PRODUCT LAUNCH

PRODUCT MANAGEMENT COURSE

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INTRODUCTION

A product launch refers to a business's planned and coordinated effort to debut a new product to the market and make that product generally available for purchase.

A product launch serves many purposes for an organization—giving customers the chance to buy the new product is only one of them.

It also helps an organization build anticipation for the product, gather valuable feedback from early users, and create momentum and industry recognition for the company.

INTRODUCTION

Every organization's circumstances are unique, but a typical checklist should include at least the following:

1. Make sure the team has successfully executed on the strategic vision outlined in the product roadmap

2. Test and QA the new product (**Note:** Product launches for software products typically happen only after several levels of testing have been completed. Alpha testing is a product's first round of end-to-end testing, usually done by the company's employees. When the product clears this level, the company will send for beta testing, which involves real users but is still before the official commercial release of the product.)

3. Draft and distribute sales and marketing collateral

4. Train the sales team on the new product

5. Train the customer support department on the new product

6. Complete the product's support and/or technical documentation

7. Let your entire organization know about the approaching product launch

8. Develop and review the customer journey to buy the product, make sure the process is as smooth as possible

9. Devise a plan for tracking user behavior and/or gathering feedback from early users

10. Decide on the metrics you and your team will use to judge the success or failure —for example, revenue or new users within a certain timeframe.

11. Conduct a product launch pre-mortem— where your product team thinks through possible problems or missteps that could hurt your product launch and prepares plans of action for each potential problem in advance.

INTRODUCTION

Go to Market Plan

Pricing Strategy and Structure

Marketing Readiness

Product Quality Standards and launch readiness

Purchasing/Acquisition Systems in place

Data Tracking and Analysis

Sales Collateral and Readiness

Customer support and account management readiness

Corporate readiness

PRODUCT VS FEATURE LAUNCH

- We must learn the differences between product and feature launch:

PRODUCT LAUNCH	FEATURE LAUNCH
Unexplored space: Find product-market fit. Need to educate the market.	Well known space: Re-engage dissatisfied users or entering vertical markets or niches
Capture new customers (and upsell existing ones)	Increase customer loyalty by offering additional value
Increase revenue	Maintaining Revenue: Boost retention and reduce churn
Focus on Brand: Improve the company's reputation	Focus on Customer Relationships: Respond to user feedback
Need to create new channels	Exploit existing channels
Little market segmentation with broader marketing campaigns, with need for experimentation and A/B testing to measure communication efficacy	Increased opportunities for market segmentation and marketing campaigns
KPI: Market Share	KPI: Net Promoter Score

Stakeholder Analysis

- Considering all the stakeholders participating in the firm
    - Finance Department: Profit, Price and Taxation
    - Sales Department: Establishing the incentives and control systems for leads, quotes and orders.
    - Marketing Department: Establishing market targets and communication strategies.
    - Procurement Department: Establishing the resources requirements, capacity and the timing of the orders.

LESSON 1

PRODUCT MANAGERS NEED TO UNDERSTAND THE MAIN STEPS OF A PRODUCT LAUNCH PROCESS

Go-to-market plan

- Product launch objectives
- KPIs and success metrics
- Timeline and launch date
- Budget
- Channels
- Messaging/Creative
- Key stakeholder approval

LESSON 2

PRODUCT MANAGERS NEED TO DEFINE A NORTH STAR METRIC TO MEASURE THE SUCCESS OF THE PRODUCT LAUNCH

Establishing Metrics: North Star Metric

THE **NORTH STAR METRIC** CAPTURES THE VALUE WE BRING TO OUR CUSTOMERS AND ALSO PREDICTS THE FUTURE PERFORMANCE OF OUR PRODUCT.

IN GENERAL, THE NORTH STAR METRIC IS NOT AS STRAIGHTFORWARD A METRIC AS REVENUE, AS A COMPANY'S REVENUE CAN CHANGE QUICKLY IF WE RUN PROMOTIONAL CAMPAIGNS OR OTHER ACTIONS THAT DO NOT NECESSARILY RESULT IN MORE VALUE BEING DELIVERED TO OUR CUSTOMERS.

