

Product Launch Plan for 3aS Partners

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<p>The product launch is a process that converts an idea on paper to the mainstream markets.</p> <p>Subscription businesses have become one of the most potential business models in the past five years. Products and services, like public transportation, hair cutting services and shaving razors that have traditionally been offered with one-off payments are now turning to the subscription model to secure easily predictable revenue.</p> <p>The objective of this product-based thesis is to create a product launch plan for a subscription service developed by a Finnish startup founded in 2018, named 3aS Partners. A majority of the work was done during the autumn of 2018. The thesis is divided into three general topics: benchmarking, market segmentation and product launch. 3aS Partners will implement the launch plan created in this thesis at a later time.</p> <p>The first chapter will discuss the background of the thesis. The project objective and tasks are explained in a detailed manner with the goal of making the reader understand the purpose behind why this thesis was written.</p> <p>The theoretical framework is located in the second chapter. The chapter starts with a detailed explanation of benchmarking and market segmentation processes. However, a majority of the time is spent on the discussion and analysis of three product launch concepts: the Stage-Gate Model, the Lean Startup and the DEFT process.</p> <p>The third chapter discusses the rationale of the decisions that are made in the end product. Of the three product launches that are covered in the theoretical framework, the lean start model was concluded to be the most fitting one because of the limited resources of the commissioning company.</p> <p>The final product of this thesis is a product launch plan leaflet customized for 3aS Partners. It shows and discusses the product launch processes of ClassPass, Whim & MaaS Global and Apple Inc. The most potential customer segment is decided on to focus initial marketing efforts. The final product also presents a visualized product launch process that 3aS Partners can use in their product launch in Helsinki as well as in the future in markets abroad.</p>	
Keywords Subscription Service, Product Launch, Benchmarking, Market Segmentation	

“Everyone’s got a plan until they get punched in the face.”

Mike Tyson

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1 Defining the Thesis Topic in Detail

The purpose of the first chapter is to ensure that the thesis topic is clearly defined and valuable for the company. The project objective and project tasks are created to establish a general direction for the thesis. Assessing the risks is another discussion topic.

1.1 Background

The economy and markets have been changing and will change rapidly in the future. People are moving away from ownership. This shift in ownership gives subscription services immense potential, because a consumer, can have the perks of ownership without owning anything. Product launches have been part of markets for a long time, but what makes launching a subscription service different from a physical product? That is the question this thesis wants to answer. Since the subscription service industry is somewhat new, this thesis will be discussing a topic that has not been researched in depth extensively.

The implementation of the product launch will not be part of this thesis. If the company launched a product without having a clear plan in mind, the launch would not succeed. The company will receive an excellent framework from this thesis to build and implement their product launch when the time for it arrives.

Products will always be launched. The knowledge acquired from this topic can be used with any product launch even though the in-depth analysis will be on subscription services.

1.2 Project Objective and Project Tasks

The project objective of this thesis is to **create a product launch plan for a subscription service.**

The project objective is divided into five project tasks (PT), that are as follows:

PT 1. Finding relevant theory and studying how to create a product launch plan.

PT 2. Benchmarking from previous product launches and adapting the most successful elements of those launches.

PT 3. Selecting the most potential customer segment to target.

PT 4. Creating an effective product launch plan.

PT 5. Evaluating the result of the project.

Table 1 below presents the theoretical framework, project management methods and outcomes for each project task.

Table 1. Overlay matrix

Project Task	Theoretical Framework	Project Management Methods	Outcome
PT 1. Finding relevant theory and studying how to create a product launch plan	Product Launch Process, Goals and Actions Before and After the Launch, Benchmarking Concepts, Market Segmentation	Desktop study	Theoretical Knowledge
PT 2. Benchmarking from previous product launches and adapting the most successful elements.	Benchmarking Concepts	Benchmarking	Adapting the most successful processes from at least three previous subscription service product launches.
PT 3. Selecting the most potential customer segment to target.	Market Segmentation	Public data	A customer demographic that the company should try to reach in their product launch
PT 4. Creating an effective product launch plan.	Product Launch Process, Goals and Actions Before and After the Launch, Benchmarking Concepts, Market Segmentation	Learning from results of previous PTs	A Product Launch Plan
PT 5. Evaluating the result of the project.		Reviewing the final product and the process.	

1.3 Scope

This thesis will be focusing on the strategic aspect of a product launch. The work will not focus on specific marketing campaign suggestions. Since the product will not be launched during 2018, the implementation of the plan will be the company's responsibility. In this project, I will look at some product launch campaigns in general, but a heavier emphasis will on subscription applications and services. The main reason is that launching a subscription service is very different compared to physical consumer products. The market segmentation will try to select the most potential customer demographic based on public information. Primary research will not be conducted.

1.4 International Aspect

The product launch campaign will be designed for the Helsinki market. However, the commissioning company hopes that the launch plan created in this will have great use for them if they ever enter international markets. The market segmentation decisions are made based on studies that were conducted in the US and UK.

1.5 Benefits

The commissioning company will benefit from this thesis by receiving a framework to implement their product launch. This kind of product launch plan must be done in the company at some point; thus, the work done during the thesis process benefits the company drastically. This thesis also gives the company's investors a general idea of how the company will enter a market when it is time for that.

While researching Theseus, I found that there is very little research or projects done on this topic, even though subscription services have been popular for some years primarily on the business to consumer markets.

1.6 Key Concepts

The most important concepts that will be discussed in this thesis are subscriptions, product launch, benchmarking, market segmentation and customer lifetime value. The goal of this subchapter is that the reader has a better knowledge of the key concepts covered in this thesis.

A subscription business model is a model in which the customer pays for a product or a service in recurring intervals, for example, once a month or once a year (Reviso 2017). An excellent example of a subscription service is the movie database, Netflix.

When a company decides to launch a new product into the market, it is called a **product launch**. Often, a product launch is done with new products but can be executed with products that exist in the market already. (MBASchool 2018.)

Benchmarking is a performance improvement process where a company identifies, understands and adapts the outstanding practices of other organizations (Niva & Tuominen 2011, 5).

Market segmentation is the identification of clear segments within a market or a population, assessment of each segment's potential and selection of the segments to be targeted (Schiffman, Kanuk & Wisensplit 2010, 70).

Customer Lifetime Value measures how valuable a customer is for the company over the entire lifetime of the relationship (Marr 2016, 168).

1.7 Case Company

The case company, 3aS Partners, is a technology startup founded in 2018. I am a co-founder of the commissioning company. 3aS Partners will bring an entirely new concept to the market. In its most basic form, the service is a mobile membership where the customer receives tickets in exchange for the membership fee. These tickets will work as a payment method in different service providers. The service providers can range from bowling and tennis all the way to museums and music concerts. (3aS Partners 2018.) The current goal for the service to be launched is in November 2019.

2 Product Launch Planning Concepts

In the first chapter, the background of this thesis was created, and the key concepts were explained more thoroughly. In this chapter, the theoretical framework is discussed. The goal is to have a better understanding of what theories and guidelines need to be learned to fulfill the project objective. In figure 1 below, the theoretical framework is visualized to help the reader better understand the framework discussed in this thesis. Before different product launch processes are explained, benchmarking and market segmentation concepts are covered.

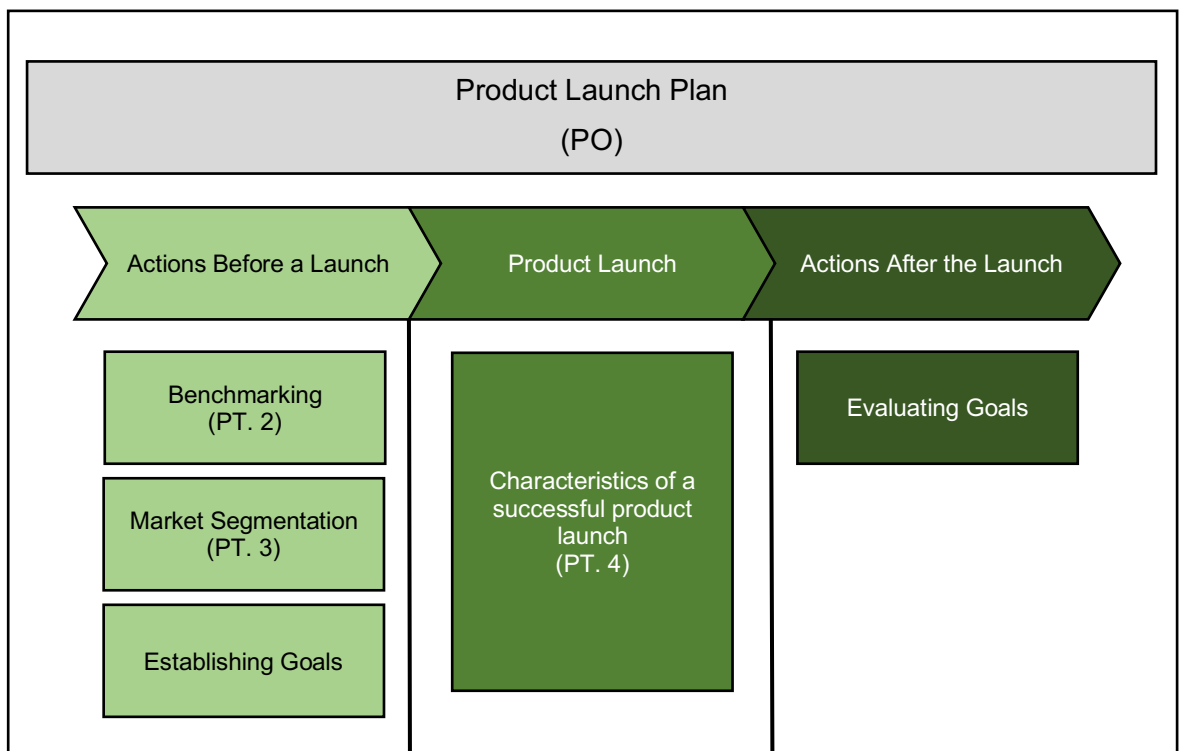


Figure 1. Theoretical framework visualization

2.1 Benchmarking Concepts

Benchmarking can be divided into four different categories: strategic, product, process and competence benchmarking. Before discussing those categories more in-depth, the reader needs to understand what groups can be benchmarked. The general understanding is that benchmarking is done only to competitors' processes, when in fact a benchmarking partner can be internal, competitive, industry or general.

Each partner has its advantage and disadvantage. Internal benchmarking is the suggested route for a company to start their benchmarking activities. Learning the best practices from other departments or units within the company is cost-effective, and all the in-

formation is reliable. The disadvantage is that a company will not learn to do things differently or have any drastic changes in their processes, rather the efficiency can be improved. Retrieving data from competitors may have great benefits for a company. However, a competitor rarely is the best possible partner to benchmark since companies want to benchmark superior companies to learn the most. Industry benchmarking should be easier than benchmarking competitors. An industry partner could be a company in the same industry but in a different country. Acquiring information should not be a problem since it does not hurt either of the companies. The last type is generic benchmarking. A benefit of benchmarking from any company that is not in the same industry as you are is that the company learns to do things differently. Real breakthroughs usually come from outside the company's industry. (Niva & Tuominen 2011, 11-17.) Now that we know whom companies can benchmark, in the following chapter, I will go over what practices a company can benchmark.

2.1.1 Strategic Benchmarking

The goal of a company's managers and executives is to drive the company's value higher by developing new business management processes. Companies need a great benchmarking system to ensure that the strategy is executed efficiently, and the identification of necessary changes are noticed fast. Having a good system in place also ensures that activities that lower the company's value are recognized. Everything ranging from management quality to corporate culture can be considered strategic benchmarking. Especially learning from industry leaders and how they implement their strategy can bring new practices to light that improve the current processes of the company. (Dunne, Mard, Osborne, Rigby 2004, 1.)

One of the most important aspects of strategic benchmarking is pricing. Benchmarking pricing is especially relevant when selling services. Physical products have a rather straightforward pricing method. In its simplest form, the price of a product is the manufacturing cost plus other expenses and the profit the company wants to receive. When pricing services the method is not as simple. There are of course fixed costs that a company needs to cover, but the keyword in service pricing is value added. How much value can the company add to customers determines the pricing of their service. This added value is where strategic benchmarking steps in. In pricing, everything always starts with identifying customers' value demands. Customers will have different expectations for the same services. When benchmarking, the company must recognize their competitors' pricing strategy and what is their goal; is it to acquire new customers quickly or get the profit per customer as high as possible. The goal is to find out what value is a customer paying for when they choose a competitors' service. (Trento 2016.)

2.1.2 Product, Process and Competence Benchmarking

Measuring the performance of other products in the market is a crucial part of the benchmarking process. The significance of product benchmarking is very dependent on how important performance superiority is for the company. If the company wants to enter the market price first, the importance of a good product benchmarking process drops. Technical innovations do not have to come from the company's industry. A great example is the typewriter. Remington, the company which created the first typewriter, got the idea from a piano keyboard. (Niva & Tuominen 2011, 13.)

Process benchmarking should be conducted at all times. Identifying a company's own and competitors' strengths and weaknesses in their processes. Once those are identified the company should take appropriate actions to eliminate the weaknesses while maintaining the strengths. If this can be achieved the company can receive a competitive edge over their competitors. (Delpachitra 2008.)

Competence benchmarking is required if the competitors are performing better even though there are no substantial differences in strategy, the product or processes. The company must start looking at their employees and management to see if they are skilled enough to compete with the industry standard. The sales process is a good example. A sales process is one of the most critical aspects of any business because without sales a company will not create revenue. If the competitors have an equal product to sell, it must mean that the competitor's sales skills are superior. They are able to sell it more effectively and at a better price. The company is going to have to improve the competence of their salespeople. This assessment of employees is how competence benchmarking is executed. (Niva & Tuominen 2011, 15.)

