stated that they were very satisfied with the *Avatar.* Within this group of respondents, 40.5 per cent thought this solution was easily used, while 35.7 per cent did not think this solution was easily used.

In the segments of cultural products and travels, the respondents were majorly satisfied with the service in these two industries. In the other two segments, clothing and make up and technology, the respondents were not as pleased with the service. Very few of the respondents, 19.5 per cent, thought that a personal contact with a seller in online shopping is needed in the segment clothing and make up together with cultural products. This is while 59 per cent did not feel the need for a personal contact with a seller in online retailing. 80.1 per cent of the respondents do believe that extensive information about the product is vital for these segments. Concerning the remaining segments, technology and travel, 87.8 per cent of the respondents felt that they needed information about the products. Furthermore, the respondents that needed personal contact on the web based shop were 42.1 per cent. In opposite to this, 38 percent did not feel they needed to communicate directly with a seller through Internet.
37.6 per cent of all the respondents believed that interaction with a seller urges them to buy more than without the interaction. This is while 49.8 per cent do not believe this interaction urges them to buy more. When it comes to the segment clothing and make up, 23.7 per cent believed that the interaction with a seller is important when buying these products. This is while 46 per cent do not believe an interaction with a seller is important. The numbers when concerning traveling was 44.2 per cent respective 29.2 per cent. For technology the authors could see that 56.8 per cent believed that the interaction was important while 19.2 per cent believed it was not. For the last segment, culture, the numbers were 11.1 per cent respective 62.7 per cent. This is showed in diagram 2 above.

### 4.6 Summary of empirical investigation

<table>
<thead>
<tr>
<th>Case company</th>
<th>Market maturity</th>
<th>Cultural products</th>
<th>Travel company</th>
<th>Technology company</th>
<th>Clothing and make up</th>
<th>Survey</th>
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<tbody>
<tr>
<td>Case company</td>
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<tr>
<td></td>
<td>Market maturity</td>
<td>Cultural products</td>
<td>Travel company</td>
<td>Technology company</td>
<td>Clothing and make up</td>
<td>Survey</td>
</tr>
<tr>
<td></td>
<td>Cultural products</td>
<td>Not mature</td>
<td>Mature</td>
<td>Mature</td>
<td>Not mature</td>
<td>Not fully mature</td>
</tr>
<tr>
<td></td>
<td>Travel</td>
<td>Mature</td>
<td></td>
<td>More mature</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Technology</td>
<td></td>
<td>Mature</td>
<td>More mature</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Clothing and make up</td>
<td>Not mature</td>
<td></td>
<td>Not mature</td>
<td></td>
<td>Not fully mature</td>
</tr>
</tbody>
</table>

Here it is shown the summary of the empirical investigation. The segments that are mature enough to use the case company’s solution are the travel and technology segments. It is even in these areas that the end users are more mature to accept this kind of solution. In opposite to this, the end users are not fully mature to use this type of solution in the segments of cultural products and clothing and make up, which is corresponding to that the business within these areas also are not mature for the case company’s solution.
5. Analysis

In this chapter the theoretical framework and empirical investigation will be the foundation for the analysis. Similarities and dissimilarities will be shown in this chapter and this analysis will bring forth a conclusion.

5.1 Launching a new-to-the-world product

A product that is new to a company and a market is called a new to the world product. (Augusto & Coelho, 2009) This type of product is corresponding to the case company WeZupports product digital shopassistant since this type of product does not exist in the Swedish market. As Guiltinan (1999) states, when launching this type of product a company needs to construct a primary demand. This is also correlates to WeZupport since they want to launch this type of product. Furthermore, when launching this type of product, the adoption phase will not go fast, as it is stated by Guiltinan (1999). This is corresponding to what the case company said about the launch of this product being executed in a long perspective since they have a threshold to surmount before the diffusion takes a faster pace. As Shoham & Ruvio (2008) claims, it is the opinion leaders that increase the width of the diffusion. This is indeed related to WeZupports intentions of trying to create opinion leaders. In fact, the case company even sees these opinion leaders as a key factor to success that can help to create twins.