NORTH STAR METRICS NEED TO BE MORE ALIGNED WITH THE CUSTOMER'S PERCEIVED VALUE OF OUR PRODUCT, AS THIS IS WHAT WILL PREDICT THE FUTURE SUCCESS OF OUR COMPANY. IT IS BASED ON THE FACT THAT IF WE BRING MORE VALUE TO OUR CUSTOMERS, THEY WILL BUY MORE FROM US, SHARE MORE WITH US, AND ULTIMATELY HELP US GENERATE MORE REVENUE.

North Star Metric

- **Key aspects of a North Star metric:**

  - It is shared by the whole company.
  - It looks for the long term, it does not vary easily.
  - It summarises in a metric the value perceived by our users as a whole.
  - It represents your unique product strategy. It is not generic.
  - It connects the customer value product management team is trying to create with the business impact that the executive team ultimately cares about.

- **Examples of North Stars:** Airbnb: nights booked through the platform ; Spotify: time spent listening; Ecommerce: Lifetime Value of shoppers; Facebook or Slack: Monthly or Daily Active Users (however this metric is not always related to value; Quora: Number of answers to each question; Uber: Rides per week)

- We should require 3-5 inputs that contribute to the North Star Metric. For instance, in Reddit the North Star Metric would be Number of Sharing Users (Users that are active and share posts that are viewed by at least 2 other people in the previous 7 days), and the inputs would be Activated Groups (groups with at least 5 number of sharing users over the past week), Content Units (videos, photos, posts, consumed by more than 2 people over the past 7 days), Reach (Total views of Content Units in a Group within a 7 day period). See Don't Let Your North Star Metric Deceive You — Brian Balfour for a good example of inputs.

Lifetime Value

- **Lifetime Value (LTV)** is the value a customer brings to a business over the lifetime of its relationship with the firm. It is difficult to predict how long each relationship will last, but this calculation allows estimates to be made especially when acquiring new customers.

- Depending on the variables being measured, there are different ways to calculate the LTV of your product, but the most common is usually: the average customer spend per purchase, multiplied by the average recurrence of the customer, and multiplied by the average number of years they tend to remain our customer. Let's see:

- **LTV= Average spend per customer x Recurrence x No. of years as a customer.**

- For example, let's assume that the overall average *lifetime* of your customer is usually 1 year. In this case, if the average purchase value is around 100€ and the number of recurring purchases per customer during 1 year is around 3, then we will obtain the following result: **LTV = 100 * 3 * 1 = 300€.**

- Once we know that our LTV is around €300 (approximate value), we need to know our cost of acquisition per customer, which is usually measured as the ratio between the total marketing investing in a specific campaign and the number of new customers captured through that campaign. The relationship between our LTV and cost of acquisition will allow us to know our profitability. In order to obtain a positive ROI, we should make sure that the LTV should always be higher than the cost of acquisition. In addition, it is important to consider that the probability that a customer who has already bought from us will buy from us again is very high.

Active Users

Active Users determine the number of unique users active typically in a day or a one-month period. This is one of the most commonly used metrics in online/mobile businesses, and the most commonly used formula is as follows**: AU = ∑ (Unique Active Users for 24 hours or 30 days).**

We refer to unique users as the sum of all the different users who have logged in at least once to the application, bearing in mind, as always, that regardless of the number of times they have logged in during those 24 hours or 30 days, they will only count as one.

Pre-Mortem Analysis

The product management team will game out any possible way that things could go wrong in product launch. It is performed just before product launch.

In a pre-mortem, product management team thinks up as many realistic negative outcomes as it can, and then think through how best to react to them.

The goal of the pre-mortem is to:

Plan ahead firm 'response to problems.

To get all the teams involved in product launch on the same page and create a unified plan for handling these problems if they did occur.

Detect and correct a potential threat before it actually happens.