2.2 The Segmentation Process

One of the most critical parts of any product launch and marketing, in general, is knowing your customers. A product that can be sold to every single person in the world does not exist. This is where market segmentation steps in. Burk Wood (2017, 70) states that market segmentation helps companies decide which customers should be given priority in the marketing actions. Consumers inside each segment have something in common. For example, they may be looking for the same benefits from the product or service.

The complexity of the segmentation process is very dependent on the company. It can vary based on the company's product, requirements, goals, and challenges. Companies that can collect more data can segment their customers in a more detailed manner. If a

company can segment their market outside of the traditional segmenting factors (geographical, demographic, et cetera.) they can use their segmentation in a predictive way. Analyzing past behaviors gives companies a possibility to gain insight on how customers will respond to certain messages or offers. (Gallagher & Zoratti, 2012, 92-98.)

In order to get most out of market segmentation, it is beneficial to follow a rather straightforward process. This process will be discussed more thoroughly in the following subchapters.

2.2.1 Market Segmentation

Every successful market segmentation starts with choosing the correct market for the product or service. Having only a few markets that a company will investigate more thoroughly will save time and other resources. When choosing the markets, the focus should be on the macro level. Are there any legal, political, competitive or social barriers, is the market's economy in a state where people can afford to buy the products or are there some ethical controversies going on right now. These are all questions that need to be answered before any segmentation is done. Once the most potential markets have been chosen the process can move to apply segmentation variables that will be discussed in upcoming paragraphs. (Burk Wood 2017, 72.)

Budeva and Mullen (2014) however argue that choosing one or two specific markets to segment might not be the best option. Since the world is becoming more and more interlocked with each other, different countries that on the surface might seem very different, share many similarities. After finding the most potential market segment in the chosen market, the company might miss out on a very potential segment in another market just because that market was ruled out earlier in the process. Even though choosing the right market will help to allocate the resources, companies must never completely shut out other markets.

Most customer characteristics are easy to recognize and apply. More critical; thus more insightful and useful approaches are behavior- and product related. These approaches are more challenging. The easiest variable to apply is geographic. This is done by just dividing the market into more detailed geographic segments, for example by postcode. One thing to remember is that very rarely is buying motivated by only one factor. Applying factors like consumption patterns and purchase occasion are measurable and analyzable. Knowing how and why customers decide or do not decide to use a company's product will help to discover the needs and wants of customers. Most of the variables that a company

has in their use during market segmentation are listed in table 2 below. (Burk Wood 2017, 73-74.)

Table 2. Consumer Market Segmentation Variables. (adapted from Burk Wood 2017, 74)

Customer Demographics. Asks: Who purchases what?	
Socioeconomic <ul style="list-style-type: none"> • Income • Class • Vocation • Education • Religion • Ethnicity 	Demographic <ul style="list-style-type: none"> • Age • Family Size • Marital Status • Gender
Lifestyle/personality <ul style="list-style-type: none"> • Attitudes • Interests • Avocations • Tastes and preferences 	Geographic <ul style="list-style-type: none"> • Global, national, state, city, postal code • Climate • Rural vs. Urban
Product Related Approaches: Asks: Why do they purchase?	
User Types <ul style="list-style-type: none"> • Regular • Frequent • Non-User • First-Time • Potential 	Price Sensitivity <ul style="list-style-type: none"> • Low-Cost orientation • Higher-cost quality/differentiation focus
Purchase and consumption patterns <ul style="list-style-type: none"> • Purchase occasion • Buying a situation • Low, medium, high consumption • Application • Purchaser vs end user 	Perceived benefits <ul style="list-style-type: none"> • Performance • Quality • Image enhancement • Service
Brand loyalty <ul style="list-style-type: none"> • Loyal/Satisfied • Experimenters • Unsatisfied/defectors • Unaware 	Media exposure and usage <ul style="list-style-type: none"> • Preferred media • Multiple media usage • A device used for media access • Time, day, occasion

One variable that I would like to raise separately from the list is gender. It is evident that men and women have differences, and this has been the focus of many marketing campaigns, some successful, some not so much. The markets are changing; women are more and more part of the workforce and cultures are shifting towards being more feminine. Companies need to understand that no matter what the product or service is, needs always come first and gender second. For example, if a company chooses to market only to

women or men, it is doubtful that they will succeed. Getting the basics of market segmentation in order is crucial before immediately trying split the target market in half. (Darroch 2014, 197-204.)

Before the segmentation process can continue, the company needs to evaluate each segment according to its attractiveness. At this stage, the company compares how the segment matches to the company's strengths and mission. The goal is to be active in segments where the match is strongest. Once the best matches have been sorted out, the segments that have the least profit potential, toughest competition or other difficulties need to be forgotten. The remaining segments can be priority ranked based on research and additional analysis. The analysis can be done in a way that the company sees best. A good example is to assign weights to each category in a segment and score them accordingly. The top priority segment should be the one with the highest score. One criterion that has been extremely popular in the past few years is Customer Lifetime Value. If companies focus their marketing activities to segments that have significantly higher Customer Lifetime Value, the long-term revenue will increase drastically. To conclude, market segmentation is all about knowledge. Knowing who to reach is crucial before knowing how to reach them. (Burk Wood 2017, 78.)

2.2.2 Targeting

Once the most potential customer segments have been selected, the targeting decisions need to be considered. In this stage, the company needs to decide how are they going to approach the segments and how they are going to take advantage of the results from the market segmentation. The targeting activities can be divided into four categories: undifferentiated targeting, differentiated targeting, concentrated targeting, and individualized targeting. (Burk Wood 2017, 79-82.)

Undifferentiated targeting means that the company will target each segment in the market with the same strategy. Differences within the market are not counted for, and the response to the marketing efforts is precisely the same across the entire market. The benefit of this activity is that costs are low. However, very rarely a market is so homogeneous that it makes sense for a company to implement this strategy. (Burk Wood 2017, 83.)

Differentiated targeting means that a company targets two or more segments in the market with different strategies. The goal is to get a different response from each segment. Compared to undifferentiated targeting, the customer gets a lot more individualized experience and will feel that their specific needs are being addressed. With this strategy, the

company can compete more effectively as well. Having two or more strategies will naturally raise targeting and marketing costs. (Burk Wood 2017, 83.)

In concentrated targeting, the company will target one specific segment in the market. The most significant benefit of this strategy is that the company can compete effectively because all resources are focused on one specific market segment. The downside is that the company becomes heavily reliant on that one segment. The vulnerability is very high if new competition will try to reach that same segment. (Burk Wood 2017, 83.)

The fourth strategy is to target the market in an extremely individualized way. This strategy is challenging to implement in the consumer markets. Mass customization is one of the only options to implement if the company chooses to go with this strategy. It requires that the company's technology is up to par and they can produce a product or provide a service which is entirely individualized. This strategy is beneficial if the company decides to target a segment that is already under very tough competition. Individualized targeting might be the only way to reach customers because competing with price is difficult or even impossible. (Burk Wood 2017, 83.)

When choosing a targeting strategy, the current situation in the company and market need to be evaluated. First, the company must realize how much and what resources are available for their use. The logical choice is to go with concentrated targeting if the company has limited resources. Next step is to understand what the different needs inside a market are. A rough example would be that working-class consumers very likely have different needs than retired consumers. The last situation to evaluate is the competition. The company should strive to have a different targeting strategy than the competitors. If a specific market segment is under heavy competition, it does not mean that it is impossible to reach that segment. The company needs to find a way to differentiate themselves. (Camilieri 2017, 78-80) Now that the company knows whom they are going to target and how the next step is positioning to a spot where those chosen segments remember your message.

2.2.3 Positioning

Burk Wood (2017, 83) states that positioning is all about research. How do the targeted customers view your product or service, what are the attributes that they value the most and how is your competition viewed within that segment? A marketing plan is created based on the data gathered from the previous steps of the segmentation process. Maybe the most important aspect of positioning is differentiation. Position choices that the com-

pany makes must be relevant and believable. There are five main differentiation opportunities for companies: quality, service, image, personnel, and value. Differentiation is the driving force behind every marketing plan. Every company needs to be prepared to reposition within markets. Customer's needs and desires change all the time and companies must keep up to stay relevant.

Like in any business process, the strategy that a company uses is crucial. Fuchs (2010) defined the success of positioning strategies into a few different aspects: brand favourability and differentiation for branding-heavy strategies, and product- and socioeconomic for product-focused strategies. He found that if companies can position themselves in the market based on customer benefits and not features, they are very likely to be more successful. He also found that no single strategy will outperform the other ones in all aspects.

2.3 Product Launch Processes

Theories related to a product launch have the most crucial role in the planning process. Research on the topic revealed that there is much information available in books and articles concerning product launches, but very few of them are directed explicitly towards subscription services. Before focusing solely on subscription services and how they differ from "normal" product launches I will cover three product launch theories, discuss their strengths and weaknesses and compare them to each other.

Most successful product launches have had some playbook to follow and goals to reach. On the other hand, launches that have not been following any process have a higher chance of failure. This failure proves the importance of having a clear product launch process to follow. (Cooper & Edgett 2012.) The dominant theme in all the resources that I found was that there is no single correct way to implement a product launch, but there is a general process or mindset that is beneficial for a company to follow. The importance of proper hands-on testing or extensive market research is empathized in most versions of product launch plans.

2.3.1 The Stage-Gate Model

The first product launch theory that I will be discussing is the Stage-Gate model. This process, to a certain extent, can be considered an industry benchmark. Robert G. Cooper created the Stage-Gate model in 1988, and it is still widely used to develop and launch new products. For example, more than 80% of companies in North America have used some variation of the model. New versions and adoptions have risen over the years of its existence but the core values and processes, which I will be focusing on, have stayed just

about the same. The process was designed with speed and execution in mind. (Edgett 2018.)

In its core, the Stage-Gate model is a value-creating process to turn companies' product ideas into successes quickly and profitably. The process' central belief is that product innovation starts with ideas and ends when the product has been launched to the market. In Figure 2 below, a typical Stage-Gate launch process is visualized. It can be divided into five stages and gates. (Edgett 2018.) The figure will be discussed more in-depth in the following paragraphs.

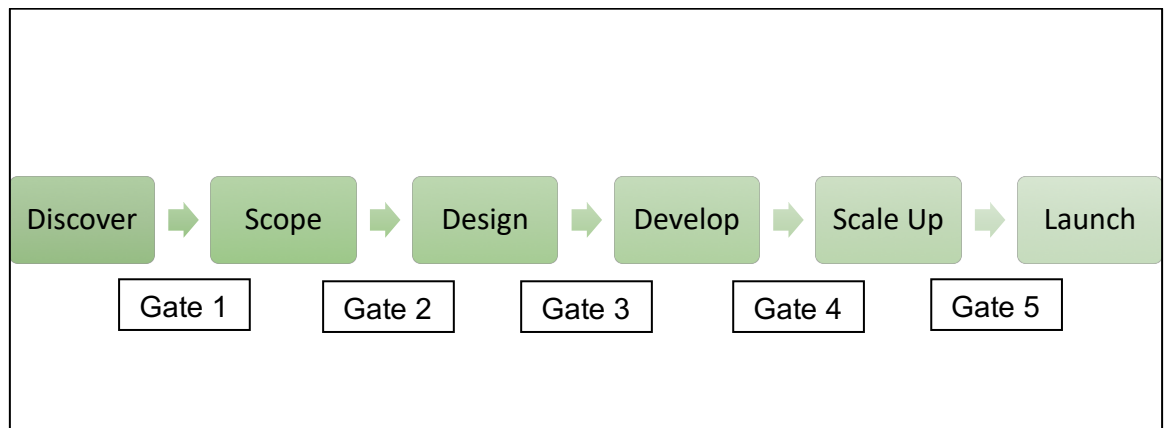


Figure 2. A Typical Stage-Gate Process (adapted from Edgett 2018)

Every product launch process should start with the selection of a project leader. The leader is in charge of driving the project through each stage and gate. The activities in each stage vary but the general goal for each stage is to lower uncertainty and risk. When companies go deeper into the process, the costs and the importance of relevant information rises. As it was mentioned before, the State-Gate process has five stages in addition to a very extensive idea stage. The results of each stage are run through a decision meeting, a so-called gate, where ideas are narrowed down. The process starts with the discovery stage, where different business opportunities are noticed, and new ideas are generated. The first concrete stage is to scope those ideas. The goal of this stage is not to do an in-depth investigation into the ideas, instead to quickly scope through them. During the design stage, the ideas are investigated more thoroughly. Primary research is conducted to create a business case that defines the product and the project. The third stage is development. This stage is done only with the product that will be launched. The final detailed design of the new product and a full-scale production process design are created. Once everyone is on the same page in terms what product is going to be launched, the process moves to the scale up-stage. Tests and trials are a crucial part of this stage; finding bugs and manufacturing malfunctions will lower the uncertainty for the actual launch.

The length of this stage is very dependent on the complexity of the product. While the testing is happening, the company needs to create a marketing and branding plan for the product. The fifth and final stage is the actual launch. All operations are initiated at full scale and sales can begin. (Edgett 2018.) Now that the stages are covered, the discussion will move to the other half of this concept, the gates.

Before each stage, the project runs through a gate. At each gate, the company decides to invest more resources into the product or quit the process entirely. Each gate has a different purpose but the same three possible results for the ideas: approval of the project plan and resources, evaluating business rationale and ensuring the quality of execution. The gates get tougher later into the process. Even though all the gates have different purposes, they are structured in somewhat similarly. At each gate, the project leader and team members provide the decision-making unit, good quality results from the previous stage. Every product suggestion from the previous stage is measured on a scorecard.

