

# Top Ten Product Launch Mistakes

## *Common Errors to Avoid to Ensure Success*

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***The Product Marketing and Product Management Experts™***

### **About the 280 Group...**

The 280 Group LLC provides consulting, contractors, training and templates to help companies define, launch and market breakthrough new products. For more information or a free consultation call 408-834-7218 or visit their website at [www.280group.com](http://www.280group.com).

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# Table of Contents

About This White Paper .....	1
Introduction.....	2
Top Ten Product Launch Mistakes.....	2
Not planning early enough.....	2
No sustaining marketing plan .....	2
Shipping a poor quality product .....	3
Inadequate funding .....	3
Overestimating results.....	4
Driving customers to buy your competition .....	4
Announcing too early .....	5
No dedicated review program .....	5
Not communicating early enough .....	6
International is an afterthought .....	7
Next Steps.....	7

## **About This White Paper**

This white paper is part of the Product Launch Toolkit™, which provides you with the training, knowledge and templates to help you run more compelling and effective product launches. The content of this white paper is at a fairly basic level - the toolkit includes much more in-depth information.

The Product Launch Toolkit includes:

### **Templates:**

1. Product Launch Plan
2. Competitive Product Comparison
3. Press Release Background Document
4. Press Release
5. Press Kit Checklist
6. Product Overview One Pager
7. Features & Benefits
8. Product Launch Readiness Checklist
9. Product Launch Marketing ROI Calculator
10. Product Launch Marketing Budget
11. Collateral & Sales Tools Checklist
12. Competitive Feature Matrix
13. SWOT Analysis
14. Online Advertising ROI Calculator
15. Positioning Statement & Matrices
16. Press & Analyst Presentation
17. Customer Presentation

### **Guidelines:**

1. Product Naming Guidelines
2. How to Write Features and Benefits
3. Press Release Guidelines
4. Top 10 Product Launch Mistakes White Paper
5. Google AdWords Tips & Strategy

### **Samples:**

1. Competitive Comparison
2. Features & Benefits
3. Positioning Statement & Matrix
4. Press & Analyst Launch Timeline
5. Product Launch ROI Calculation
6. Product Launch Timeline
7. Product Launch Marketing Budget
8. Press Release Sample

For more information on the Product Launch Toolkit go to [www.280group.com](http://www.280group.com).

## ***Introduction***

Companies invest millions of dollars each year developing new products and trying to increase their revenues and profitability. Some of these are good products, and some aren't. Nonetheless, they all have one thing in common: without appropriate marketing activities they will most likely fail. In fact, there are many examples of inferior products that have won in the marketplace simply because the marketing was more effective than that of the superior competitor.

Once a product is finished, the first step in successfully bringing a product to market is to execute a successful product launch. If done correctly, a product launch can provide early revenue momentum, a stronger competitive position in the marketplace and a foundation for all other future marketing activities to build upon. If done incorrectly, the marketing efforts may never have a chance to recover no matter how much money and effort are spent.

The key to an effective product launch is to create and execute a plan that is appropriate to meet your goals given your resource, budget and time constraints. This paper will summarize the top ten most common mistakes that we have seen companies make during the past twenty years of launching high-tech products.

## ***Top Ten Product Launch Mistakes***

### ***Not planning early enough***

Clients come to us all the time and tell us they need our help with launching products. Most of the time they are only a few weeks away from the product being ready, and they have realized that they either don't have a launch plan in place, don't have the expertise to plan and run a launch themselves or they don't have the resources to do the necessary work.

We recommend that you build your launch plan four months prior to product availability. Given our experience this gives you adequate time to plan for and execute extensive PR activities and marketing programs and get all of the positioning, messaging, collateral and pricing finalized. It also allows enough time to communicate to your partners (and internal groups if your company is large) so that they can prepare for and support your efforts.