The capital of technological and social as well as market characteristics are what launch of innovative products depends on. (Ming-Hung & Kuen-Hung, 2007) The social capitals found in the case company were partnerships concerning the product and sales. These partnerships could involve outsourcing the sales process and the production. Another social capital the case company possesses is the relationship with their supplier Adobe. The case company possesses technological capabilities in form of technological knowledge and technical support. The characteristics of the market in this case, are a situation with no current competitors and a growing market. Though, the case company states that 75 per cent of all companies in the next three to five years will possess some sort of solution where employees and customers interact. According to Ming-Hung & Kuen-Hung (2007) the competition will
become more aggressive when the acceptance of the market increases. That competitors will emerge as the market grows is indeed something that WeZupport expects. A unique arrangement of distribution, as Beard & Easingwood (1996) states, is a vital factor for launching high technological products successfully. This is also the case for WeZupport since they distribute their product in a simple and comfortable way due to the online distribution.

The case company is launching a new-to-the-world type of product, the digital shopassistant, and is taking the position of a leader. Their situation of educating the market and high cost is corresponding to the statement from Guiltinan (1999) about high cost of educating the market when being the leader. However, the case company has a limited financial resource; in a case like this it is not recommended by Kalyanaram et al. (1995) to be the first-mover. Even though, Kalyanaram et al. (1995) recommends a company to be the first-mover when their risk willingness is high and this is in correlation with WeZupports risk willingness. The case company believes that they will have an advantage in a scenario of competition concerning their strong commitment to the market. Also cost flexible solutions that constantly are modified for the customer is a relative advantage. There are cases when competitors with superior resources outmanoeuvre the first-mover. (Liang et al., 2009) This is something the case company does believe could happen due to superior competitors greater resources.

According to Hultink et al. (1997), the strategic decisions concerns the questions why, when, where and what. The first question, why, is answered by the case company’s statement that they want to increase the communication on the Internet between seller and customer. As for when, the company sees that the end users are mature enough for this type of solution, while the business world is holding the development back. Despite this, WeZupport is confident in trying to launch the digital shopassistant in the present time and sees a major growth in demand the next three to five years. Where means here, that the company will launch the product on the Swedish market. Concerning what to do, this should be summarized in a launch strategy plan. The case company states that they will be concentrated into a niched market, which is also a strategic decision according to Calantone & Di Benedetto (2007).

When it comes to the case company’s situation of being cut off from the buying process between the customer and the company’s supplier, Adobe, the company feels that the risk of
being cut out is relatively low. This is since the knowledge and support they offer is costly to replace. Porter (1980) states, that when **power of buyers** is high, there is a chance for a *backwards vertical integration* to occur. In the qualitative interviews with online retailing companies, it was shown that the travel company wants to do as much as possible internally. This means that the **power of buyers** in this segment is relatively high. The other three segments would prefer external help with the support service connected to the product and thereby the **power of buyers** is not high. In addition, for a *backwards vertical integration* to occur is not a major risk for WeZupport, except in the travel segment. Calantone & Di Benedetto (2007) states, that the demand of the market and technology can be uncertainty factors for a company. In our case company’s situation, the market uncertainty is relatively high. This is because the company expected the diffusion process to go more rapidly than it has done. Even WeZupport feels that the technology is an uncertainty factor, which would, according to Augusto & Coelho (2009), force the companies to have a quick decision making process. This is indeed corresponding to the current situation in the case company.

**5.2 Relative advantage and compatibility**

When comparing the *digital shopassistant* with current solutions, the case company’s product makes use of more than 90 per cent of communicating because of the included use of body language. This is while the current solutions only use seven per cent of communication due to no body language interaction. (Borg, 2009) Thereby, the relative advantage should be perceived as high. However, the qualitative research in this study shows that the majority of the respondents did not find the use of body language vital when interacting with a seller online. As Guiltinan (1999) states that if the buyers do not perceive this advantage, the relative advantage will remain low. This is also corresponding with Rogers (2003) statement that it is the perceived advantage by customers that is of significance and not the objective advantage that the product contains. Therefore, the product *digital shopassistant* suffers from low relative advantage.