The scorecard should have at least these six proven categories:

- Strategic Fit
- Product and Competitive Advantage
- Market Attractiveness
- Technically Feasible (Doable with company resources)
- Synergies/Core Competencies
- Financial Reward/Risk

Based on the scorecards the company decides on what product will the resources be focused on. Once the decision has been made the company can start establishing design and marketing plans. If all plans are finished and the team has gone through all the stages and gates, the product can be launched. (Edgett 2018.)

The Stage-Gate model has been criticized for being too linear to be successful in current consumer markets. A process where all the dates and actions are planned limits the company's ability to change and innovate freely. This forces companies to have a plan from start to finish, even though knowing the consequences of a decision is impossible to predict accurately beforehand. The result might be that the process is counterproductive for innovation. The State-Gate model is a valid process to follow for the rough planning of a product launch. (Putz 2018.)

In my opinion, the Stage-Gate model and launch process is a good blueprint for a product launch for larger enterprises or capital-heavy startups. The focus on efficiency and having clear time goals can make the planning process super effective, but the risk of completing tasks in a hurry rises substantially. The process does not have a clear area of focus thus

every stage seems to be equally important. I do not entirely agree with the fact that research or testing do not have a heavier emphasis. Another criticism for this process is that there is no mentioning of any actions after the product launch. Do you set goals for the launch itself and how do you react to unexpected results or market conditions? These are only a few of the unanswered questions that popped into my head when researching the Stage-Gate model.

2.3.2 The Lean Startup Model

The lean startup is a product launch model directed, as the name states, towards startups. The model was developed by Eric Reis, an entrepreneur, and bestselling New York Times author. The model puts innovation and learning to the center of product launches. A company that implements lean startup methods does not focus on creating elaborate business plans or making assumptions about a market that they have no idea about. All business processes in a company should be focused on testing, adapting and adjusting. The lean startup model is divided into three parts which will be discussed more in-depth in later paragraphs: vision, steer and accelerate. The goal of the lean startup is to figure out the right product to build for the right people. (Reis 2011, 5-20.) Because of the startup nature of the commissioning company, this product launch mindset could have significant potential. The lean startup model does not specifically create a set of steps to launch a product; rather the focus is on building a culture within the company.

Before discussing more about the process, it is beneficial to understand why a majority of startups fail. A major flaw that a lot of starting companies have is that they create an elaborate business plan and conduct thorough expensive market research. These in traditional management are considered sure signs of success and sound business processes. For startups, these actions do not work because of high uncertainty. In some cases, startups do not even know who their customers are when the product or service is being developed. The only way that extensive planning works is if the company has been steadily operating for a long time thus the level of uncertainty is so low that decisions can be based on assumptions. (Reis 2011, 9-11.)

The first part of the lean startup model is the vision. The goal is to create a vision for the company, not for the product. Too many times companies, especially startups, build beautiful products perfectly on time and budget that nobody wants. To stay away from wasting resources, companies need to be able to learn from customers. However, learning is the oldest excuse for failure. The key to success is not learning; it is validated learning. Validated learning means that a company can prove their learning and make confident decisions based on it. With the lean startup model, it is essential that a company understands

what actions add value for the customers. Ideally, a company is capable of creating processes that bring value to customers and stay away from the ones that do not. Recognizing the processes that do not bring value to the customer can only be achieved through experimenting. In order to achieve the best possible results from experiments, the service or product should be split into smaller components. Testing should start with creating a hypothesis and an expected result around that component and test it with real-world customers. It is vital that customers get their hands on the service or the component because it is far better to learn from feedback than hypotheticals of market research. There are two major assumptions that the experimentation should answer: value hypothesis and growth hypothesis. The value hypothesis tests if customers get any value from the product. The growth hypothesis tests how customers are discovering the product. In the lean startup model, an experiment is the first product of a company. Before taking any actions further into product development the company should know if consumers are aware of the problem you are trying to solve and if there was a solution for it, would they pay for it. (Reis 2011, 15-56.)

The goal of the first part is to understand the importance of validated learning. The second part of the lean startup model is to steer. At this part, the company starts to steer itself towards something that the customers want instead of something that the company thinks that the customers want. That steering starts with the feedback that is discovered from experiments of the previous stage. For startups, learning from, and adapting according to, the feedback is far more important than dollar signs or social media followers. This learning can be utilized through a process named Build-Measure-Learn (BML) feedback loop which is in the center of the entire lean startup model. The loop is visualized in figure three below and is discussed more in detail in the following paragraphs. (Reis 2011, 75-76)

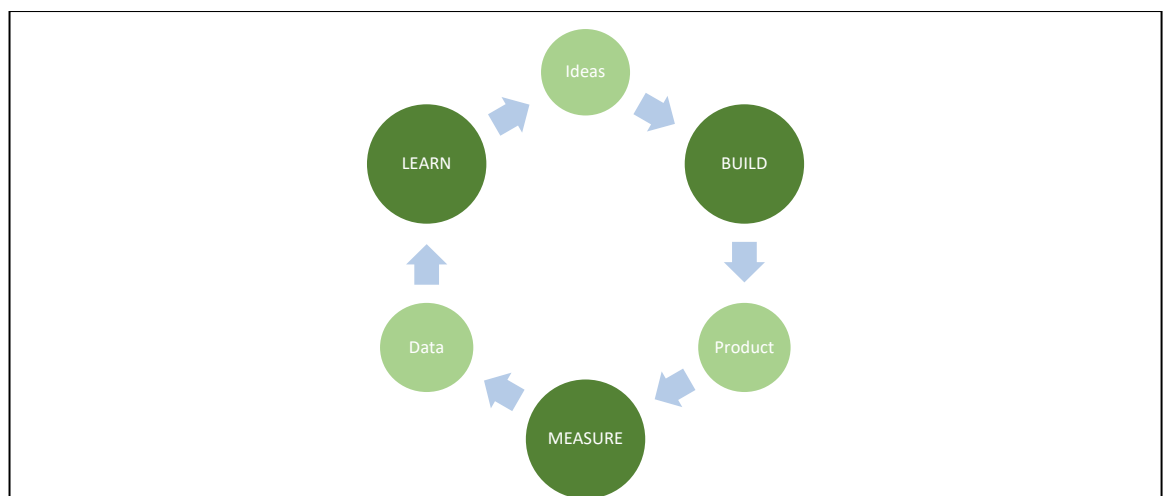


Figure 3. Build-Measure-Learn Loop (adapted from Reis 2011, 75)

As might be recognized, the lean startup model tries to move away from traditional strategic thinking. The problem with strategies is that they are mostly based on unproven assumptions which are not ideal for startups. For the BML loop to work at its best, employees need to get out of the building and find the answer for the two assumptions mentioned above: value and growth. The purpose of the early research is not to get definitive answers but instead get an initial feeling from the market. A way to help companies measure their customers and go through the BML loop as quickly as possible, a minimum viable product (MVP) needs to be created. An MVP is a bare-bones version of the intended service or product. It does not focus on any added features and it is used to gather feedback from the customers. In the case of a software company, if the only feedback that you get from your MVP is that the product crashes all the time or is laggy, it is a sign that you are onto something valuable. However, if the feedback gathered concludes that the service is not bringing value for the customer, the company needs to know why that is the case and change the service according to the feedback. An MVP can also be a simple video explaining the purpose of the service or product. Using an MVP also helps the company and its workers to have a mindset of constantly launching and trying to innovate new products, and not giving up on the first sign of trouble. For the measuring part to be successful, a company needs good actionable metrics. To achieve actionable metrics, they need to be behavior related and not just purely revenue or profit. An excellent way to quickly measure the success of new features is to use a method where a different version of the service is offered to different customers. This method is called split-testing and it gives companies a way to measure the effectiveness of new features. It also must be realized that an MVP is directed towards those early adopters that are willing to invest time and effort to improve the service. Once the service or product is successful with the early adopters, the company should start trying to reach mainstream consumers. Getting stuck in an endless analysis and testing loop with the goal of creating a “perfect” product must be avoided at all costs. (Reis 2011, 76-148.)

After every BML loop, the company needs to ask one critical question: is a pivot in place or do we persevere? Every action that the company takes, lead to a rather simple decision, are we making enough progress to keep on focusing resources to the current plan. Some signs that a pivot might be necessary for a company are lowered effectiveness of experiments and slowing down of product development in general. To make pivots easier, you have to be ready for them and the product or service has to be built in a way that pivoting does not throw away tons of hard work and resources. In order for a company to execute a pivot, they need to have a clear plan of the future. Every company stakeholder or even outsiders in some cases need to be heard before the pivot decision. The great thing about pivoting is that the company is getting closer and closer to having an answer to

those value and growth assumptions. There are multiple ways a company can pivot to find a better market fit; those options and explanations are visible in table three below. (Reis 2011, 145-173.)

Table 3. Pivot Options for companies. (Reis 2011, 172-174.)

What?	How?
Zoom-in Pivot	Turning a single feature into the entire product.
Zoom-out Pivot	Turning the entire product into only one of the features of a greater product.
Customer Segment Pivot	The company realizes that they are building a product for a wrong customer segment.
Customer Need Pivot	Discovering a new problem with customers that will be solved with a new product.
Platform Pivot	Going from a single mobile application to an entire platform or vice versa.
Business Architecture Pivot	Changing the company's business model from high volume, low margin to low volume, high margin or vice versa.
Technology Pivot	Sometimes a company can discover a way to achieve the same result with another technology.

If a company decides to persevere instead of pivoting, they can move to the third part of the lean startup model, accelerate. A perseverance decision should not be made until the company has successfully tested the concept with an MVP, used actionable metrics for measuring and has adjusted according to the results of the measurements. With the two previous steps in this model there has been no hurry to get to the market, the emphasis has been on taking time to find the correct solution for customers. The acceleration step changes that completely. The company must understand what their engine of growth is, to achieve acceleration. What are the mechanics that enable sustainable growth to your company? Marketing campaigns that create a spike in revenue might jumpstart your growth, but it is not a sustainable way to keep growing unless it is paid for by revenue instead of outside investments. Word of mouth marketing has taken a bigger role year after year. Anyone can review every company and product and consumers pay attention to those reviews a lot more. Acquiring customers through recommendations and word of mouth are one of the most common sources of sustainable growth. As was mentioned earlier, this part of the lean startup model is all about speed. However, that does not mean

that once you have started to accelerate and gain mainstream consumer interest, the company does not need to change or adapt anymore. Creating processes like employee training right from the start enable the company to adjust to changes from within and outside. (Reis 2011, 184-253.)

One of the biggest criticisms about the lean startup is in the use of minimum viable products. An MVP if executed poorly can cause some severe brand damage, especially if it becomes more popular than expected. The competition also plays a huge role in the success of an MVP. If the market is already under heavy competition and a startup releases a new product that offers something slightly better, but it does not work nearly as well, the consumers will stay with your competition. This means that if a company decides to use an MVP to launch their product, it is good practice to let the early adopters know that they are beta testing and bugs are to be expected. (Fishkin 2018.) Peter Thiel, the co-founder of PayPal, is one of the most vocal critics of the lean startup model. He has criticized the model's short-term oriented view and an extensive emphasis on pivots. Thiel also stated that the lean startup model makes entrepreneurs look for a quick validation and it often leads to companies bailing out too soon. Markets and customers need time to change and get used to products, only with confidence in your product or service can the company wait for a change. (Mitra 2015.)

The lean startup model will work as a great blueprint to launch products for many startups that are working with minimal capital. I am an advocate of finding a market fit through testing and talking to customers, so the lean startup model falls nicely into that way of thinking. Not tying yourself to that one "perfect" idea will prevent companies from suffering significant losses. Although this model has the mentality of losing as little as possible instead of winning big, which might not work in all situations, in this ultra-competitive market that we are in currently, it might be the best approach. I am skeptical of how this model will work with entirely new concepts that need to be explained to customers from scratch. The model does not discuss different ways that are beneficial for acquiring those all-important first adopters. This could be dangerous since the creator of the model encourages a pivot or termination already if the company has a tough time finding first adopters. In situations like that, maybe the product is something that the customers want, but the company does not know how to message its benefits yet resulting in a pivot and then sometime later another company successfully releases almost precisely the same product that you had in the beginning. Despite its flaws, the lean startup model, if executed correctly, can be a very successful way to launch products.

2.3.3 Document, Evaluate, Focus and Test Process

The first two models that I have been discussing have had the same goal, but it is reached with emphasis on different processes. In the first model, the emphasis was on having clear goals thus improving efficiency while the second model emphasized that the focus should be on testing. The third model has a testing-heavy methodology as well, but the process is executed differently. It is called the Document, Evaluate, Focus and Test process (DEFT), and it was developed by Scott D. Anthony, a managing partner of one of the biggest consulting firms in the world (Anthony 2018).

The first stage in the DEFT process is to document the idea and the goals of the launch, which is something that is forgotten very often in the planning process. The reason why documenting is so important is that it gives the company and its workers a good idea on what is at hand and it gets everyone on the same page about the project. First, the company should evaluate the idea itself. Is the innovation fixing a problem for the customers, how do you solve that problem and how does it translate to profit? To get a detailed answer to those questions the company must look deeper into the customers, stakeholders, and team. Widely used tools like the *business model canvas* and *business plan* can be of great use to help with the documentation. A common pothole in this stage is to focus on either the beginning or the end solely. In an ideal situation, the focus should be on both. To a certain degree, the company should be able to explain what will happen in the next thirty, sixty and 360 days and when will the company earn its first revenue. It is also good to have that ultimate goal that the company is reaching for while understanding that it could be completely wrong. If you come up with a new innovative idea, it is very tempting to go straight into execution mode. Documenting the idea and the goals are worth the effort and it helps with the future stages of this launch process. (Anthony 2018, 27-44.)

