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Abstract

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Disciplines

Advertising and Promotion Management | Business | Business Administration, Management, and Operations | Marketing | Strategic Management Policy

How to Reduce Market Penetration Cycle Times

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Academics, executives, and consultants are virtually unanimous on the importance of speed as a competitive advantage and the need to achieve more rapid strategic decision making:

> *Strategy making has changed. . . . The premium now is on moving fast and keeping pace. . . . The best strategies are irrelevant if they take too long to formulate.*[1]
>
> — Kathleen M. Eisenhardt
> Stanford University

> *Speed kills the competition.*[2]
>
> — Richard D. Stewart
> Chief Executive Officer
> Computer Corporation of America

> *As a strategic weapon, time is the equivalent of money, productivity, quality, even innovation.*[3]
>
> — George Stalk, Jr.
> Boston Consulting Group

Perhaps the most prevalent focus on speed has been in new product development. Japanese companies have been heralded as models of how to achieve time-based advantages in reaching the market. Honda, Sony, Canon, and Toshiba, among others, have been cited for their abilities to reduce product development cycle times and to introduce a constant stream of new products or product improvements responsive to evolving customer needs. Recently, many leading U.S. and European firms also have adopted a time-based philosophy and are substantially reducing product development cycles.

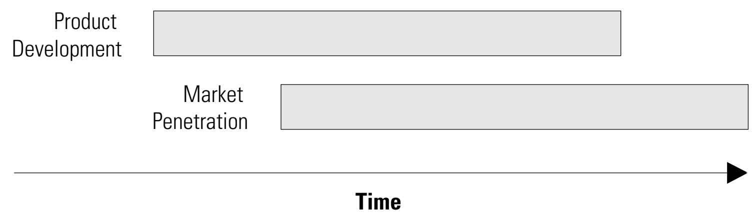
Benetton is a well-known example. Management has recognized the extreme difficulties of forecasting demand for style and fashion and has built the firm's competitive advantage on a production and logistics system that is enormously responsive to initial seasonal sales data. Hewlett-Packard is also cited as a leading example of reduced time to market. The advantages, according to former Chief Executive Officer (CEO) John Young, are not only faster market access but also higher quality and lower costs: "Doing it fast forces you to do it right the first time."[4] Other firms capturing competitors' attention for reducing development times include Motorola, General Electric, and Boeing. These firms have substantially reduced their time-to-market objectives — sometimes slashing them in half.

Product Development vs. Market Penetration Cycle Times

Executives interested in reducing their firms' product development cycle times have a rich set of guidelines and experiences from which to draw. Some excellent books and review articles are available, and a reasonably coherent set of recommendations can be made.[5]

Much less attention has been given to market penetration cycle time, that is, the amount of time it takes to reach maximum sales potential for a new product. A major source of competitive advantage thus remains: to achieve reductions in the *time-to-market acceptance.* Objectives similar to those formulated for product development might be developed in this area, for example, to reduce the market penetration cycle time by half. Figure 1 shows the time line of product development and market penetration.

Figure 1 Product Development–Market Penetration Time Line



The process of product development and market penetration may overlap if the marketing effort begins before actual market introduction.

The Logic of Rapid Market Penetration

In an earlier era, it was possible to build market penetration gradually. Companies could roll out products by region, and competitive imitation took time. Packaged goods firms, such as Procter & Gamble (P&G), Kraft, and Lever, typically test-marketed and then engaged in product launches to a sequence of regional U.S. markets. National distribution was reached within about eighteen months. Entry to other markets — usually Europe — came much later.

Pricing was typically an issue of either skimming or penetration pricing. Skimming involves initially setting the price high to "skim" profits and then decreasing prices gradually to reach broader markets. Polaroid is the classic example. Penetration pricing means setting low prices to sell at high volume and quickly increase market share. Texas Instruments in calculators is the usual example.

In today's competitive environment, however, the firm rarely has the choice of gradual market penetration, regional rollouts, or price skimming. One exception may be under conditions of high patent protection, as in pharmaceuticals (witness Wellcome's controversial pricing strategy for its AIDS drug, AZT). However, even in pharmaceuticals, shorter product life cycles challenge the firm to achieve market penetration quickly. The objective is to achieve steep acceleration of the sales curve before further technological change dilutes the product's potential.