Rogers (2003) says that the degree of adoption will be heightened when the **relative advantage** is perceived as heightened. This is not the case for the case company since they consider the adoption process is going slower than expected. The **relative advantage** is also depending on the relation between the performance and price on the new product. (Rogers,
2003) This is corresponding to the statement that the travel company made when they said that the advantage of this performance had to be in correlation to the cost of the solution. As Guiltinan (1999) claims that when measuring the relative advantage in concept test, the concept uniqueness could be one factor that could be measured. In the product test that WeZupport has performed, the perceived uniqueness of the product, knowledge, is what was perceived by others.

As the survey showed, 55.7 per cent of the respondents were satisfied with the service in a physical store. A popular reason among the respondents on why they were satisfied was the impact of the employees. The impact of employees as a perceived advantage made by the end users of, digital shopassistance, should make the relative advantage of this solution high, for the end-users. This is also referring to the case-company’s customer’s point of view, this is since Micheal et al, (2003) states, that sales management has a key role, when it comes to affecting buyers to buy, due to the communication that occurs between them. This is also in relation to the survey answers of the positive view of employees. This is since many answers of pro in physical stores was about the integration with a seller when further explanations about products and when non-clarities could be handled directly. The positive view of employees is wanted in the web stores since many survey answers of cons in this retail area were about the lack of employees. This should increase the relative advantage for the case company’s primary customers and this is due to the communication that the digital shopassistance offers and the perceived positive picture of employees made by the end users is increased.

However, the answers in the survey also showed that cons in a physical store was due to employees, at the same time pros in a web store was due to the employees not interacting as in a physical store. This means that the relative advantage is not necessarily high. The company of the segment cultural products does not agree completely with the statement from Micheal et al (2003). This is since the company states that one should not overwork the buying flow. This is corresponding with the results of the survey, where only 37.6 per cent of the respondents felt that they urges to buy more when interacting with a seller, while 49.8 per cent of the respondents do not. According to this, the statement that Micheal et al (2003) makes, do not correlate completely. Therefore, the relative advantage, when it comes to
affecting buyers to buy, remains low in the point of view of the case company’s primary customers.

In fact, even though the majority of the respondents of the survey stated that they were satisfied in a physical store because of the employees' presence, an even higher majority of the respondents were satisfied with the service in a web store. Indeed, 63.4 per cent were satisfied in contrast to 55.7 per cent that were satisfied in a physical store. Popular phrases among the respondents concerning the reason for being satisfied with the service in a web store, was that the level of service had a lower threshold of acceptance due to the possibility of a lowered price. As the company representing the clothing and make up segment states, the presence of an employee would raise the customers’ expectation of the sellers’ answers in a web store. Furthermore, the company representing the segment of cultural products, states that customers concerning the Internet shop area, appreciates simplicity. This is corresponding to one of the most popular phrases made by the survey respondents, that they were satisfied with the service on web stores because it was easy.

Since the majority of the respondents of the survey were indeed satisfied with the present web based service, in fact they were even more satisfied than they were with the service in a physical store the need for a new solution is not necessarily high. This is since the need of an innovation in this area is relative low; therefore, the compatibility for the digital shop assistant is low. However, 42.1 per cent of the survey respondents felt a need of personal contact with an employee on web based stores in the segment of technology and travel. Therefore, there is a need for this service in these segments, even though compatibility is relatively low. When it comes to the need of personal contact, in the segments cultural products and clothing and make up, even fewer respondents felt a need, compatibility is even lower. Furthermore, the results of the survey showed that the majority of respondents thought that an interaction with a seller is the most important in the segment technology and travel. In the other two segments, clothing and make up and cultural products, the majority did not believe an interaction is important when buying these products. Therefore, the compatibility, need, for this solution is the highest in the segments travel and technology.