LESSON 3

PRODUCT MANAGERS NEED TO KNOW HOW TO PRICE THEIR PRODUCT

Pricing

Business model defined (i.e., freemium, SaaS, advertising-driven, one-time sale)

Agreement on the cost of goods sold (if applicable)

Competitor pricing understood

Pricing (including any product tiers/options)

Wholesale vs. retail pricing

Discounts (volume-based or promotional) defined

Strategy for communicating pricing to the market (shared freely or only by request)

Pricing

1. Set a price strategy

- There are three main pricing strategies: cost-based pricing, competitive pricing, and pricing based on customer value.
  - With cost-based pricing, the firm calculates the total cost to build, distribute, market, and support the product. Then the company sets a price that allows it to earn a profit over this total cost.
  - Cost based pricing has three main drawbacks: 1) Firms do not really know all their costs. 2) Costs vary over time. 3) Company's costs don't matter to your customers. They care only about how much value the product will deliver to them.
  - Competitive pricing: The firm establishes prices based on her competitors' pricing. This strategy could lead 1) to a race to the bottom 2) to legal issues (dumping which is selling below your costs or cartel pricing) 3) to difficult differentiation strategies (if most products have similar prices why the customer should imply that they have different value propositions?)
  - Value based pricing: Requires to gain a deep understanding of the value customers might receive from purchasing our product.

Pricing

2. Quantify Personas

- Define your main important personas
- Learn about each persona's price sensitivity, budget, and willingness to pay.
- Validate this information
- Target personas depending on the product strategy (low-end market approach (low pricing), sustaining innovation approach (high pricing), new market (likely free or low price over the first periods)…..
- Calculate Lifetime Value
- Choose a pricing model that aligns with your customer's goals and ability to pay.
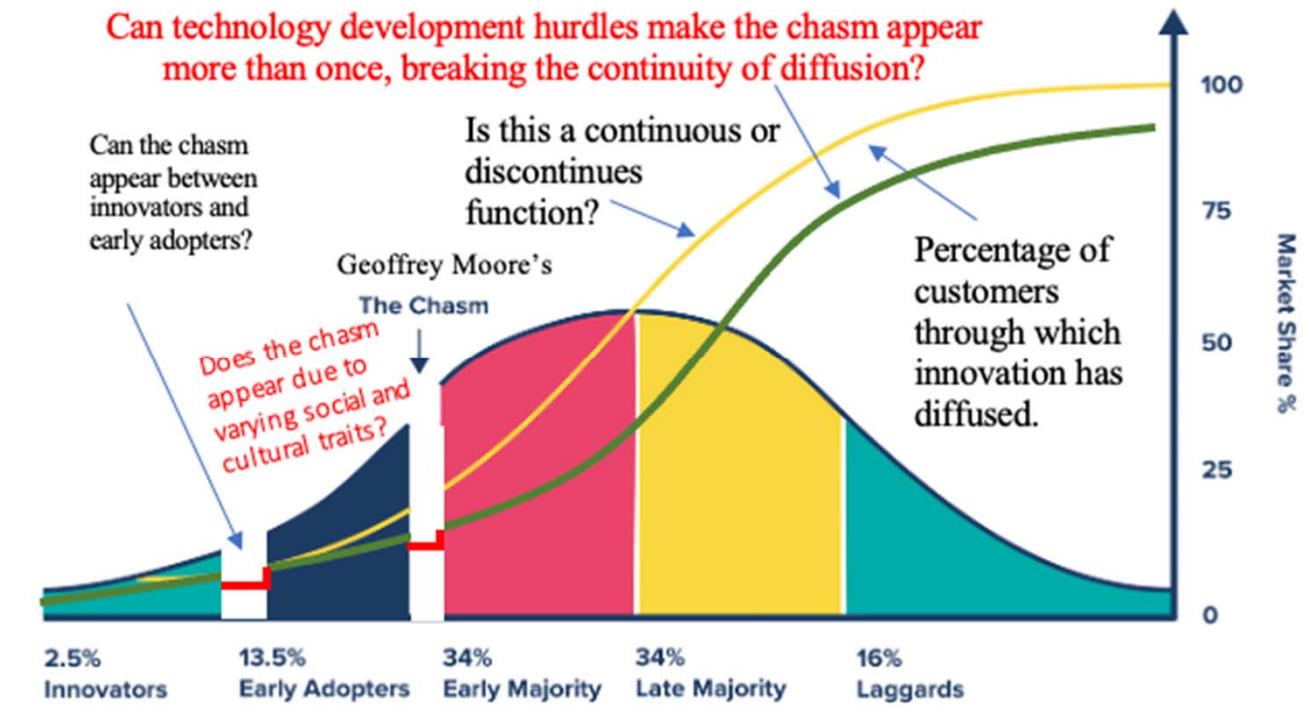
Pricing