Rapid sales acceleration is especially needed in technology-based products, such as computers, where life cycles for products such as workstations have been shortening; sometimes it may be a matter of months before new competitive products appear. A similar pattern of shortening product life cycles for products as disparate as cosmetics, food, and pharmaceuticals has been documented.[6]

The concept of a market window also suggests the need for rapid market penetration. Abell has argued that there are often limited periods when the fit between the market's needs and the firm's competencies are optimal.[7] In product categories subject to rapid competitive change, the market window may be open briefly before it is too late to enter, due to competitive preemption. For example, Federal Express pioneered in the U.S. market with reliable expedited shipments, but it missed the market window in Europe by using a rather disjointed market-by-market strategy. In March 1992, it was forced to shut down its intra-European system. DHL and others, who had entered Europe early, had built an insurmountable lead that Federal Express could not overcome.

The net effect is that in the marketplace of the 1990s, new products must be introduced almost simultaneously worldwide. If an idea is put "on display" or in test markets, it is likely to be co-opted by another firm and to appear in world markets before the innovator's product. Indeed, many firms now find that the value of test markets is overshadowed by the risks of revealing one's hand to competitors. Consequently, we're seeing more controlled testing with lead users or simulated test markets in laboratory settings.

The disadvantages of test markets and regional rollouts are well documented in P&G's entry to the cookie market with its Duncan Hines soft cookies. This product was test-marketed in Kansas City with enormous success. However, competitors could read the results as quickly as P&G could and before it could build adequate production capacity and achieve national distribution, Nabisco and Keebler preempted and reached national markets before the Duncan Hines product. Their advantage was the ready availability of production capacity. Although this then led to a patent infringement suit that was settled to P&G's advantage, the Duncan Hines product lost its momentum by entering markets behind

Nabisco and Keebler and never achieved the promise that the Kansas City test market suggested.

Guidelines for Reducing Market Penetration Cycle Time

How can firms reduce market penetration cycle times? Drawing from research in innovation theory and diffusion theory as well as management practice, I suggest the following guidelines, subject to some qualifications.

1. Reach the market first.
2. Preannounce the new product before market availability.
3. Innovate constantly.
4. Occupy the market — multiple brands, positionings, segments, and alliances.
5. Track market penetration by stage of the purchase decision process.

Reach the Market First

There are potential advantages and disadvantages of being first to market, but the evidence is in favor of being a market pioneer (see Table 1). Many pioneer firms gain lasting market share advantage and may remain the top brand in their product category over decades, especially in consumer goods.

Recent research gives some sense of the potential advantage of being first to market. Urban et al., using simulated test market data for frequently purchased consumer goods, found that the second firm to enter a market could expect to do only 71 percent as well in market share as the pioneer and that the third firm to enter could expect to do only 58 percent as well.[8] The value of market pioneering in industrial products has also been documented. Market pioneers tend to achieve substantially higher market shares: the early follower can expect to do only 76 percent as well as the market pioneer and the late entrant only 51 percent as well as the pioneer.[9]

The sources of these advantages are the barriers to entry erected against later entrants — assuming the pioneering product successfully fulfills customer needs. Consumer advantage emanates from the ability of the pioneer to achieve awareness, reputation, trial, and brand loyalty before other firms enter. If the new product successfully fulfills customer needs, trial levels decline substantially for later entrants. Similarly, the pioneer has the ability to choose the most profitable market segments and to select the optimal product positioning. The market pioneer may also take advantage of the insights provided by lead users, who are positioned at the front of market trends.[10] Market pioneers may also gain access to the most efficient distribution channels, achieve greater experience and scale advantages to reduce costs, and be able to assume price leadership. And market pioneers may have the best opportunity to set standards in industries such as communications, where standards are important.

Nevertheless, the market pioneer also faces some potential disadvantages. The most important, of course, is that most new products fail. Interestingly, this is often not taken into account in extolling the virtues of market pioneering. Additionally, the firm that engages in product development ahead of later entrants encounters higher R&D costs and runs the risk of entering the market with a suboptimal product or a premature technology. A common scenario is the early market entrant that achieves rapid market penetration but cannot hold it as superior new products enter. For example, General Electric quickly moved to a second generation CT scanner and took the market away from EMI, a small U.K. firm. Finally, although product life cycles have shortened, the takeoff point for some technologies is still slow. The takeoff of fax technology, for example, came many years after product availability. Some technologies, such as multimedia — combining computers and

