BEST PRACTICES OF A GLOBAL PRODUCT LAUNCH

Master’s Thesis
Heidi Narvo
Aalto University School of Business
Marketing
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Abstract

How to ensure the product launch success? This is the question on top of managers’ minds and for a good reason: while being one of the costliest parts in the new product development process, the product launches and their performance are the cornerstone of any company’s long-term profitability. When defining a product launch strategy, companies have to consider various strategic and tactical decisions and activities from the product development process to pricing and distribution. In addition, the ever-increasing globalisation has added various matters to take into account. Companies operating in multiple business regions need to balance between local preferences and benefits of standardisation, while managing the vast international network of knowledge and operations. While product launch processes have been rather widely researched topic, launches in a global setting as well as the human side of product launch management have not received as much academic attention.

To fill the gap, this master’s thesis describes both strategic and tactical decisions of a global product launch process and examines their possible effects on the product launch performance. The dependent variables chosen to represent the decisions are inter-regional cooperation, market information gathering activities, marketing mix, timings and level of localisation. The purpose of the study is to contribute to the research on product launch processes and to support companies to recognise and to improve actions that are crucial for success.

The data was collected through a survey distributed among the marketing and sales departments of a large multinational consumer goods company, operating across the globe. In the survey, the employees of the company were asked to rate in retrospect the execution of different product launch activities as well as the performance of the chosen launch. The sample included 80 responses in total from six different business areas. To evaluate the proposed framework, the partial least squares structural equation modelling (PLS-SEM) was used as the main quantitative analysis method. To further examine the importance of individual indicators, a surrogate variable analysis (SVA) was conducted.

The results show the remarkable importance of the marketing mix to the product launch success. Out of the individual elements, appropriate pricing has the greatest effect on the launch performance, followed by promotion. When it comes to managing the international network, the results indicate that inter-regional cooperation may actually hurt the benefit gained from market research gathering activities.

Keywords: product launch, tuotelanseeraus, strategic decisions, strategiset päätökset, tactical decisions, taktiset päätökset, globalisation, kansainvälistäminen, localisation, lokalisointi, inter-regional cooperation, alueiden välinen yhteistyö, marketing mix, partial least squares structural equation modelling, surrogate variable analysis
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1 Introduction

In the best performing firms, 49% of sales are derived from new products that are launched within the last five years. At the same time, a product launch is one the costliest parts in a new product development process and plays a big role in ensuring the products’ sales in long term as well (Di Benedetto 1999). Therefore, it is not surprising that companies are keen to find the factors that would ensure a smooth enter to the markets.

Product launch as a term and what it includes varies slightly within the literature. However, the dominating view is that the product launch process including various steps from the product development phase to the actual launch in the stores (Di Benedetto 1999). In other words, all the activities that are required to plan a commercialization of a new product, such as research, engineering, trial production and the creation of advertising can be counted to be part of the product launch process (Cooper & Kleinschmidt 1990). These activities can be roughly divided into two categories: strategic and tactical product launch decisions.

While the key elements of a product launch may have stayed the same for decades, the globalisation has added complexity to the amount of dimensions to take into account in the decision-making (Harvey & Griffith 2007). While the local preferences may differ between the different business areas, standardisation would offer the economies of scale. On top of that, the hyper competition, meaning the ever-shortening product life cycles, put a pressure on companies to seek ways to be more efficient, time the launches correctly and share information in real-time between the teams dispersed around the globe. (Harvey & Griffith 2007, Griffith & Lee 2016, Bruce et al. 2007) The purpose of this research is to examine the different factors behind successful product launches, with a special attention to issues, that companies operating in multinational environment might struggle with. Therefore, the study will contribute to the on-going debate on what matters companies should consider, when defining a global product launch strategy.

1.1 Research problem and objective

The focus of this research is to find key marketing management decisions during the product development and launch phase that contribute to the success of a product performance in a
global environment. While there is quite a lot existing literature on the product launch process and its success factors, not so many have focused on the global environment and cooperation between the regional and global departments. This cooperation might play an important role in multinational companies that are trying to find a perfect balance between local adaptations and global standardisation (Griffith & Lee 2006, Harvey & Griffith 2007). While all the product launches in this study have been rolled-out globally, the level of involvement of different regions during the development phase might vary and different ways of execution may give insights on how the global product launches should be optimally managed in the case company. Therefore, the main research questions are:

*Which of the individual strategic or tactical launch activities have the most significant effect on the performance of global product launches?*

*Does inter-regional cooperation during the product launch process enhance the product launch success?*

*Which leads to better results: a local or global approach in the product launch strategy?*

For this research, the data is collected from managers of a single company and its two brands having various products sold around the world. All the product launches have taken place within the last three years, thus representing the most recent measurable product launches.

1.2 The case company

This study is conducted in the cooperation of a large multinational firm, specialised in various consumer and industrial goods. Their business units operate in over 100 countries. The company is highly marketing driven, meaning that the brand management teams hold a great responsibility, when it comes to strategic as well as tactical decisions concerning product launches. Therefore, it is relevant to examine the product launches from the marketing point of view.

In this research, the focus is on two of the consumer good brands and their various product launches. The products are mass-produced and sold through various distributors and big retail
chains. The brand executes multiple launches, or re-launches, on a yearly basis, of which the most are rolled out globally. The brand is considered as a premium within its category, meaning that the brand does not pursue a cost leadership strategy. The effects of this for example on the appropriateness of pricing and promotion will be examined in the literature review.

To better understand the context, in which the study is conducted, a brief description of the decision making dynamics is essential. The study examines the previous literature on inter-regional cooperation as well as global virtual teams and their effectiveness on the product launch success. This point of view is particularly interesting as the case company’s decision making is partly constructed upon systems similar to the global virtual teams described e.g. in Harvey and Griffith’s study (2007). The inter-regional decision-making in the case company operates on two levels. In the heart is the global team who operates management team meetings (MTM). Regional managers participate in these meeting to update and share the current issues or success stories with other participants. Global team shares the information, introduces changes in the product line, aligns schedules and so on, while asking comments from the regional managers. On the second level, regional managers lead operational team meetings (OPM), in which the country-level managers participate. The idea is similar to the MTMs. On these two levels, the company wants to ensure that the information flows vertically through management levels and horizontally between the regional and local offices.

Figure 1. An approximate illustration of the structure of cross-national cooperation systems in the case company
Other areas covered in this study include market information gathering activities, marketing mix elements, timings and the level of localisation. Many of these areas are essential, especially in the global environment, where the company operates. For example, the importance of market research is acknowledged, and as mentioned, different systems for information sharing have been put in place. However, in a fast paced consumer good industry, an extensive market research might sometimes be compromised in order to move faster. Therefore, the company is interested to see, whether investing time and money in market research or taking extra time to localise the promotional campaigns, have remarkable effect on the success.

1.3 Thesis Structure

The thesis is structured as follows. First, an extensive literature review is provided to familiarise with relevant strategic and tactical decisions of the product launch process. These decisions include market information gathering activities, inter-regional cooperation, marketing mix elements and timings. Second, the marketing mix and timing are examined from the point of view of localisation. The aim is to clarify, what the previous research suggests when it comes to the optimal level of adaptation concerning each tactical decision in a global consumer good field.

After that, the chosen research methods are presented, followed by the detailed description of the quantitative analysis and its results. Finally, in the discussion part, the implications for the case company derived from the analysis are presented. The study is concluded with limitations and suggestions for future research.
Theoretical Background

"Just as reporters must answer a few fundamental questions in every story they write, decision makers in the new product development process must address five key issues: what to launch, where to launch, when to launch, why to launch and how to launch. These decisions involve significant commitments of time, money and resources. They also go a long way toward determining the success or failure of any new product."

Hultink et al. 1997

The product launch is the most expensive and the riskiest part of the product development process. At the same time, it remains often as the least well-managed step, even though a large part of profits is derived from the new products launched within the last five years (Hultink et al. 1997, Di Benedetto 1999). A new product development process as a whole has been rather widely researched topic, but has mainly focused on e.g. the impact of product development complexity and uncertainty as well as the product development speed on the product launch performance (Ahmad et al. 2013). In addition, many of the studies have focused on industrial companies (e.g. Hultink et al. 1997, Ahmad et al. 2013, Cooper 1979). While the importance of marketing is widely recognised within companies, there are little research on the so called human side of marketing decisions while launching a product, meaning how the people working on the same project cooperate and how the decision making is organised. Also many studies are conducted in a geographically limited area and not in a multinational environment, where teams and functions are dispersed, which makes the project management more complicated. In addition, multinational companies still struggle to find the perfect balance between global efficiency and local adaptations, which is still needed to create customer acceptance (Bruce et al. 2007). Therefore, this research will examine more closely global product launch activities within the consumer good industry, inter-regional marketing management and marketing decisions related to optimal level of localisation.

So how does a global product launch differ from a regular one? Any product launch, a global or a local one, have to be based on a set of strategic and tactical decisions. In short, these include answers to the questions of what, where, when, why and how to launch. The quality of these decisions have been proved by many studies to affect the product launch performance (e.g. Di Benedetto 1999, Hultink et al. 1997). In addition to these decision, global companies have additional challenges they have to take into account. For example, Zou and Cavusgil (2002) have defined three additional perspectives that has to be addressed in a global marketing strategy in particular. First two are related to strategic decisions. A firm has to define in which
markets they want to operate and how the integration of competitive moves is organised among the chosen business areas. After, they have to decide whether the marketing decision-making is concentrated in the headquarters or whether local offices hold a full autonomy. If they are concentrated, the coordination of following activities has to be planned carefully as well. Finally, the company has to determine the level of standardisation of its marketing mix, which are tactical decisions. All these decisions are related to each other as e.g. without concentration of marketing activities, a company cannot have a standardisation strategy in the first place. (Zou & Cavusgil 2002)

Based on these two levels of forming a global strategy, this study is organised to have two steps: first, we start by examining the academic literature around the two main pillars of product launch management: strategic and tactical decisions. First, we study how companies can organise their strategic decision making across the global and the local teams and what role market information gathering activities play in the product launch process. Second, we focus on the tactical decisions, such as marketing mix and timings as well as the decisions that have to be taken into account in a global context: whether to pursue a standardized or localised strategy. This is crucial for the study as the case company and the launches of the research are all operated in a global environment.

Figure 2. The GMS: A broad conceptualization of global marketing strategy. Adapted from Zou & Cavusgil (2002).
2.1 Strategic marketing decisions

Previous research has acknowledged two main categories of launch decisions: strategic and tactical decisions (Di Benedetto 1999). From these two, strategic decisions form the meaning, the base and the starting point for the whole process. In other words, any successful product launch has a clearly defined marketing strategy with clear objectives behind it. Strategic decisions align the actions during both the product development and the launch process. They are often taken in the early stage of the process to answer to questions of what, where, when and why to launch. Therefore, strategic decisions cover a vast area from the product development to the positioning of the product. (Di Benedetto 1999, Hultink et al. 1997).

It is meaningful for this research to examine how the strategic decision making can be organised between companies’ different business regions, and whether it contributes to the product launch success in the global context. For example, Sorenson and Wiechmann (1975) have examined that in the multinational consumer good environment, it is the globally standardised processes and decision-making patterns that are more important to the product launch success than the individual decisions considering localisation of e.g. promotional campaign. Strategic decisions are expensive or even impossible to change in the late stage of the process, thus e.g. local adaptations in the actual product might not be even possible (Di Benedetto 1999). For this reason, if the company wants to include a local hand-print in the product, the local level should be included in the strategic decision-making process as well. Therefore, when it comes to strategic decisions, the study focuses on the decision making process in terms of the level of inter-regional cooperation rather than individual features such as product innovativeness.

Before being able to form a marketing strategy, it is essential to have a clear view of the markets, especially of the desires and needs of customers. This knowledge can be gained through continuous market research (Ottum & Moore 1997, Di Benedetto 1999). Therefore, information gathering activities are studied in detail before continuing with strategic decision making processes.
2.1.1 Market information gathering activities

Both the knowledge-based view and the resource-based view underline the importance of rare and inimitable knowledge as a building block of a firm’s competitive advantage (Griffith & Lee 2016). When it comes to the questions about what, where, when and why to launch, finding the right answers is highly dependent on a firm’s knowledge of its customers and the target market. The better a firm can distinguish the desires of their customer, the more sales can be expected to be generated. A firm’s capability to gather, share and use information forms a base for the marketing strategy, followed by the launch activities and decisions, and therefore, finally having a positive effect on the new product performance. In 80% of success cases, the firm has had and collected prior market knowledge more than the average level. (Ottum & Moore 1997)

As mentioned, the first step of market information gathering activities is to collect it. Cooper (1975) found in his study that companies’ lack of market information is among the main reasons for a product launch failure. One of the ways to gather information of the markets in order to meet the market needs, is to include customers to the product development process. Customers role can differ from being simply an information source to active co-developer. Co-creation is especially a growing trend within B2B industry, while in B2C markets, consumers tend to act more as information providers through e.g. product testing. (Griffith & Lee 2016)

The next step in the process is the information sharing. This have been reported to be an issue for many companies, as market information can be seen as a “property” of marketing department and therefore, not shared to other parties (Ottum & Moore 2005). However, it has been reported that sharing information is strongly correlated with organizational integration and further to financial success. This suggest that in order to successfully share information, integrating mechanisms, such as cross-training and use of structured tools, have to be put on place (Ottum & Moore 2005). Organisational integration across the borders and its role in global product launches is therefore a wider topic, which is elaborated in detail later in this research.

Finally, the information has to be put into practice. As practically all the information is available in today’s technological environment, the question is not about who possess the information, but about who makes the most use out of it (Moorman et al. 1992). Ottum and
Moore’s study (1997) shows stronger correlation between information usage and new product success than between the success and information gathering and sharing. This indicates that without capabilities to use the gained knowledge, the first two steps go to waste. The authors further address that while the marketing team may be in charge of collecting the information, it should be the whole new product development team that analyses and interprets the results.

As a summary, market information gathering activities including collecting, analysing and using the information are all crucial in order to have a positive effect on the product launch.

In addition, it is important to note that the market information gathering activities can occur before, during and also after the product launch (Di Benedetto 1999). This means that learning from mistakes or from success cases can benefit the future launches. For example, Morgan et al. (2005) have studied the usage of customer satisfaction information to improve business performance in the future. Their research indicates that customer satisfaction information usage supports companies to allocate the resources in the areas that will most efficiently maximize customer satisfaction, and therefore, improve their financial performance. In the ideal case, the information gathering is frequent, dissemination is done at least four times a year and the satisfaction data is an important input for future strategic decisions. Therefore, also in this study, the authors addressed that in addition to collecting the customer satisfaction data, analysis, dissemination and utilization of the data should not be neglected in order to gain the benefits for the company.

However, Griffith and Lee (2016) offer an interesting point of view on market research in the global context. The authors reported that managers have to be conscious that sometimes a great amount of information might lead to a situation where contradicting results arise and the knowledge is difficult to leverage in a meaningful way. The authors say that this can be case especially in big multinationals operating in a global context, where varying local results make it difficult to deploy it into new product advantage. In short, the study claims that information derived from customers in general leads to new product advantages, but too much cross-national information might dampen the effect. This issue is elaborated later in this research.

As a summary, based on the previous academic research, it can be assumed that effort and investing in market information gathering activities have a positive effect on the product launch performance. An emphasis is drawn on the importance of deploying the gathered information, which can be tricky especially in multinationals due to contradicting information. As
mentioned earlier, this is linked to another other strategic activity in a product launch process: organizational integration. Next, the research focuses on to better explain what is meant by the organisational integration and how it is linked to the market information processing and therefore, to the product launch performance.

