

Clarifying the terms launch and commercialization: Reflections from theory and practice

Authors: Lehtimäki, T., Simula, H. and Salo, J.

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Abstract: Terms launch and commercialization are used interchangeably and without explicit definitions in the literature making both terms vague. The purpose of this paper is to discuss the similarities and differences between these terms with a help of a critical literature review and illustrative case studies. It is shown that the terms are used to discuss the same broad phenomena, but research issues under them and the empirical data imply that the terms are not exactly the same. As a conclusion, clarification of the terms by utilizing the found differences is encouraged and new directions for research in marketing are proposed.

Keywords: Launch, commercialization, term definitions, literature review, case study

Track: Innovation and new product development

1 Introduction

A term launch is currently used to cover a broad perspective on marketing activities such as strategic decision making, organizing distribution, pricing and forecasting diffusion of new innovative products: what launch actually means has become intricate. In order to clarify the term launch its use is now reflected to use of a term commercialization - another term often used in a connection with new product introduction. It seems that use of those terms is mixed in marketing as well as in new product development (NPD) management related literature. Some authors put commercialization over launch (e.g. Cooper & Kleinschmidt, 1990; Song & Montoya-Weiss, 1998), some the other way round (e.g. Jolly, 1997, xiv), while others use them as synonyms (e.g. Beard & Easingwood, 1996). However, it is argued here that launch and commercialization are not exactly the same and it is important for the development of the marketing discipline to use clearer definitions.

Our purpose is not to repeat a comprehensive literature review on research topics under these terms (see e.g. Calantone & Di Benedetto, 2007 for a brief launch review). Instead, it is of importance to know what is precisely meant when certain terms are used. The purpose of this paper is to present the similarities and differences between terms launch and commercialization through a critical literature review and an illustrative empirical research. Our research aims to answer a question, *how does launch relate to commercialization when examining how these terms are used?* First, a literature review on launch and commercialization seeks theoretical distinctions between the terms. Second, a case study is presented to illustrate the use of the terms in practice. Finally conclusions are drawn on resemblances and differences of the terms and directions for future research are proposed.

2 Critical literature review on launch and commercialization

For this literature review we examined six of the leading marketing journals: Journal of Marketing, Journal of Marketing Research, Journal of Academy of Marketing Science, Marketing Science, International Journal of Research in Marketing, and Industrial Marketing Management. Issues from their first year of publication (with exception of Marketing Science for which the first three years were not available in databases in authors' use) to present were searched for launch or commercialization in citation/title or abstract and no other words were accepted. 44 launch related articles and eleven that used term commercialization were found. In order to understand marketing views on launch and commercialization those views are reflected against a more interdisciplinary journal. Journal of Product Innovation Management (JPIM) was chosen for that purpose as it is a highly ranked business journal which has published a lot on launch and commercialization topics, including two special issues (1999 and 2007). With same search principles 57 articles for launch and 27 for commercialization were found. Based on their abstracts altogether 29 articles on launch and 13 articles on commercialization were chosen for closer examination as they discuss new product or technology introduction more than just mention it. These articles were then screened in order to find the typical ways of how the terms have been used in these journals. Books and conference proceedings were excluded as it was of special interest how the terms are used in leading journals which usually represent well the core of the research area.

2.1 How term launch is used

Launch is used quite consistently (see Table 1 for references) to refer to new product introduction i.e. when a product is brought to a market for the first time. It is also used to describe a step or an activity in NPD process. Then it is seen either as a final stage of NPD aiming at a planned new product introduction, or it is seen broadly including decisions and viewpoints both from early and late stages of NPD. Different degrees of innovativeness of the product have been considered in relation to launch; thus, launch is not limited only to incremental product innovations. Also brand launches are discussed.

It seems that current scope of launch activities is broad as illustrated by Calantone and Griffith (2007, p. 414): "...global product launch itself is a conceptually complex process encompassing preproduct development decisions through postlaunch evaluation and long-term firm market position issues." However, launch is not used to describe introduction of new technologies that do not have product applications yet. Most often launch refers to a single stand-alone product. The semantics of product and technology could then be discussed, but they are not in focus here. Still, definitions must be chosen to clarify the difference: product refers here to a defined and usable entity (e.g. Jolly, 1997, xv) and technology can create and be applied in several new products (e.g. Jolly, 1997, xv; Slater & Mohr, 2006). In addition, technology is not sold directly to consumers but within a product.

Table 1. Use of launch.

