

HAVERILA Matti: The role of marketing when Launching New Products into the International Markets: An Empirical Study in Finnish High-Technology Companies

Keywords: marketing methods, high technology, new products, export, marketing mix, market entry strategies, channels of distribution, Finnish, experience effects, international markets.

ABSTRACT

The purpose of this research was to identify the marketing methods, which are used by Finnish high technology companies when exporting new high technology products into the foreign markets and to assess the perceived effectiveness of these methods as regard to the predetermined objectives of the company. A field study with questionnaires sent to the respondents was conducted in early 1995. The size of the final sample population was 230 and 81 respondents returned an acceptable questionnaire. Thus the response rate was 35,2 %. The success rate of new product launches amongst the companies within the sample population was 80,41 %.

The findings of this research indicate that the most used and effective marketing methods are personal selling, marketing concept, new product development strategy and differentiation. Advertising, marketing information systems, marketing intelligence and marketing consultants had lowest ratings in usage and marketing consultants had also the lowest perceived effectiveness.

The successful and unsuccessful product launches were also compared. The findings indicate that a careful balance in the usage of the marketing methods is very important. Differentiation, sales promotion, market share and marketing information systems, marketing intelligence are too highly utilised marketing methods in unsuccessful product launches in comparison to successful product launches. New product development strategy and market segmentation, on the other hand are under utilised marketing methods in unsuccessful product launches in comparison to successful product launches.

A certain relationship seemed to exist between the usage and the effectiveness according to the respondents' responses. This confirms that a certain marketing method is used because it is perceived to be effective in achieving the predetermined objectives.

Additionally, the larger companies seem to use, more than smaller companies, publicity, promotion, marketing organisation, market share and positioning as marketing methods in the launch process of their new products into the foreign markets. Export intensive companies (more than 40 % of the sales exported) use

advertising, publicity, promotion and market share more than less export intensive companies. When the president of the company had a technical and marketing, or just marketing background, personal selling and positioning were used more than in companies where the president had just technical background.

When the highest ranking marketing officer of the company had a technical and marketing, or just marketing background, differentiation was used more than in companies where the highest ranking marketing officer had just technical background. Companies with more experience on product launches used more product, service specialisation, distribution and positioning as marketing methods than companies with less experience on product launches. There were no significant differences in the use of marketing methods between the industries studied in this research. Only marketing consultant was a marketing method, which is more commonly used in the industry of electrical machinery for industry than in the industry of scientific instruments, optical equipment.

No significant differences were found either in absolute or relative marketing expenditure between large and small companies. There were no significant differences in marketing expenditure between companies with different amount of experience on product launches into the export markets. There were significant differences in relative marketing expenditure between companies with different percentage of the sales of the company sold outside Finland. In the first group (export's share of turnover less or equal to 40 %) the mean of the marketing expenditure was 7,6%, and in the second group (export's share of turnover more than 40 %) the mean of the marketing expenditure was 11,2 %. Additionally, there were significant differences in relative marketing expenditure between the two industries studied. In the industry of electrical machinery for industry, the mean of the marketing expenditure was 13,7%, and in the industry of scientific instruments, optical equipment the mean of the marketing expenditure was 7,8 %.

An important finding is that marketing concept is a marketing method, which is more commonly used in successful product launches. It was also found out that there were no differences in relative and absolute terms of marketing expenditure regarding the outcome of the product launch. Also, no differences were found between different industries concerning the outcome of the launch stage, neither no differences were found between companies with different amount of experience on product launches into the export markets concerning the outcome of the launch stage. Similarly, no differences were found between companies with different percentage of the sales of the company sold outside Finland regarding the outcome of the launch stage.

It was found out that the absolute sales volume correlates with the success of the product launch. In those companies who answered with regard to unsuccessful

product launches, the absolute sales volume was 50.58 MFIM and in those companies who answered with regard to successful product launches, the absolute sales volume was 323.52 MFIM. Additionally, the three factors (the absolute sales volume of the company, the absolute amount of export volume and the absolute amount of marketing expenditure) differentiate effectively the successful and unsuccessful product launches.

No differences were found between the different backgrounds of the presidents and the backgrounds of the highest ranking marketing officer with regard to the outcome of the launch stage. Finally, product and service specialisation, distribution, advertising, publicity, promotion, market share, market share, marketing planning and market research are marketing methods which are more commonly used in companies with higher marketing expenditure.