2.1.2 Organizational integration

As a complex process, a product launch requires participation of various different functions from R&D to supply chain management. It is not surprising, that the high levels of cross-functional cooperation have been widely recognised to have a positive effect on the success of a new product launch (Millson 2015, Graner & Missler-Behr 2014, Ahmad et al. 2013). Ahmad et al. (2013) have studied that the more complex the product development project is; the more team integration is needed. When product development team includes participant from various functions executing parallel activities, it leads to better design and shorter lead time, thus leading to improved market share and profitability. Millson’s study (2015) was on a same track proving that high levels of organisational integration during the new product development processes have a remarkable effect on the new product market success.

While the importance of cross-functional cooperation is widely researched, academia has given less attention to inter-regional cooperation. Many organisation structures resemble a matrix organisation model where the decision making and reporting is two-dimensional. The two dimensions can be e.g. the functional line (marketing, sales, R&D etc.) and a product line which is one the traditional matrix structures (e.g. Miles et al. 1978, Ford & Randolph 1992, Hobday 2000). In some cases, one of the two dimensions, or even an added third dimension, can be the regional business units, therefore integrating the divisional structure into the matrix (Miles & Snow 1992). In this case, a country-level team would report to the manager of the single product line leading all the way to the global team, while at the same time, the team would report to their own country and regional management covering all the product lines sold in that area. This model is the reality in many complex multinational companies. However, the risk is that the regions in the matrix stay in their silo, without a connection between each other (Ottum & Moore 2005). Therefore, companies need to define systems through which the regions could interact and leverage from each others knowledge.
Especially the knowledge-based perspective in the literature has addressed the importance of company’s capability to transfers information across the borders (Martin & Salomon 2003). Zou and Cavusgil (2002) has recognised three different global marketing perspectives: standardization perspective, configuration-coordination perspective and integration perspective. While the first, the most common one, addresses the cost-effectiveness and simplification, the latter two recognise the competitive advantage gained from cross-national cooperation between the countries. It is important to notice that these perspectives are not exclusive and a good global strategy should accommodate all these perspectives. Standardisation perspective defines the level of standardisation of marketing mix, the tactical activities, while the configuration-coordination perspective focuses on how the activities are coordinated, and to where the decision making is concentrated, therefore, addressing the dilemmas of strategic activities. Naturally, the perspectives are linked - highly concentrated decision making usually leads to highly standardised marketing mix as well. (Zou & Cavusgil 2002)

In this chapter we will discuss how this international knowledge sharing through inter-regional cooperation can be organised and its possible effect on the product launch performance.

*Inter-regional cooperation*

In a global environment, multinational companies need to find way to act locally while ensuring that the global strategy is put in place in a coherent manner to achieve success (Harvey & Griffith 2007, Yeniyurt et al. 2007). This requires a capability to leverage knowledge that is spread around multiple geographic locations (Griffith & Lee 2016). How companies could ensure that for example the information gathered through market research is transferred across countries and therefore, the local needs could be considered in the global strategy?

While having cross-functional teams has been proved to enhance the product launch success, the cooperation between the business regions during the product development phase has not been researched as widely. Many multinational companies, including the case company, have multiple teams within the same function, e.g. marketing teams, dispersed around the world. This creates a need to coordinate the units that are geographically far away from each other through a set of integrating mechanisms (Kim & Feamster 2003). Indeed, an ability to deploy knowledge between the countries is considered as an important matter for multinational
companies in the current global environment (Griffith & Lee 2016). It could be assumed that integrating country level offices into the development process, would make the global execution of the marketing strategy more coherent. It could also speed up the process as the need for big local adaptations would be reduced as some local needs could be taken into account early in the process. Indeed, for example Steenkamp (2014) argues that the effectiveness of marketing strategies can be remarkably improved by collecting and steering the best practices, ideas and insight across the counties. In other words, just like taking into account the specifications of different functions in cross-functional cooperation, taking into account the regional specialities through inter-regional cooperation, would benefit the product development process.

To coordinate the product launch within the diversity of the global environment and its many levels, one option is to form global virtual teams (GVT). The purpose of these teams is to tackle the issues of globalization and time-based competition while taking into account the national environment and its specialities. These teams can include regional representatives of the active countries where the business is conducted as well as the global centre in a steering role. Different parties keep in touch through electronic systems. In this way, communication between different business areas can be improved, resources can be coordinated, the product consistency can be ensured, supportive systems can be put on place and profits can be monitored. (Harvey & Griffith 2007)

Firm competencies can be seen as firm specific capabilities which generate a competitive advantage for the firm. They are embedded in a firm’s history and culture and therefore are difficult to imitate (Barney 1991). Harvey and Griffith (2007) underlined that successful global virtual teams require various of these competencies from the management and divided them into three categories: input, transformation based and managerial competencies. These competencies take into account the human aspects and their impact on the global product launch. The human aspects have been widely neglected in the literature, even though their importance have been acknowledged. (Harvey & Griffith 2007, Di Benedetto 1999).

So what are exactly input, managerial and transformation-based competencies that Harvey and Griffith (2007) have found to have positive effect on the global product launch? Input competencies refers to individuals in global virtual teams that can provide a valuable talent or information to other parties. This can be a specific knowledge of local market trends or
information on a retail customer’s competitive position. A global virtual team should also include members with high managerial capital, which ensures that the team has sufficient coordination capabilities to effectively implement a global product launch. Finally, the team should have strong transformation-based competencies. This means an ability to support and leverage the local and social knowledge of other team members. Social knowledge reduces the need for formal bureaucratic control systems while enhancing team members’ ability to learn from each other if the knowledge sharing is embedded in the team’s routines. This knowledge sharing should enhance the new product development process as well as have a positive effect on the performance of a product launch. As a base for all of this, a competent global management is needed to coordinate the complexity of intermediaries across all the business areas (Hambrick et al 1998).

Figure 3. Global Virtual Team Competencies. Harvey & Griffith 2007.

It is clear now that coordination and information sharing is needed on a strategic level, but what are exactly the things to be coordinated in the global virtual teams? The global virtual teams represent the modern global product launch literature in a way that companies do not have to choose between the full standardisation or local strategy, but can be positioned somewhere in between. As mentioned earlier in this study, for example the marketing activities, including the development of a product or distribution activities, can be planned and executed interdependently. In this way, a firm can efficiently benefit from intangible resources, knowledge and skills of its employees and form a global solution that has been already integrated with as many local needs as possible. (Zou & Cavusgil 2002)

The main questions in this research are, whether the employees feel like that the inter-regional cooperation, as it has been organised, has been beneficial and whether the competencies mentioned above are recognised in the case company’s daily business. It could be assumed that
if a local knowledge and needs are openly shared in the country-level meeting and then passed on in the region-level meetings all the way up to the global team, the local influence is then visible in the final product as well. In other words, successful inter-regional cooperation would lead to more localised approach while enjoying the economies of scale, therefore, positively affecting to the product launch success.

2.1.3 Summary of strategic activities

As we have now learnt, market information gathering activities as well as inter-regional cooperation have been reported to positively affect the product launch success. This is also proved by Griffith and Lee (2016), who in their previous study concluded that individually both cross-national cooperation and gathering information from customers have a positive effect on the product launch success through gaining new product advantages.

However, as an interesting finding, the authors claim that the positive effect of generating market information from customers is dampened, if the company engages in high levels of cross-national cooperation. The reason for this might be that, when cross-national cooperation is more intensive, also the amount of information shared between the countries increases. This might lead to a situation, where the amount of information is so overwhelming and sometimes even contradicting, that is difficult for the company to transform it into benefit for any of the markets in the global solutions. (Griffith & Lee 2016) This is an interesting and relevant finding for further research, as in the case of diminishing effect, also the importance of localisation can

Figure 4. Conceptual model of the role of customer participation and cross-national collaboration on new product advantage. Adapted from Griffith and Lee (2016).
be justified as trying to balance above all the markets may not result the best outcomes. The findings of the study of Griffith and Lee (2016) are visualised in the Figure 4.

These arguments create another dimension to hypotheses about cross-national cooperation and market research activities. In addition to their individual effect on the product launch, these two activities together may create another effect. Therefore, the following hypotheses will be formed:

\[ H1: \text{Inter-regional cooperation has a positive effect on the product launch success} \]

\[ H2: \text{Market information gathering activities have a positive effect on the product launch success} \]

\[ H3: \text{Inter-regional cooperation negatively moderates the positive influence of market information gathering activities on the product launch success} \]

2.2 Tactical decisions

If strategic decisions determine what, where, when and why to launch, tactical marketing decisions answers to a question of how to launch. Tactical marketing decisions include product and branding, pricing, advertising and promotion as well as distribution. These decisions can be modified rather inexpensively still on a later stage of the project, thus, they are usually placed in the end of the process (Hultink et al. 1997). However, appearing after strategic decisions do not make them any less valuable. For example, the product advantages from customers’ point of view, such as an attractive price or added value through branding, have been reported to be one of the most important determinants of product success (Brown & Eisenhardt 1995). In addition to marketing mix elements, the timing of the launch plays an important role in the product launch success. Product cycles has grown shorter in hyper-competitive market, making correct timings more crucial than ever (Harvey & Griffith 2007).

In a global environment, tactical decisions play an important role when it comes to a successful market penetration. For this reason, global managers have to decide which elements of launch to standardise, or in the opposite, to localise. For example, by modifying the marketing mix
elements, such as price and promotion, to fit the local markets, the need for customised product might decrease, offering companies a possibility to profit from economies of scale in the costly manufacturing phase (Hill & Still 1984). Also local calendars might make a difference to an optimal launch timing between different business regions (Harvey & Griffith 2007). Therefore, in addition to the quality of tactical decision, the level of localisation has to be taken into account in a global environment.

For this research, tactical decisions have been divided into two categories: marketing mix and timings. These categories will be examined on two levels mentioned above. First, the research focuses on how a high quality of execution of different tactical decisions affect to a launch performance. Second, the reasons for localisation and its effects on the success are studied.

2.2.1 Marketing mix: What is included and how do the elements affect the launch performance?

Marketing mix as a conceptual framework is one of the most known marketing management paradigms to date. Borden (1965) was among the first ones to define and use the term in academic research. In his article, he addressed a marketing manager’s responsibility to choose right programs to create a profitable business. In other words, it is up to marketing managers to prepare a mix of marketing elements or ingredients, which guide the process to optimal results. Borden’s (1965) Marketing Mix included twelve controllable elements from product planning to fact finding and analysis. However, the most classic example is the reduced version with four elements by McCarthy (1964) commonly known as 4Ps of marketing mix: product, price, place and promotion. This model of 4Ps mix have been largely adopted as a tool for tactical marketing planning in order to influence the consumer buying process (Constantinides 2006). Its popularity and strength has been argued to be that the model is easy to memorise, therefore making it attractive tool to be used in case analysis and as a practical framework (Jobber 2001).

However, the so called traditional marketing mix of 4Ps have been also criticised for the lack of taking into account the changes and needs in modern business. For example, it is argued that the needed elements for different marketing entities such as service marketing and retail marketing differ remarkably from each other and cannot be limited to these four elements (Constantinides 2006). In addition, Kotler (1984) among others has argued that 4P model is
too internally focused, ignoring uncontrollable factors such as public opinion or political power. Another problem with the internal focus is the change from one-way marketing to two-way communication and interactive nature of marketing channels, for example in the online environment. In the 4P model, customer is fully passive even though their role can be remarkable in the marketing process. Because of this reasoning, many studies prefer to use a term communication instead of promotion (e.g. Nichols & Woods 1997, Lauterborn 1990). Yudelson (1999) refers to promotion as perception as through exchange of information, such as advertising and market research, both parties’ perceptions of each other and their needs are influenced. In addition, many scholars have underlined the shift from simply selling products to selling integrated or additional services or experiences. In this case, the people selling the product or the service has a remarkable effect on the perceived value, therefore making suitable personnel to be as important element of the mix as product availability or price (Heuvel 1993).

It is important to notify that as a conceptual framework, also the traditional 4Ps elements can be modified or extended to fit the purpose of current study, case or analysis and therefore, can be adjusted to meet the needs of the modern setting. To this date, there is not an alternative, which would have fully replaced or challenged the principles of 4P model (Yudelson 1999).

In this study, the marketing mix is used as a tool to group different tactical decisions together, while acknowledging that the mix itself does not represent the whole strategy nor the only factor behind the launch performance. Following Di Benedetto’s (1999) example, the tactical decisions do not take into account the quality of the product itself as the decision considering the product should be part of the marketing strategy, and therefore, strategic decisions. In addition, as the launches examined are all standardised when it comes to the product itself, the focus is naturally on the rest of the marketing mix elements: pricing, promotion and distribution. Next, the elements of marketing mix (pricing, distribution, promotion) and their effect on the performance of the product launch are examined one by one, followed by the formation of hypotheses.

2.2.2 Pricing

Pricing is often perceived as a choice of a desired ratio between the production costs and the profits. A company can choose a skimming strategy with a premium price and profits or a market penetration strategy with competitive pricing. With a skimming strategy the product
should have a high added value for customer, while in market penetration strategy, the manufacturer’s costs are cut low to achieve a price leadership position. (Calantone & Di Benedetto 2007)

Previous studies have reported controversial results on which of these strategies would lead to a better product launch success. For example, Cooper (1979) has studied that a failure is more probable when the product is launched at a high price and eight years later Cooper and Kleinschmidt (1987) further argue that a success is reached through lower prices than competitors. On the other hand, Hultink (1997) and Hultink et al. (2000) have studied the opposite: failures are linked to lower prices and success cases are linked to applying prices close to the market average. Garrido-Rubio and Polo-Redondo (2005) add even more variation to the list by arguing that successful new product launches are linked to a higher price than competitors, in other words, the skimming strategy.

In addition to the two commonly known strategies, Ingenbleek and others (2013) have formed more comprehensive framework, which sees pricing as a more complex set of decisions and factors than just rather oversimplifying “skimming versus penetration” question. As alternatives, the authors have divided pricing practices into three categories: value-informed, competition-informed and cost-informed pricing. These three categories are the only types of information that managers can acquire and quantify prior the launch. The choice between the three is moderated by the product advantage, the costs of the product and the intensity of the competition. Based on the study, choosing a right pricing strategy significantly increases new product performance. For example, when the product advantages are high, but the competition is intense, and therefore, the prices are volatile, a firm should use cost-based pricing to ensure a good product performance.

However, it is important to note that none of the strategies guarantee success if they are not aligned with the rest of the marketing mix (Calantone & Di Benedetto 2007). Steenkamp et al. (2003) as well as Ingenbleek et al. (2013) agree that various factors in marketing mix should be considered while deciding on the pricing strategy, as inappropriate pricing might even diminish other product advantages close to zero and jeopardize the investments in the product launch. Based on this reasoning, it is clear that there is not one winning strategy, but the key is to choose the pricing strategy, that fits the product advantages and the related advertising message. E.g. the value-based pricing can be only used when the product advantages are truly
better than average (Ingenbleek et al. 2013). In other words, pricing should be used as a tool to differentiate a product, whether it is a high-end or a low cost one (Yoo et al. 2000).

It is important to note that the pricing can be appropriate from either internal or external point of view. In this study we focus on the appropriateness from external point of view, which means customers and consumers. Among others, Kalyanaram and Little (1994) have researched the latitude of price acceptance in consumer packaged goods. According to the authors, consumers often have a reference price on mind, based on their previous experiences or on the expected features of the product. If the price is much higher that the reference price, a consumer feels that they are losing in the deal, whereas cheap deals make them feel that they are gaining extra benefit. Naturally a price that differs remarkably from the “anchor” price, creates negative feelings and price sensitivity, which affect to the desire to buy.

Therefore, it can be argued that in order to successfully launch the product, the price have to be on an appropriate level that fits the product and its brand image. In addition, it has to be in line with the current competition and customer expectations.