When it comes to a currently automatic shop helper online, as for example an avatar, 45.2 per
cent of the respondents of the survey were dissatisfied or very dissatisfied with this service. This is while 35.7 per cent were satisfied or very satisfied. In this relation, there is a need for a more satisfying solution of a shop helper. Because of this, there also exists a relative high *compatibility*. If automatic help is not enough, a direct communication could be a more beneficial alternative, and in such case, the *relative advantage* should be in relation to current solutions of automatic helpers’ relative high. However, as the majority of the case company’s potential customers do not see the *relative advantage* to be high, it will remain low. This is corresponding to Guiltinan’s (1999) statement that, *relative advantage* would not be increased if buyers do not see the advantage of the new product. This is corresponding with the case of WeZupport, since the qualitative interviews with their potential customers, showed that it is a relatively low need or want for the product. In addition it also corresponds to the statement the case company makes, that their product is not a demand driven product.

As Guiltinan (1999) states, a major decision is to decide between the choice of targeting the entire market or selecting a niche to focus on. This is corresponding with WeZupport’s case, where they state that they will focus on a few segments and become specialized in those. This is something that the case company does in order to, in a successful, way handle the potential future competition. To have expertise about the chosen segment in order to create a competitive advantage is correlating to the theory of segmentation. (Croft, 1994) According to Guiltinan (1999), a new product is often targeted towards the customers that most likely would appreciate the products advantage. In the case company’s situation, this type of solution should be targeted towards the segments of travelling and technology. This is since the survey, of the end users, showed that the need of a direct contact with a seller is highest in those segments. Furthermore, the travelling segment, believed this type of product was a natural development for their current solution. Also the technological segment thought that this solution could be an upgrade for their current solution.

Guiltinan (1999) states, it would be preferable for a product that possesses a powerful perception of relative advantage and great compatibility to target towards the entire market. However, this is not corresponding with case company’s situation since *relative advantage* and *compatibility* are relatively low. For the case company, the choice of segmentation is strengthened from the statement by Croft (1994), who says that resources are being wasted if
some needs are not being satisfied to the fullest in situations of targeting towards the entire market. Since the need for this solution is low in the segments of cultural products and clothing and make up, resources would be wasted if targeting those segments as well. Therefore, to use the segmentation strategy for the case company is preferable, which is also corresponding with the mentioned theoretical statement above.

According to Guiltinan (1999), the benefits of being the first-mover would be increased when the acceptance of the market goes more rapidly due to an increased relative advantage and compatibility. However, in the current situation of the case company, the relative advantage and compatibility are relatively low; therefore the acceptance of the market will not go rapidly and the benefits of being the first-mover would not be increased. Guiltinan (1999) states that a product should be kept secret until launch when the relative advantage is low and the compatibility is high. This is not corresponding with the case company since the compatibility is relatively low. However, the case company does not state that they want to keep the product secret, which is corresponding to the previous statement by Guiltinan (1999). Furthermore, Guiltinan (1999) claims that pre-announcing a product in order to create hype could be done when the compatibility is low and the relative advantage is high. In WeZupport’s case, the compatibility is low and the relative advantage is in most cases not high, so the statement the company makes about the want of creating hype is not preferable. However, the relative advantage is increased, even though it is not a very high advantage, in the cases of travel and technology segments compared with the other two segments. Therefore, hype could be preferable for the case company, if it would target towards those. According to Guiltinan (1999), hype helps the acceptance of new standards. This reason for hype is in favour for the case company, since there is an immature market; an acceptance of new standards is indeed needed.

5.3 Price

According to Calantone & Di Benedetto (2007), the price could be reduced in order to lower the risk in the trial stage when barriers based on adoption exist. This is in correlation to the case company’s situation since they stated that they offer economical benefits in the trial stage of the pilot to the once taking it on. Furthermore, WeZupport experience the barriers of adoptions to be the case for them. Calantone & Di Benedetto (2007) states, it is a dilemma
concerning lower prices. In the case of WeZupport, this dilemma is not a major concern. This is since the company states that they are already cost-efficient from the beginning and that lowering costs is not a priority for them. They want to base their sales on volume, so reducing the cost of volumes is in their interest.