Once the documentation of the idea has been completed, the process can move on to the evaluation stage. The clear goal of this stage is to highlight the uncertainties of the idea. The company should evaluate the idea's market fit more in-depth than are you just solving a problem. Many venture capitalists like to say that they invest in people and not in the idea. This mentality means that the company should also take a more in-depth look into the team behind the idea. Another critical aspect of evaluating the idea is the profits. It is important to recognize any bottlenecks that might prevent the company from reaching its profit goals. (Anthony 2014, 45-50.) Because financial modelling, especially in the era of startups, has such an essential role in the product launch process, I will be discussing it in the next paragraph before moving on to the focus stage.

Thoroughly investigating the idea's financial opportunities has a chance of creating entirely new pricing models or financing schemes. The main takeaway is never to assume too much. It is not beneficial for the company to spend tens or even hundreds of hours of work on financial calculations that assume that the market will behave in a certain way. Then again seed-level start-ups that are looking for financing might think that the financials need to be in order before any investor is going to invest in the company. One tool to help with evaluating financials is called a 4P calculation, short for population, pricing, purchase frequency and penetration. The pre-step in this tool is to determine a goal. How much revenue the company wants to create. The next step is to evaluate the target population as detailed as possible. Once the population has been determined the focus moves to pricing. The pricing can be a very rough estimate at this point. The third P is purchasing frequency. Is it a consumer product bought once a week or an annual membership? The final step is to calculate the required penetration that is needed to achieve the set goals. It is done by multiplying the three P's so far and dividing the revenue goal with the result. If the penetration percentage needed is very high the company needs to evaluate if the pricing is too low or if an entirely new pricing strategy is needed, or are we being too conservative with the market size. This quick tool can give the company a better understanding of what they need to change or take into consideration regarding the idea. The final goal is not to make a decision; it is to be aware of the uncertainties and how those can be addressed. (Anthony 2014, 50-66)

One of the most critical aspects of efficiently going from an idea to the market is to focus on strategic uncertainties that could cause the company to fail. The goal of the focus stage is to recognize the most significant strategic uncertainties and prioritize them. The most common uncertainties that should pop up in every company's thinking are deal killers. Deal killers are events that risk the entire idea's existence or success. Most of these types of uncertainties have a low probability of happening. Researching on previous similar types of products and companies can be of great use in this situation. Another vital uncertainty is path dependency. Path dependency means that if a specific action does not go as planned, many other actions will therefore fail. The focus stage has a unique role in the DEFT process. It combines the two previous stages and builds the entire idea into one neat package. (Anthony 2014, 67-82.) The next part of the DEFT process is the test, learn and adjust stage. This stage is the most important one, especially for software companies.

The test, learn and adjust stage starts with designing the tests. The six keys for successful design and implementation of experiments are as follows:

1. Small and Focused Teams
2. Carefully Designed Tests
3. Learned in the Market
4. Maximized Flexibility
5. Savoured Surprises
6. Taking Action

The first four design keys are going to help with the design of a test. The last two keys will ensure that the company and team members learn the correct information from the tests and know how to respond to them. Bigger companies tend to overstaff their projects to the absolute maximum. While this might help with effectiveness, it has a high chance of complicating the testing too much. On the other hand, start-ups are forced to go into these projects with a relatively small team. This forces team members to work in areas that are not their expertise. The founder of Amazon.com, the world's largest online retailer, Jeff Bezos has a "two pizza rule" for team sizes. The idea is that the team needs to be small enough to be fed by two pizzas. The second key is designing tests with care. Having a hypothesis that either gets confirmed or refuted clarifies the purpose of a test. Once the hypothesis has been created, the company creates objectives and predictions. If the test is carefully designed, it will help to resolve the ideal team structure. Too often ideas and products are created inside four walls and launched straight to the market; thus, none of the learning has been done out in the market. Creating complex Excel reports and long PowerPoint presentations takes a lot of effort, but the results are weak. Instead of spending time in the office with internal meetings, the team members should be out in the market talking to potential customers. Flexibility, the fourth key means that companies should be ready to adapt according to the testing results. Flexibility does not come without a cost, but in the long run, it is worth the money. For example, borrowing before buying, testing before committing and researching before doing are good rules of thumb to remember, if you want to maximize flexibility. (Anthony 2014, 82-95.)

The fifth key was already slightly discussed as part of maximizing flexibility. If there is only one thing to remember from this stage, it is that testing is conducted because you want to learn, not confirm. Consequently, if a test results in something unexpected you must analyze why this is happening instead of just declaring it. One way to ensure that you see the results unbiasedly and objectively is to show them to an outside person who has not been part of the process at all. On the other hand, if you completely dismiss yourself from the learning, the results might be misinterpreted. The sixth and final key is to take actions based on the learning you have done from the previous steps. Very rarely the first plan is the final plan. Mainly, companies have four different decision options to choose from

based on the result. In the case of a confirming result, the company can accelerate the idea. In slightly refuting results, it is good to continue and conduct more testing carefully. The company can pivot to another market or idea if there is an opportunity for it and in the case of shutting down, the company has recognized that there is no motivation to keep on focusing resources to this idea. The possible decisions are not going to be easy to make or clear to understand. Appendix 1 shows 13 different options a company has, to gain knowledge related to their idea. The options are categorized based on how much time is available for the process. (Anthony 2014, 95-107.)

As it is visible in the DEFT process, every action that the company takes is to minimize risks and uncertainties. This does not mean that companies should be careful and avoid mistakes. The goal is to get results through testing and adjust accordingly. (Anthony 2014, 207-208.)

The DEFT process provides helpful tools for a company to use and a rather simple timeline for different activities. The one big criticism that I noticed was that if companies decide to use this model they might end up in an endless loop of testing and launching the product could get pushed further and further until the product is “perfect”. Also, I cannot help but to think that in a model like this if more emphasis is put on the research part, the amount of testing needed would lower drastically.

2.3.4 Concept Comparisons and Discussion

Of the three product launch concepts that were discussed, the lean startup model and the DEFT process had somewhat similar frameworks, with a heavier emphasis on testing. I was surprised during my research into the topic that there was not a lot of product launch concepts discussing the importance of market research and getting to know your customers that way. Testing, to a certain extent, can be considered market research but it is much more engaging for both customers and the company, so I can understand the reasoning behind choosing testing over traditional market research. As I mentioned before, the Stage-Gate model has an emphasis on established organizations that have a good general understanding of their customers are not so dependent on one single product.

All of the product launch concepts have their strengths and weaknesses, in my opinion, they have been gathered into table four below. An individual product or company should not precisely follow any of these concepts. The goal is to get to know your customers and figuring out the best way to message those customers your solution. A product launch should make people interested in the product or service, but the product itself is going to have to perform in order to get a buying decision from customers.

Table 4. Launch concept evaluation

Launch Concept	Strengths	Weaknesses
Stage-Gate	<ul style="list-style-type: none"> • Clear Goals • Efficiency • Works with big companies • Proven success 	<ul style="list-style-type: none"> • Testing is done only to find bugs, not on the idea itself • Small emphasis on research • Requires a big team • High capital requirement
The Lean Startup	<ul style="list-style-type: none"> • Hands-on testing • Capital efficient • No wasted time on building bad products • Builds the company not the product • Proven success 	<ul style="list-style-type: none"> • Short-term oriented • Pivoting too quickly • Listening to customers and testing too much • Brand image could be ruined right from the start
DEFT Process	<ul style="list-style-type: none"> • Documentation • Good testing tools • Clear timeline • Capital efficient 	<ul style="list-style-type: none"> • No proven success • What to do with testing results? • Provides tips not a concept

2.4 Subscription Economy

How does the process change when a subscription service is launched instead of a physical product? Generally speaking, physical products has a goal to sell quickly and with high volume to generate as much revenue as possible. With subscription services, the goal is a bit different and customer retainment has a far more significant role than with physical products. The benchmarking process does not change drastically with subscriptions. The commissioning company can still benchmark any company they feel they can learn from. The focus, of course, should be on the subscriptions side of things but the beauty of benchmarking is that breakthrough innovation comes from outside your industry. The market segmentation and product launch processes are recommended to be changed a little; those changes will be covered in the next few subchapters. A company can still launch a subscription service using traditional methods, but by doing that they might miss out on potential customers and the customers they have successfully acquired have a higher chance of leaving.

2.4.1 In Market Segmentation

The market segmentation process itself does not change drastically with subscription services. The big difference is the analytics and data used to segment the market. Very often subscription companies offer a “free trial” period to lure in new users. However, customers

that join the service for the free-trial and leave immediately after the first month have much less value than a customer that is subscribed for multiple months. This means that when segmenting the market and valuing customers, the focus should not be on the customers that will join easily, it should be on the customers that once joined do not leave easily. These long-time subscribers will very likely work as advocates for the service, provide more detailed feedback and will recommend it to people they know. (Sheppard 2016.)

2.4.2 In Product Launches

A proven way to launch a subscription service is to use a soft launch strategy. The difference between a soft launch and a “normal” product launch is that instead of having a well-publicized release date and going all in on one day, the service gets launched in stages. A soft launch enables the company to acquire loyal customers while the service is still in a testing phase. Also, a soft launch does not require huge amounts of capital for marketing activities. A good way to implement a soft launch is to create a landing page with an email subscription possibility. The landing page needs to be very simple and will work as a teaser for the most interested customers and it can be created before the final product is even ready. The important part in a soft launch is that the customers’ need to be kept in the loop and at minimum weekly updates should be sent via email. As the product is getting closer to being finished, you give more information. Eventually, it is good to do a pre-launch for the subscribed customers and give them an opportunity to sign up first and once some data has been gathered, the service can move to a full-scale public launch. (Cratejoy 2018.) I am a big fan of using soft launches to launch subscriptions in small startups, especially in the ones that do not have much capital to spend on marketing. Getting to know the customers and listening to their feedback is going to create a product that the customers want. However, the company needs to be critical of the feedback and not blindly follow them because often customers have a hard time explaining what they want. As the founder of Ford Motor Company, Henry Ford once famously said: “If I had asked people what they wanted, they would have said faster horses.” (Vlaskovits 2011).

To stay on the topic of free-trials, there is no one correct way to implement them. An essential characteristic of a free-trial is that the customer realizes the value that the service offers within a condensed period. With a subscription service launch, there needs to be a clear plan of what the company will do once the service has gone public. Not releasing all features of the service immediately at launch guarantees to keep subscribers happy and engaged in the first months of their subscription. This will prevent the need to immediately come up with new features and updates to the service. Another aspect that needs to be remembered during the launch of a subscription service is that great customer support is

an absolute must. Naturally, it will also help with gathering feedback to improve the customer experience. (Hon 2016.)

3 Project Plan

In this chapter, the creation of the product launch plan is discussed. The rationale to not include or include some information or methods will be explained in detail. To start the chapter, I will be explaining the current situation of 3aS Partners and at what stage they are in the product launch process. Once the reader is aware of the company's current status, the discussion will move on to benchmarking and market segmentation methods. The last subchapter will be solely focusing on the product launch process itself. The final version of the product launch plan can be found as Appendix 2.

3.1 Current Situation

To understand why some of the decisions were made during the creation of the product launch plan, the reader needs to understand at what stage of the product launch process 3aS Partners is in and how much effort is needed to get the service to first adopters. To keep it short, the company is at a very early stage of the launch process. The first service providers will be gathered almost immediately after the thesis process is over. Some early prototypes of the mobile application have been created and displayed to founders' close circles.

3aS Partners has an idea of what a typical customer for their service will look like but cannot make any radical decisions based on the knowledge that they currently have. This is why the market segmentation process will be done first very narrowly, so 3aS Partners know whom to target in their research or testing initially.

3.2 Benchmarking Methods

The goal of the benchmarking is to learn from market leaders and other companies who have had success in launching products. The benchmarking process focuses on the strategic side of the chosen companies' product launches. Information was gathered using secondary research and personal observations. Two of the three companies have subscription business models. That should give 3aS Partners a sense of how much people are willing to pay for their subscriptions and what pricing strategies have worked before.

The chosen companies are listed below. The takeaways from the benchmarks for are presented in the product launch plan.

ClassPass Inc.

The company: ClassPass is a fitness membership software that was founded by Payal Kadakia in 2013. In exchange for a ClassPass membership fee, the customers receive credits which they can use in over 8500 fitness studios around the world. Today the service operates in 49 countries and it was valued at \$470 million in its latest financing round in 2017. ClassPass has gone through four major product variations and has rebranded the company multiple times. With the latest big change to the current version of the service happening in June 2017. (ClassPass 2018.)

Reason for the benchmark: ClassPass was chosen because it is the closest variation of the service that 3aS Partners will offer. They have successfully operated a subscription service for more than five years and been able to expand very rapidly to a global sensation. If ClassPass would ever come to the Finnish market, benchmarking them already prior their entrance will make 3aS Partners aware of the strategy ClassPass will use and give a competitive edge.

MaaS Global and Whim

The company: Whim is a mobile subscription service offered by a Finnish startup named MaaS Global Ltd. MaaS Global is the world's first Mobility as a Service (MaaS) provider. MaaS is a concept where all modes of transportation ranging from rental bikes to commercial flights are gathered into one service and offered to customers with one monthly subscription. Whim was launched in Helsinki November 2017. (MaaS Global 2018.)