2.2.3 Distribution

It is argued that correctly managed distribution strategy from store-ready products and POS material to after-sales service support can lead to a higher market share, which supports the integration of distribution parameters into marketing strategy (Di Benedetto 1999). From retail customers and distributors’ perspective, the most important aspect to distribution quality is the product’s availability. Availability affects lead times and therefore, the amount of inventory, which the customers usually want to keep in minimum. Good level of availability, and thus service quality, is built on accurate order processing, on-time delivery, correct invoicing and back-up services. A firm who can fulfil these expectations is more likely to be preferred by distributors, leading to better product launch success. (Hultink & Hart 1998)

It is important to note that the product has to be available for major retail customers and distributors, but also for ordinary consumers. This means that the product should be sold in as many distribution points as possible. The more stores sell the product, the more easily consumers can find it. Garrido-Rubio and Polo-Redondo (2010) have reported that intensive
distribution strategy would lead to the highest product launch success. Intensive distribution means that the company aims to cover as many distribution outlets as possible, differing from selective or exclusive distribution, where only certain outlets are chosen. Intensive distribution is a typical strategy for products, that are mass-produced, low-cost and not critical for consumers, and therefore, consumers are not willing to go to another store just to find the intended brand (e.g. Miracle 1965, Slater & Olson 2001). In other words, if the product is not available in the store the customer is currently in, they just choose another alternative brand. With intensive distribution strategy, the company can try to avoid this scenario from happening.

Based on the theory, it could be argued that product availability has a remarkable effect on a launch success. More specifically, the product has to be easily accessed to retail customers and distributors, but also available for consumers in as many distribution points as possible. Therefore, this research will measure the reached level of the product availability on both of these scales.

2.2.4 Promotion

The main aim of promotion and advertising is to transfer the marketing message of a new product to consumers and let them know that it is available in order to reach set goals, often in terms of profits (Bruce & Daly 2007). It has been argued that investments in advertising have a positive effect on customer equity, and therefore, on a firm’s value in a long-term, making it remarkable factor in the product launch success (Hanssens et al. 2009).

The promotional elements of the marketing mix can include for example advertising, direct marketing, personal selling, online marketing, sales promotion and public relations (Shimp & Andrews 2013). In the case of this research, and as is the case for most of the multinationals, the company has to create marketing material and activities on two levels. The actual customers of big multinationals are often e.g. wholesalers or big retail chains that will then sell the company’s products to consumers. In this setting, a company has to have different strategies to approach the business customers and individual consumers. Next, the commonly used promotional tactics are examined from the theoretical point of view. Marketing targeted towards consumers includes POS assets, sell-out promotion and online assets, while marketing
targeted to big retail customers or wholesalers include sales toolbox, sell-in promotion and client events.

**Point of Sale (POS) assets, sell-out promotion and offline assets**

Visual stimulation has been acknowledged widely to be an important factor in the retail industry, first publications dating far back to 1897 by L. Frank Baum. The purpose of POS assets is to introduce the product and its features to a consumer in an attention-catching manner, and indeed the way, in which the products are displayed at the point of sales (POS), can make the positive purchase decision even four times more likely (Kerfoot et al. 2003). POS material can include standing or counter displays where the actual products are placed, wobblers, trays and testers. In addition, it has been argued that up to 73 per cent of purchase decisions are made at point of sale, further underlining its importance regarding generating profits (Connolly & Davison 1996). Therefore, it can be assumed that investing in POS assets, would positively affect the product launch performance.

In addition to displays, the case company use some other POS tactics to grab consumers’ attention. Based on the interviews with the case company, new products can be promoted through special campaigns. One classic example is that when consumer buys a so called regular product, they receive the new product without an additional cost. In this way, the new product can be introduced by lowering the threshold to try it for the first time. Another option is the in-store events or road shows. In those cases, for examples workshops are organised, where consumers get to try the product and learn different applications from the personnel.

When it comes to offline assets, the traditional mass media such as TV and radio, still play a big role in the product launch performance. While being expensive, many companies still trust them as they have been proved to generate the most exposure and sales. (Danaher & Dagger 2013)

**Online assets**

As mentioned earlier in this study, the nature of marketing has become interactive by nature, where consumers and companies are connected to each other through online platforms. Especially brand fan pages (e.g. Facebook) on social media can be used to foster the
relationships with consumers through engaging posts, such as videos, quizzes and information (de Vries et al. 2012). According to eMarketer (2015) 84% of social media users actively follow or interact with brands, which proves the importance of online management as a part of marketing mix. An active social media presence has been argued to enhance i.a. brand loyalty and positive word-of-mouth, thus, leading to enhanced sales (e.g. Laroche et al. 2013, Trusov et al. 2009). However, it is also important that the quality of online assets is high. Consumers only interact with an online banner or a post if it includes features or characteristics that makes it stand out for them and captures the attention (Fennis & Stroebbe 2010).

Sales Toolbox and Sell-in promotion

Sales toolbox is a set of assets created to support the sales process with retail customers and wholesalers. These assets can include sell-in presentation to introduce the new product, videos and other sales material to support to deliver the message. In personal selling, the sales support assets are often used when the selling company meets with potential customers and further introduces the product on offer and asks for the order (Shapiro & Posner 2006). When it comes to sell-in promotion, the selling organisation can use multiple tactics to enforce the buying decision. These are incentives for repeated purchases, vouchers, price reductions per increased order amount or gifts. The aim is to achieve required display levels, wide distribution, greater stockholding and to support the promotion strategy as whole in order to improve the brand image in the eyes of customers (Jobber & Lancaster 2015).

Client Events

Client events, such as trade fairs and exhibitions, can be used for direct selling or indirect selling. Selling in exhibition is happens mainly through lead generation, meeting potential new customers and closing deals, while indirect selling includes e.g. enhancing the brand image and market research. Trade fairs can be seen as an important tactical technique of the marketing mix as both parties, sellers and buyers, are actively seeking contacts and dialogue in these events. (Blythe & Rayner 2000). To attach the attention of potential customers, exhibiting companies have to use different signs about themselves and their products. The sign systems include an attracting looking stand, suitable personnel, product samples to be tested, product displays and brochures. Companies can also have special offers on the stand to further encourage visitors to interact with the personnel. For many, these promotions are the main
motivation to go to the exhibition in the first place, and therefore, high emphasis should be put on how the company presents themselves in trade fairs. (Blythe 2002)

2.2.5 Summary of the marketing mix

Based on literature review, it is obvious the marketing mix and its elements (pricing, distribution and promotion) have proven to have a positive effect on the product launch success, if they are executed in a high quality manner. When it comes to distribution, the focus of this research is on the product availability. Therefore, the hypothesis is formed:

\[ H4: \text{A well executed marketing mix strategy, including an appropriate pricing, promotion and product availability, positively affects the product launch success} \]

2.3 Timings: What is the role of timings in a product launch?

Determining the ideal product launch timing is one of the most important choices managers have to make when defining the new product strategy. Especially when the product life-cycle is short, being too early or too late might hurt the performance drastically (Calantone et al. 2010). It is obvious why for example the new flavours of ice cream are often launched just before the summer season. Based on the study of Di Benedetto (1999), an optimal timing has three dimensions: relative to business unit’s goal, relative to competition and relative to the preferences of major customers, which all emphasise different factors. For example, the business unit might want to push the launch to be ahead of competitors, while the major customers would like to wait until the best selling season. A lot of literature have indeed focused on the order of entry. Launching earlier than competitors might gain advantageous market positions, but if the company is agile with fast manufacturing capabilities, a reactive strategy as a late-mover might be a better choice (Lieberman & Montgomery 1998). In other words, late-mover can examine the factors that results in the best outcome, imitate them, but improve in the other areas, therefore, leapfrogging the early entrants. At the same time, the retail customers have only limited space shelf, leading to a situation that the greater the number of similar product, the less shelf space per supplier. Being a first-mover may guarantee a smoother entry with more visibility (Calantone et al. 2010). It could be argued, that from the
point of view of the strategic customers, they would prefer suppliers that are the first to offer something new to the shelves.

Being an early or late market entry, do not only affect to the competitive advantage or disadvantage. Delays in product launch process can cause poor channel coordination and missed opportunities. Calantone and Di Benedetto (2012) have examined the effects of lean launch execution and launch timing on new product performance. Lean launching means that the time between the first cash investment to actual revenues is coordinated on a strict timely manner, inventories are kept minimal, sufficient quality of marketing and sales effort are reached and cross-functional integration is put on place to optimal solutions. The aim is to make the company agile by keeping lead times short. The study found a positive correlation between a lean launch and a launch timing. What this means in concrete terms is that in order to benefit from the lean launch and to speed up the new product development process, the timing has to be optimal in terms of market requirements and has to be coordinated with customers to determine the most appropriate timing from their point of view. For example, if the launch timing is rushed and a company has not enough time to properly coordinate the distribution network, there might be either shortfall in supply or excessive inventory. This again can lead to frustration of customers, which is hurtful for business. (Calantone & Di Benedetto 2012)

An ideal timing if often affected also by factors that are not controlled solely by the firm. These are environmental factors e.g. the unexpected actions by rivals. It is important to note that competition may arise within the same-category products, but also from the related categories (Calantone et al. 2010). This means that consumers might look for e.g. free-time activities in general, meaning that skiing and ice-skating products also compete against each other. Therefore, managers have to have a good overall image of the markets and consumer behaviour. Understanding the changing environment can help forecasting and therefore timing the launch.

Based on the previous studies on launch timings, it can be confirmed that timings, from the point of view of all three dimensions (business unit’s goals, major customers, competitors), have an important role in the successful product launches. Therefore, it can be hypothesised:

\[ H_5: \text{Correct timings have a positive effect on the product launch success} \]
2.4 Localisation: Why does it matter in a global context?

As discussed earlier, companies constantly balance between local and global needs. While standardization might offer economies of scale e.g. due to reduced re-tooling costs, these benefits might be lost in profits if the standardised products do not appeal to local consumers (Whitelock 2001). In other words, standardisation offers certain level of efficiency, but there is still often a need for localisation of tactical marketing activities in order to generate customer acceptance. (Bruce et al. 2007). Therefore, the current perspective seems to be in the middle-ground: the headquarters provide a global base, on which the local customization is built on (Bessant et al. 2005). This mentality is often referred as “glocalisation”, with a punchline “think globally, act locally” (Shoham et al. 2008). The required level of localisation depends on many factors addressed by previous literature. These factors are examined in detail relative to marketing mix and timings of the product launch.

2.4.1 Localisation in Marketing Mix

Even though the importance of a global marketing strategy, including an appropriate level of local adaptation, have been discussed a lot, not so many studies go on the grass root level to research what are the actual building blocks of a global strategy and their effect on the performance. When comparing a national marketing strategy to a global one, managers have to think the coordination and concentration of the marketing decisions related to pricing, channel strategy and promotion, which means whether they should be determined globally or give countries the independence to decide on these matters on a national level. By answering these questions, managers should be able to form a global marketing strategy suitable for their market position and condition. (Zou & Cavusgil 2002)

The purpose of this section is to examine how localisation or standardisation of different marketing mix elements can affect the product launch performance. The results of previous studies are mixed, and academia has not come into one conclusion of the level of localisation (e.g. Herlm & Gritsch 2014). That been said, there is not one optimal solution for all, so the decision on whether to localise the different elements of the marketing mix has to be examined always in the given context. However, previous literature offers guidance how to assess, where on the axel of global and local execution the case company should position themselves.
Pricing

Developing a bullet proof pricing strategy is a difficult task, but when it is combined with a multinational business, the managerial decision considering pricing becomes even more complex (Sousa & Bradley 2009). The discussion on whether a global business should localise or standardise their pricing has been on-going for years and has not reached a unanimous agreement. The basics of international pricing strategy comes down to two categories: cost-based export pricing and market-based export pricing. In short, the first is implemented by companies following a standardised pricing strategy where the price is fixed to a certain desired profit margin, while the second takes into account the market conditions in the target market (Myers et al. 2002).

When it comes to the supporters of localisation, it has been argued that standardisation of price can be challenging due to companies’ need to recover all the costs (Powers & Loyka 2010). Therefore, local adaptations in pricing may have various reasons behind it. Some adaptation might be needed due to government regulations or legislation, but the greatest reason lies within differing market conditions. Premium prices can be asked when the conditions are favourable while discounts might be needed when the demand is weaker or the competition is fierce. Also, the level of information saturation might affect the pricing decision – lower level of consumerism might require lower prices. (Powers & Loyka 2010) In addition, manufacturing costs may vary as companies might produce same product in multiple locations (Sorenson & Wiechman 1975).

However, there are reasons, why standardisation is becoming more appealing for big multinational companies. On a big scale, the globalisation of markets is ever-accelerating due to advanced communication and transportation technologies (Sousa & Bradley 2009). This allows companies to ensure that the same price can be maintained around the world by better management of the production chain (ibid). The globalisation affects also consumer expectations towards the most well-known brands. If the brand name is same around the world, customers expect to have also a standardised or at least similar price in all the locations (Powers & Loyka 2010).
In addition to these main categories, a third view on pricing is gaining more popularity: the contingency approach. This approach acknowledges that neither of the two main categories is optimal for every situation and circumstances. Sousa and Bradley (2009) studied that the pricing strategy is strongly linked to the environmental factors, such as level of competition and legal environment, as well as the other elements of the marketing mix. This means that the price should be adapted only if the other marketing mix elements are adapted too and if the environmental differences between the home and the target country are remarkable. This is natural as if the other operations from the product development to promotional material are locally produced, it has a straight effect to costs and therefore price. When it comes to global products launches of big multinationals, especially the product and often the promotional material is more or less standardised. This would then lead to select a standardised pricing strategy as well.

Based on this reasoning, it seems that the decision between standardised and localised pricing strategy is highly dependent on the nature of the launch itself. In a global environment, which this study focuses on, it would seem more reasonable to follow more standardised route than high adaptation. Therefore, it can be argued that the localisation of pricing strategy does not contribute to the product launch performance in a global context.

**Distribution**

Distribution, or channel parameters, refers to decisions considering e.g. distribution structure, intensity of coverage, distributor incentives and trade partners (Bruce et al. 2007). Standardised distribution system means that the channel structures of the firm are organised in a uniform way, whereas localised distribution means that the parameters are adapted to meet the requirements of the foreign market conditions (Helm & Gritsch 2014). It has been reported that distribution is usually one of the most standardised areas of the marketing mix and the standardisation of distribution is the preferred strategy of large firms with high homogeneity (Powers & Loyka 2007, Helm & Gritsch 2014).

However, there are certain factors that can affect to these parameters and the decision to organise the distribution differently between the country locations. For example, in some business regions popular competitors might have established certain market expectations or standards that others have to follow in order to retain their competitive position. Also, a
distributor size or inventory needs may vary causing necessary adaptations for example in secondary packaging of the product. Secondary packaging means a form in which multiple products are transferred from one location to another e.g. a transport pallet. (Bruce et al. 2007)

Sorenson and Wiechmann (1975) bring an additional observation to the discussion by arguing that in big multinational consumer good companies’ channel distribution decisions are very often standardised, but it is often more accidental than intentional. The authors interviewed 100 executives in 27 multinational consumer good companies, of which most of them confirmed that standardization is often based on the fact, that for many products, sensible and smart options for distributing a certain product are limited, and therefore, the choices of distribution methods around the world tend to be the same without putting extra effort on standardisation per se. (Sorenson & Wiechmann 1975)

Therefore, it can be argued that even if the need of different countries may vary distribution-wise (Bruce et al. 2007), with rather simple mass-produced products, the possibilities for variation are still scarce and the differences so minor, that the channel distribution choices naturally resemble each other in each market. Based on this reasoning, in this study, it is assumed that the localisation of distribution does not have a significant effect on the product launch success.

Promotion

Promotion has been argued to play a crucial role in the “glocalization” dilemma as it has been studied that, if branding and promotion are heavily adapted, it might reduce the need to adapt the actual product, therefore having a crucial role in the marketing strategy as a whole (Hill & Still 1984). The most obvious adaptations are related to language as all the material have to be translated to fit the markets. Language includes words and colloquialisms, colours, numbers and symbols. Some numbers can include deeper symbolism or phrases might change their meaning when they are put on a local context (Powers & Loyka 2007). Therefore, straight translations from another language to another, or even using just an English version globally might cause issues along the way, making localisation to be more appealing option.