Calantone & Di Benedetto (2007) states, *price penetration* is suitable when distribution and production costs can be reduced. WeZupport states that they are cost efficient and the comfortable distribution over online arrangements strengthens their decision of using this type of price strategy. Furthermore, Calantone & Di Benedetto (2007) states that a price leadership could be obtain by low distribution and production costs. The case company sees themselves already being costs efficient from the beginning and they are continuously looking for ways of cutting costs for their customers and this gives them good presumption to become a price leader. Calantone & Di Benedetto (2007) states that *price penetration* is suitable when surmounting is needed, concerning barriers of adoption and speed dispersal. This is correlating to the statement that the case company made about the threshold of maturity that need to be overcome, as well as the statement about that the process is going slower than what they expected. Thereby a *price penetration* strategy is preferred.

Rogers (2003) states, that innovation should follow an *S-curve* diffusion pattern. The case company states that there is threshold stage in the beginning, due to an immature market, which makes the adoption phase go slow. When this threshold has been surmounted, the company expects other *twins* to follow, and a *ketchup effect* could emerge. This *ketchup effect*, would represent a rapidly growing phase in the diffusion process. Thereby, the case company’s product expects to follow a diffusion pattern of an *S-curve*. Hultink et al., (2000) states that a reason for execute a *price penetration* strategy is when products probably would follow a *typical diffusion curve* in the process of diffusion. This is the case for WeZupport and thereby a *price penetration* strategy is corresponding. However, none of the online retailing companies felt pressured to start using the solution that WeZupport are offering if competitors would start using it. Therefore, the statement that WeZupport makes, about an *S-curve* pattern, is not strengthened by the qualitative interviews and the *ketchup effect* may not occur.

Hultink et al, (2000) states, that *price penetration* is preferable when the scale of entry is
major. In the case of case company’s situation, the scale of entry is not major, since they expects to get acceptance from a few major key players, in order to make other twins follow, therefore a price penetration is not corresponding. When the scale of entry is small, a price strategy of skimming would be preferable. (Hultink et al., 2000) This is not corresponding with the case company’s choice of introduction price. However, Guiltinan (1999) states that a strategy of skimming is preferable when the relative advantage and compatibility are high. The case company’s product is, according to the majority of the qualitative interviews of their potential customers, not possessing a high relative advantage and compatibility. Therefore, a skimming strategy is not to be preferred. Despite this, the travel company and the technology company were relatively positive to this solution and a skimming strategy could be executed, if it would be justified with the perception of the quality. However, the survey showed that it was a relative low compatibility, since 42.1 per cent of the respondents felt a need of personal contact in these segments. Therefore, the skimming strategy is not preferable, since the demand from the travel company and the technology company is in relation to the end-users.

Between the four segments of online retailing, the highest relative advantage is in the segment of technology. This is since the majority, 56.8 per cent of the respondents felt that the interaction with an employee was important when buying this type of product. However, only 42.1 per cent, felt a need for this solution, which would make the compatibility relative low. This is founded on that the per cent is not relative high, even though it is barley higher than the per cent respondents that did not feel a need for personal contact for online shopping. Therefore, relative advantage and compatibility are both low, and price skimming is not preferable in this segment. Furthermore, Ming-Hung & Kuen-Hung (2007) states that a price strategy of skimming is preferable when the customers are not held back by higher prices. However, the company representing the travel segment stated that despite the advantage with the product, they need to take in the cost in consideration. This means that the travel company indeed could be held back by higher prices; therefore, a price strategy of skimming is not preferable in this segment. Guiltinan (1999) states, a strategy of price penetration could be preferable when the relative advantage and compatibility are low. The survey showed that the compatibility for this segment is low; it also showed that only 44.2 per cent of the respondents felt that it was important to interact with a seller when buying this product; thereby the relative advantage is relative low. In relation to this, a price penetration strategy in this
The case company states that they will use a *price penetration* strategy as the introduction price. However, this is not corresponding to the statement made by Ming-Hung & Kuen-Hung (2007) that states that a strategy of *skimming* traditionally is used when launching technological products. The case company’s products’ unique benefit, of a more interactive tool that embraces the body language, is not being perceived as a high relative advantage. Therefore, the *skimming* is not preferable for the case-company. Calantone & Di Benedetto (2007) states, when using a strategy of a higher price, it needs to be justified with another element, for example quality. If the case company would target the travel or the technology business segment, who thought this advantage of the product as positive and a natural step in their web based stores, a *skimming* price could be preferable if the customer in this case would perceive that the quality of the product is being justified with the cost of it.
6. Conclusion

In the conclusion, major conclusions drawn from the analysis is presented. Furthermore, an answer is given for the research question.