Reason for the benchmark: Whim is the first successful subscription service that has been recently launched in the capital area of Helsinki. Even though Whim as a product is entirely different, its product launch proves that entirely new concepts and subscription services can succeed in 3aS Partners' initial target market. Whim has shown how much consumers in Helsinki are willing to pay for automatically renewing services.

Apple Inc.

The company: Apple Inc. is a technology company that was founded in 1977 by Steve Jobs and Steve Wozniak. In addition to software, Apple designs and manufactures phones, tablets, computers, and music devices. The company is widely considered to be the largest in the world.

Reason for the Benchmark: Most people do not realize that Apple's most successful product ever launched, is the product launch event itself. The most significant benefit of benchmarking Apple is learning how to create amazing product launch events that become spectacles themselves and, as it was mentioned before, the greatest innovation comes from outside your industry. If 3aS Partners ever reach a point where a product launch event makes sense, there are no better footsteps to follow than Apple's.

Benchmarking these three companies should give 3aS Partners a nice variety of different approaches to product launches. There is something in each company's methods that 3aS Partners can learn even though it might seem that they are complete opposites of each other. Personnel and the products themselves outside of pricing will not be benchmarked since the companies are in completely industries than 3aS Partners.

3.3 Market Segmentation Methods

3aS Partners have already done the first part of the segmentation process. Because of geographic convenience, the chosen market is the Helsinki capital area. This means that the market segmentation, targeting, and positioning will be done for a customer segment in Helsinki.

At the time of writing this thesis, there is no direct competition in the market for the service that 3aS Partners will offer. Concerning market segmentation, it means that no customer segment is going to be under fierce competition and changing from one segment to another should not bring too much trouble. The indirect competition is combined of corporate wellness companies that offer tax-free solutions for companies' employees to visit service providers. The goal of the market segmentation is that 3aS Partners will have one segment to focus their resources when they are hunting for early adopters. The market segmentation recommendations and analysis are purely based on secondary research and public data.

The studies that were used for market segmentation (links are found in the reference list):

- McKinsey Analytics, 2018. Thinking inside the subscription box: New research on e-commerce consumers.
- Hitwise, 2018. Subscription Boxes in 2018 US Market.
- YouGov & Zuora 2017. A Nation Subscribed. 2017 State of the UK Subscription Economy.

These three studies give quality insight related to the subscription market in general, but none of the studies were conducted on 3aS Partners' desired market. This means that, no

matter how 3aS Partners decide to launch their service, additional market research should be done to get more detailed information. Also, to get the most insightful behavioral data from the customers some hands-on testing is required. Acquiring test data right now is not an option since there are not enough customers using the service.

Once the most potential customer segment has been decided, brief targeting and positioning plans are created. The reason why I will not be doing in-depth analyzing of these strategies is that of the decision of choosing a segment has too high uncertainty. The correct market segment might change the moment that 3aS Partners start to implement their own market research before the launch.

The targeting strategy's purpose is to decide the best marketing methods to use for targeting a specific customer segment. I will analyze at least three different targeting strategies that 3aS Partners have in their use and recommend the best option based the results of the previous segmentation steps and the current situation of the company. The chosen targeting strategy will give 3aS Partners a good idea about the type of marketing efforts that are needed to get the best possible results in the market.

In the positioning strategy, I will work on positioning methods that help create a brand around 3aS Partners prior to the launch. Because of the absence of in-depth consumer data, detailed marketing or messaging campaigns will not be created. I will be giving suggestions on to build a brand around 3aS Partners through communities. Having a community of active users promoting and discussing the service will help to gather important feedback from your service and if customers feel like they are part of a community they will stay more loyal to your service as well (Johansson 2018).

Overall, the market segmentation part of the product launch plan will try to give 3aS Partners a better general understanding of what is happening with the subscription market currently. Finding segments that are embracing the subscription market quickly and what are the best practices to reach those segments.

3.4 Planning the Product Launch

I will be building the product launch plan based on the lean startup model created by Eric Reis. To create a customized product launch plan and fill the gaps of the lean startup model, I will be using some of the processes from other launch concepts like the documentation from the DEFT model. A big reason why the lean startup model makes sense is the fact that it will take a long time for 3aS Partners to finish negotiations with the service providers and that time can be taken advantage of with a minimum viable product (MVP).

If some more traditional product launch method were chosen, all that time would go into the development of a product that is filled with uncertainty. An MVP will be designed for 3aS Partners as part of the product launch plan.

3aS Partners is so early in the process of launching their product that it makes sense to start implementing the lean startup model and not focus on big launch events or marketing strategies. The lean startup model will be more about building the company than the service which is one of the main reasons I chose it over the other launch models discussed in this thesis.

3.4.1 Designing the MVP

One of the core concepts of the lean startup model is the MVP, a quick to develop and very rough version of the application. The MVP will help to get the application into the hands of potential customers as quickly as possible. Giving 3aS Partners some design and concept ideas is something concrete that they can start working on immediately after they receive this thesis.

The MVP that will be designed will not have an elaborate subscription plan or any tickets that the company can use because it is not a certainty that the subscription model is something that customers even want. From personal experience, I can confirm that creating the technological requirements to handle that type of business model will take a lot of time, people and other resources to develop. The MVP should move towards some direction only after it has successfully gathered valuable feedback from customers.

The MVP will have a simple purpose: show all the activities you can do in your spare time. The application would have a list and a map of all the different activities in Helsinki capital area, in a way it would be the TripAdvisor of spare time activities. The goal of this MVP is to test if potential customers would actually use a mobile application, that gathers all activities into one place, to find things to do in their spare time. Customers would benefit from the MVP by not spending time searching different websites for activities. Already giving some value for customers will make the process of finding early adopters easier. 3aS Partners can still keep on messaging that they are building a subscription service; the MVP is just a way to get consumers knocking on the door. Problems like crashing should not be worried of at this point. If 3aS Partners is having a tough time finding people to download the MVP, the business model needs to be re-evaluated. Creating the MVP should not take a long time since 3aS Partners is not required to do extensive partnership

negotiations with service providers prior to the launch. If the goal is to create a subscription service, it has to be done in co-operation with service providers which means that negotiations should be actively going on while testing is being conducted with the MVP.

3.4.2 Testing Frameworks

Maybe the most talked about topic in this entire thesis outside of product launches, is the importance of testing. Tests that are created in the product launch will try to answer the two most critical assumptions for a startup:

1. Will the customers find any value of the service that 3aS Partners will offer?
2. How will the customers hear about the service?

To get answers to those questions, the tests need to be designed in a way that 3aS Partners can validate their learning from them. The tests will be designed only for the MVP created in this thesis. As it was mentioned in the previous subchapter, the MVP might turn into something completely different based on the customer feedback. Thus, it is not reasonable to waste resources creating tests for other versions of the service or application that might never be created. Creating tests only for the MVP also gives 3aS Partners a nice example to model their future tests on.

The test required for the first assumption can but should not be simple. The quick answer can be discovered very quickly by just looking at the application's usage rates. Are customers coming back into the application to look for things to do or do they log in once to be never heard of again? Hypothetically, the MVP's returning user rate is 80%. So, the product is continued to be developed towards a future version of a subscription application and then you are wondering why people are not converting to paying customers. Right from the start, the testing should have an answer to why customers make certain decisions. In the previous case, the company should have asked the customers why they are returning instead of just making decisions on the fact that they are returning. Customers might get value from your service that you did not intend for them to have. In the designed MVP, there should be clear analytical trackers created to measure what features of the application do they use. For example, if the list part of the MVP is not used at all, it is a sign that customers are looking for a service that will tell them what activities are close them or easily accessible based on their location. What about a situation where customers are not returning to use the application? In those situations, the importance of finding the "why" is highlighted. Sending weekly customer feedback forms or having face to face conversations with the customers are excellent ways to confirm the application's usage statistics.

The answer to the second critical assumption is slightly more difficult to test, especially in the earlier stages where the number of users is low. The first assumption focuses on finding out how current users behave and what value they receive, the second focuses on finding the best way to turn potential users to current users. For subscription services, churn rate is one of the most important metrics to follow. Churn rate is the percentage of users that unsubscribe during a month. The goal of solving the second question aims to get the churn rate as low as possible. As it was mentioned in the theory part of this thesis, word of mouth marketing is the key for sustainable growth. Customers, to a certain extent, can be pushed towards spreading the value that your application brings. This push can be achieved with incentives to customers if they invite people to join the service. In the MVP's case, this push can be a gift card to one of the service providers for both the existing and new user. A gift card would be an inexpensive way for 3aS Partners to test if customers like the service enough that they are willing to recommend it to people they know. Again, if customers are not recommending the application for essentially free money, 3aS Partners must find an answer to "why". The service might bring a lot of value to a tiny group of people, but sustainable growth is the engine that keeps a startup going.

3.5 Subscription Business Methods

Even though the MVP that is designed in this thesis has nothing to do with subscriptions and recurring revenue, the desired goal for 3aS Partners is to create a subscription service. Thus, all of the recommendations and suggestions that are given in the product launch plan will work towards acquiring customers with low costs and creating processes that keep the churn rate as low as possible.

In the theoretical part of this thesis, two great subscription launch techniques were discussed: landing pages and the use of email subscriptions with a soft launch. The lean startup model already itself is an adapted version of a soft product launch, because of its continuous learning and development. With 3aS Partners' service, I do not think that a free trial period is the best way to attract new customers. The main reason is that offering a free trial is extremely expensive and customers easily find a way to abuse the service. Instead of offering a completely free trial for the first month, I would recommend doubling the number of tickets that the customers have in their use for the first month or offering a campaign like three months of subscriptions for the price of two.

The primary purpose of a landing page is to increase the conversion rate of visiting customers. Often the page has only one purpose, in 3aS Partners' case, it is to get people to sign up for an email subscription list. The value proposition should be just detailed enough

to make consumers interested in the product. Too much information on a landing page can cause the visitor to become overwhelmed with information and not even bother to read through the entire page. (Ironpaper 2014.) If the landing page has a tough time of converting visitors to email subscribers, 3aS Partners can give an incentive to customers for signing up. I am recommending a full year's subscription for free. The cost of paying a year's subscription to one customer should not be too high and it is an incentive that potential customers should be very interested in. If one year is going to cost the company too much, it can easily be changed to one month or half a year, but the results should be expected to lower drastically.

If the landing page has resulted in a lot of people email subscriptions, 3aS Partners must know what to do with all of those email addresses. Conventional thinking would suggest trying to sell the service as actively as possible. While selling should be done occasionally, the focus in email marketing should be more on special offers, new features and big changes in the company. (Georgieva 2011.) In 3aS Partners' case the focus, especially in the early stages, should be on the big changes in the service. This way you can keep your customers informed if big changes are happening. Gathering research by sending surveys is another fantastic way to take advantage of your email subscribers. The data that will be gathered from those can work as early confirmation of the value created by 3aS Partners' service.

To conclude, the methods and data that has been discussed in this topic will work as validation for the decisions made in the product launch plan. The one thing to remember is that the final product of this thesis is still just a plan to build the actual product launch on. A more in-depth conclusion of the decisions and recommendations are discussed in the next chapter.

4 Discussion

In this chapter, the thesis is concluded, and the creative process is discussed. The chapter starts with key findings of the theory and research and moves on to give brief recommendations. The last subchapter evaluates the results and discusses personal learning.

4.1 Key Findings

Review of the theory chapter and the discovered research led to the following findings:

1. “The best” product launch process does not exist. Products and services can be successfully launched with entirely different strategies. All three of product launch concepts that were discussed had their strengths and weaknesses. Companies must find a way to customize their launch process according to market demands, own resources, competition and the nature of their product.
2. All of the studies that were discussed in this thesis concluded that millennials are the driving force behind the subscription economy. However, it does not mean that the younger crowd should be targeted for every subscription company because the product might not fit them. Millennials are more used to subscription services and see the benefits more than other customer segments.
3. Consumers do not always know beforehand how to explain what they want. In the heart of the lean startup model is understanding your customers' behavior. The company should give the product to the customers and look at the response and listen to their feedback. It is crucial to not waste resources into building something that nobody wants. Build your product for your customers not for yourself.
4. The most significant difference between launching a subscription service and a one-off product is the goal of the launch. A subscription launch should focus on reaching and acquiring customers that once join do not unsubscribe easily instead of consumers that join and leave easy.

4.2 Recommendations

The final product of this thesis is concluded in this subchapter. The benchmarks' biggest takeaway was that companies can approach product launches very differently. With ClassPass the emphasis was on knowing customer behavior and building a product

around that behavior while Whim and MaaS Global proved that Helsinki as a market is mature enough for people to join entirely new subscription concepts. 3aS Partners should continue to benchmark market leaders in the future as well.

The market studies that were found and discussed in this thesis were not conducted in the target market of 3aS Partners. Companies can, of course, make macro-level decisions based on broad market researches but if 3aS Partners wants to find the correct market segment for them, a proof of concept type of research should be conducted to find early adopters and get a better understanding of the market in general.

The goal of the recommended product launch is to get 3aS Partners into the Build-Measure-Learn feedback loop as quickly as possible. This is achieved by creating a minimum viable product and focusing a majority of the efforts into acquiring first adopters. Once the MVP is finished the company can start testing and developing their product according to the feedback. This testing and development will continue for so long until 3aS Partners have a service that shows sustainable growth and has a clear proven value proposition for the consumers.

4.3 Project Evaluation and Personal Learning

The project started with the thesis planning course in March 2018. The planning course gave me a good general direction of what the thesis should look like. I knew from the start that I would be writing this thesis for my own company, which was one of the key factors in keeping the motivation up during the project. Instead of creating a thesis around a specific topic like webpage design, detailed market research, or a marketing plan, I wanted to have a more general view of the entire process behind a launch; to see the big picture. At times, I did have some trouble with the general direction of the thesis because I had to be the one that gives that direction. The only downside of writing a thesis for your own company is that no one is there to tell you what they want from it.