In addition, cultural mores might have their effect on the assortment in different countries. For example, in the case company, different religious holidays around the globe require customised
communication on the social media channels. Also, advertising media might differ from country to country. For example, the importance of some social media channels for local consumers might vary. (Powers & Loyka 2007).

Schilke et al. (2009) examined what kind of product or firm characteristics should affect the choice between standardisation and local adaptations of promotion activities and material. The authors found that standardisation has a positive impact on the launch success if the firm is pursuing the cost leadership strategy. The case company do no fit in this category as they aim to be superior and add value to customer, which can be seen also in the higher-than-average price. However, in the same study it is also argued that large companies with high levels of marketing coordination and vast global presence should rely on standardisation. Both arguments fit multinational companies with a premium strategy, giving a mixed signal of optimal level of standardisation when it comes to adapting the promotion mix. Helm & Gritsch (2014) support the adaptation of promotion mix, if a company possess an ability to handle uncertainty, which is achieved through international entrepreneurship and networks.

However, Powers & Loyka (2010) also argue that the increased acceptance of global products and similarities in marketing messages around the world has reduced the need to adapt the promotion material. Indeed, standardization is often justified solely by its positive influence to financial performance (Samiee & Roth 1992), but it might include other benefits as well. Global brands are often perceived as higher quality as consumers perceive that as a reason for world-wide success. For this reason, products can be sold with a high end price tag generating higher profit margins. Even the desire to be a global citizen has been recognised to be a reason to prefer global brands. By buying a global product, a consumer can join a global consumer culture of likeminded people. (Steenkamp 2014) Making global marketing campaigns follow the same logic. Producing global campaigns is time and cost efficient and it generates larger media spill over, which means more exposure (ibid.). Also due to pooling resources from different countries, global marketing campaigns are often superior in quality and volume compared to local ones. For example, more expensive agencies or celebrities can be used with a higher budget. (Steenkamp & Geyskens 2014)

In multinational companies, such as the case company, the products are often already standardised. When it comes to promotion and advertising, some of the launches have a higher level of locally produced marketing material than others. Due to reasons mentioned earlier
(Powers & Loyka 2010, Steenkamp 2014, Steenkamp & Geyskens 2014), the launches with a high global support have a wide range of promotional material, thus the campaigns are larger in volume. On the other hand, consumer engagement events are produced locally creating a strong personal interaction with consumers. However, based on the short interview with the case company, these consumer engagement events are only a small element in the promotion mix as a whole. Therefore, it can be argued, that in the context of a big multinational company, the benefits gained from a global execution, e.g. ability to create bigger campaigns through cost-efficiency and the perceived value of global brands, overcome the benefits of local adaptations, therefore, supporting a claim that a localisation of promotional material do not contribute significantly to the product launch success.

2.4.2 Summary of localisation of marketing mix

The literature review has shown that in a global environment, standardisation is often chosen over localisation for example to reach economies of scale or to have a stronger global brand image. However, some localisation might be done due to country specific requirements or local consumer taste. Standardising still seem to offer more benefit to the multinational companies as in this research and therefore the following is argued:

\[ H6: \text{The localisation of marketing mix elements does not increase the product launch success} \]

2.5 Localisation in Timings

Globalization has accelerated the rate of competition giving a greater importance to time as a variable. Environment, where companies are under an ever-increasing pressure, is called hyper-competition. This means that the managers have to create new innovations with a faster product development cycle on a continuous basis to challenge the status-quo and to create new competitive advantages. In order to do so, agile organisational platforms are required to ensure strategic flexibility, which means the ability to act locally while competing globally. (Harvey et al. 2000)

In other words, the managers have to create a global network, where they have to find a balance between local and global needs. For example, it has to be decided how much they are ready to
sacrifice the efficiency and cost-savings that are gained in sequential global product launch, in order to gain e.g. the first mover advantage in all market by executing a simultaneous global product launch. (Stremersch & Tellis 2004, Harvey & Griffith 2007).

There are multiple reasons why the ideal launch timing may vary in different target countries, therefore encouraging companies to conduct sequential launch. Harvey et al. (2000) has examined different “timescapes” that help to understand the management of global inter-organizational communication. The study claims that conflicts may arise when, for example, the business tempo is different between the different parties of a global network. Tempo means the speed and intensity on which event or changes are happening in a certain environment. A good example of this is a typical product life-cycle and related actions in a company. In competitive times, the global office may try to push the tempo to be faster, which may lead to suboptimising the profits in countries that are not able to speed up their processes to fit the global goals (Harvey & Griffith 2007).

In addition, the synchronization of events can be a complex task in a global environment. Modifying the design and conducting a product testing in different markets should be done in scheduled harmony, but in reality, problems can occur due to varying processes. This synchronization is further complicated by the rule of sequence, which means that certain events have to happen in a certain order. (Harvey et al. 2000) For example, a marketing material cannot be created before the final artworks of the product are determined. This makes managing the timings to be optimal for all a complex managerial task. Sometimes global operations are not synced with the local needs, leading to a compromise in maximizing the profits on a local level. In concrete terms e.g. one business region might have their yearly calendar, that is “ahead” of the global one, meaning that the sell-in rounds are earlier than on average. Because of this, the sales support and the product samples might not be ready, when the local level would need them, as a global level has synchronized their project timeline to fit the average.

In addition to the complexity of managing internal timings between the countries within a company, countries often follow a different calendar of holidays and important events. These have a remarkable effect on launch scheduling as e.g. seasonal products has to be timed according to the target market (Bruce et al. 2007). A good example is the start of the school season that varies around the world or the specific holidays for exchanging gifts. In many countries, this kind of day is the Christmas day, but in the Netherlands, gifts are already
exchanged on St. Nicholas’ day on December 6th. This would naturally advance the product launch within Dutch customers.

Based on this reasoning, in addition to Di Benedetto’s three dimension of an ideal timing (business unit’s goals, competition, major customers), a fourth one is added: the product launch timing should be also ideal in terms of the local calendar.

2.6 Theoretical Framework

This theoretical review has gone through the two levels of decision making, strategic and tactical, and their subcategories, that are relevant for the research. Tactical decisions were also examined from the localisation point of view. From each category, the hypotheses were formed.

![Theoretical framework of the study.](image)
In the visualisation (Figure 5) we can see all six hypotheses, of which five consider direct effects and one a moderating effect. As argued, inter-regional cooperation and market information gathering activities individually are hypothesised to have a positive effect on the product launch performance. However, inter-regional cooperation can also negatively moderate the positive effect of the market information gathering activities on the launch success.

When it comes to tactical decisions, it is assumed that the high quality of marketing mix elements and the appropriate timings have a positive effect on the product launch success. In terms of level of localisation, the theory suggests that in the multinational environment where the study is conducted, local adaptations do not benefit the product launch success.

Next in this research, the methodology and the methods in order to test the hypotheses are described in detail.

**Table 1. Hypotheses**

<table>
<thead>
<tr>
<th>H1</th>
<th>Inter-regional cooperation has a positive effect on the product launch success</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2</td>
<td>Market information gathering activities have a positive effect on the product launch success</td>
</tr>
<tr>
<td>H3</td>
<td>Inter-regional cooperation negatively moderates the positive influence market information gathering activities on the product launch success</td>
</tr>
<tr>
<td>H4</td>
<td>A well executed marketing mix strategy positively affects the product launch success</td>
</tr>
<tr>
<td>H5</td>
<td>Correct timings have a positive effect on the product launch success</td>
</tr>
<tr>
<td>H6</td>
<td>The localisation of marketing mix elements does not increase the product launch success</td>
</tr>
</tbody>
</table>
3 Methodology

This research is empirical by nature and conducted by using quantitative methods. This chapter describes the whole process from developing the questionnaire to collecting the data as well as the theory behind the chosen quantitative analysis methods.

3.1 Research paradigm

The data of the research is collected from the individuals measuring how they perceive the addressed issues, and therefore, this research follows post-positivist paradigm. In quantitative research, it is often assumed that there is one objective absolute truth, thus the known and the knower can be separated. This view is denied in the post-positivism, which acknowledges that observations can include errors and it is difficult to know the reality with a full certainty. However, objective, generalized results can be still generated also in post-positivism through rigorous data collection and analysis. (Eriksson & Kovalainen 2008)

3.2 Forming the research survey

For this study, a retrospective methodology was used, in which the company representatives evaluated the activities related to product launches and the launch performance. While posing some limitations, this methodology is commonly used in the literature linked to new product development (Di Benedetto 1999). To measure the achieved level of product launch activities and their effect on the product launch performance, a survey was formed. The survey included all the areas of product launch decision making mentioned earlier in this research: market information gathering activities, inter-regional cooperation, marketing mix, timings and the level of adaptation of the tactical launch activities. To make the survey as understandable as possible for the respondents, the categories were divided under three sections based on their position in the product development timeline: pre-launch activities, during the launch activities and post-launch activities.

To measure the relevancy of the questionnaire, a pre-survey was sent to the representatives of the company on global and regional levels. The representatives evaluated whether the questions were understandable from the company’s point of view and if some terms needed modification
to fit the company language. Based on the evaluation, some questions were reworded, additional questions were added and individual elements of e.g. marketing mix were specified. The survey questions were also shown to university personnel to gain insights on the survey design and academic requirements.

Next, the survey questions by category and their origins in academic literature are described in detail. All the final survey questions can be seen in Appendix 1.

**Inter-regional cooperation**

In order to measure the level of inter-regional cooperation, two studies were used. The first two questions were adapted from Griffith and Lee’s study (2016), that measures cross-national cooperation and its effect on the new product advantage. The aim of the questions is to measure the involvement of the country-level in the establishment of the product strategy and screening ideas. The two other questions were formed based on the study of Harvey and Griffith (2007). These questions measure the transformational and input capabilities of the global virtual team, that are required to successfully execute cross-national cooperation. The questions were formed by the researcher to measure in-put capabilities and transformation-based capabilities described by the authors (Table 2). In the table below, the formation of the questions is described. All the questions are measures on a seven point Likert-type scale.

**Table 2. Origin of the inter-regional cooperation indicators.**

<table>
<thead>
<tr>
<th>Latent variable</th>
<th>Indicator</th>
<th>Survey question</th>
<th>Description</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter-regional cooperation</td>
<td>IRC_3</td>
<td>During the product development phase, were the local needs or regional knowledge of your own business region/country communicated to the global/regional team?</td>
<td><em>In-put capabilities.</em> Ability to transfer social and tacit knowledge of a local context to other members of a global virtual team in order to improve product launch performance.</td>
<td>Harvey &amp; Griffith (2007)</td>
</tr>
<tr>
<td></td>
<td>IRC_4</td>
<td>Were the best practices and insights from other launches shared between the business regions/countries/global team in order to improve this particular product launch performance?</td>
<td><em>Transformation-based competencies.</em> Capability of a global virtual team to learn from the shared knowledge in order to enhance the product launch success.</td>
<td>Harvey &amp; Griffith (2007)</td>
</tr>
</tbody>
</table>
Market information gathering activities

The questions measuring the market information gathering activities were taken from Di Benedetto’s study (1999) and measured on a seven point Likert-type scale. To some questions, examples were added after the question to aid respondents to understand the terms in the context of the company. It is notable that the questions measure the activities before and after the product launch as a company might generate different insights on different stages of the process (Di Benedetto 1999).

Marketing Mix

The questions considering tactical launch activities were adapted from Calantone and Di Benedetto’s study (2012). While in their study, all advertising and promotion activities are measured as one, for this study the elements are measured individually based on tactics that the case company uses. This includes e.g. POS assets, offline and digital assets, sell-in promotion, client events and so on. Some elaboration was also done in terms of the product availability. Instead of measuring the product availability in general, it was divided into two stages: the product availability at the time of the actual launch and the continuous availability after the launch date. Finally, another measurable dimension was added to the product distribution. Garrido-Rubio and Polo-Redondo (2010) have argued that the intensity of product distribution has a significant effect on the launch success and also the case company considered this aspect as important. Therefore, a question measuring the acquired level of distribution points was added. All the questions are again measured on a seven point Likert-scale. For advertising and promotion, respondents were offered also the possibility to choose the option “Not used”.

Timings

Di Benedetto (1999) defined in his study that the launch timing can be ideal in terms of three dimensions: relative to competition, major customers and business unit’s goals. These dimensions take into account the network that the launch timing is dependent on and where a delay in one end may lead to frustration of the other (e.g. Calantone & Di Benedetto 2012). In addition to these three dimensions, a fourth one was added to measure the appropriateness of timing from the local perspective. For example, Havery and Griffith (2007) argued that e.g. differences in business tempo might cause conflicts in the ideal timing between the headquarters and its subsidiaries. The appropriateness of the timings in these four dimensions were measured on a seven point Likert-scale.
**The level of localisation**

The level of localisation means whether the tactical decision making has been centralised or dispersed. To measure this, the questions were taken from Zou and Cavusgil’s study (2002), which focused on global marketing strategy and its effects on the product launch success. The study used itself a seven point Likert-scale and therefore could be copied identically. However, when it comes to the adaptations in pricing, Zou and Cavusgil (2002) focused on the manufacturing costs and their variations in different markets. Therefore, the question about the price was adapted in this study to measure the price variations due to different market environments, such as in the case of a lower level of consumerism (Powers & Loyka 2010).

**Performance**

In addition, in order to divide the cases based on their performance, four measure were used to evaluate the perceived level of the product launch success. First, the (1) overall profitability is measured, which is naturally for many companies an important figure to follow. However, looking at solely the profitability may lead to oversimplification and misleading results due to the state of the market environment (Di Benedetto 1999). Therefore, the performance is also measured by (2) profitability, (3) sales and (4) market share relative to the competition. All the performance measures use a seven-point Likert Scale from 1 to 7.

**Table 3. Constructs and the origins.**

<table>
<thead>
<tr>
<th>Chosen scales for this research</th>
<th>Authors</th>
<th>Original construct label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market information gathering activities (MGA)</td>
<td>Di Benedetto (1999)</td>
<td>Market information gathering activities</td>
</tr>
<tr>
<td>Inter-regional cooperation (IRC)</td>
<td>Harvey &amp; Griffith (2007) Griffith &amp; Lee (2016)</td>
<td>n/a</td>
</tr>
<tr>
<td>Marketing mix (MMX)</td>
<td>Calantone &amp; Di Benedetto (2012) Company input</td>
<td>Tactical launch activities</td>
</tr>
<tr>
<td>Timings (TMG)</td>
<td>Di Benedetto (1999)</td>
<td>Tactical launch activities</td>
</tr>
<tr>
<td>Level of localisation (LLO)</td>
<td>Zou &amp; Cavusgil (2002)</td>
<td>Promotion standardization, Standardized channel structure, n/a</td>
</tr>
</tbody>
</table>
These constructs as well as their origin and original construct labels are summarised in the table above (Table 3). The complete survey can be found in Appendix 1, while the survey questions as indicators are listed in Appendix 2.

3.3 Data collection and description of data

As explained earlier, the study was conducted in cooperation with a large multinational consumer good company. The survey was distributed as a link attached to an email among the employees of the company in six different business regions and in numerous countries. Therefore, the responses covered geographically a vast area. Both regional level and country level managers from marketing and sales were included. The survey was discussed in regional meetings and a few reminders were sent to encourage as many as possible to participate. In total, two different brand categories participated in the study.

Figure 6. The product launches by region.