6.1 Major conclusions

One conclusion is that companies launching a *new-to-the-world* product need to construct a primary demand. Furthermore, this type of product is facing a slow adoption phase in the beginning of launch. *Social capital* is also a key element for a successful launch. When it comes to choosing to be a *first-mover* or not, the risk willingness and financial resources are of significance. However, a company with limited resources concerning the product can aim for becoming the *first-mover* as long as the risk willingness is high. The next conclusion to be drawn is that being a *first-mover* will not necessarily be a persistent advantage, due to superior competitors. Companies can try to create opinion leaders to accelerate the velocity of diffusion.

The next conclusion to be drawn is that a product’s *relative advantage* is depending on the subjective perceptions and not objective advantages. Furthermore, the *relative advantage* is depending on the performance and price. A conclusion that could be drawn is that the sales managements’ key role of affecting buyers to buy is not empirically validated in this study. One additional conclusion that can be made is that the majority of customers do not get urged to buy more when interacting with a seller in the case of the survey. Furthermore, using body language in the interaction of online retailing is not vital for the segments of cultural products and clothes and makeup. In relation to this, one conclusion is that the travel segment thinks positively of this solution, as long as it is justified with the price. Another conclusion is that the most want for this type of product of the end users is indeed in this segment, but the highest demand is in the segment of technology. In fact even the segment of technology thought positively of the solution *digital shopassistant*. The current solution of automatic shop helpers, is not being seen as fully satisfying, thus, there is a possibility that a new solution could increase the satisfaction with the support.
An additional conclusion is that new products should target those segments that probably would appreciate the products advantage. The timing of launch depends mostly on the maturity and needs of the market. A market can be ready for the product, but retailers and the business world might not be. This is an issue that has to be taken into consideration and therefore compatibility is an important aspect to keep in mind. To lower the risk for the customers, when it comes to buying a product, price reduction can be made. For companies that are cost efficient form the beginning, the *price dilemma* of lower price is not a major concern. *Price penetration* is preferable when adoptions barriers and speed dispersals is needed to be surmounted as well as when the diffusion of the *S-curve* is expected to be attained. Another conclusion is that *price penetration* is not necessary to be chosen when the scale of entry is major, as the *price penetration* can be executed in a small scale of entry. Therefore, an execution of *skimming* with small scale entry is not empirically validated in this study. The price strategy when launching technological products can be *price penetration*. This makes the price strategy of *skimming* that is traditionally used when launching this type of product not empirically validated in this study.

The research question for this paper is “*When trying to launch a new-to-the-world product in a successful way, how should the launching plan be designed?*”

The conclusion to this is that companies have to take into account *adoption and diffusion process, segmentation, price, timing, power of buyers, relative advantage and compatibility* when creating a launch plan for a *new-to-the-world* product. Also if *first-mover-advantage* could be realized should be taken into consideration. This is due to the research showing that these different factors have a great impact when a product needs to be launched.

6.2 Resubmitting to the control variables

The control variables used in the survey was age, gender and if the respondent has shopped online. The control variable age was not met since the age group under 25 had more often shopped online than the age group above which is not the case in the entire population. When it comes to the control variable gender, it was not met. This since the majority of the respondents that had shopped online was women. Even the last control variable, shopped
online, was not met this is since the survey answers to a larger extent had shopped online than the population. The fact that the variables was not met is due to the comfort sampling and when doing the survey over the internet, the authors lost some control over the respondent age, gender etcetera since anyone could answer it. Since no one of the control variables was met, we will not be able to indicate trends to the entire population which the authors do not aim for but instead light was shined upon the subject.