3. Experiment and Learn
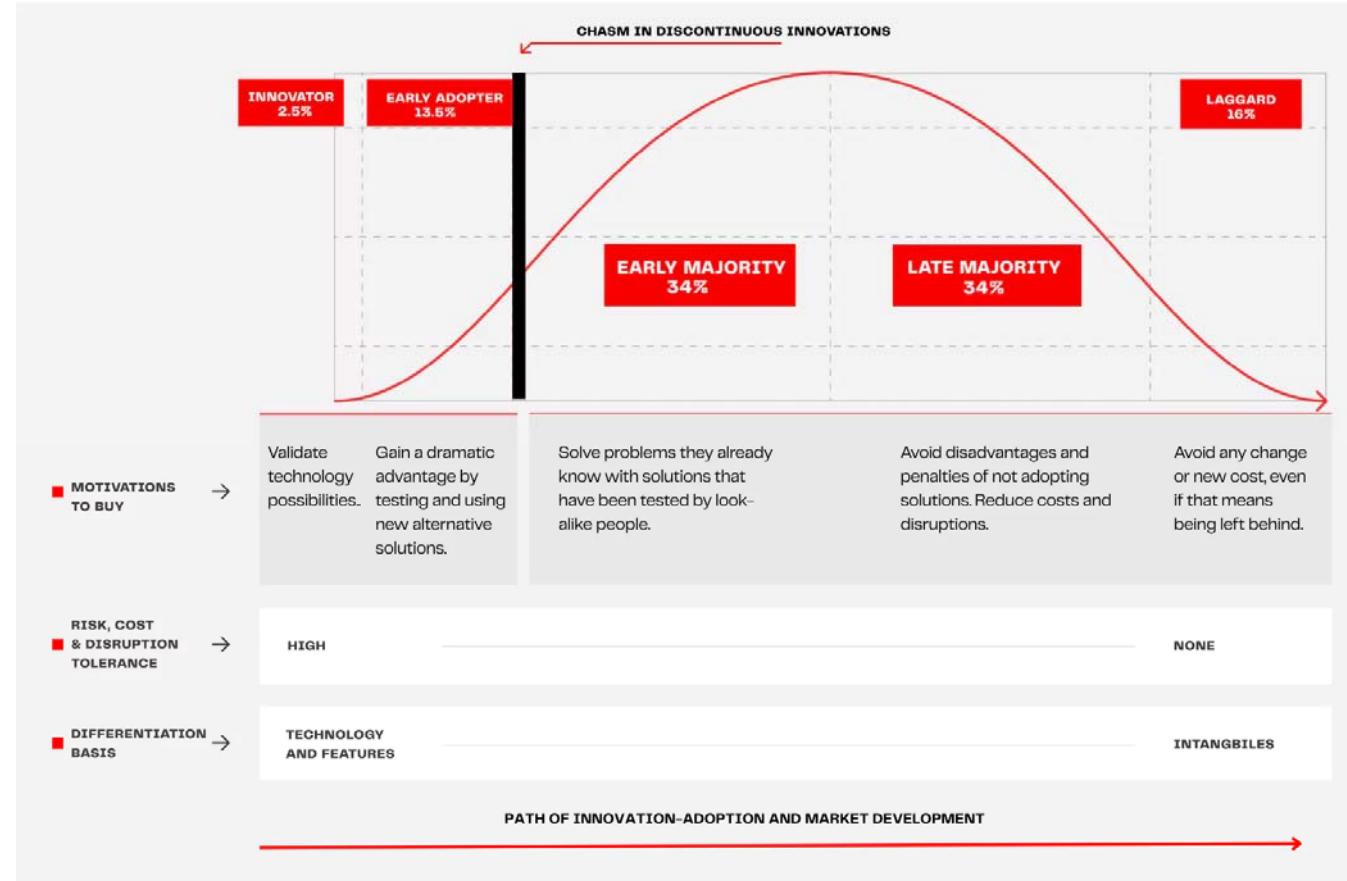
Test valuable buyer personas, customer lifetime value, and specific pricing model using:

- **A/B split tests.** This approach involves segmenting marketing strategies to different audiences and changing only the price.