Table 1 Market Pioneer Advantages and Disadvantages

Potential Advantages	Potential Disadvantages
Higher levels of awareness	Most new products fail
Superior reputation	Higher R&D costs
Higher rates of customer trial	Risk of premature technology
Greater likelihood of brand loyalty	Risk of suboptimal product features
Selection of most profitable segments	Higher costs of market development
Selection of optimal positioning	May create a market for competitors
Insights from lead users	Timing may be premature for product takeoff
Choice of most efficient distribution channels	
Lower costs due to greater experience and scale	
Price leadership	
Opportunity to set standards	

videodisks in an interactive mode — have been heralded by many analysts but have not yet reached takeoff. The danger is that the first firm to market may not receive a return on investment for many years in technologies that are slow to take off.

The bottom line, however, is that the advantages seem to outweigh the disadvantages. Nevertheless, each new product introduction is unique, and companies must weigh the pros and cons of first entry and delayed entry. Large firms often have been assumed to have the capability to overcome not being first to market, but this philosophy seems to be changing. General Electric's CEO Jack Welch now advocates first-to-market advantage, and even market leaders such as AT&T have found it difficult to catch up in communication hardware when they have lost first-to-market initiative in new product categories.

Table 2 Product Preannouncement

Can Market Advantage Be Gained by Preannouncing New Products?

	Yes, if:
Market Factors	• Low market share • Low competitive reactivity • Strong patent protection • Need to establish standards • Image-reputation value
Customer Behavior Factors	• High new-product learning requirements • High switching costs • Lengthy customer decision process
Value Chain Factors	• Need for complementary products • Need to develop supply or distribution systems

Preannounce before Market Availability

Can a faster takeoff be gained by announcing the new product to customers before market introduction? High technology products are frequently (and confidentially) preannounced to key accounts, but what about broad announcements, such as IBM's preannouncement of its PS/2 personal computer some months before general product availability?

In a recent survey of marketing managers across a range of U.S. industries, 51 percent reported that their firm preannounced its last new product or service.[11] The timing of these preannouncements ranged from one month in advance of product availability to twenty-four months, with the median being between three and four months. A rule of thumb is that if the product is to be preannounced, the timing should be as far in advance as the length of the customer's purchase decision process. For example, if customers take on average six months to make a decision on a new machine tool, then the product should be preannounced six months in advance. Otherwise, the firm's first sale will be some time after the product's market introduction.

Although I am focusing on preannouncements to customers, in certain cases preannouncing might also have value for preempting competitors. Alcan Aluminum of Canada recently announced the successful production of a new aluminum composite material and emphasized its production capability: "A scale of this magnitude continues to place Alcan in a commanding lead worldwide in the establishment of aluminum composite production capability and plant capacity."[12] Similarly, Glaxo announced in advance of market introduction that it had made "massive investments in buildings, equipment, and human resources" for its new biotech "drug colony stimulating factor."[13] In both cases, these preannouncements could be interpreted as directed at competitors, to discourage competitive entry. They were also strong signals of market commitment to potential customers.

Table 2 outlines the logic of whether new products should be preannounced, focusing on customer, as opposed to competitor, issues. Three categories are germane: market factors, customer behavior factors, and value chain factors.

Market Factors

Preannouncing is desirable if the firm has low market share, competes in an industry with low competitive reactivity, has strong patent protection, needs to establish market standards, and could gain image and reputation value by preannouncing. If the opposite of these conditions holds, the firm should not preannounce.

• **Market Share.** A firm that has high market dominance within the product category will not benefit from preannouncing new products. Preannouncements run the risk of cannibalizing sales from present products. Alternatively, if the firm has low market presence within the product category, cannibalization risks are low, and it is in the firm's best interest to delay customer purchases until its new product enters the market. If the firm is not participating in a product category, the objective of preannouncing is to freeze the market until its new product appears.

• **Competitive Reactivity.** In industries or product categories characterized by high levels of competitive reaction, preannouncing is not recommended. If competitive reaction is limited or unlikely, it is in the firm's best interest to act aggressively. The level of competitive reactivity is a function not only of the number of competitors but also of how vigorously and how directly they compete with one another. Firms in niche positions are in a better position to preannounce because there is less threat from competitors, as are small firms that may tend to be ignored by other competitors.

• **Patent Protection.** Patent protection builds a certain immunity to retaliation. This is one reason behind the high number of preannouncements in the pharmaceuticals industry.