6.3 Concerning further research

This research the resources were limited. With increased recourses, a more extensive research can be done. When collecting the empirical, it can be an advantage to include more companies into the study to get a broader perspective. The subject of launch has not been extensively researched and research has only been performed since the beginning of the 1990’s, therefore more in-depth research with more resources can generate new theories. This subject has a very small group of authors that continually researches, which can give an influenced research. By more people shining light upon this subject, more views and aspects can arise, which could contribute to a broader understanding of the concept launch.

The information in this paper could be used as secondary information for further research if it would contribute to evolving the subject.

6.4 Self critics

The major disadvantage with this paper is the lack of generalization due to a comfort sampling. Furthermore, the choice of the population in the survey sample was not preferable for this research. This is since the majority was younger than what the control variable recommended. Another disadvantage with this chosen population is that the number of men and women was not equal; this means that result of the survey, that woman shopped more than men, may not be a fair picture of reality since it was to a larger extent women that answered.

6.5 Recommendations

A recommendation that can be made is that the case company should use segmentation of the market. Since the relative advantage and compatibility are the highest in the segments of
technology and travel, these areas should be focused on. One additional recommendation that can be made is that the relative advantage and compatibility of this type of solutions is relative low and therefore this type of solution should have an introduction price of price penetration. In the case company’s situation, the power of buyers is not high except in the segment travel.
References

Literature


Scientific articles


**Homepages**

WeZupport – Arbeta och utbilda online
http://www.wezupport.se/om-oss/historik/ (2011-03-22)

**Interviews**


Bedin, Stefan. CEO, WeZupport Sweden AB (2011-03-22) (2011-05-11)


Reports


Appendix

Appendix 1 - Operationalization of interviews with the case company

The interview took place through a web-meeting room that the case company hosted. The questions consisted of major topics that included several smaller questions directly derived from the theory chapter. The respondent answered very flexible and thorough and could elaborate on what was of greater significance for the company. The questions that were asked were the following:


2. Do you try to create opinion leaders who act as ambassadors for the solution? (Theory: opinion leaders and diffusion in Shoham & Ruvio, 2008)

3. Have you done any pre-investigations of the market? (Theory: compatibility in Guiltinan, 1999)

4. Have you done any product test? (Theory: relative advantage and compatibility in Guiltinan, 1999)

5. Do you feel that you have any relative advantage over the present solutions? (Theory: relative advantage in Rogers, 2003)

6. Do the customers perceive these advantages? (Theory: relative advantage in Guiltinan, 1999)


8. Do you plan any changes concerning the price in order to increase the demand? (Theory: lower risk, trial stage in Calantone & Di Benedetto, 2007)

9. How would a low price/high price affect the result, can high/low costs affect, can the costs be lowered over time? (Theory: price dilemma in Calantone & Di Benedetto, 2007)

10. What kind of strategy have you planned for the launching in the aspect of when, where and how? (Theory: strategic and tactical decisions concerning launch in Hultink et al., 1997)

11. Do you want to target a niched market or a mass market? (Theory: strategic decisions and segmentation in Guiltinan, 1999 & Croft, 1994)
12. How do you feel the timing for launch is right now? (Theory: time of launch in Calantone & Di Benedetto, 2007)


14. Do you want to create hype before a potential launch? (Theory: hype in Guiltinan, 1999)

15. Do you feel that your solution is new enough to take advantage of first mover advantage, and to what extent? (Theory: first mover advantage in Guiltinan, 1999, Kalyanaram et al., 1995 & Liang et al., 2009)


17. Are there any potential uncertainty factors with this launch? (Theory: uncertainty of technology and the market in Calantone & Di Benedetto, 2007)

18. What kind of strategies do you use to avoid this? (Theory: uncertainty of technology in Augusto & Coelho, 2009)


20. Do you have any social capital in the form of alliances, reputation and joint-venture? (Theory: social capital in Ming-Hung & Kuen-Hung, 2007 & Easingwood & Harrington, 2002)
Appendix 2 – operationalization of interviews with large online retailers relevant to the case

The interviews were conducted through e-mail. All the respondents were head of marketing at their respective firm. These interviews were conducted to strengthen the case study and also to see where it exists a potential demand. In the e-mail conversation the respondents got a detailed description of the product from the case company.