WE = Western Europe, EE = Eastern Europe, LAN = Latin America North, LAS = Latin America South, IMEA = India, Middle East, Africa, NA = North America
The purpose of the study was explained to the possible respondents as an academic study, which would benefit the execution of future product launches of the brands by recognising patterns within the successful cases. The respondents were asked to reserve one hour of their calendar to fill the survey considering as many different product launches as possible. Also, in order to encourage employees to honestly rank some of the launches and actions with a lower performance grade, the confidentiality of individual responses was assured. The questionnaire was open for 7 weeks and resulted in 80 responses in total. The responses covered all six different business market areas and 21 countries. Both standard listing products and promotional products were represented in a balanced way. However, it has to be noted, that the data collection and encouraging managers to spare their time for the study turned out to be more difficult process than expected, thus leading to much lower sample size as anticipated. Therefore, the analysis method had to be re-chosen based on the suitability for a small sample size. The possible limitations of this sample are discussed in the last chapter of this research.

The method of distributing the survey link among the employees of the company does not allow estimation of the actual response rate, as it is not possible to gather data on how many people in the end received the link through their colleagues or other channels.

3.4 Statistical analysis methods

The statistical analysis of this research is built on the partial least square structural equation modelling (PLS-SEM) conducted by using SmartPLS programme. The main reasons to choose PLS-SEM were its suitability to test the theoretical framework and its ability to handle small sample sizes. As PLS analysis is still rather rarely used in academic research and some of the model evaluation criteria differs from the more traditional methods, the principles of the evaluation criteria of PLS are presented in this chapter. We will also take a look at moderating effect and single-item construct approach, which are both relevant for this research.

3.4.1 Partial least squares path modelling

When it comes to data analysis methods, one way to divide them is into first-generation and second-generation techniques. The first-generation includes various regression analysis as well as factor analysis and cluster analysis. While these methods are commonly used, some of them, especially the regression-based analysis, have been criticized for over-simplifying the reality
by isolating the variables from each other. These methods also assume that all variables can be observed on a scale, leaving out more complex variables. Finally, the first-generation methods are not capable to handle errors in a way they appear in reality. (Haenlein & Kaplan 2004)

Due to these limitations, alternative methods have been developed. Structural equation modelling (SEM) takes a step forward as a so called second-generation technique. The fundamental difference to the first-generation methods is its ability to analyse relationships between multiple independent and dependent variables simultaneously. The model is formed with unobservable variables that are measured by indicators, and therefore, a researcher is able to test a priori assumption against empirical data. (Haenlein & Kaplan 2004)

To estimate the parameters of SEM, two approaches can be used: the covariance based or the variance based approach. While the covariance based has gained a lot of popularity, the use of variance based approach is increasing in accelerating speed in marketing research (Hair et al. 2017). The variance based approach is also more suitable for this research. From different techniques within this approach, the chosen method is the partial least square (PLS) analysis. One of the main reasons behind this decision is PLS’s capability to handle complex models, predictive modelling as its objective and its ability to generate reliable insights also from smaller sample sizes like the one in this study, since it does not measure all the relationships simultaneously. (Hair et al. 2017, Hair et al. 2011) However, one of the most recent studies on PLS by Hair et al. (2017) reminds that small sample sizes should be accepted only if gathering more data is not simply possible. The same study also concludes that among composite-based SEM methods, PLS most often leads to the best results when evaluating the parameters accuracy in the structural model. In addition, the study finds that PLS is a consistent estimator for composite-based models since the parameter bias diminishes when sample size increases, contradicting the previous research that has been more critical towards PLS. PLS is also a good choice when a researcher aims to evaluate the significance of effects, which is the case in this study. (Hair et al 2017)

The PLS analysis is started by creating a path model based on hypotheses built on theoretical review. The model is constructed by exogenous and endogenous latent variables as well as their indicators. The model is divided into two: the inner model (structural model) and the outer model (measurement model). The inner model includes the latent variables (independent and dependent variables) while the outer model includes each latent variable and their indicators.
The independent latent variables are called exogenous variables while the dependent variable is an endogenous variable. This model of the relationships between parameters is then presented in a path diagram (see Figure 7). (Wong 2013)

![Figure 7. Measurement and structural model. Adapted from Wong (2013).](image)

PLS aims to maximise the variance of the dependent latent variables arising from the independent variables. PLS starts by calculating the case values of indicators, and next, the value of the latent variable is calculated through the weighted average of its indicators. In the next step, based on these weighted averages, case values for each variable can be calculated. When the case values are known, they are again used to calculate regression equations in order to define the structural relations. (Haenlein & Kaplan 2004)

Based on this process, PLS model includes three types of mathematical equations. The first (1) describes the relationship between the indicators of an exogenous variable to the associated latent variable and the measurement error. The second (2) is similar, but representing the relationship of the reflective indicators to an endogenous latent variable and to their associated measurement error. The third (3) is for the relationship between the latent variables, the arrow pointing from exogenous variable to endogenous variables. The first two can be called hypotheses and theoretical definitions, while the third one is a measurement equation. These equations can be written in a following way:
\[ x = \Lambda_x \xi + \delta \]
Where:
\( x \) = indicators of an exogenous variable
\( \Lambda_x \) = loadings of indicators of exogenous variable
\( \xi \) = latent exogenous variable
\( \delta \) = associated measurement error of indicators

\[ y = \Lambda_y \eta + \varepsilon \]
Where:
\( y \) = indicators of an endogenous variable
\( \varepsilon \) = associated measurement error of indicators
\( \eta \) = latent endogenous variable
\( \Lambda_y \) = loadings of indicators of endogenous variable

\[ \eta = B \eta + \Gamma \chi + \zeta \]
Where:
\( \eta \) = latent endogenous variable
\( B \) = \( n \times n \) matrix of parameters
\( \zeta \) = random disturbance term
(Haenlein & Kaplan 2004)

There can be two types of indicators: reflective and formative. In short, reflective indicators are dependent on the latent variable, while the formative indicators have an effect on the latent variable. In this study the indicators are reflective, which means that, they are a representative sample of the conceptual domain of the latent variable, and therefore, the change in the construct affects also the value of reflective indicators (Hair et al. 2014). In other words, the indicators reflect the construct by describing it in more concrete, detailed terms. For example, a company which does a lot of market research, naturally submits products to consumers, execute market testing programmes and interprets their results. Therefore, the indicators together reflect what a company does if they wish to do market research. If they are not active in research, naturally the related activities are not pursued in the company either. (Haenlein & Kaplan 2004) All the indicators in this study are reflective in nature.
As mentioned earlier, one of the advantages of PSL is that, the minimum required sample size is remarkably lower when compared to other SEM techniques. What is then the ideal sample size for reliable PSL analysis? A commonly used rule of thumb is that the sample size should be ten times as big as the number of structural arrows pointing to a single latent variable. In this research the number is five, therefore required minimum is 50 samples, which is exceeded with the data of 80 samples. (Hair et al. 2014, 19-20)

3.4.2 Validity and reliability of the reflective indicators

Different from the covariance based SEM, PLS does not have specified goodness-of-fit statistics developed. However, previous research has acknowledged several ways to measure the reliability as well as the validity of reflective indicators and constructs, although the research on their interpretability and adequacy is still on-going (Hair et al. 2017). This study will follow the three most common measures used in previous studies. The internal consistency can be evaluated by examining the composite reliability. A second technique is to evaluate the convergent validity through individual indicator reliability and average variance extracted (AVE). The third technique is to measure the discriminant validity by studying cross-loading or using the Fornell-Lacker criterion. (Hair et al. 2014, 97) Each of these techniques are now shortly presented.

In short, the internal consistency reliability is the level of inter-correlations between the observed indicators. The commonly used criterion for the estimation is Cronbach’s alpha. However, in PLS-SEM Cronbach’s alpha poses some limitations. While Cronbach’s alpha assumes that all the indicators are equally reliable, PLS-SEM organises the indicators based on their individual reliability. The criterion is also prone to underestimate the internal consistency reliability due to its sensitivity to the scale size. Therefore, a better criterion to measure the internal consistency reliability is composite reliability. Composite reliability takes in to account the outer loadings of indicators. The given values set on a range from 0 to 1, where a higher value indicates higher reliability. The value should be at least above 0.60, preferably over 0.70, to be acceptable, but ideally less than 0.95. The values over 0.95 would be a sign of indicators measuring exactly the same phenomenon. (Hair et al. 2014, 101-102)
Convergent validity indicates how much an indicator correlates positively with the other indicators of a construct. To evaluate this relationship, outer loading values and the average variance extracted (AVE) are commonly used techniques. As said, outer loadings indicate the indicator reliability. The higher the loading, the better the indicators are captured by the construct. When we move from the indicators to the constructs themselves, AVE can be used to evaluate the convergent validity. The criterion indicates the communality of a construct by defining the grand mean value of squared loadings of the indicators. When the value is over 0.50, the construct is able to explain over half of the variance of the indicators and therefore, it should be considered as a limit to the acceptable value of AVE. These two measures are closely related. If an outer loading of an indicator is less than desired, but between 0.40 and 0.70, a researcher should pay attention to AVE. If removing the indicator with a low outer loading remarkably increases the AVE, it should be deleted (see Figure 8). (Hair et al. 2014, 102-104)

Figure 8. Outer loading relevance testing. Adapted from Hair et al. (2014) “A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)”.

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Discriminant validity indicates how much different constructs differ from each other. In other words, in the ideal situation each construct represents a different phenomenon than the others. To measure this, cross-loadings should be examined. To put it simply, the indicator’s outer loading should associate more strongly with its construct than with any other construct, therefore, it should not have strong cross-loadings with other latent variables than its own. In addition to cross-loadings, the more conservative Fornell-Larcker criterion can be used to assess discriminant validity. The principal of this criterion is that the square root of a construct’s AVE should be higher than its strongest correlation with other constructs, therefore sharing more variance with its indicators than other latent variables. This can be easily assessed in the Fornell-Larcker matrix produced by the analysis programme. (Hair et al. 2014, 104-106)

3.4.3 Evaluation of the structural model

When the suitability of the indicators and the validity of the factors are assured, it is time to examine the actual theoretical concept and how well the empirical data supports it. This can be examined from the structural model. The key values to look at are the path coefficients and $R^2$ values, followed by the effect sizes $f^2$ and $q^2$. (Hair et al. 2014, 168)

First of all, the model has to be assessed to check that it is free from collinearity by examining the variance inflation factor (VIF). VIF indicates whether the standard error has been increased because of the model including collinearity. The value should not be higher than 5. In that case, a research should consider removing one of the corresponding constructs. (Hair et al. 2014, 124-125)

Next, the actual path coefficients, the relationships between independent and dependent variables, are examined. The values vary between -1 and +1, where positive values indicate positive relationships and and vice versa. The further away the value is from zero, the stronger is the effect. The significance of these relationships are tested through the bootstrapping procedure, which computes the empirical $t$ value as well as the $p$ value. (Hair et al. 2014, 170-171)

One of the most important number of the PLS model is the coefficient of determination, $R^2$ value in short. The value of $R^2$ indicates the predictive accuracy of the model. The value can
be anything between 0 and 1, and the higher the number is, the better the model can predict the outcome. There is not one guideline to evaluate the acceptable level of $R^2$, but one rule of thumb is that the values 0.25, 0.50 and 0.75 can be considered as weak, moderate and substantial. The significance is again checked through bootstrapping routine, which gives out the $p$ value. However, it has to be remembered that $R^2$ value can be increased rather easily just by adding more and more exogenous constructs with only small effect, and therefore, the ideal model is not always the one with the highest $R^2$ value, but the one that can capture the main factors behind the phenomenon. (Hair et al. 2014, 174-177)

After assessment of the path coefficients and $R^2$ value, the $f^2$ effect size of each construct is studied. The $f^2$ effect size tells us, how much each independent construct contributes to the $R^2$ value of the dependent latent variable. The rule of thumb is that the values of 0.35, 0.15 and 0.02 represent large, medium and small effects. (Hair et al. 2014, 177-178)

Finally, the model’s predictive relevance is assessed. Through blindfolding procedure, the SmartPLS gives out $Q^2$ value. All the values above 0 indicate that the model has predictive relevance for the chosen endogenous construct. The relative impact of each construct to $Q^2$ can be obtain by calculating $q^2$ effect size. This has to be done manually as the programme does not provide the effect sizes. The following formula is used:

$$q^2 = \frac{Q^2_{included} - Q^2_{excluded}}{1 - Q^2_{included}}$$

For $q^2$ effect size, the same rule of thumb applies as for $f^2$ effect size: the values of 0.35, 0.15 and 0.02 represent large, medium and small effects. (Hair et al. 2014, 178-184)

3.4.4 Moderating effects

In this research, one hypothesis differs from the others, that is, whether the amount of inter-regional cooperation diminishes the effect of marketing gathering activities. This phenomenon is called a moderating effect, and therefore, we will have a quick look into its theory.
The moderating effects between latent variables are gaining constantly more attention in marketing research as it has been acknowledged that the direct effect between the constructs may be too limited to describe a full phenomenon (Henseler & Chin 2010). These interactions have been often measured by using ANOVA or MMR. However, using PLS analysis to study the effects is the only method, which acknowledges that the data is rarely measured without error (Chin et al. 2003).

The moderating effect is built on three variables: independent variable, dependent variable and moderator variable. In short, in a case of significant moderating effect, the moderator variable effects the relationship between the independent and dependent variable. For example, if the level of the moderator variable (M) increases or decreases by one standard deviation unit, it changes the relationship (p1) between the independent (Y1) and dependent variable (Y2) by the level of the moderating effect (p3). This illustrated in the Figure 9.

![Figure 9. Example of a moderating effect. Adapted from Hair et al. (2014)](image)

When studying moderating effects in PLS path modelling, three different approaches can be used: product indicator approach, two-stage approach and hybrid approach. The latter two are used when the model includes formative indicators, while the product indicator approach is suitable for this research with only reflective indicators. In the product indicator approach, product terms are built between the indicators of both the independent and the moderator latent variable. This means that all the indicators of the independent variable is multiplied with each indicator of the moderator variable. These pairs of multiplication, the product terms, work as indicators to a new latent variable, which represents the moderating effect (see Figure 10). (Vinzi et al. 2010, 723-724)
The evaluation of the moderating effects and their significance is done in a similar manner as the evaluation of the other constructs of the model. This means examining the path coefficient and their significance as well as the $f^2$ and $q^2$ effect sizes.

3.4.5 Single-item constructs

The theoretical framework of this study is built on six constructs that all have a few indicators, therefore, they are multiple-item constructs. While having multiple-item scales is widely used way to present constructs, Rossiter (2002) has argued strongly against them in certain cases. In C-OAR-SE procedure, developed by him, the construct is defined by its object, attribute and rater identity. In this research the object would be the global product launches, attribute the timings, the marketing mix or the market information gathering activities and the rater identity the case company’s employees.

When it comes to measuring the attributes, Rossiter (2002) has studied that trying to capture the attribute by using multiple indicators may actually weaken its measurability by leading to redundancy and mixing with the substance of other attributes. The key is the validity. If the attribute is concrete, meaning that nearly all the respondents would describe the attribute in the same way, one indicator that successfully describes the phenomenon is enough to measure and to capture the attribute. Multiple scales have been originally justified by individuals’ varying ability answer to different questions, but Rossiter (2002) argues that in marketing research,
usually the only ability needed is basic literacy, so as long as they can understand the asked questions, additional items are not required to strengthen their response.

One way to capture the indicators that could represent the whole construct is the surrogate variable analysis (SVA). In a nutshell, the purpose of SVA is to find an indicator with the highest factor loading through factor analysis. This indicator acts as a surrogate variable. In this way, the model can be simplified. The risk of SVA is to oversimplify a complex phenomenon and to mislead results. Therefore, the method has to be used carefully and in a case of multiple high factor loadings, a researches has the base their decision of deletion on theory and measurement considerations. (Hair et al. 1998)

In this research, the theoretical framework is first studied by using PLS analysis and after the possibility to reduce the measurement items is examined based on the learnings of C-OAR-SE procedure and SVA.
Data analysis and results

Two programmes are used in this analysis: SPSS to organise and to label the data, and SmartPLS for the actual analysis. The analysis is conducted in three steps. First, the measurement model i.e. the reflective indicators, independent constructs and their suitability for the model are examined. These are inter-regional cooperation (IRC), market information gathering activities (MGA), marketing mix (MMX), timings (TMG) and the level of localisation (LLO). Second, the structural model i.e. the actual effects on the dependent construct of the model are studied. The dependent construct is the product launch performance (PRF). Third, the moderating effects of the model are researched. In the end of the analysis, the path model is examined using the single-item construct approach.