• **Standards.** In many industries, especially those that are technology based, the creation of a dominant standard is important. The development of such a standard is highly dependent on achieving rapid consumer acceptance; preannouncing may be beneficial. In handwriting recognition computers, for example, the battle is on to determine which operating system will become the system of choice; competitors such as GO Corporation and Microsoft have been scrambling to outdo each other on product announcements before availability.

• **Image/Reputation.** Preannouncing is also recommended if it will improve the firm's image and reputation. Fujitsu's leap to preannounce its new mainframes on the day before IBM's system 390 preannouncement would seem to be motivated by a desire to seize the initiative and create a leading-edge perception. It is difficult to build a reputation based on parity products, but early preannouncements of innovative products may accrue significant benefits to the firm. A risk, however, is if the product does not enter the market as scheduled. Many software firms are accused of announcing "vaporware," which never appears or which comes out with significant features missing. Such problems build market skepticism toward the firm and its announcements.

Customer Behavior Factors

Certain patterns of customer behavior may favor preannouncements.

• **Customer Learning.** Preannouncing a new product will be advantageous if the product requires substantial customer learning. This will be the case for many technology-based products, as opposed to packaged goods. It may be especially desirable to preannounce to more sophisticated consumers and leading-edge accounts, which may be more receptive to new product ideas and more capable of learning. They will also have disproportionate influence on other customers in the market.

• **Switching Costs.** If customers must undertake substantial one-time costs to convert to the new product, then preannouncing is recommended. Switching costs can be a major factor in retarding adoption of a new product. Preannouncing may allow the customer to plan far enough ahead to minimize switching costs or spread them over multiple periods.

• **Length of Decision Process.** If the customer's decision process is long, then preannouncing may be necessary. Telecommunication utilities, for example, make budgeting decisions for new switching equipment two years or more before installation. If the product is not preannounced, the first sales may be months or years away.

Value Chain Factors

In many cases, the sale of new products depends on the participation and commitment of other firms in the value chain. Preannouncement may be necessary in order to build this participation. Preannouncement is advisable when the product needs complementary products or the firm needs to build supply or distribution commitments.

• **Complementary Products.** Many new products require complementary products to be of value to the consumer. For example, microwaves were of limited value until food manufacturers adopted microwaveable plastic trays, and videocassette recorders (VCRs) were of limited value until movies became available on cassettes. Generally, the more dependent the new product is on complementary products, the more important preannouncing will be. Thus, a key motivation for IBM to preannounce its PS/2 personal computer was to encourage software developers to begin writing programs for its OS/2 operating system. Similarly, NCR and GRiD Systems' launches of their pen-based computers were preceded by announcements in order to encourage development of application software.

• **Supply and Distribution Systems.** For certain products, the ability to penetrate the market depends on access to supply or distribution. If either is in question, preannouncement might signal commitment to the product and encourage such relationships. For example, favorable distribution relationships are critical in industries where sales are dependent on distributor sales support rather than end-consumer advertising. Preannouncements can help distributors avoid inventory problems and may build a sense of partnership between the firm and its distributors.

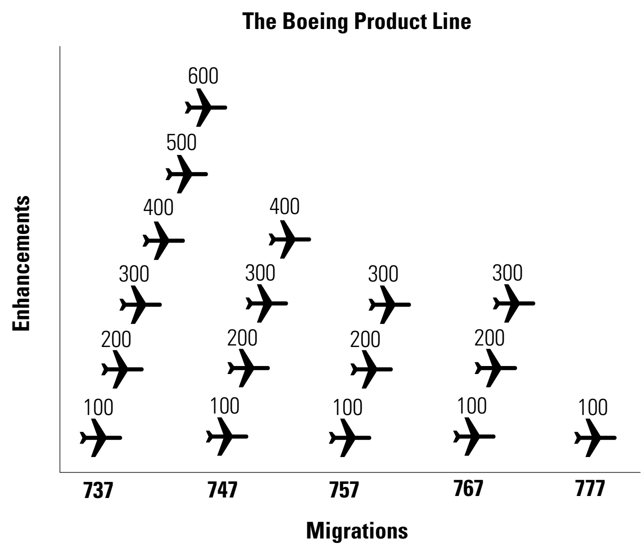
Innovate Constantly

Market penetration is rarely accomplished with a single, discrete innovation; a constant stream of innovation is necessary. Thus, as a firm is reaching the market with an innovation, it must already be planning improvements and replacements.