1. Do you feel that anything would be gained through using a live interaction between the seller and a customer on your online retailing website? Why/why not? (Theory: relative advantage and compatibility in Rogers, 2003)

2. Do you see that the integration of body language could contribute to increase sale? (Theory: relative advantage in Rogers, 2003, Guiltinan, 1999 & Borg, 2009)

3. What do you feel would be the advantage and disadvantage with this solution? (Theory: relative advantage in Rogers, 2003)

4. Would you consider this type of solution for your online retailing? (Theory: compatibility and segmentation in Guiltinan, 1999 & Croft, 1994)

5. If you would chose to use a solution like this, would you consider maintaining your own service of the product (technical support, education, servers’ et al.) or would you prefer a solution where you get help with this from an external part? (Theory: power of buyers in Porter, 1980)

6. If any/some of your competitors would start to use this solution, would you then feel pressured to also use it yourselves? (Theory: S-curve in Rogers, 2003)
Appendix 3 – operationalization of the survey

The survey followed a strict way of conduct and was distributed through social media and e-mail. The respondents were chosen through a \textit{comfort sampling}. The survey is an investigation for how potential users would accept this type of solution.

1. Gender *
   - Male
   - Female

2. Age *
   - under 18
   - 18-24
   - 25-34
   - 35-54
   - 55+

3. Have you ever shopped online? *
   - Yes
   - No

4. How satisfied are you with the service in a physical store? *
   - Very Satisfied
   - Satisfied
   - Neutral
   - Dissatisfied
   - Very Dissatisfied
   - Not Applicable
5. Why?

6. How satisfied are you with the service in a webshop? *
   - Very Satisfied
   - Satisfied
   - Neutral
   - Dissatisfied
   - Very Dissatisfied
   - Not Applicable

7. Why?

8. Have you ever encountered an automatic shop helper "avatar" when shopping online? *
   - Yes
   - No
   - Don't know
9. If yes, to which degree? (5 Very satisfied, 1 Dissatisfied)

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<tr>
<td>Were you satisfied with this service?</td>
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<td>Were you pleased with the answers you got?</td>
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<td>Did you experience the service to be easily used?</td>
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10. How do you experience the service when shopping the following products? (5 Very Satisfied, 1 Dissatisfied) *

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<th>Never encountered</th>
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<tbody>
<tr>
<td>Clothing (shoes, make up etc) *</td>
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<td>Technology (electrics, computers etc) *</td>
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<td>Cultural products (books, tickets) *</td>
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<td>Traveling (trips) *</td>
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11. To what degree do you need these factors when online shopping for clothing and cultural products? (5 Very needed, 1 Irrelevant) *

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<tr>
<td>Personal contact (talk directly to a seller on the website live) *</td>
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<td>Information about the product *</td>
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<td>Ways of contact *</td>
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</table>
To what degree do you need these factors when online shopping for travels and technological products? (5 Very needed, 1 Irrelevant) *

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<tr>
<th>Personal contact (talk directly with a seller live on website)</th>
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<th>2</th>
<th>3</th>
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<th>Don’t know</th>
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<tr>
<td>Information about the product</td>
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<td>Ways of contact</td>
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Do you feel that interacting with a seller urges you to buy more than without the interaction? *

- [ ] Yes
- [ ] No
- [ ] Don’t know

How important is the interacting with the seller when shop for products? (5 Very Important, 1 Not important) *

<table>
<thead>
<tr>
<th>Clothing (shoes, make up etc)</th>
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<th>Don’t know</th>
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<td>Travels (trips)</td>
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<td>Culture (books, tickets)</td>
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Relevance:

Linnaeus University – a firm focus on quality and competence

On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

Linnaeus University is a modern, international university with the emphasis on the desire for knowledge, creative thinking and practical innovations. For us, the focus is on proximity to our students, but also on the world around us and the future ahead.