What launch refers to	
New (consumer or industrial) product introduction	<i>Marketing journals</i> : Rabino & Moore, 1989; Kalish, Mahajan & Muller, 1995; Cohen, Eliashberg & Ho, 1997; Boulding, Morgan & Staelin, 1997; Kalyanaram & Krishnan, 1997; Hultink, Griffin, Robbert & Hart, 1998; Mahajan & Muller, 1998; Lee & O'Connor, 2003; Hsieh & Tsai, 2007; Chen, Shen & Chiu, 2007
	<i>JPIM</i> : Hultink, Griffin, Hart & Robben, 1997; Hultink & Robben, 1999; Hultink, Hart, Robben & Griffin, 2000; Chrysochoidis & Wong, 2000; Hultink & Langerak, 2002; Debruyne et al., 2002; Lee & O'Connor, 2003; Micheal, Rochford & Wotruba, 2003; Bruce, Daly & Kahn, 2007; Harvey & Griffith, 2007; Calantone & Griffith, 2007
Part of NPD process	<i>Marketing journals</i> : Kalyanaram & Krishnan, 1997; Hultink, Griffin, Robben & Hart, 1998
	<i>JPIM</i> : Hultink et al., 1997; Gultinan, 1999; Di Benedetto, 1999; Hultink et al., 2000; Thölke, Hultink & Robben, 2001; Langerak, Hultink & Robben, 2004
Considers product innovativeness	<i>Marketing journals</i> : Hsieh & Tsai, 2007
	<i>JPIM</i> : Gultinan, 1999; Hultink et al., 2000; Thölke et al., 2001; Lee & O'Connor, 2003; Micheal et al., 2003
Brand introduction	<i>Marketing journals</i> : Kumar, 2005
	<i>JPIM</i> : Yenyurt, Townsend & Talay, 2007

2.2 How term commercialization is used

In general, commercialization is not as widely used as launch at least in journals reviewed for this paper: there are 101 launch and 38 commercialization references. It is typical to discuss

commercialization as a phase of innovation or NPD process where the output of development efforts is introduced to market (see Table 2 for references). In a way, this is similar to launch, but product innovativeness is highlighted more often. References to technology introductions are rare in marketing journals, whereas in JPIM the common use of commercialization seems to be related with situations where the sole purpose is to discuss how to bring novel technologies into profit making position: technology might already have some applications or just being in search of ones. For example, commercialization includes then technology licensing (e.g. Kollmer & Dowling, 2004) as well as the first sale of a process technology applied in customized equipment (Athaide, Meyers & Wilemon, 1996).

Table 2. Use of commercialization.

What commercialization refers to	
Step of NPD or innovation process introducing a product (more or less innovative)	<i>Marketing journals</i> : Rosenberg, 1988; Ozer, 2003; Iyer, LaPlaca & Sharma, 2006
	<i>JPIM</i> : Padmanabhan & Souder, 1994; Song & Montoya-Weiss, 1998; Dröge, Jayaram & Vickery, 2000
Part of new (more or less innovative) technology introduction	<i>Marketing journals</i> : Costa, Fontes & Heitor, 2004
	<i>JPIM</i> : Ginn & Rubenstein, 1986; Buckling & Sengupta, 1993; Lee, Bae & Lee, 1994; Athaide et al., 1996; Wood & Brown, 1998; Ziamou 2002; Slater & Mohr, 2006

2.3 The distinctions in use of the terms

Based on our literature review the main use is the same for launch and commercialization: to discuss introduction of something new to the market. But there can be found important distinctions between launch and commercialization. First, launch is more often related to new products whereas commercialization is linked to new technologies, which are not necessarily yet applied in products (e.g. technology licensing). Second, commercialization more often highlights the innovation degree than launch. As marketing journals have focused mainly on launch approach, in JPIM both terms and their differences are utilized more equally. Even though in this review we did not find strong references for discussing also technology introduction under launch. Some might see launch to cover that too, it depends on one's viewpoint. But expansive definitions are not encouraged here: the broad use of launch can already be considered confusing and diluting the term.

3 Examining launch and commercialization in practice

3.1 Methodology

Purpose of our descriptive case study (Yin, 1993) is to illustrate concrete examples how the terms in question are used and interpreted in everyday business. We present two cases that describe new product and technology introduction activities of two firms. The identities of the case firms are not revealed for confidentially reasons; therefore we use fictional firm names. The cases were selected on the basis of theoretical replication (Yin, 1994) to represent the found theoretical distinction between introducing products and technologies. Indeq introduces new industrial equipment and Protec introduces new process technologies. Both case analyses are based on a wide range of qualitative data. The primary data was

collected in 19 in-depth interviews, eight workshop discussions, and six other meetings during a two-year research project that the authors participated in. Secondary data consists of company reports, meeting memos, presentations, and information on firms' homepages. All gathered data was read through several times so that the content was familiar before the case analysis was conducted by categorizing the data based on the research problem: what is introduced, in what kind of context, and how the terms launch and commercialization relate to the cases; and finally the case descriptions were written and cross-case patterns were searched for (Eisenhardt, 1989).

3.2 Introducing new industrial equipment

Indeq has 14 subsidiaries and around 650 employees globally. Indeq designs, manufactures and supplies industrial equipments used in many applications. The product offering of Indeq consists of various stand alone products under a same product family. Indeq case is more or less an illustration of a launch as a final step in NPD process. Typically main workload in new product introduction for marketing starts as product design is stable enough and it continues until product has been introduced as planned and sales are rolling. Indeq has been promoting interdisciplinary approach where engineering and marketing functions co-operate in introduction related tasks. Marketing has the main responsibility of that process but it maintains strong linkages to other processes and functions.