Before starting the analysis, one change was done to the data considering the indicators. Some of the survey questions were decided to left out to simplify the analysis due to the small sample size. These were the survey questions considering different advertising and promotional activities, such as the quality of client events or point-of-sale material. Only the question about the overall quality of the advertising and promotion activities was left on place to represent the promotional activities in the research. After the removal, the rest of the indicators were named and labelled according to the related construct abbreviation on SPSS (see Appendix 2).

4.1 Evaluation of the reflective measurement model

The initial analysis was conducted by using SmartPLS programme in order to test the theoretical framework. All the constructs and their reflective indicators were placed into the programme and PLS calculation was run. To check that the algorithm converged i.e. the stop criterion was met, the number of iterations should be less than 300. The procedure in total took 6 iterations, which is well below the limit of 300, therefore, the algorithm was able to find a stable solution quickly within the acceptable range.

The actual evaluation of the results of PLS analysis starts with examining the measurement model – the reflective indicators (Hair et al. 2014, 97). All the required steps can be seen in the Figure 11. Based on the literature, the following thresholds are followed: to reach the required level of internal consistency, the composite reliability should exceed the threshold of 0.60.
When it comes to the required level of convergent validity, the outer loading of indicators should exceed 0.70 and AVE should be higher than 0.50. In case of the outer loading falling between 0.40 and 0.70, its effect on the average variance extracted (AVE) of the construct is examined.

In the Table 4, it can be seen that none of the outer loadings of the indicators fall under the value of 0.40, but there are few below 0.70, and therefore, they should be more closely examined. In addition, special attention should be paid on the marketing mix construct (MMX), which AVE, therefore convergent validity, is below the acceptable threshold of 0.50, as well as on the composite reliability of constructs of performance (PRF) and timings (TMG), that are exceeding the upper limit of 0.95.

In order to remove unsuitable indicators from the path model, the procedure proposed by Hair and others (2014), presented in the methodology chapter, is followed. First, all of the indicators with low outer loading were individually removed and the effect of the removal on AVE studied. Following this process, in total five indicators were removed. These included three indicators of the construct of marketing mix (MMX), one from the market information gathering activities (MGA), one indicator from the construct measuring the level of localisation (LLO) and one from the market information gathering activities (MGA).
Table 4. Initial results for the measurement model.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Outer loading</th>
<th>AVE</th>
<th>Composite reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRC_1</td>
<td>0.888</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRC_2</td>
<td>0.881</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRC_3</td>
<td>0.819</td>
<td>0.746</td>
<td>0.921</td>
</tr>
<tr>
<td>IRC_4</td>
<td>0.864</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MGA_1</td>
<td>0.801</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MGA_2</td>
<td>0.872</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MGA_3</td>
<td>0.873</td>
<td>0.630</td>
<td>0.891</td>
</tr>
<tr>
<td>MGA_4</td>
<td>0.888</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MGA_5</td>
<td>0.447</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMX_1</td>
<td>0.789</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMX_2</td>
<td>0.427</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMX_3</td>
<td>0.549</td>
<td>0.457</td>
<td>0.830</td>
</tr>
<tr>
<td>MMX_4</td>
<td>0.602</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMX_5</td>
<td>0.725</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMX_6</td>
<td>0.842</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TMG_1</td>
<td>0.929</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TMG_2</td>
<td>0.887</td>
<td>0.848</td>
<td>0.957</td>
</tr>
<tr>
<td>TMG_3</td>
<td>0.944</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TMG_4</td>
<td>0.923</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LLO_1</td>
<td>0.562</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LLO_2</td>
<td>0.810</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LLO_3</td>
<td>0.845</td>
<td>0.598</td>
<td>0.879</td>
</tr>
<tr>
<td>LLO_4</td>
<td>0.781</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LLO_5</td>
<td>0.833</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRF_1</td>
<td>0.923</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRF_2</td>
<td>0.890</td>
<td>0.839</td>
<td>0.954</td>
</tr>
<tr>
<td>PRF_3</td>
<td>0.908</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRF_4</td>
<td>0.934</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All three indicators that were removed from the marketing mix construct (MMX) described availability or distribution so “place” related measures. What is notable is that the indicators related to product availability (MMX_2 and MMX_3) were strongly cross-correlated with the timing construct. For these indicators, the items in the survey were “Product availability: sufficient inventory available at the time of the launch” and “Product availability: sufficient inventory available continuously”. The cross-correlation may be a sign that these two indicators were indeed measuring more the appropriate timing of product deliveries than the
successfulness of the distribution itself. Removing the two MMX indicators lowered the outer loading of the last indicator related to distribution (MMX_5) below 0.70, but as the AVE and composite reliability stayed above accepted levels, the indicator MMX_5 was left on place despite the lower outer loading.

The removed indicator (LLO_1) from the construct representing the level of localisation (LLO) was measuring whether the product packaging was centrally produced or not. This indicator not fitting the construct is not surprising as all the launches included in the study had a globally designed product and packaging, therefore, the survey question was not appropriate to measure the level of localisation in the first place. Finally, due to a low outer loading, also the indicator MGA_5 was removed which was measuring “Studying feedback from customers regarding this product after the launch”. It was the only MGA question that focused post-launch activities, while others focused pre-launch activities, which might explain the difference to other indicators of the construct.

Next, the constructs with too high composite reliability score was examined with the same procedure of individual removal of indicators. In the constructs of timings, the indicators were paired and the analysis run with different combinations to see, which two indicators were correlating the heaviest with each other and therefore, having a high value of composite reliability. Based on the analysis TMG_1 and TMG_3 together had a high internal consistency with the composite reliability score being 0.959, and therefore, measuring closely the same phenomenon. The survey items for these indicators were “Launch timing: Relative to our business unit’s goal, the timing of our launch was on target.” and “Launch timing: From the point of view of our major customers, the timing of our launch was excellent”. This is not surprising as e.g. Calatone and Di Benedetto (2012) have studied that an optimal launch timing should be always coordinated with the major customers to avoid a shortfall or excess inventory, therefore, the ideal timing for the business unit and for the major customers would be the same. Removing one of these indicators (TMG_3) sets the composite reliability score under the upper threshold of 0.95 and therefore was deleted.

When examining the reflective indicators of the performance construct, PRF_3 and PRF_4 seemed to have the strongest internal consistency with the composite reliability score of 0.97 when paired together. These indicators were the survey items “Relative to competing product launches, how successful was this market entry in terms of sales?” and “Relative to competing
product launches, how successful was this market entry in terms of market share?”. When removing the latter, the composite reliability of the whole construct went down to 0.94, and therefore, being within the ideal range of 0.70 to 0.95.

After these adjustments, the reflective indicators of the model can be re-evaluated based on the criterion to reach acceptable levels of internal consistency, convergent validity and discriminant validity. The first table presents the Fornell–Larcker table (Table 5), which is used to evaluate the discriminant validity of the constructs. The diagonal line of number shows the square root of the construct, that is then compared to correlations with other constructs on its column and row. If the diagonal square root values are higher than the correlations, the discriminant validity is reached.

The second table (Table 6) summarizes all the results together. In order to accept the measurement model, all values should be within the acceptable range. As seen, after removing the unsuitable indicators, outer loadings are on an acceptable level (>0.70), composite reliability (>0.60) is reached in all the constructs, AVE exceeds the desired level (>0.50) and discriminant validity has been checked to be fine through the Fornell-Larcker criterion.

As all the criteria is met, the factors and their indicators can be confirmed and the actual theoretical framework presented as a structural model can be examined.

Table 5. The Fornell-Larcker criterion.

<table>
<thead>
<tr>
<th></th>
<th>IRC</th>
<th>LLO</th>
<th>MGA</th>
<th>MMX</th>
<th>PRF</th>
<th>TMG</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRC</td>
<td>0.864</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LLO</td>
<td>0.634</td>
<td>0.838</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MGA</td>
<td>0.716</td>
<td>0.451</td>
<td>0.861</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMX</td>
<td>0.626</td>
<td>0.565</td>
<td>0.585</td>
<td>0.795</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRF</td>
<td>0.540</td>
<td>0.474</td>
<td>0.516</td>
<td>0.768</td>
<td>0.917</td>
<td></td>
</tr>
<tr>
<td>TMG</td>
<td>0.299</td>
<td>0.285</td>
<td>0.147</td>
<td>0.478</td>
<td>0.278</td>
<td>0.923</td>
</tr>
</tbody>
</table>

*AVE values marked with a bold font.
Table 6. Results summary for reflective measurement models.

<table>
<thead>
<tr>
<th>Latent variable</th>
<th>Indicators</th>
<th>Outer loadings</th>
<th>Composite reliability</th>
<th>AVE</th>
<th>Discriminant validity</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRC</td>
<td>IRC_1</td>
<td>0.890</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IRC_2</td>
<td>0.883</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IRC_3</td>
<td>0.818</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IRC_4</td>
<td>0.862</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MGA</td>
<td>MGA_1</td>
<td>0.800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MGA_2</td>
<td>0.880</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MGA_3</td>
<td>0.856</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MGA_4</td>
<td>0.905</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMX</td>
<td>MMX_1</td>
<td>0.838</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MMX_5</td>
<td>0.660*</td>
<td>0.836</td>
<td>0.632</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>MMX_6</td>
<td>0.871</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TMG</td>
<td>TMG_1</td>
<td>0.931</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TMG_2</td>
<td>0.907</td>
<td>0.946</td>
<td>0.853</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>TMG_4</td>
<td>0.932</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LLO</td>
<td>LLO_2</td>
<td>0.848</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LLO_3</td>
<td>0.886</td>
<td>0.904</td>
<td>0.703</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>LLO_4</td>
<td>0.744</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LLO_5</td>
<td>0.867</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRF</td>
<td>PRF_1</td>
<td>0.946</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PRF_2</td>
<td>0.917</td>
<td>0.941</td>
<td>0.841</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>PRF_3</td>
<td>0.887</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Low outer loading accepted as the indicator meets other outer loading relevance criteria (AVE and Composite reliability). (Hair et al. 2014, 104)

4.2 Evaluation of the structural model

Now when the suitability of the outer, measurement model is ensured, the testing of hypotheses can be conducted. In PSL –analysis, this is done by five steps: assessing possible collinearity issues, evaluating the significance and relevance of the relationships in the structural model, studying the level of $R^2$, assessing the effect sizes $f^2$ and finally checking the predictive relevance $Q^2$ and $q^2$ effect sizes. The Figure 12 illustrates the steps of the process.
First, the VIF values of the constructs are checked for collinearity issues. As can be seen in the Table 7, all the values are below the threshold of 5. This means, that there are no problems in the model when it comes to collinearity, and therefore, the default report can be examined next.

<table>
<thead>
<tr>
<th>Latent variable</th>
<th>Inner VIF values (relative to PRF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRC</td>
<td>2.890</td>
</tr>
<tr>
<td>LLO</td>
<td>1.825</td>
</tr>
<tr>
<td>MGA</td>
<td>2.323</td>
</tr>
<tr>
<td>MMX</td>
<td>2.315</td>
</tr>
<tr>
<td>TMG</td>
<td>1.364</td>
</tr>
</tbody>
</table>

Table 7. Collinearity assessment.

Next, we look at the $R^2$ value, which tells how much of the variance of the endogenous variable (PRF) is explained by the exogenous variables (IRC, MGA, MMX, TMG, LLO). In other words, how much the chosen constructs are able to explain the variance in the product launch performance. After running the analysis, it can be seen (Table 8) that the $R^2$ value for PRF is
0.607, which means that approximately 60 percent of the variance in performance can be explained through the chosen constructs. Based on a rough rule of thumb, this value is between a moderate and strong effect.

Table 8. Results of R² and Q² values.

<table>
<thead>
<tr>
<th></th>
<th>R²</th>
<th>t Value</th>
<th>p Value</th>
<th>Significance</th>
<th>Q²</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRF</td>
<td>0.607</td>
<td>8.927</td>
<td>0.000</td>
<td>**</td>
<td>0.465</td>
</tr>
</tbody>
</table>

** p < 0.01

In order to see, which constructs contribute to the variance of the endogenous variable, path coefficients are examined. Through bootstrapping procedure, we can check weather the path coefficients are significant or not. As can be seen in the Table 9, it seems that only the marketing mix elements have a strong positive effect on the performance, while the values of other path coefficients stay rather low. The second strongest correlation is formed by the timings, but interestingly, the results show a negative correlation, which would mean that an appropriate timing would affect the performance in a negative way. It is to be noted, that the path coefficient is not on a significant level and therefore is not taken into account. However, the underlying reason for the negative path coefficient might be that timings work more as a moderator than an individual construct and this possibility will be examined later in this research.

Table 9. Significance testing results of the structural model path coefficients.

<table>
<thead>
<tr>
<th></th>
<th>Path coefficients</th>
<th>t Values</th>
<th>Significance levels</th>
<th>p Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRC -&gt; PRF</td>
<td>0.059</td>
<td>0.479</td>
<td>NS</td>
<td>0.632</td>
</tr>
<tr>
<td>LLO -&gt; PRF</td>
<td>0.030</td>
<td>0.271</td>
<td>NS</td>
<td>0.786</td>
</tr>
<tr>
<td>MGA -&gt; PRF</td>
<td>0.042</td>
<td>0.360</td>
<td>NS</td>
<td>0.719</td>
</tr>
<tr>
<td>MMX -&gt; PRF</td>
<td>0.742</td>
<td>6.961</td>
<td>**</td>
<td>0.000</td>
</tr>
<tr>
<td>TMG -&gt; PRF</td>
<td>-0.108</td>
<td>1.275</td>
<td>NS</td>
<td>0.203</td>
</tr>
</tbody>
</table>

**p < .01

The next step is to evaluate, whether the path coefficients are significant. After bootstrapping, it can be seen that only MMX, the marketing mix construct, is significant with a p-value of 0.000. Therefore, only H4 can be confirmed for now.
In order to evaluate the predictive relevance of the model, the blindfolding procedure is run. As we have 80 observations in the sample, the default omission distance of D = 7 is suitable as it is not integer to the sample size. In the results (Table 8) we see that the $Q^2$ for the performance construct is 0.465, which is well above the threshold of 0 and therefore, the model has a high predictive relevance.

To complete the analysis, the assessment of the $f^2$ and $q^2$ effect sizes is conducted. The $f^2$ values tell how much each construct contributes to the $R^2$ value of the PRF construct, which measures the predictive accuracy. The $q^2$ effect tells the constructs’ individual contribution to $Q^2$, the predictive relevance. As SmartPLS do not provide results for $q^2$ effects, they were calculated by the researcher using the formula introduced earlier:

$$q^2 = \frac{Q^2_{included} - Q^2_{excluded}}{1 - Q^2_{included}}$$

The Table 10 presents the results for $f^2$ and $q^2$ effect sizes. Not surprisingly, the MMX construct has the strongest effect size on the $R^2$ value, which is natural due to the construct’s high path coefficient value when compared to others. This effect size is clearly over the threshold value of 0.35 for large effect sizes. This means that the marketing mix has a remarkable effect on the variance of the product launch performance. The timing construct has the second highest $f^2$ effect size with the value of 0.021, which can be considered as a small effect. This goes along with the fact that the TMG construct’s path coefficient had the $p$ –value closest to the significance level after the MMX. The similar results are also obtained for the $q^2$ effect sizes, where the MMX construct is the only construct achieving even the threshold of 0.2 for small effects.

Table 10. Effects sizes for each latent variable.