The need for unremitting innovation resides first in the competitive environment. Inevitably, successful new products engender imitation. Building barriers to entry, especially patents, is highly desirable, but the ultimate defense is a strong offense: constantly raising the innovative ante. In fact, if the firm prematurely pursues scale efficiencies as a barrier to entry, it may simply lock itself into a technology that becomes obsolete as the battle moves to second- or third-generation products.

Consumer demands also necessitate unremitting innovation. A new product may be enthusiastically accepted, but consumers inevitably seek improved benefits. Despite the acceptance of Sony's Walkman, consumers wanted it even smaller, lighter, in alternative designs, for sports, and so forth. If Sony had rested on its laurels for even a few months, competitors could have seized the initiative (and to some extent did) by capitalizing on this escalation process.

Figure 2 Constant Innovation: Boeing's Current Portfolio of Enhancements and Migrations



Benefit modification (or repositioning) may also be necessary for some innovations, especially to reach broader segments of the market. Manufacturers originally envisioned microwave ovens as a replacement for the kitchen stove, a concept that did not sell. But when microwaves were repositioned as a secondary method of cooking and their size was reduced to fit on the kitchen counter, they successfully penetrated the market. Unfortunately for the pioneer firms, such as Litton, it was the later entrants, Japanese and Korean manufacturers, that performed these redefinitions and benefited from them.

Managing the Innovation Continuum

How does a firm constantly innovate? Innovation runs on a continuum from enhancements to migrations to inventions. The challenge is to manage the total continuum.

Enhancements involve minor changes in established patterns of consumption or production, usually within one generation of technology. Enhancements may fine-tune the product to customer needs or add value to reach new market segments. In some industries, such as consumer packaged goods, most of the innovation that takes place is enhancement. But even in high-technology markets, enhancements can be a major source of profits.

Migrations involve more significant changes in established patterns of consumption or production, such as development of a new generation of technology. For example, whereas first generation CT scanners could perform head scans, second generation CT scanners could perform whole body scans.

Inventions create new patterns of consumption or production — the first CT scanner, personal computer, or jet engine. Inventions can totally change an industry's competitive structure, although their occurrence is occasional and difficult to predict.

Boeing has successfully managed the innovation continuum, as shown in Figure 2. The 737 jet, which was initially introduced in 1968, is now in its fifth enhancement, the 737-500, and a sixth was recently announced. Boeing's enhancements take advantage of evolving technologies (in engines, avionics, and metal composites) to keep the product up-to-date and extend its capabilities, thus potentially expanding its opportunities into new routes or segments and keeping competitors at bay by revealing no weakness.

Migration occurs as technology improves, allowing the introduction of significantly more advanced aircraft. Boeing has developed a stream of new generation aircraft, from the 707 to the 777, which is now in early phases of production.

Boeing is also aware of the possibility of inventions, which create entirely new functionality. Perhaps vertical take off and landing combined with supersonic transport speeds (VTOL-SST) will become viable. Boeing cannot run the risk of being late to market with such an invention, much as the Douglas Aircraft Company was late to market with a jet aircraft, the DC-8, after leading the market for multiple decades during the propeller era. The cost for Douglas was a loss of leadership and acquisition by McDonnell to become McDonnell Douglas.

To manage the total innovation continuum, firms must exploit the range of opportunities, from those that may have only minor effects on consumption patterns to those that create whole new consumption patterns. Undue focus on either end of the continuum may cause problems. For example, the firm may focus only on enhancements and miss the change to new technologies. It may focus only on invention and go out of business before the product becomes a commercial reality.

Occupy the Market

Market penetration requires the blanketing of the market with multiple products, positionings, and sometimes even multiple brands to occupy the spectrum of segmentation opportunities. Hamel and Prahalad give the example of Toshiba in laptop computers:

> *Toshiba's blistering pace of product introduction allowed it to explore almost every possible market niche and to outrun rivals. . . . If one particular model failed, its withdrawal would hardly cause a ripple. . . . By 1991 Toshiba had discontinued more laptop models than some of its flat-footed competitors had launched.*[14]

The objective is to occupy the market and leave little room for competitive entry. One study gives evidence of the danger of neglecting market positionings. Cook and Rothberg found a Spearman rank correlation of .81 between share of the car market and share of models.[15] They argue that as U.S. automakers have reduced the number of models in their lines in order to pursue standardization and cost efficiency, they have failed to meet a full range of customer needs and thus have lost market share. Neglected market positionings may invite competition and limit the firm's ability to substantially penetrate the market.