The original goal was to finish the thesis between late summer and early autumn, but because the creation of the company took longer than expected, the project got pushed closer to the deadline. Timewise, the actual product launch plan leaflet took the longest to make. Finding the theory to benchmarking, segmentation and the three product launch concepts took as much time as was expected. As I suspected when the project started, I did have some trouble finding reliable information about subscription services and their launch processes.

Overall, I am rather satisfied with the final product created in this thesis. I was able to create a straightforward easy to understand process of getting an idea into the mainstream market. The benchmarking actions gave the 3aS Partners a clear view into what companies have done in the past to succeed and what pricing options are consumers already willing to pay for. The market segmentation feels like it is the weakest link in this thesis. Relying on secondary data from markets that 3aS Partners are not going to initially target meant that the quality of the data was not precise enough to my liking. A good general understanding of the global market was given though. A critical aspect of the final product for me was that 3aS Partners gets something concrete to work on immediately after the thesis is finished. The minimum-viable-product and landing page designs and concepts are something that the company can put immediately into use.

During the project, my perception of product launches has completely changed. Before I started to write this thesis, I thought that a product launch was in its essence only the product launch event and all the marketing actions leading to and following that event. I knew that a majority of the work behind product launches are done prior to the launch but I was not aware of the type of work. I learned that companies could not only launch a product with a big budget into the market, especially in these super-competitive times. Product launch theories are something that is not specifically taught at school, so the knowledge gathered from this thesis will be instrumental in the future. The process also thought me to be extremely critical of my work since I had to view every paragraph from the company's viewpoint as well as my own.

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Appendices

Appendix 1. Knowledge building options

(adapted from Anthony 2014, 107-109)

	Experiment	How it builds knowledge	Keys to success
If you have hours	1.Desk Re-search	Recognizes current customer behaviour and gives benchmarking insight.	<ul style="list-style-type: none"> • Use multiple sources • If possible, analyse comparable public companies • Look at footnotes and connections
	2.Run through an experiment	Identifies operational risks and potential competition	<ul style="list-style-type: none"> • Dream of ultimate success • Involve outside perspective
	3.Build a 4P calculation	Provides a quick run through of the financials	<ul style="list-style-type: none"> • Define the market as narrow as possible • Reduce assumptions on pricing and frequency
	4.Make a phone call	Provides confirmation for assumptions and information on how other try to solve the problem	<ul style="list-style-type: none"> • Use modern networking solutions • Do not be afraid to cold-call • Ask for recommendations
	5.Walk through a transaction	Simple way to identify business model weaknesses	<ul style="list-style-type: none"> • Take all stakeholder into consideration • Use other experiment to create confidence
	6.Build a prototype	Increases confidence in feasibility	<ul style="list-style-type: none"> • Make it simple, do not worry about little things • Try multiple methods • Avoid obsessing over a single approach
If you have weeks	7.Talk to potential customers	Direct feedback	<ul style="list-style-type: none"> • Bring supporting materials • Do not overreact to positive or negative feedback
	8.Run a focused feasibility test	Provides market information on key operations	<ul style="list-style-type: none"> • Focus, focus, focus • The goal is to learn if the idea if scalable • Get as close to the market as possible
	9.Build a detailed financial model	Provides information on the most important financial assumptions	<ul style="list-style-type: none"> • Awesome spreadsheet does not mean awesome business • Ground all assumptions to the best of your ability
	10.Prototype the purchase experience	Rich insight into the user experience	<ul style="list-style-type: none"> • Optimize based on learning not revenue • Look into competitors' products • Ensure collection of feedback
If you have months	11.Prototype business model	Confirms the business logic of the idea	<ul style="list-style-type: none"> • Sufficient scale to recognize key business model elements • Minimize investing and risk unknowns
	12.Run a small usage test	Learning on repetitive events	<ul style="list-style-type: none"> • Multiple mechanisms to learn from customers • Focus should be on usage
	13.Conduct an operational pilot	Identifies what it takes to maximize customer demand	<ul style="list-style-type: none"> • Mirror the planned scale • Ensure other methods are used first • High risk and investment levels

Appendix 2. 3aS Partners Product Launch Plan

The product launch plan, which is the desired outcome of this thesis, starts from the next page. The plan provides suggestions on how 3aS Partners can find the best market fit for their product.

3aS Partners

3aS Partners Product Launch Plan

Petteri Haro

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Product Launch Plan Objectives

- ⇒ Learning the best practices of benchmarked companies
- ⇒ Finding a market segment to focus initial marketing efforts on
- ⇒ Creating a product launch process from start to finish
- ⇒ Minimum viable product design and concepts
- ⇒ Creation of the initial landing page

Benchmarking

The product launch plan starts with benchmarking three companies. ClassPass has the closest business model to 3aS Partners, MaaS Global and Whim were launched successfully in the Finnish market, and Apple is one of the best companies in the world at creating product launch events. The companies' product launch strategies and processes will be focused on. What makes these benchmarks interesting is that the product launches have been extremely different from each other.



ClassPass Inc.



MaaS Global & Whim



Apple Inc.

ClassPass Inc.



classpass

ClassPass is an American fitness and software company founded by Payal Kadakia in 2013. Currently operations in 49 countries. The company was valued at \$470 million in its latest financing round in 2017.

THE PRODUCT

A membership program, where the end users pay a monthly subscription fee in exchange for credits. These credits can be used to attend fitness classes and other wellness services in your city.

PRICING

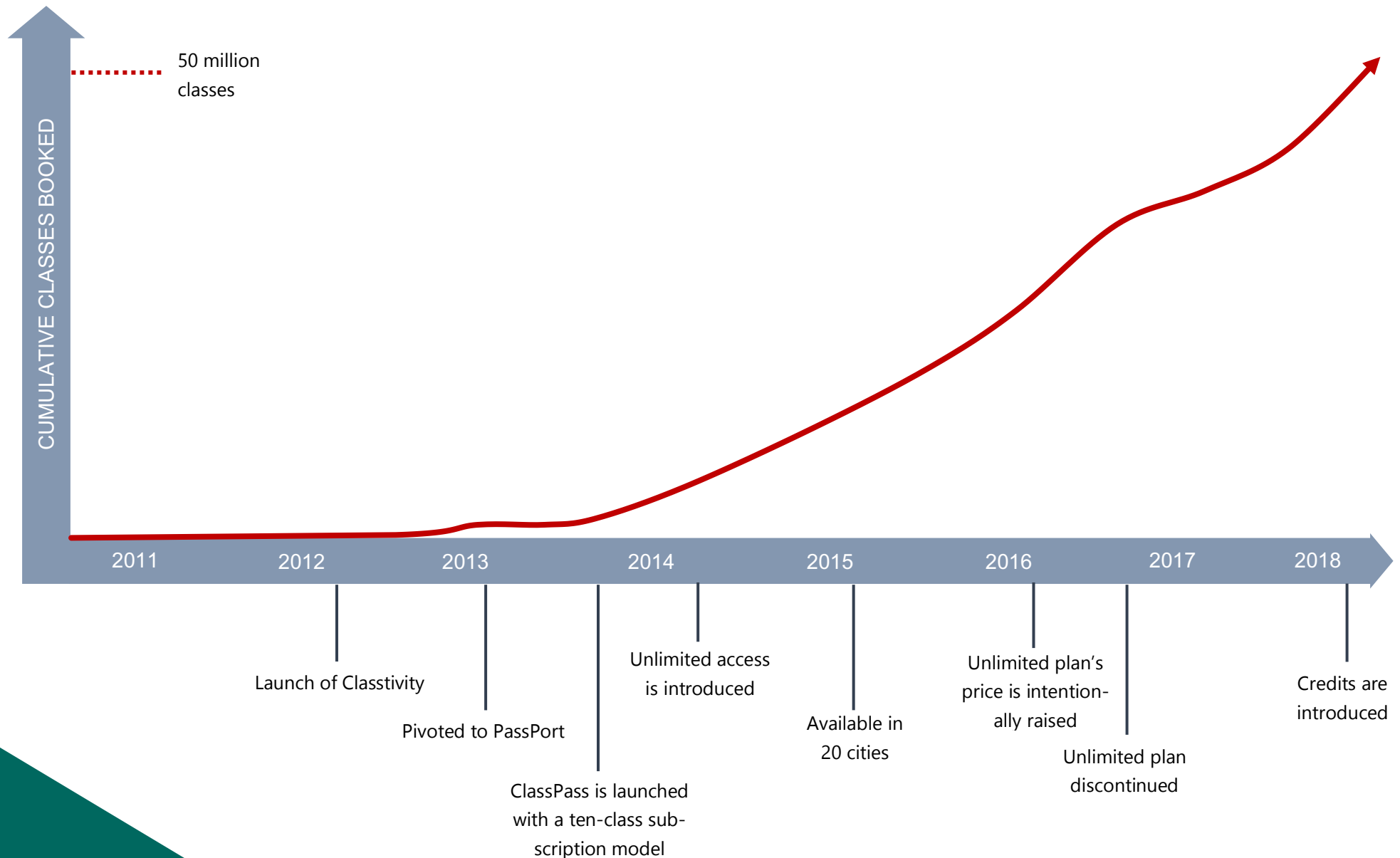
The pricing for ClassPass varies between each country and city. Below are some screenshots from their webpage of the pricing in London and New York.

I'm in <u>London</u>		
£8.75 per week Includes 25 credits to book 2 - 3 classes per month Select	£16.25 per week Includes 50 credits to book 5 - 7 classes per month Select	£31.25 per week Includes 100 credits to book 10 - 15 classes per month Select

I'm in <u>New York</u>		
\$45 per month Includes 25 credits to book 2 - 3 classes Select	\$75 per month Includes 45 credits to book 4 - 6 classes Select	\$160 per month Includes 100 credits to book 9 - 13 classes Select

The average class in your area costs 9 credits.

ClassPass Product Launch Timeline



From Classtivity to ClassPass

For 3aS Partners to learn something from ClassPass, it is good to understand how ClassPass got to this latest iteration of the service. The company started as Classtivity in 2011. The main product was a group exercise booking platform. It collected all bookings into one platform. For customers it meant that instead of searching for individual companies from tens or even hundreds of different options, everything was in one place. After a long development period, the service was launched. Despite a solid business model, media buzz and tons of social media followers, consumers were not booking classes with the platform.

After disappointing times with Classtivity, ClassPass started to have a dialogue with studio owners. What they learned was that making the classes easily accessible was not enough of a nudge to get people going to

classes. It was time for the first big change, Classtivity changed to Passport and the booking platform to a flat fee where customers get access to ten different classes in 30 days. In the first six months more than 20,000 classes were attended, and the product seemed like a sure hit. In the earlier days of Passport, the website continuously kept on crashing and other technical issues surfaced. Kadakia says that companies should not worry about it until it happens. If customers keep on coming back it is a good sign and if they leave due to some short technical malfunction something is wrong with the service and you should be worried. After some time Kadakia found that people were using different email addresses to sign up over and over again. People wanted to experience new fitness activities. The solution was a membership/subscription program and ClassPass was born.

It took almost three years for ClassPass to become ClassPass. Through continues analysis and testing, they were able to find a market for their product. Kadakia says that the most important thing to find in a service like ClassPass is motivation. What motivates the customer to go to classes? Just making it easier is not going to help you in the long run. To find what motivates your customers you must understand them first.

ClassPass has never done a big splashy product launch mainly because customers' needs, and requirements change all the time. Kadakia states that running a business should be a continuous launch every day. This prevents the product from becoming stagnated which is extremely important for subscription services.

Key Takeaways from ClassPass

It took some time for ClassPass to realize that a subscription model is the most successful business model for them, so 3aS Partners must also realize that their subscription model might not be eventually the best approach to the market. A promising aspect of ClassPass is the continuous launch mentality. Always creating new features and adding service providers into the application ensures that your customers stay satisfied. The most important thing to learn from ClassPass is not a skill or a competence, it is the mindset and strategy of running and launching a product. Always listen to customers to create a product for their needs and try to avoid pushing new features to the market that bring no added value.


KEY TAKEAWAYS

1. Know your customers before developing a feature-rich product
2. Establish your key metrics (NOT revenue!)
3. Failure does not automatically mean you are not onto something
4. Never stay still, always improve the customer experience

Whim and MaaS Global Ltd.




MaaS
GLOBAL



MaaS Global is a Finnish startup company founded in 2015. The company claims to be the world's first Mobility as a Service (MaaS) provider. They currently have operations in Finland, England and Netherlands.

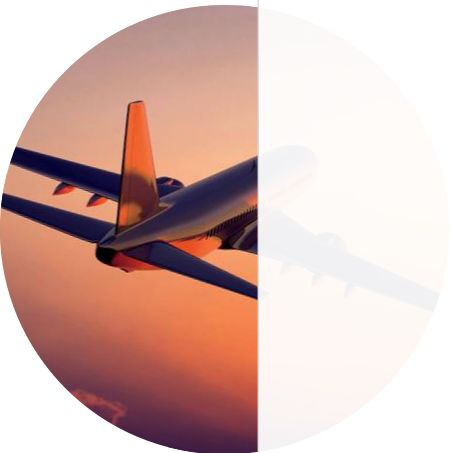


whim.


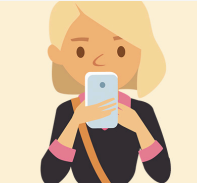



Whim is a mobile subscription service, where customers get access to all modes of public transportation and rental cars in exchange for a monthly subscription fee. Whim was launched in Helsinki on November 2017.