<table>
<thead>
<tr>
<th>Path Coefficients</th>
<th>$f^2$ Effect Size</th>
<th>$q^2$ Effect Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRC -&gt; PRF</td>
<td>0.059</td>
<td>0.003</td>
</tr>
<tr>
<td>LLO -&gt; PRF</td>
<td>0.030</td>
<td>0.002</td>
</tr>
<tr>
<td>MGA -&gt; PRF</td>
<td>0.042</td>
<td>0.003</td>
</tr>
<tr>
<td>MMX -&gt; PRF</td>
<td>0.742</td>
<td>0.606</td>
</tr>
<tr>
<td>TMG -&gt; PRF</td>
<td>-0.108</td>
<td>0.021</td>
</tr>
</tbody>
</table>
As a conclusion, it is clear that based on this model and the empirical data, only the marketing mix elements (price, promotion and distribution) have a significant direct effect on the product launch performance, while the other constructs and their effects did not reveal any significant relationship with the performance. The marketing mix construct is also able to explain the major part of the variance in $R^2$ value of the performance construct, therefore, holding a great importance to a product launch success.

4.3 Studying the moderating effects

At this stage, one hypothesis is still left to be tested. This was, whether the higher levels of inter-regional cooperation affect the strength of the relationship between market information gathering activities and the product launch performance. In addition, based on the results in the structural model, the possible moderating effect of timings to the relationship between the marketing mix elements and the performance will be examined.

The chosen calculation method is the two-stage approach with standardised indicators. After running the analysis, the report (Table 11) shows that there is a negative moderating effect between the IRC construct and the effect of MGA on the PRF, on the significance level of 0.10. In other words, increased inter-regional cooperation diminishes the effectiveness of the market information gathering activities on the performance. This confirms the H3 to be true. When it comes to TMG and MMX, no significance moderating effect was found between the two constructs.

Table 11. Summary of the moderating effects.

<table>
<thead>
<tr>
<th>Path Coefficients</th>
<th>t Values</th>
<th>Significance</th>
<th>p Values</th>
<th>$f^2$</th>
<th>$q^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRC*MGA</td>
<td>-0.150</td>
<td>1.778</td>
<td>*</td>
<td>0.076</td>
<td>0.067</td>
</tr>
<tr>
<td>TMG*MMX</td>
<td>0.002</td>
<td>0.021</td>
<td>NS</td>
<td>0.983</td>
<td>0.000</td>
</tr>
</tbody>
</table>

*p < .10

What is notable, is the $R^2$ value of the performance construct improves when the moderating effect IRC*MGA is included in the model. Without the moderating effect, the $R^2$ value of the PRF construct was 0.607 and with the moderating effect the value increases to 0.632, which
means that the path model’s ability to explain the variance of the performance construct enhances by 4% when the moderating relationship is taken into account. Therefore, it can be argued that the moderating effect of inter-regional cooperation on the effect of market information gathering activities is a part of the described phenomenon and should be included in the model. The full path model from derived SmartPLS with the moderating effect can be seen in Appendix 3.

Table 12. Improvement in R2 value.

<table>
<thead>
<tr>
<th></th>
<th>R2 (PRF)</th>
<th>t Value</th>
<th>p Value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>The moderating effect included</td>
<td>0.607</td>
<td>8.927</td>
<td>0.000</td>
<td>**</td>
</tr>
<tr>
<td>The moderating effect excluded</td>
<td>0.632</td>
<td>8.583</td>
<td>0.000</td>
<td>**</td>
</tr>
</tbody>
</table>

**p < 0.01

4.4 Surrogate variable analysis

According to Rossiter’s (2002) theory of single-item constructs, in some cases multiple-item constructs might weaken the measurability if one of the indicators would be sufficient to explain the phenomenon by itself. One way to examine single-item constructs in the surrogate variable analysis (SVA). In PLS-SEM, SVA can be conducted by selecting the variables with the highest outer loadings and testing their individual effect on the structural model.

Table 13. Significance results for the single-item constructs.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Label</th>
<th>Path Coefficient</th>
<th>t value</th>
<th>p value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>MMX_1 -&gt; PRF</td>
<td>Overall quality of advertising and promotion</td>
<td>0.353</td>
<td>2.692</td>
<td>0.007</td>
<td>**</td>
</tr>
<tr>
<td>MMX_6 -&gt; PRF</td>
<td>Pricing: appropriateness of pricing levels from the external point of view (customers, consumers)</td>
<td>0.515</td>
<td>5.322</td>
<td>0.000</td>
<td>**</td>
</tr>
<tr>
<td>LLO_5 -&gt; PRF</td>
<td>The final price varied between countries due to different market environment (e.g. competition, economic wealth of consumers)</td>
<td>-0.261</td>
<td>1.869</td>
<td>0.062</td>
<td>*</td>
</tr>
</tbody>
</table>

* p < 0.10
** p < 0.01
After testing all the indicators individually, three indicators were found to have a significant effect on the $R^2$ value of the performance construct by themselves. The results can be seen in the Table 13. Two of them were originally under the MMX construct, representing the promotion and pricing elements of the marketing mix. Both were found to be highly significant. The third indicator with a significant effect was considering the localisation of pricing. What is notable is that the path coefficient is negative, meaning that adapting the price to the local markets has a negative effect on the product launch performance, and therefore, supports the standardisation strategy. However, its significance was only on the borderline and should be accepted with a caution.
5 Conclusions

The aim of this research was to find factors that contribute to the global product launch performance. Even though, product launches have been a widely researched topic, only few have focused on the launches solely in a multinational environment. The focus was on several strategic and tactical decisions drawn from the academic literature: inter-regional cooperation, market information gathering activities, marketing mix elements, timings and the level of localisation. The main research questions were: (1) Which of the individual strategic or tactical launch activities have the most significant effect on the performance of global product launches? (2) Does inter-regional cooperation during the product launch process enhance the product launch success? (3) Which leads to better results: a local or global approach in the product launch strategy?

Based on the PLS analysis, two of the hypotheses could be confirmed, while the surrogate variable analysis gave some additional insights. These findings are now examined in the light of the previous research, followed by suggested implications for companies working in multinational environment. The study is concluded by addressing the limitations of the study and possible future avenues of research considering product launch processes.

5.1 Discussion

Based on the analysis, the model could explain over 60% of the variance of the launch performance, of which the biggest effect was generated by the marketing mix elements. This result is well in line with the current dominant marketing paradigms, of which the marketing mix strategy and related tactical decisions are still widely recognised to be the corner stone of any successful product launch process, even over the strategic decisions (Di Benedetto 1999). Investing in marketing mix elements will benefit the company in the long run as marketing mix executed to high standards is proved to build brand equity, which is again tightly linked to brand loyalty, perceived quality and brand associations (Yoo et al. 2000).

When examining marketing mix elements individually through the surrogate variable analysis, pricing, followed by promotion, had a remarkably large effect on the performance. The importance of pricing does not come as a surprise, as previous research has proved it to be
tightly linked to the chosen marketing strategy and that choosing a wrong pricing strategy might drastically harm the new product performance (Ingenbleek et al. 2013). This is because the price of the product is considered to be the major positioning tool for differentiation in the markets, which separates it from competitors (Yoo et al. 2000). Therefore, the pricing can be seen as one of the most important building blocks in the product launch strategy, and if the pricing fails, it radiates to the rest of the launch process and eventually to the performance. The implications will present some practices, which managers should consider in order to find the optimal pricing level.

In addition to pricing, the study found that promotion and advertising have a positive effect on the product launch performance. This is supported by numerous studies. For example, Di Benedetto (1999) found out that promotion is highly related to the profitability of the product launch. In addition, it has been argued that lowering the advertising budget is one of the major reasons for customer loyalty to decrease (Yoo et al. 2000).

Additionally, the SVA produced one interesting finding for the ever-going localisation-standardisation debate. The results indicated that the localisation in pricing might harm the product launch performance, and therefore, in this single case study, the standardisation strategy could be a better choice. The significance level was on the borderline, so the interpretation should be done with a caution. However, this finding would support the study of Sousa and Bradley (2009), which argued that for big multinationals with centralised functions, standardisation is often a more natural choice.

It is notable that the other constructs did not show significant effects on the performance meaning that the model was not ideal to describe the phenomenon as a whole. This model faces two problems. First, even though explanatory power of 60% is a good result, it still indicates that there are factors contributing to the product launch success that were not presented in this study. Second, the model’s inability to recognize significance in other constructs is in contrast to numerous other studies, that still strongly support the effectiveness of the other constructs e.g. the correct timing (see Di Benedetto 1999). Therefore, there is a possibility that the data gathering methods were not optimal and due to small sample size, some of the effects were left unnoticed or hidden in this study. For example, it might be that the survey did not reach enough those respondents, who would have been responsible for some of the constructs, such as inter-regional cooperation, meaning that certain elements were not presented in a correct way in the
results. This was due to the realisation that the data collection in a single-case study turned out to be a heavier and more difficult process than expected. The time of the managers is scarce, and therefore, the participation rate was not as high as anticipated. In order to obtain enough data, the respondent pool had to be extended and some of the teams that participated, were not fully familiar with all the topics presented, while the amount of experts with full knowledge within one company is limited. This may have caused bias in the final results.

In addition to direct effects, the model confirmed the hypothesis on the moderating effect: the inter-regional cooperation moderates negatively the effect of market information gathering activities on the product launch performance. This is in line with Griffith and Lee’s recent study (2016). In the multinational environment, some companies may face difficulties when trying to coordinate marketing activities across the globe. This might be the underlying reason behind the negative moderating effect. When all the operative countries collect their own detailed market information and then share it with the headquarters, the top managers are left with a vast amount of product ideas and improvement suggestions. This might lead to a situation where it is difficult to answer to all those addressed individual needs and on the other hand, makes it hard to identify the one winning idea that would work in all the market areas. (Griffith & Lee 2016)

Indeed, the international knowledge management seems to be a problem especially in large companies. Naldi and Davidsson (2014) examined how international knowledge acquisition is managed is handled in different sized companies and how this effects to the entrepreneurial growth, meaning the launch of new products and expansion into new geographical business areas. The authors found that the international knowledge acquisition had a negative moderate effect on the growth through product launches in mature, larger firms while in young, small firms this effect was positive. The reasons behind this is assumed to be strongly linked to processes and stiff structures of older companies that are not flexible enough to transfer knowledge or effectively transform it into new innovations. Also older companies may have a tendency to match the new knowledge to fit their prior knowledge or areas of expertise, shutting out the innovations or opportunities outside of this scope. (Naldi & Davidsson 2014)

This finding is particularly interesting and important as it binds together multiple academic research topics from knowledge-based view to international management. The negative
moderating effect supports Henseler and Chin’s (2010) argument of how marketing phenomena are often webs of inter-linked factors and their effects, and trying to solve problems through simplified models by leaving out these relationships may actually cause more harm than benefits.

As a conclusion, the study confirmed two hypotheses in total that were both supported by previous research. In addition to that, the surrogate variable analysis generated some additional results on the individual marketing mix elements that were, too, in line with other studies. However, some of the constructs, e.g. timings, that academic literature has recognised to be in a vital role in the launch process, were not found to have a significant effect on the performance in this study. Therefore, it can be concluded that, as a whole, the model was not able to capture the full phenomenon, when taken into account the true complexity of the product launch process, nevertheless, the individual findings can still support future research and companies to pay attention to certain issues in order to successfully launch a product.

5.2 Managerial Implications

Di Benedetto (1999) has argued, that the product launch performance plays a great role in the overall profitability of businesses, and therefore, multinational companies are naturally interested in what could be done to ensure the success. As mentioned, this study has confirmed the crucial role of marketing mix elements, especially pricing when it comes to launch performance. Also, the moderating effect of inter-regional cooperation on market information gathering activities is a relevant issue for multinationals. Now, it is discussed, how companies should address these matters to overcome the challenges and to reach their maximum potential.

One of the most important findings in this research was that the marketing mix, or 4Ps, still has a strong position in marketing and should be carefully designed when defining a product launch strategy. Indeed, the model suggest that over the half of the product launch success can be explained by a well executed marketing mix strategy. This indicates that a success story cannot simply exists, if the marketing mix strategy and execution are not up to high standards. The key question is, what makes a marketing mix a good one? As e.g. Calantone and Di Benedetto (2007) as well as Steenkamp et al. (2003) have argued, the four elements are never separate but should reflect each other to form a coherent image of the brand in general, meaning that
the product, place, promotion and price have to be aligned to underline the chosen strategy, which can be e.g. a cost-leadership or a premium luxury brand. For example, in order to sell something with a high price, the placement have to support the feeling of exclusivity (e.g. stores located only in the high end streets) and promotional campaigns should be executed in a tasteful manner. The case company on the other hand sells mass-produced consumer products, which means that while the differentiation within the category can be created through promotion, advertising and pricing, the company should make sure that the product is available in as many places as possible (Garrido-Rubio and Polo-Redondo 2010).

Out of the marketing mix elements, one stood out over the others; an appropriate pricing contributed the most to the product launch success. This is not surprising as it has been argued that in the worst case scenario, sticking to a wrong pricing strategy, diminishes the firm’s value quicker than any other business mistake (Florissen et al. 2001). On the other hand, studies have shown that the correct pricing boosts the positive effect of product advantage to the product performance (Ingenbleek et al. 2013). One of the reasons is that the price of the product has been argued to deliver the strongest message to the customer when it comes to the brand equity and desire to buy (Yoo et al. 2000). In addition, being able to determine a price that matches the nature of the product is important, because frequently repeated price promotions give a negative signal to customers about the product quality (Yoo et al. 2000). Based on the results of this study, the companies should truly pay attention to analyse their exact market position as well as resources when it comes to investing in other marketing mix elements, and define a price that represents the product and the brand in relation to the competitive environment. Ingenbleek et al. (2013) suggest that in most market conditions, the value-based pricing creates the best outcomes. The value-based pricing is based on the trade-off a customer makes between the product quality and price. The trade off should always be on a positive side for a customer, while still ensuring adequate profit margin for the company. However, in some cases value-based pricing is not enough. For example, when the competition intensity is low, the price should be also reflected to competition, as it may give an opportunity to ask higher prices than solely in value based pricing depending on the competitors’ reference point. While a well-defined long-term pricing strategy has been proved to generate the best results, it is still important to also constantly follow the changes in the environmental factors, collect customer feedback and adapt the pricing accordingly if needed (Marinescu et al. 2010).
When it comes to the level of localisation in pricing, the results vaguely supported standardisation strategy in the multinational setting. However, this should not be taken for granted as the current research supports the idea that the chosen strategy should always fit the circumstances of the specific launch e.g. whether the manufacturing is centralised or dispersed (Sousa & Bradley 2009).

Another implication drawn from this study is the confirmed positive effect of advertising and promotion on the product launch performance. The positive effects of promotion and advertising on the brand equity and sales are undeniably supported by literature as well (e.g. Di Benedetto 1999, Hanssens et al. 2009). This should further encourage the multinational companies to further invest in promotional campaigns as the returns can be expect through the positive effect on the product launch performance, and therefore increased profits. However, instead of just blindly giving out its resources, companies should consider a couple of questions while forming the advertising strategy. As mentioned earlier, the advertising has to fit the product and the rest of the marketing mix elements such as price and the nature of distribution channels (Calantone & Di Benedetto 2007). Secondly, based on the positioning of the product, the company needs to choose suitable marketing channels as some can be more effective than others on the desired target group (Danaher & Dagger 2013). While traditional mass media channels still have a big importance on the launch success, the internet has enabled a great amount of new online channels to choose from (Danaher & Rossiter 2011). Danaher and Dagger propose a framework in their study (2013) to support companies to choose the channels that would generate the most sales in their individual case. Their framework included data sets of customer sales transactions derived from the loyalty programme, customer contact history, and survey results of self-reported media exposure. Combining this data together with the framework, companies could identify the most effective channels to their needs. What this all comes down to is the key take away for companies: whether they use this framework or any another measurement method, investing in promotion and advertising is crucial for success, but paying extra attention to the marketing mix profile as a whole and making a suitable channel selection can further enhance the product launch performance.