A company may also need to launch multiple brands in order to penetrate the market. IBM has finally succumbed to market pressure and introduced Ambra — a clone of its own personal computer that does not carry the IBM name — to its European operation.[16] The IBM brand name simply cannot cover the entire market, including the low end. Procter & Gamble is a master at using multiple brands to achieve high levels of market penetration, whether in detergents, soaps, or even diapers. The basic premise is that market needs are diverse and that multiple brands are necessary to occupy the set of product positionings that are available. It is better to create your own competition than to allow other manufacturers to compete with you.

Of course, there are disadvantages to multipositioning or multibrand strategies. The most obvious is cost: creating multiple brands is expensive. Possible confusion is another potential disadvantage; customers may fail to appreciate the subtleties among multiple brands. There is also the risk of the firm losing focus and diluting its core brands. Finally, many firms have achieved success by dominating a segment or a niche and choosing not to compete in the total market.

Building Alliances

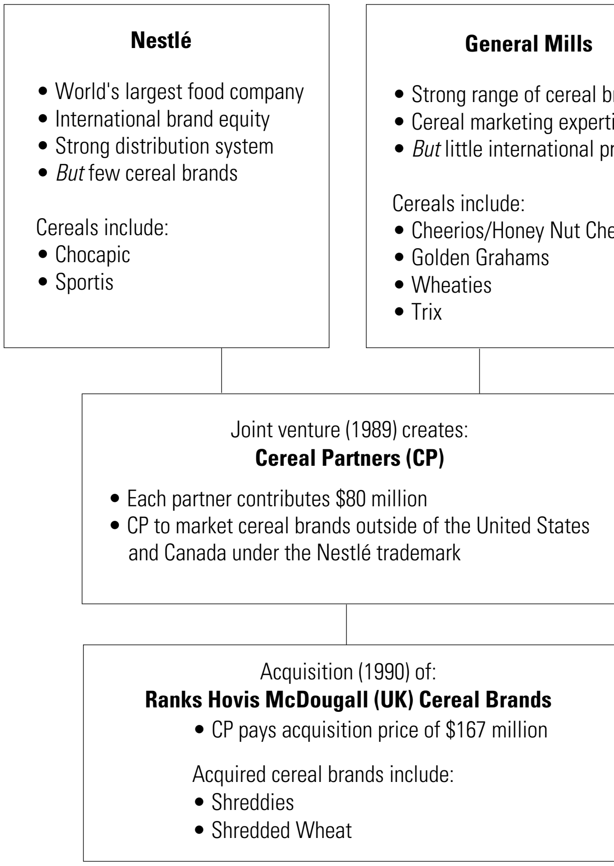
Successful market penetration also depends on the ability to develop global alliances. A single firm usually lacks the resources, talent, and time to penetrate global markets before a product loses its innovative advantage. Some of the world's largest firms are pursuing alliances to achieve faster and broader levels of penetration.

Alliances can afford broader market access. General Mills has formed a joint venture with Nestlé to gain better access to the European market for its cereal brands (see Figure 3). The alliance combines Nestlé and General Mills cereals in one portfolio supplemented by additional cereal brands acquired from Ranks Hovis McDougall of the United Kingdom. In biotech drugs, Genetics Institute has formed alliances with European and Japanese partners to gain access to their markets. In computers, most of the major manufacturers are forming alliances with value-added resellers and other indirect channels in order to reach a broader range of accounts, particularly smaller accounts.

Alliances can also deepen market access. For example, both Roche and Glaxo sold Glaxo's anti-ulcer drug Zantac in the U.S. market. Glaxo did not have a large enough detail force to cover the market and capitalize on the opportunity by itself. Similarly, both ICI Pharmaceuticals and Thomas Morson, a Merck subsidiary, sell the same A.C.E. inhibitor, but under different names (Zestril and Carace, respectively) in order to gain a higher level of salesforce coverage with physicians.

Alliances can also be valuable for developing a dominant standard. Firms may even create their own competition in order to achieve a dominant standard. In workstations, for example, many analysts believe that only two or three standards can survive. Thus Sun is encour-

Figure 3 Alliances to Achieve a Pan-European Portfolio



aging competitors to use its SPARC chip, and IBM is entering into alliances with Apple and Digital Equipment Corporation to use its RS-6000 chip. A high-tech firm that is not aligned with one of the dominant standards is unlikely to be able to participate in the market at all, as software is not going to be written for minor players, and customers are seeking compatibility and low switching costs. In the battle for VCR standards, Matsushita broadly licensed its VHS format as part of its strategy to achieve dominance over Sony's Beta format. The new battle in compact discs pits Sony's minidisc against Philip's digital disc. Each company is seeking alliances to gain the edge.