PRICING



Like ClassPass, Whim's subscription options have been split into three different tiers.

	Whim to Go Heille, jotka haluavat ensin kokeilla Whimiä tai eivät yksinkertaisesti matkusta usein. Maksa matka kerrallaan normaalihinnoilla, ilman sitoumuksia.	0€ / kuukausi
	Whim Urban Säännöllisille matkustajille, jotka haluavat silloin tällöin nauttia taksin tai vuokra-auton vapaudesta.	49€ / kuukausi (peru tilauksesi koska vain) TUTUSTUMISTARJOUS
	Whim Unlimited Moderni vaihtoehto auton omistamiselle. Auton omistamisen hinnalla saat rajattoman julkisen liikenteen, taksit sekä vuokra-autot päivittäisen tarpeesi mukaan.	499€ / kuukausi (peru tilauksesi koska vain) TUTUSTUMISTARJOUS

Whim Launch

11/2017 – 02/2018

LAUNCH PLAN

- Heavy emphasis on outdoor advertising and PR
- Target Segment age group: 25-54
- Outdoor campaign lasted three weeks, followed by a digital campaign
- Goals:
 - Improve recognizability
 - First downloads and subscribers

RESULTS

- 45,000 app downloads in first two months
- 6000 subscribers in a few weeks
- 58% brand recognizability
- 46% service desirability



Key Takeaways from MaaS Global and Whim

The success of Whim's launch shows that subscription services can be launched successfully with traditional capital-heavy methods in Helsinki. For this way of launching to work, the market research conducted prior to the launch must be emphasized. MaaS Global was in a unique situation for a startup with an entirely new concept. They were able to prove to investors that there is a market for their product before the launch, which gave them an opportunity to release Whim in the way they did. Because Whim was something new that no customers had the chance to use, the only way to launch without extensive testing is to use as much capital as possible to make people aware of the app and hope that customers accept it. I would not suggest 3aS Partners to use this model simply due to its high-risk nature. This way of launching can be used once the service of 3aS Partners has already established success in a small market or customer segment.

KEY TAKEAWAYS

1. Whim's launch proves that Helsinki as a market is open for subscription services
2. Give pricing options for your customers
3. Target your marketing efforts where your customers will be
4. Use various complementing marketing channels during the launch

Apple Inc.



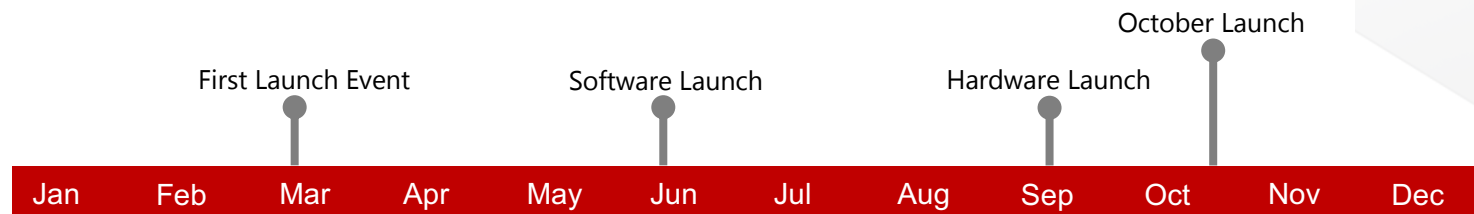
Apple Inc. is a technology company that was founded in 1977 by Steve Jobs and Steve Wozniak. In addition to software, Apple designs and manufactures phones, tablets, computers and music devices. In 2018, Apple became the first company ever to reach a trillion-dollar market capitalization.



Apple's Launches

Apple is a unique company in that sense that they use the smallest percentage of their revenue to marketing between all phone and laptop manufacturers. A majority of Apple's marketing budget is allocated to the four product launch events they have during the year. The success and hype of the product launch events has enabled Apple to spend a very small amount of their resources to market their products.

Typical launch schedule for Apple looks like:



An Apple Product Launch Event

CHARACTERISTICS OF AN APPLE EVENT

Heavy marketing of the event not the products

Leaks prior to the event to create excitement

Stories behind the products and not just features

Apple Brand image is visible everywhere (seen from pictures)

Consistent theme year to year

Easy access from all platforms:

Live on social media

Updates on launch webpage



Key takeaways from Apple

The one thing that must be remembered with Apple is that they are an extremely well-established brand that has a very loyal customer base. If 3aS Partners would decide to do their first product launch the Apple way, it would be a disaster because brand recognizability is non-existent. Once the subscription service has become a household name, they can start implementing the practices of Apple. A great way would be during service updates, when new features get released or when new service providers are brought in as partners. The one thing that 3aS Partners could implement right now is the actions prior to the launch. For example, instead of releasing all partner organizations at once, give the customers some teasers through social media about which service providers could be part of the service. Give something to the customers to get them excited without showing all the features.

KEY TAKEAWAYS

1. Creating excitement prior to the launch is crucial
2. Brand needs to be visible in everything from gift-bags to venue locations
3. Stories keep people engaged in what you are trying to say
4. Present, do not sell, your product in product launch events

Benchmarking recommendations



ClassPass Inc.

1. Know your customers before developing a feature rich product
2. Establish your key metrics (NOT revenue!)
3. Failure does not automatically mean you are not onto something
4. Never stay still, always improve the customer experience



MaaS Global & Whim

1. Whim's launch proves that Helsinki as a market is open for subscription services
2. Give pricing options for your customers
3. Target your marketing efforts where your customers will be
4. Use multiple complementing marketing channels during the launch



Apple Inc.

1. Creating excitement prior to the launch is crucial
2. Brand needs to be visible in everything from giftbags to venue locations
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Segmentation

The market segmentation was conducted based on three studies. Two were done on the subscription box market in the US and the one was a subscription market analysis in the UK. Before detailed targeting and positioning recommendations are given, all of the studies will be covered individually.

The logo for hitwise, featuring the word "hitwise" in a bold, lowercase, sans-serif font.

**Subscription Boxes in 2018
US Market.**

The logo for McKinsey & Company, featuring the text "McKinsey&Company" in a blue, serif font.

**Thinking inside the sub-
scription box: New re-
search on e-commerce
consumers**

The logo for YouGov zuora, featuring "YouGov" in red and grey sans-serif font, and "zuora" in a bold, dark blue sans-serif font.

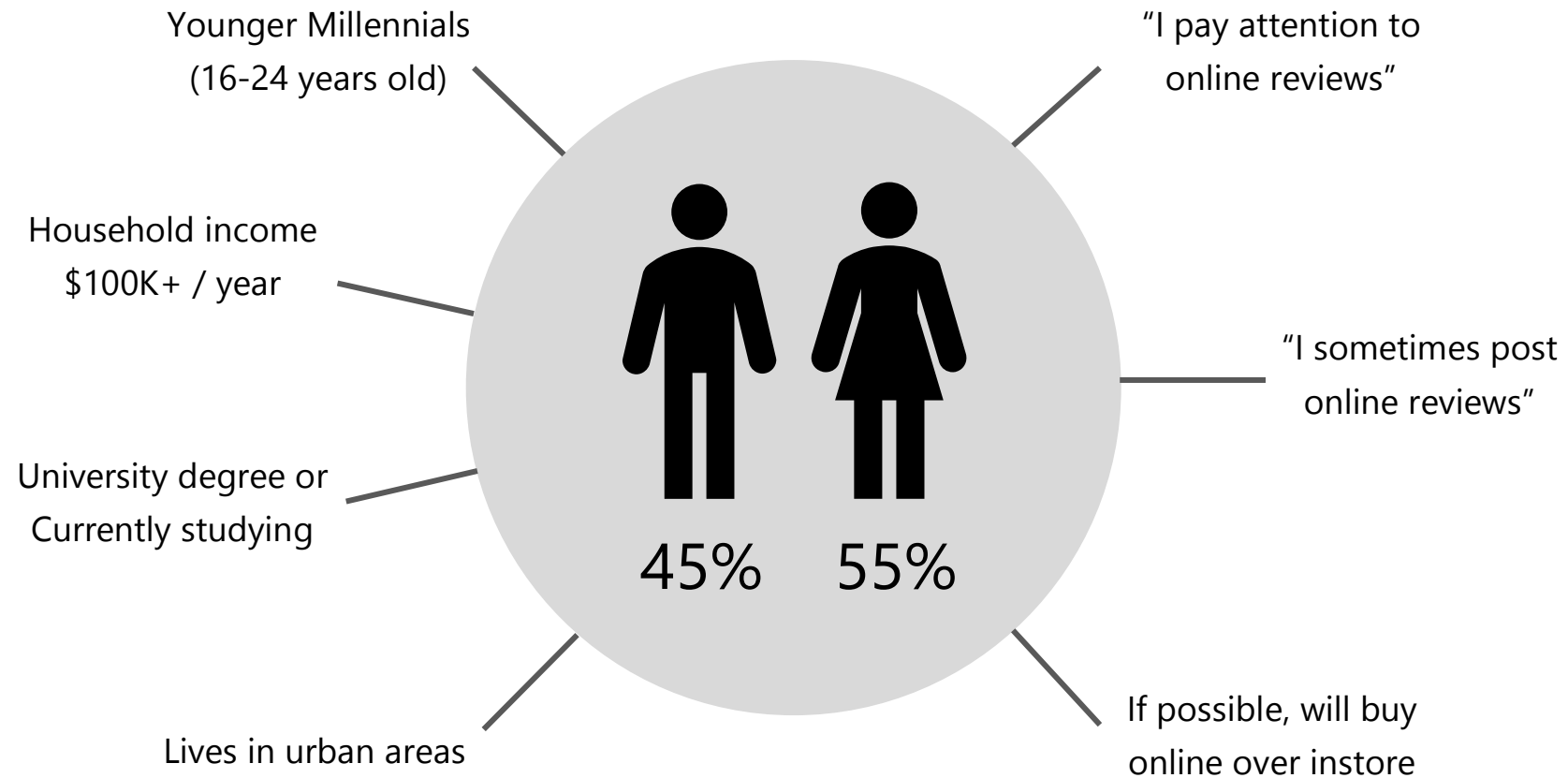
**A Nation subscribed. 2017
State of the UK subscrip-
tion economy.**

Hitwise

Subscription boxes in 2018 US market.

(Sample size: 300 subscription companies)

Audience Profile



McKinsey Analytics

Thinking inside the subscription box: New research on e-commerce consumers

(Sample size: 5,000 persons)

Audience Profile



Men are more likely to have 3 or more subscriptions.

What effected the decision to join the most?

- Recommended by someone (24%)
- Desire to try something new (23%)
- Financial incentive (22%)
- Need for the product (12%)
- Interest towards subscriptions (11%)
- Flexibility of cancelling (8%)

YouGov & Zuora

A Nation subscribed. 2017 State of the UK subscription economy.

(Sample size: 2,144 adults)

90%

Percentage of Brits that are subscribed to some service

63€

Average monthly spend on subscription services

16-24

Age group that has the most active subscribers

49%

Percentage of Brits that believe more subscription will be available in the future

KEY BENEFITS OF SUBSCRIPTION SERVICES

(percentage of users)

- More convenient (56%)
- The ability downgrade or upgrade (49%)
- Ease of use (39%)
- Unlimited access (32%)

BARRIERS THAT PREVENT FROM SUBSCRIBING

(percentage of users)

- Difficulties when unsubscribing (53%)
- Price increases or changes in the service (51%)
- Not using the service to its full potential (39%)
- Complexity of subscription contracts (38%)
- Possible bad customer service (37%)

Segmentation recommendations

Recommended customer segment for initial targeting:

24-34-year-old millennials living in urban areas

Already more accustomed to subscription services

Tougher to acquire, but once acquired stay more loyal

Young families looking for an affordable way to have hobbies

HOWEVER, the most important recommendation that I can give about market segmentation is that it should be done according to 3aS Partners' preferences and needs. The segmentation recommendations that are given are purely based on outside researches and might not work to the offered service of 3aS Partners, especially because similar services have not been successfully launched anywhere in the world. If 3aS Partners decide to implement their own market research and segmentation, as they should, a very good segmentation process is discussed in-depth starting from page seven on this thesis. The targeting and positioning recommendations will be done to the customer segment mentioned above.

Targeting Options

Because of the limited resources of 3aS Partners, concentrated targeting towards the younger segment will be recommended. Wasting time and resources to focus marketing to other or multiple customer segments should not happen in the beginning. A more differentiated marketing strategy should be created once the concept has been proven to work with the most potential customer segment.

DIFFERENTIATED

- Targeting multiple segments with different strategies
- + Goal is to get a different response from each segment
- + Not relying on one segment
- Relatively high cost

CONCENTRATED

- Targeting one segment in a market
- + A good strategy to bring new concepts and product to market
- + Low cost approach
- Relying on the success of one segment

INDIVIDUALIZED

- Targeting individuals in a market
- Difficult to implement in B2C market
- Per customer cost is high
- + Good for markets under heavy competition

Positioning and differentiation

WAYS TO DIFFERENTIATE IN A SEGMENT

Quality

Service

Image

Personnel

Value

Of these five areas, the more in-depth is in creating a desirable company image through community management. Having a modern company image gives 3aS Partners an opportunity to turn their service from just another subscription application to a community of people that are living an active lifestyle. Since one of the best metrics of measuring the success of a subscription service is Customer Lifetime Value, it is crucial for the customers to have a sense of community instead of offering a service that just has slightly lower prices. Achieving this community feeling cannot be achieved with good quality, service, personnel or value even though they important as well. Millennials are the driving force of basing decisions more and more on the added value, like community events, on their subscription services. In the next paragraph I will discuss in detail what processes can help 3aS Partners to build loyal customers.