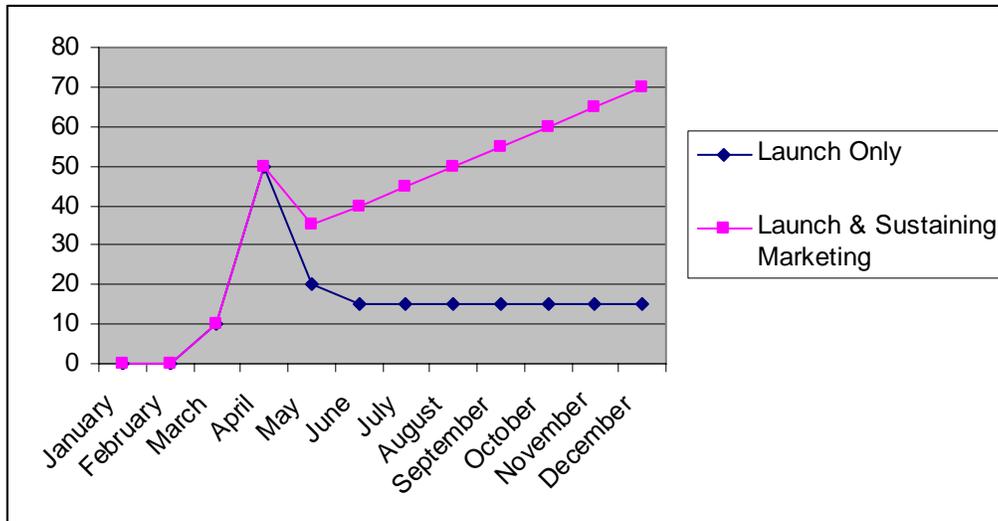
Product launches can be pulled off in a matter of weeks, but it is extremely stressful, leads to miscommunication and poor execution, and ultimately will usually result in less-than-optimal results and lower revenues.

### ***No sustaining marketing plan***

One of the biggest mistakes, particularly in high-tech, is that companies assume that the launch is an "event" unto itself, and that initial buzz generated combined with the excellence of the product will be enough to generate ongoing sales momentum. To further compound the problem, if the product is exciting and the company achieves a lot of initial press coverage and revenues, they will oftentimes be convinced that they have hit the magic formula and that all is well.

Unfortunately, what often happens is that after an initial spike in sales and excitement following the launch revenues quickly drop to a much lower level. The company is baffled, and can't understand what has happened. After all, they had clear indications that things were going well.

Given that effective marketing programs take several weeks to plan and execute, the company is now in a bind. Once they come out of denial (if they do) and realize they need to act, it will take quite a bit of time to get adequate programs going, and in the meantime revenues will continue to miss expectations.



**Revenue growth can drop off significantly without a viable sustaining marketing plan & programs**

### *Shipping a poor quality product*

This is one of the deadliest mistakes because it can sometimes be impossible to recover from. If the press gets hold of your product and it doesn't work as promised, or customers have a bad experience with it the product image and brand may be tarnished permanently. During the dot com boom there were literally thousands of examples of this - products that were announced and after customers tried them once they were never willing to try them again.

The best way to avoid this problem is to set quality goals early and gain consensus among all of the key stakeholders, including the executives involved. If you are a startup it is tempting to want to get first version of the product out. If you are a public company you may be under immense pressure to meet quarterly goals. And there is always the temptation to ship a product that isn't quite ready but that can be "fixed" with downloads from the Internet by the time it is in the hands of many customers (assuming they know about and act on getting the fix). Without concrete goals that are agreed upon up front, most likely your company will fall into this trap.

Examples of goals like this might include:

- No fatal or crashing bugs can remain.
- Pre-set targets in your QA plan must be met (this forces you to have a QA plan, testing matrices and adequate resources to make it happen).
- Beta program targets must be met in terms of number of beta customers and usage. You might want to set a goal that 20 customers must have used the product successfully for 3 weeks with no major issues and at least 90% indicating they believe the product is ready to ship.

### *Inadequate funding*

It is very common for companies to believe that they have such a compelling product that for \$5k-\$10k they are going to be able to launch the next Hotmail, Skype or Google. This is particularly true with products that have a viral marketing component to them. The reality is that Skype's are few and far between.

One way to avoid this mistake is to do an ROI (return on investment) analysis. To do this you first list all of the ways that you are going to reach customers (announcements, product reviews,

marketing programs, viral word of mouth, online advertising such as Google AdWords, etc.). From there you can make a rough estimate of how many impressions you will make on your target market, and how many you can expect to turn into leads. You then estimate what you think your close rate will be for those leads. Will 10% of them actually buy your product and pay you money? The last step is to then calculate the profit you will make based on the money you spend (ROI). This will help build a reality-based picture so that you can make more informed decisions about what an adequate spending level will really be.