Track Market Penetration by Customer Decision Stage

Not only must a company establish rapid penetration, it must also develop a tracking and diagnostic system to measure its success. The key to rapid sales acceleration is moving customers quickly through the purchase decision process. The company must be capable of tracking each customer (or segment of customers) and monitoring progress toward purchase.

The idea that customers must progress through a sequence of stages before purchase is hardly new. The basic process is as follows: When a new product is introduced, the firm must (1) build awareness among potential customers, (2) move these potential customers to a favorable attitude toward the product, (3) encourage trial, and (4) achieve purchase (repeat purchase, in most cases).[17] Of course, sometimes phases are skipped or others added. For example, marketers may provide free samples, especially in consumer goods, to short-circuit the decision process. For tracking and diagnostic purposes, however, these four phases provide the necessary information.

It is critically important to track potential customers *over time*. The firm needs to know, at any given moment, what percentage of the market has reached each stage. Only then will it be able to decide what to do in order to further penetration. Consider the introduction of a new product to the market on 1 January 1993. The graphs in Figure 4 illustrate four possible scenarios that might occur by 31 December 1993. They are based on quarterly tracking surveys.

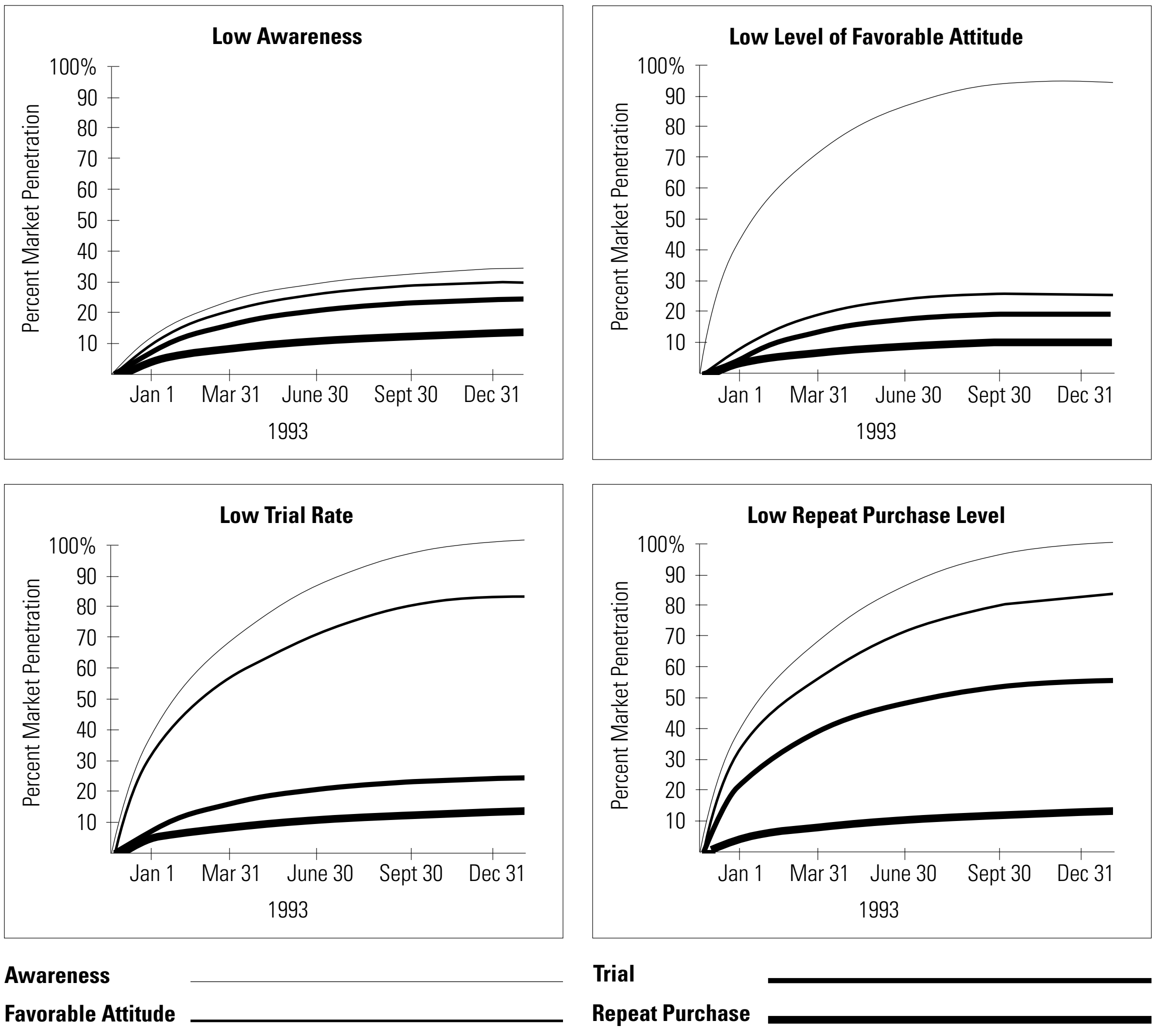
Low Awareness

In this scenario, sales are being held back because of the inability to develop awareness, which is at the 35 percent level among potential customers. Low awareness is usually a communication problem, and the remedy generally is to increase advertising or direct mail spending and salesforce coverage.

Low Favorable Attitude

This scenario is somewhat more troublesome than low awareness because it might suggest a lack of acceptance for the product or service concept. Although awareness is now at over 95 percent, favorable attitude has reached only the 25 percent level. Low levels of favorable attitude often indicate that customers have not been given sufficient positive information. The firm may need to

Figure 4 Typical Market Penetration Scenarios



add more salespeople or trade demonstrations or change the communication campaign to better demonstrate the product benefits. However, if consumers are reasonably informed and many are rejecting the product, the company may need to be content with a narrow segment, drawing customers from the 25 percent of the market with favorable attitudes. Contact lenses, for example, tend to fit this profile; they have failed to convert a large profile of the population, despite product improvements such as soft and long-wearing lenses. Alternatively, the product may need to be modified to reach a broader market.

Low Trial Rate