- **Offering tiered pricing with different levels of service.** This strategy employs price anchoring, a powerful psychological tool that influences a buyer's perception of one price based on the availability of a similar product at a different rate. If you offer a standard and premium version at various price points, for example, buyers are more likely to perceive the standard price as reasonable because the premium is far higher.

- **Free, limited-time trial period to use.** One of the most powerful aspects of this approach is that it removes the friction that buyers always experience when asked to pay even a small amount.

Crossing the Chasm: Fit between Pricing and Segmenting markets

Can technology development hurdles make the chasm appear more than once, breaking the continuity of diffusion?

Can the chasm appear between innovators and early adopters?

Is this a continuous or discontinues function?

Geoffrey Moore's The Chasm

Does the chasm appear due to varying social and cultural traits?

Percentage of customers through which innovation has diffused.

Market Share %

100
75
50
25
0

2.5% Innovators
13.5% Early Adopters
34% Early Majority
34% Late Majority
16% Laggards

Crossing the Chasm: Segmenting markets

CHASM IN DISCONTINUOUS INNOVATIONS

INNOVATOR 2.5% | EARLY ADOPTER 13.5% | EARLY MAJORITY 34% | LATE MAJORITY 34% | LAGGARD 16%

MOTIVATIONS TO BUY → Validate technology possibilities. | Gain a dramatic advantage by testing and using new alternative solutions. | Solve problems they already know with solutions that have been tested by look-alike people. | Avoid disadvantages and penalties of not adopting solutions. Reduce costs and disruptions. | Avoid any change or new cost, even if that means being left behind.

RISK, COST & DISRUPTION TOLERANCE → HIGH .... NONE

DIFFERENTIATION BASIS → TECHNOLOGY AND FEATURES .... INTANGBILES

PATH OF INNOVATION-ADOPTION AND MARKET DEVELOPMENT

LESSON 4

PRODUCT MANAGERS NEED TO KNOW WHEN THE ORGANIZATION IS READY TO LAUNCH THE PRODUCT

Marketing Readiness

- Define specific communication targets for users and personas
- Define value propositions and how to communicate them
- Competitive landscape review: what are the messages of our competitors
- Additional context to ensure messaging connects with the target audience
- Public relations strategy
- Analytics strategy
- Paid media/advertising strategy
- Social media strategy
- Influencer strategy

Product quality standards and launch readiness

Product testing

Quality Assurance/Certification completion

System stress testing (The main goal is to define the maximum capacity with the maximum quality).

Purchasing/acquisition systems in place

Distribution channel being trained in the product

In online businesses Sign up forms/registration pages and Download bandwidth.

Payment collection

User agreements, terms, and conditions, warranties, and return policies are defined, reviewed by legal, and available to customers during the purchasing process