<b>Program</b>	<b>Cost</b>	<b># exposures</b>	<b># leads</b>	<b># sales</b>	<b>profit</b>
PR program	120,000	500,000	2,500	500	\$ 200,000
Adwords/Online Advertising	5,000	N/A	10,000	250	\$ 100,000
Print Advertising	250,000	450,000	2,250	450	\$ 180,000
Collateral & Demo	25,000	-	-	-	\$ -
Trade Show/Launch Event	30,000	1,200	480	192	\$ 76,800
Email Blasts	20,000	100,000	1,000	400	\$ 160,000
Channel Mktg Program	50,000	N/A	1,000	400	\$ 160,000
<b>TOTAL</b>	<b>500,000</b>	<b>1,051,200</b>	<b>17,230</b>	<b>2,192</b>	<b>\$ 876,800</b>
<hr/>					
Total Profit	\$ 876,800				
Less total cost	\$ (500,000)				
<b>Net Return</b>	<b>\$ 376,800</b>				
<hr/>					
<b>ROI</b>	<b>75%</b>				

#### ROI calculation for a product launch.

##### *Overestimating results*

Studies show that it takes an average of six exposures to your marketing message before there will be enough awareness to take action. This is one of the reasons that marketing after the product launch is so critical. If you can't reach your target with several exposures to your message you had better have a product that is so life-changing that potential customers can't resist finding out more and trying it.

I'll give you a personal example here to make my point. My wife and I were watching television one night and I saw an ad for a shredder being sold by Staples. The first time I saw it I thought "okay, another shredder, I don't need one". I saw the commercial two more times - luckily it was clever enough that I finally got what the differentiating point of their product was. It was heavy duty enough to shred credit cards and even CDs (which my shredder could not do). I then saw an ad in the local paper, and recognized that it was the same one and mentioned it to my wife. She told me "that would be great - right now I have to open all of those credit card offers and take out the fake credit cards in order to shred them". Prior to this I had no idea we had this need, or that this product would solve it.

As it turns out I went to Staples for something completely unrelated. In the store there was a big display of the shredders, being advertised for \$39.99. My wife and I saw them and started talking about them. Mind you this was the fifth or sixth time I had been made aware of this product. It seemed very compelling, and we decided that we should investigate buying one. What happened leads us to the next launch mistake.

##### *Driving customers to buy your competition*

My wife and I then started to look at the other shredders that were available. We had a need, ut we thought that \$39.99 was more than we wanted to spend - it seemed a little pricey. We ended

up buying a non-Staples brand shredder for \$19.99 that does everything we wanted. In this case Staples still won, because we purchased from their store, but if the shredder they were advertising had been from another company that company would have paid quite a bit to motivate us to buy the competitor's product.

So how do you avoid this? First, make sure that you have your product widely available at launch so that customers will be able to find it and won't accidentally stumble across another alternative. Second, make sure you set the competitive argument in your positioning, messaging, packaging, collateral and anywhere else possible. Unless your competitors are completely unknown and there is no chance that customers will find them, you want to make sure you have the proof points and messages in place to present your product as the best solution and the only logical choice. And finally, don't announce your product too early.

### *Announcing too early*

If you announce too early you risk several things:

- You are playing your cards publicly, so any competitors can respond to you prior to your product becoming available.
- The announcement may drive customers to investigate other options and purchase or become aware of your competition.
- When your product does ship you may not be able to get any press coverage, as it is has already been announced and is old news.

It is tempting to want to announce products early for a number of reasons. First, you may have a great idea and you want to be able to share it with the world early on so that you get credit for coming up with it. Second, you may have a competitor who already has an offering and you are scared that they will grab all of the mindshare and leave you with no opportunity when your product is available.

Additionally, you may announce the product too early because your confidence level in your development schedules is too high. We typically assume that the launch is going to happen 30 days later than the planned date (until we get to the late beta stage). The assumption here is that it is better to be just a little bit late and execute an excellent product launch than it is to announce the product and not have it be available. Nothing is more frustrating than driving lots of customers to your website based on your announcement, only to have them never return again.