In this scenario, awareness and attitude have developed nicely, but the market is not converting to trial. Common causes of this problem are (1) poor distribution — the product is not readily available, (2) pricing — the price is too high, and (3) communications — the advertising campaign is too focused on reach (exposure to many possible customers), when it should be focused on frequency (the number of ad exposures per potential customer). These areas should be reevaluated.

Low Purchase (or Low Repeat Purchase)

This is the worst problem. The new product is performing well on all stages except purchase or repeat purchase. Either the product does not deliver on its promises or the product's benefits have been oversold. Product redesign or repositioning (even withdrawal) may then be necessary. Sometimes, however, a low repeat purchase rate is due to pricing or distribution; price reductions and expanded or better directed distribution may be helpful.

In summary, achieving rapid sales acceleration means moving customers through the purchase decision process expeditiously. This requires more than simply appropriating a certain level of marketing resources. It requires a tracking system that decomposes awareness, attitude, trial, and purchase in order to develop informed diagnoses of what types and levels of marketing resources will be required at different points in time.

Conclusion

Speed is a management imperative, especially in the domain of new products. However, being quick to market is only half the battle. An equally important challenge is to shorten the time to market penetration. A product's chances of long-run sales success are enhanced if it can achieve rapid market access and penetration. However, the battle for long-term supremacy depends on constant and unremitting innovation. Successful new products are an invitation to market entry for other competitors. As product life cycles become shorter and the speed of imitation increases, ongoing innovation is the only sustainable strategy for success.

We are all familiar with the typical S-shaped product life cycle. We also recognize that it is not the optimal sales curve. In general, firms want maximum sales acceleration; the objective is to penetrate the market and seize the competitive initiative.

I have made five recommendations for reducing market penetration time:

- Reach the market first.
- Preannounce the new product.
- Innovate constantly.
- Occupy the market.
- Track market penetration by stage of the purchase decision process.

The era when firms had the luxury of slowly rolling out products may be gone. Innovation advantage dissipates quickly, and imitation is rampant. A firm must design global penetration strategies before market launch. If it does not achieve simultaneous market access, the opportunity is soon lost. If it does not blanket the market, competitors will find entry gaps. If it does not engage in constant innovation, it soon becomes obsolete. Such is the competitive arena we face, and there is no reason to believe that competition will ease or become less reactive. ◆

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