One important finding from the business point of view was the negative moderating effect of inter-regional cooperation on the effectiveness of market information gathering activities. As mentioned, Griffith and Lee’s study (2016) argues, that the reason behind this often companies’ inability to effectively process and use the great amount of information gathered from various
regions. In addition, information from various sources might be often contradicting, making it even harder to the management to recognise the most valuable insights (Griffith & Lee 2016). However, this does not mean that neither of the activities should be neglected. Organizational learning, leveraging the power of diverse markets and sharing knowledge that is valuable, inimitable and non-substitutable are indeed the corner stone of any business’s competitive advantage (Griffith & Lee 2016, Jiménez-Jiménez & Sanz-Valle 2011). Therefore, both activities by themselves are supported by academic research, but multinational companies just have to pay attention how the vast network of information is managed. Naldi and Davidsson (2014) noted that the knowledge management issues on an international scale is a problem especially in larger firms, where processes are stiff and slower.

One solution to solve this problem in large companies is well-built knowledge management systems (KMS). Alavi and Leidner (2001) have examined the difficulties of the internet and IT era and noticed that companies often struggle when raw information or data should be transferred into knowledge, that can only occur in an individual’s mind and always in a personalised way. This is an interesting view point, especially in a multinational environment, where all the knowledge is scattered around the world. Having multiple business regions forces the knowledge to be transferred via technology as data, which includes even a greater risk of confusion and contradicting information mentioned by Griffith and Lee (2016), when trying to leverage the information into knowledge. Therefore, the idea of KMS is to support efficient creation, flow and implementation of knowledge through a dynamic and continuous set of processes (Alavi & Leidner 2001). This includes tacit and explicit knowledge, both on an individual and on a group level as well as in physical structures. In addition, the company has a semantic memory, which means the general information (e.g. annual reports) as well as context related episodic memory. Having all the different levels of knowledge makes it understandable, that managing it all efficiently across borders is a difficult task. But the authors suggest that companies should embrace technology and IT in creative ways to overcome the issue. This is supported by Choi’s study (2010), which found out that IT has a positive impact on knowledge sharing and application. Instead of just having formal explicit information on the database, multinationals should use creative ways to benefit from IT and extend it to go beyond formal knowledge sharing. For example, the smart system can point an employee towards right information by recognising their work-flow and matching it with relevant information or colleagues (Alavi & Leidner 2001). This is especially important, because big multinationals cannot trust knowledge to be transferred during casual coffee breaks. In addition, the systems
had to be on place to ensure that the shared information is also applied, as only application improves the team performance (Choi et al. 2010). On top of technical systems, the team leaders play an important role in knowledge application within the team. Sarin and McDermott’s study (2003) found out that the leaders’ ability to access knowledge bases and capability to integrate it, remarkably enhances the performance of product development teams. It is also important that information acquired in the past do not get lost, but is stored in a way that employees know where it can be retrieved any time. This may prevent replicative work across the business regions and therefore enable efficiency. Finally, like any system, knowledge management systems need to renewed continuously so that it is always up to date with the current reality. (Alavi & Leidner 2001)

This study aimed to help multinational companies by finding factors that contribute the most to the product launch success. As a summary, based on the learnings and findings in this study, multinational companies should ensure well-planned marketing mix strategy, with a special focus on pricing and make adaptations if needed. In addition, in order to benefit from market research gathering activities, companies should make sure that knowledge management systems are put in place, to help different parties leverage the knowledge and to diminish the negative effect of inter-regional cooperation on the benefits of market research.

5.3 Limitations and future research

This study was able to reveal a couple of factors that are crucial for the success of the product launch. However, the research has some limitations that can act as a starting point for possible future research.

Firstly, using a retrospective approach is always prone to memory bias and recall errors. In addition, as the respondents knew the level of success of the launch while filling out the survey, it might be that the launch activities in the successful cases were rated with a better mark, even though this would not have been the reality. Also, there is a risk that teams wanted to make their own performance to “look good”, and consciously or unconsciously, rated their performance in certain activities higher than it was in reality. (Di Benedetto 1999) However, to prevent this from happening, the respondents were informed beforehand, that the responses are strictly confidential, and team or even region based responses will not be separately
examined. In addition, only the most recent product launches were used, in order to diminish the risk of recall errors.

Secondly, a single-case study poses some limitations for the research. While it allows detailed and focused approach on the chosen topics and the collection of in-depth data, the generalisation of the results may be problematic. While the case company represents a rather typical multinational consumer good company, the business cases still differ from each other. Therefore, including multiple companies within the same field into one study, could describe the phenomenon better as a whole.

As mentioned earlier, another limitation in this research was a rather small respondent pool. Managers in the key roles considering the areas of the research did not have as much time as expected to devote to the survey, and therefore, the teams with less knowledge had to be contacted as well in order to gather enough data for analysis. This may have led to bias in the responses, where the average values were preferred due to the lack of better knowledge on some of the topic.

It would be interesting to continue the research by having multiple different brands or companies within the consumer good field included, to see whether it would generate similar results. Including more companies would also enable having only the key people with a full overview of the project involved. Having a bigger and more diverse respondent pool could also shed a light on constructs that did not show significant effects in this study. In addition, a product launch is a complex process including various factors and moderators, which were not included in this study. Therefore, the research could be continued to include more factors considering e.g. cross-functional cooperation or the actions of external parties, such as the major customers. For example, the cooperation between a firm and its major customers have been mentioned to be important to the launch success by Calantone and Di Benedetto (2012). Also including the environmental factors, such as local restrictions or economical state could complement the understanding of the phenomenon.

When it comes to future research, this study also opened an avenue to research the so called human side of the product launch process, which has got less attention in the literature when compared to tangible elements such as pricing or innovativeness of the product (Griffith & Lee 2016). The cooperation between the business regions is inevitable in today’s global
interconnected business environment, so the different ways to organise inter-regional cooperation and cross-border leadership would be interesting topic to dig in. Especially the solutions for efficient knowledge sharing and implementation to benefit from international market information gathering activities could benefit the multinational companies to overcome the challenges related to inter-regional cooperation found in this research.

In addition, the importance of pricing to the product launch success increases the interest towards different pricing practices. While pricing strategies have been under the scope of many researches, the actual best practices when it comes to the process of defining the right pricing strategy have not been studies much (Ingenbleek et al. 2013). Considering the importance of pricing towards the product launch success, this path of research could be beneficial for multiple parties in the future.

To conclude, the product launch process and contributing factors has been and still remains as one of the most interesting areas of research within the new product development literature. The ever-growing internationalisation and the changes in our way of doing business enabled by internet brings continuously new matters to be taken into account in the product launch process. Due to all the moving parts, it is impossible to define one secret recipe to guaranteed success, but this research among others have successfully uncovered some of the key factors, that multinational companies wishing to succeed should address carefully.
References


Appendix 1. The survey

Best Practices of a Global Product Launch

First, thank you for taking your time to participate this survey in order to collect data for my master thesis. The aim of the thesis is to examine the best practices of a product launch. All responses will be held in the strictest confidence.

I would kindly ask you to fill a separate survey for all the mentioned product launches you have worked with. Therefore, same person can fill multiple surveys of different launches. You can also choose product launches outside of the options.

It is important to generate data from both successful and less successful products in order to compare the cases. Should you have any doubts, please do not hesitate to contact me: heidi.narvo@gmail.com.

General

1. Please choose the product of the launch *

2. If other, please specify:
   Please consider only global product launches with sufficient data available at the time of answering.
   
   100 characters remaining

3. Please choose the region of the launch *
   - WE
   - EE
   - LAN
   - LAS
   - IMEA
   - NA
4. Please choose the country of the launch

5. Please choose your function *
   - Marketing
   - Sales
   - Other

6. Was the product launch standard listing or promotion? *
   - Standard listing
   - Promotion

**PRE LAUNCH Activities**

7. Please answer considering only the chosen product launch how well your business unit undertook each of these activities: *

1 = Done poorly, 7 = Done excellently

<table>
<thead>
<tr>
<th>Activity</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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</thead>
<tbody>
<tr>
<td>Did the global team work with country or regional level marketing</td>
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<td>operations in establishing goals and priorities for its strategies?</td>
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<tr>
<td>Did the global team work with country or regional level marketing</td>
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<td>operations in generating and screening ideas for this product?</td>
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<td>During the product development phase, were the local needs or regional</td>
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<td>knowledge of your own business region/country communicated to the</td>
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<td>global/regional team?</td>
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<td>Were the best practices and insights from other launches shared</td>
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<td>between the business regions/countries/global team in order to improve</td>
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<td>this particular product launch performance?</td>
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</table>

8. Please indicate how well your business unit undertook each of these activities: *

1 = Done poorly, 7 = Done excellently

Submitting the products to customers

Executing test marketing programs (e.g. collecting feedback from customers, workshops, testing the product with consumers)

Interpreting the findings of the market testing

Planning and testing the advertising for this product

(1 of 3 pages)

DURING THE LAUNCH Activities

How would you rate the quality of each of the following elements in the launch of this specific product? Please rate the level actually achieved.

9. Advertising & Promotion
1 = Done poorly, 7 = Done excellently

Not used

POs assets (e.g. displays, POS video)

Offline communication assets (e.g. TV, consumer PR, print)

Digital assets (e.g. product website, launch campaign, social media assets, banners)

Sell out promotion (e.g. special packs, discounts)

Consumer Events (e.g. in-store events, road shows)

Sales toolbox (e.g. sell-in .ppt, video, sales folder)

Client events (e.g. trade fairs)

Sell-in promotion (e.g. discounts, customer PR)

Overall quality of advertising and promotion

10. Other Marketing Mix Elements *
1 = Done very poorly, 7 = Done excellently

1 2 3 4 5 6 7

82
Product availability: sufficient inventory available at the
time of the launch
Product availability: sufficient inventory available
continuously
Product distribution: on-time delivery and quick response to
customers
Product distribution: speed of acquiring all relevant
distribution points
Pricing: appropriateness of pricing levels from the external
point of view (customers, consumers)
Launch timing: Relative to our business unit’s goal, the
timing of our launch was on target.
Launch timing: Relative to our direct competition, the
timing of our launch was perfect
Launch timing: From the point of view of our major
customers, the timing of our launch was excellent
Launch timing: In terms of local calendar, the product was
launched at the appropriate time (e.g. holiday seasons)

Centralised or dispersed launch execution?

Please rate the level of agreement considering this specific launch.

11. Please rate the level of agreement considering this specific launch:
1 = Strongly disagree, 7 = Strongly agree

The product packaging master was centrally produced (e.g.
one IDH, one language circle)
Execution of our advertising and promotion varied greatly
from one country market to another (Sell out)
Different techniques for sales promotion were used in
different country markets (Sell in)
Similar channel structure was developed for distributing the
product in different country markets (e.g. secondary
packaging, trade partners, logistics requirements)
The final price varied between countries due to different market environment (e.g. competition, economic wealth of consumers)

(2 of 3 pages)

**POST LAUNCH Activities**

12. Please indicate how well your business unit undertook each of these activities considering this product launch: *
   
   1 = Done poorly, 7 = Done excellently
   
   Studying feedback from customers regarding this product after the launch

**Performance**

New product performance can be measured in a number of ways. Please indicate, from what you know today, how successful this market entry was or has been, using the following criteria.

13. How successful was this market entry from an overall profitability standpoint? *
   
   1 = A great financial failure, far less than our minimum acceptable profitability criteria
   7 = A great financial success, exceeded our minimum acceptable profitability criteria

   Failure ○ ○ ○ ○ ○ ○ ○ Success

14. Success relative to competing product launches *

   1 = Far less than the competing product launches, 7 = Far exceeded the competing product launches
   
   Relative to competing product launches, how successful was this market entry in terms of profits?
   Relative to competing product launches, how successful was this market entry in terms of sales?
Relative to competing product launches, how successful was this market entry in terms of market share?  

(3 of 3 pages)
## Appendix 2. Indicator labels

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>IRC_1</td>
<td>Did the global team work with country or regional level marketing operations in establishing goals and priorities for its strategies?</td>
</tr>
<tr>
<td>IRC_2</td>
<td>Did the global team work with country or regional level marketing operations in generating and screening ideas for this product?</td>
</tr>
<tr>
<td>IRC_3</td>
<td>During the product development phase, were the local needs or regional knowledge of your own business region/country communicated to the global/regional team?</td>
</tr>
<tr>
<td>IRC_4</td>
<td>Were the best practices and insights from other launches shared between the business regions/countries/global team in order to improve this particular product launch performance?</td>
</tr>
<tr>
<td>MGA_1</td>
<td>Submitting the products to customers</td>
</tr>
<tr>
<td>MGA_2</td>
<td>Executing test marketing programs (e.g. collecting feedback from customers, workshops, testing the product with consumers)</td>
</tr>
<tr>
<td>MGA_3</td>
<td>Interpreting the findings of the market testing</td>
</tr>
<tr>
<td>MGA_4</td>
<td>Planning and testing the advertising for this product</td>
</tr>
<tr>
<td>MGA_5</td>
<td>Studying feedback from customers regarding this product after the launch</td>
</tr>
<tr>
<td>MMX_1</td>
<td>Overall quality of advertising and promotion</td>
</tr>
<tr>
<td>MMX_2</td>
<td>Product availability: sufficient inventory available at the time of the launch</td>
</tr>
<tr>
<td>MMX_3</td>
<td>Product availability: sufficient inventory available continuously</td>
</tr>
<tr>
<td>MMX_4</td>
<td>Product distribution: on-time delivery and quick response to customers</td>
</tr>
<tr>
<td>MMX_5</td>
<td>Product distribution: speed of acquiring all relevant distribution points</td>
</tr>
<tr>
<td>MMX_6</td>
<td>Pricing: appropriateness of pricing levels from the external point of view (customers, consumers)</td>
</tr>
<tr>
<td>TMG_1</td>
<td>Launch timing: Relative to our business unit’s goal, the timing of our launch was on target.</td>
</tr>
<tr>
<td>TMG_2</td>
<td>Launch timing: Relative to our direct competition, the timing of our launch was perfect</td>
</tr>
<tr>
<td>TMG_3</td>
<td>Launch timing: From the point of view of our major customers, the timing of our launch was excellent</td>
</tr>
<tr>
<td>TMG_4</td>
<td>Launch timing: In terms of local calendar, the product was launched at the appropriate time (e.g. holiday seasons)</td>
</tr>
<tr>
<td>LLO_1</td>
<td>The product packaging master was centrally produced (e.g. one IDH, one language circle)</td>
</tr>
<tr>
<td>LLO_2</td>
<td>Execution of our advertising and promotion varied greatly from one country market to another (Sell out)</td>
</tr>
<tr>
<td>LLO_3</td>
<td>Different techniques for sales promotion were used in different country markets (Sell in)</td>
</tr>
<tr>
<td>LLO_4</td>
<td>Similar channel structure was developed for distributing the product in different country markets (e.g. secondary packaging, trade partners, logistics requirements)</td>
</tr>
<tr>
<td>LLO_5</td>
<td>The final price varied between countries due to different market environment (e.g. competition, economic wealth of consumers)</td>
</tr>
<tr>
<td>PRF_1</td>
<td>How successful was this market entry from an overall profitability standpoint?</td>
</tr>
<tr>
<td>PRF_2</td>
<td>Relative to competing product launches, how successful was this market entry in terms of profits?</td>
</tr>
<tr>
<td>PRF_3</td>
<td>Relative to competing product launches, how successful was this market entry in terms of sales?</td>
</tr>
<tr>
<td>PRF_4</td>
<td>Relative to competing product launches, how successful was this market entry in terms of market share?</td>
</tr>
</tbody>
</table>
Appendix 3. Path model in SmartPLS