### *No dedicated review program*

Product reviews can be your greatest ally or your worst nightmare. Good reviews validate your product with an external reference point, and provide much more credibility than your own marketing or advertising ever could. Poor reviews, on the other hand, can stop a customer in their track during the purchase process.

The choice is whether you want to proactively manage the review program or reactively respond to it if there is a problem. Of course, if there is a problem it is usually too late. Even if a publication prints a retraction to clarify the facts, the majority of the people who read the bad review will never see it. They will believe your product is not a good produ.

Few companies understand how much time and effort it takes to run a full-scale proactive product review program. However, if done correctly and properly resourced you can have a great deal of ability to influence the results. Going into full detail about how to run a product review program is beyond the scope of this paper, but the 280 Group will be releasing information on it in a future paper.

# Analyst & Press Program

Page 1 of 1

TASK	Apr			May			Jun			Jul			Aug			Sep			Oct										
	2	9	16	23	30	7	14	21	28	4	11	18	25	2	9	16	23	30	6	13	20	27	3	10	17	24	31	8	15
<b>Analyst Activities</b>																													
Kickoff/bi-weekly meetings	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆														
Set up analyst meetings																													
Finalize analyst list (1 friendly, 4 add'l)	▼																												
Calls to analysts to set up mtgs			▼	▼																									
Prepare briefing & review materials																													
Presentation																													
First draft	▼																												
Internal Review			▼	▼	▼	▼	▼	▼																					
Final version				▼	▼	▼	▼	▼																					
Final modifications to rev guide				▼	▼	▼	▼	▼																					
Press kits				▼	▼	▼	▼	▼																					
Set up test/review accounts				▼	▼	▼	▼	▼																					
First meeting with "Friendly" Analyst						◆																							
Modifications to materials/messages (if necessary)						▼	▼	▼	▼																				
Meeting w/add'l 4 analysts									▼	▼																			
Check in on analysts/relationship building									◆			◆			◆				◆				◆						
<b>Press activities</b>																													
Prepare press briefing materials																													
Long Lead Press Briefings											▼	▼																	
Short lead time briefings													▼	▼															
Product ships																											◆		
<b>Review activities</b>																													
First 3 Friendly Reviewers												▼																	
Second phase of reviewers (8-12 total)													▼	▼															
Third Phase of Reviewers (8-12 add'l)															▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼
Final Phase of Reviewers/Stragglers																													▼
Weekly "Friendly" Check-in calls													◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
<b>Press Coverage</b>																													
Dailies																											◆		
Weeklies																													▼
Monthlies																													▼

**Timeline for an effective press, analyst and product review program**

### *Not communicating early enough*

One mistake that can hamper launch success is if you fail to communicate to the key constituents early enough. For example, if you don't give you channel partners enough advance notice they may take quite a bit of time to work your new products into their plans. In a big company you may lose opportunities to leverage events, sales opportunities or marketing programs that other groups are running that you could have taken advantage of. And with press and analysts you want to brief them far in advance (see the timeline above) so that positive announcements, news and reviews about your product occur concurrent with product availability.

There is some risk of communicating early. Your competitors may get wind of what you are doing. Your salespeople may stop focusing on selling the current product and sell futures instead. And if you miss your date by a substantial amount of time you may lose credibility for future launches.

The biggest downsides of waiting are that it may delay your revenues and it also may minimize the synergy between your programs (it is ideal to have a wide variety of awareness and marketing programs hit all at once when the product becomes available).

### *International is an afterthought*

Oftentimes the International market is a very significant revenue opportunity. Make sure you communicate to your International partners (or divisions in your company) early enough so that they can make plans accordingly. Also make sure that all of your launch materials (collateral, marketing pieces, packaging, etc.) is designed so that it can be leveraged Internationally. This could reduce the time required to generate International revenues by three to six months.

### **Next Steps**

This white paper has discussed the top ten mistakes that companies make when launching products. For in-depth additional product launch training, tips, best practices and templates be sure to visit [www.280group.com](http://www.280group.com) to take a look at the 280 Group Product Launch Toolkit. And if you need assistance with developing your launch plan or running your launch contact the 280 Group and we can provide you with a seasoned professional to help you with your efforts.