All introductions are not equally laborious. Sometimes Indeq introduces products that are only face-lifts. Indeq has a brand of its own but they also sell their products as an original equipment manufacturer (OEM) to other brand firms. These tailor-made products are not systematically introduced to public market but introduction means then a permission to sell a new product to the OEM customers. Indeq's introduction challenges are for example related to targeting introduction activities to certain segments, and managing introduction in product family and product generation level to prevent cannibalization.

3.3 Introducing new process technology

Protec develops and supplies technologies for processing industries and operates globally in 18 countries with over 1,800 employees. Their deliveries vary from large turn-key plant solutions to individual process equipment. The operation mode is mainly project business where Protec applies and introduces new process technologies and solutions that enhance customers' production processes. Protec case is presented as an illustration of technology commercialization. The business cases require Protec to apply in-house know-how to different customer specific requirements. One major business challenge is to convince the customer about proposed innovative solutions, and the overall process from early phases of technology development to actual sales of applications is relatively long. It can take ten to 15 years to convince the market about a novel technology. This goal is targeted by convincing one customer after another. Simulations and calculations, but also physical tests and trials in laboratories are used to help Protec in commercial negotiations with its customers and with other project stakeholders such as consultants. R&D laboratories have then a crucial role both in developing and introducing technologies.

When Protec enters into a new customer project, the first pilot runs and preliminary calculations can be seen as an essential part of engineering work but also very much of

commercialization tasks. We found it difficult or even impossible to draw clear milestones between development and engineering activities and commercialization. We cannot point out an actual launch period in this case. It is worth to note that after the first introduction, technologies are further developed, which often results in more defined applications for sales.

3.4 Comparing the cases

In both of the cases the firms brought their development efforts to market, but Protec used mainly unique customer projects to introduce new technologies to market, whereas Indeq used more systematic and scheduled approach for product introduction including e.g. planning of marketing communication, internal trainings, global launch, and distribution. As Protec's technology might get different concrete forms from project to project, Indeq's products are more standardized. Interestingly, during our study Protec also started to develop ways to better formalize its technology offerings as more product like applications; something which can be introduced individually if needed. Product introduction can sometimes be also an independent activity that does not include direct transition inside the firm between R&D and marketing. For instance a brand owner may introduce a product developed by an OEM such as Indeq. Technology introduction is harder to separate from R&D just like Protec introduces mainly internally developed technologies, either through customer projects or e.g. licensing. Introduction in Protec case refers more to a realization of a new technology in a customer project, whereas in Indeq it refers to releasing a new product for sales. It is probably justified to claim the level of innovativeness to be one differentiator here. The proprietary and patented process solutions of Protec can be considered to represent higher degree of innovativeness than the incrementally innovative product families of Indeq. Product introduction in Indeq is a clearly planned, target oriented and shorter activity compared with long time line of Protec. Commercialization usually consists of various activities that are harder to define in advance: proceeding can for example depend on customer projects.

When summarizing the cases and relating them to presented literature review we relate Protec's case to technology commercialization and Indeq's case to new product launch. We also found out that the term commercialization was rarely used in Indeq and at Protec people did not use launch. The cases support the idea that although these terms are used ambiguously in the literature there are important distinctions between them in real company context.

4 Conclusions

Even though the terms launch and commercialization include the same idea, introducing something new to a market, the activities included in them vary as the context where they are used. We were able to draw six main distinctions between the terms based on the literature review and case analysis. First, launch refers to new product introduction more often than new technology introduction. Second, launch frequently describes relatively shorter activity timeframe than commercialization. Third, interest on degree of innovativeness is more clearly related to commercialization than launch. Fourth, launch is presented more often than commercialization as a planned set of marketing activities. Fifth,

all commercialized products or technologies are not necessarily systematically launched for sales (e.g. licensing). And sixth, launch can be done independently by other actors than the developers but commercialization commonly refers to situation where the developer seeks profit from its development outputs.

Naturally these two firms cannot be claimed to represent all industries or firms in general. However, we feel that these cases clearly support the underlying debate of how these terms are used in reality. This study does not aim at generalization based on hypothesis testing but provides ideas and examples on terms in question that can be further developed and tested. For a comprehensive analysis instead of this critical approach books and conference proceedings should be reviewed in addition to journals. If comparison of marketing literature to some other area is the focus of some future study also review on journals from other disciplines should be broad.

Is there a need in marketing literature to differentiate between introducing innovative products and technology innovations? Instead of broadening the scope of launch the existing differences between launch and commercialization could be sharpened in future research by discussing distinctions between introducing products and technologies, the time-line of activities, how systematic the process is, degree of innovativeness, and who are the actors. That could help marketing literature to develop more defined insights on launch and commercialization. These distinctions were found to have relevance also in practice and so acknowledging them could improve also managerial relevance of the research.

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