Data tracking and analysis

Agreement on what should be measured and tracked within the product

Product instrumentation in place

Marketing metrics to be calculated defined

Tracking and analytics for marketing assets, advertising, and website in place

Reporting and dashboard creation

Cadence and audience for metrics tracking set

Sales collateral

NECESSARY SALES ASSETS DEFINED AND COMPLETED

REVIEWED BY KEY STAKEHOLDERS

DISTRIBUTED TO THE INTERNAL SALES TEAM AND CHANNEL PARTNERS
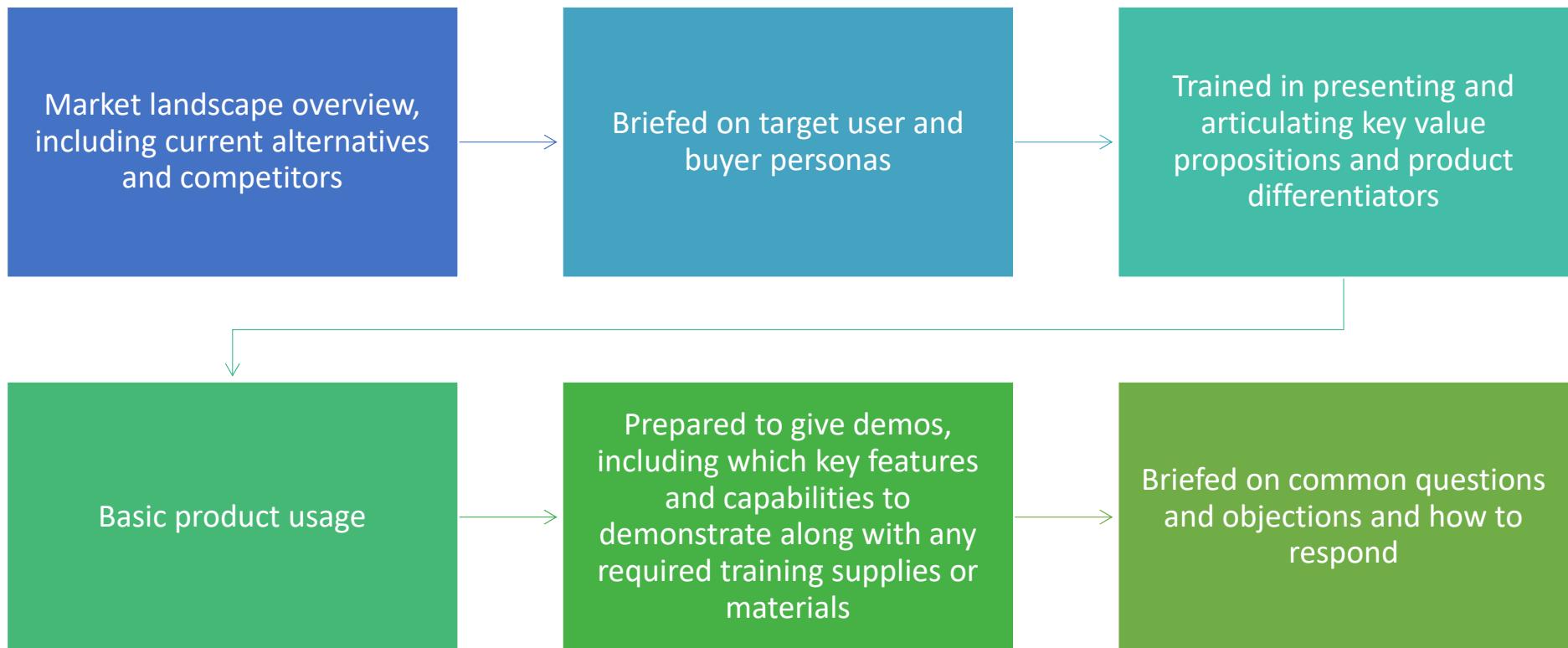
REVIEWED WITH CUSTOMER-FACING STAFF AND PARTNERS TO ENSURE THEIR FLUENCY AND FAMILIARITY WITH ITS CONTENTS

SALES TRAINING

Sales team training

Market landscape overview, including current alternatives and competitors	Briefed on target user and buyer personas	Trained in presenting and articulating key value propositions and product differentiators
Basic product usage	Prepared to give demos, including which key features and capabilities to demonstrate along with any required training supplies or materials	Briefed on common questions and objections and how to respond

Customer support/success and account management team training

- Basic product usage

- Customer setup and onboarding process

- Common questions, issues, and problems customers may encounter and how to respond and resolve their issues

- Escalation process in case of issues with the problems

- Feedback channels

- Ability to contact support

- Ability to submit feedback

- Knowledgebase and documentation:
  - Help documentation
  - FAQs
  - Tutorials
  - Technical documentation and user manuals

Corporate readiness

- Awareness and strategic alignment of timelines

- Socialized the product's "elevator pitch" and unique selling proposition to the whole company

- Preparedness for questions/key talking points

- Impact on non-product-related systems (billing, operations, inventory, logistics, etc.)

- Product roadmap socialization, so the organization knows what's next for the product post-launch