Creating a community

HOW TO BUILD A COMMUNITY AROUND 3aS PARTNERS?

Do not sell

Find what interests your customers and create a lifestyle around that:

Active lifestyle, not staying at home

Stay active in social media and answer questions from customers

Create a blog to keep customers informed

COMMUNITY EVENT POSSIBILITIES



AFTER-WORK WORKOUTS
AND COCKTAILS



EXCLUSIVE EVENTS JUST
FOR SUBSCRIBERS



ONE EVENT THAT HAS ALL SERVICE
PROVIDERS GATHERED

Segmentation takeaways

1. Primary research should be conducted to get more detailed information
2. Younger generations are more open for subscription services
3. Start with one customer segment
4. Move to multiple segments after concept has been proven with one
5. Building the brand image right from the start is important
6. Create an online and offline community for your customers

3aS Partners Product Launch

Documenting

The product launch process starts with documentation of the service.
A standard business model canvas has been used.

Key Partners Service Providers The offering of the service	Key Activities Subscriptions Partnerships	Value Propositions Consumers: More affordable Centralized information Auto renewable payments Service Providers Boost to customer flow Free to join and operate Ticket use data Free Marketing	Customer Relationships Communities	Customer Segments Consumers: Young adults Young families Service Providers All service providers with an entrance fee 14-24€
	Key Resources Technological knowhow to build mobile applications for IOS and Android Financing when revenue is at zero		Channels Social Media Sports events Blogs	
Cost structure Payments to service providers Server costs General administrative costs			Revenue Streams Membership fees (98%) Data consultancy (2%)	

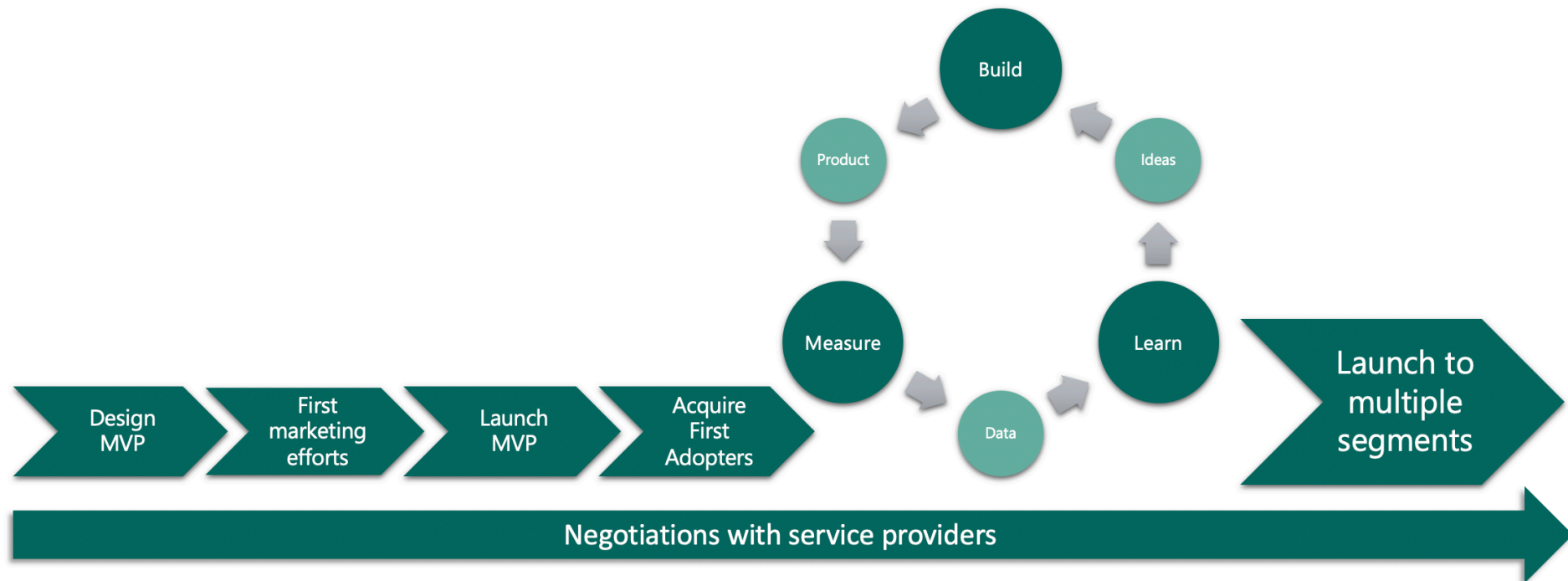
Goals for the launch:

Develop a product that brings value to the customers
Have the ability to show sustainable growth

Launch process

The recommended product launch process is visualized below.
All of the steps will be explained in detail in the following pages.

The negotiations with the service providers should be on going.



Minimum Viable Product

"A mobile application to find things to do"

Every activity service provider in the Helsinki Capital area gathered to one application

No subscriptions, No tickets, No ads, No sign ups

The MVP can be launched immediately after its development has finished!



FEATURES

Easy and simple to use

Map and list that shows all activities

Shows the price of entrance to each service provider

Easy to access feedback form

First marketing efforts

Goal is to create excitement for a product that doesn't yet exist:

"Free" marketing channels (founders' and companies' own social media)

Landing Page (design on the next page)

Email subscription list

Landing Page Recommendations

Simple

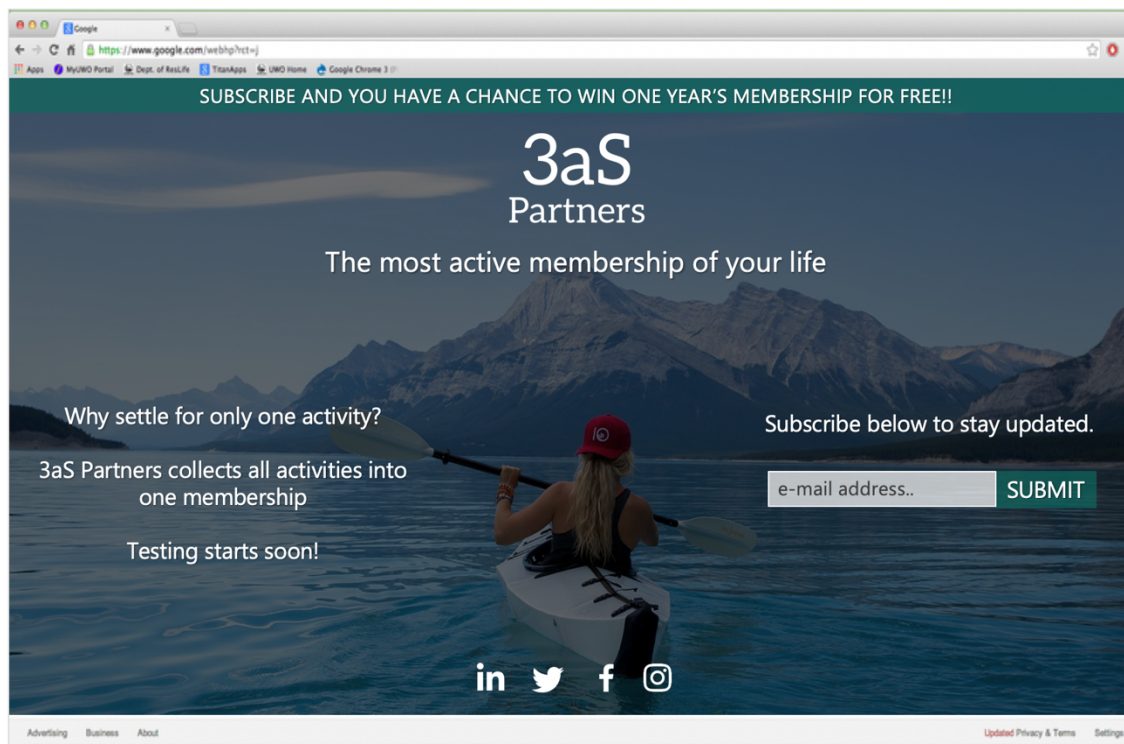
Give an incentive

Brand image has to be visible

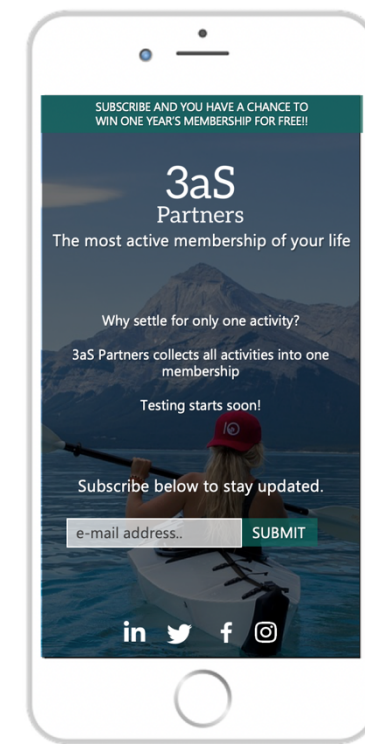
Clear Call-to-Action!

One or two sentences about the service

Links to social media



Desktop



Mobile

Landing page recommendations

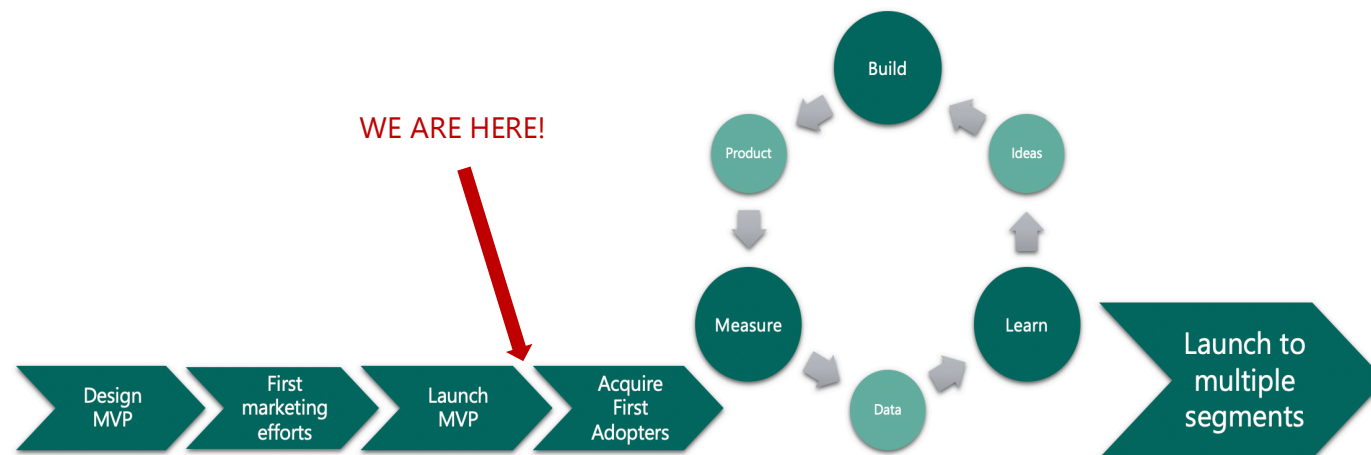
What to do with those email subscribers?

Conduct research with online surveys

Send product updates

Invites to launch events

Gathering feedback



Acquiring first adopters

A first adopter is a person who is actively looking for a solution to the problem you are trying to solve.

When looking for first adopters it is crucial to know where to look for them. You are wasting resources if you go talk to everyone around you and pitch them your idea. The goal is to find customers who are not expecting to get all possible features and are willing to go through the developing process.

Try to find a behavioural pattern:

- What are your first adopters doing now to reach their goals?
- How and where are they trying to solve their problem?

Find the best medium to talk to these customers.

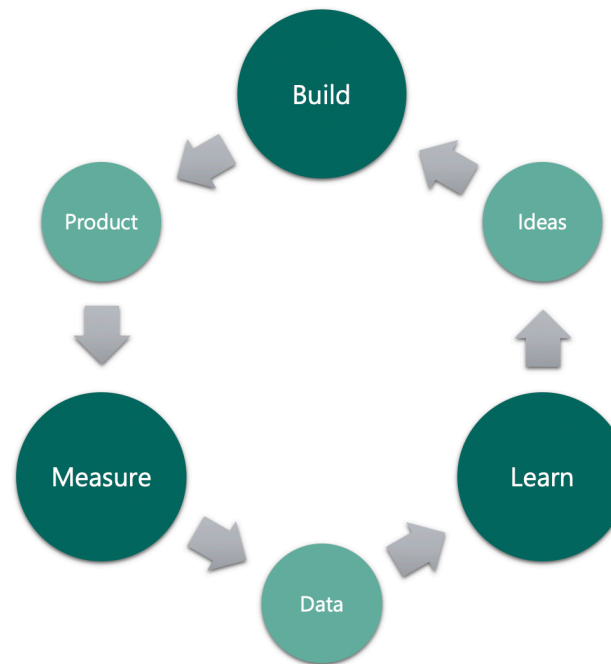
Before you go have conversations with your first adopters, know exactly what you are going to ask.

If you cannot get anyone to become a first adopter, evaluate the service and the value it brings.

BUILDING NEW FEATURES

If possible, test different features with different groups of people

New features do not have to work perfectly right from the start

**REQUIRED ANALYTICS FOR THE MVP**

How much time users spend in the application?

How much time customers spend looking at specific service providers' profile?

Percentage of downloaded customers who return to the application?

RESULTS OF FEEDBACK AND ANALYTICS

Always get an answer to "why"

Customers are using the application:

- ⇒ Improve current features
- ⇒ New feature ideas

Customers are NOT using the application:

- ⇒ The importance of "why" rises

Build-Learn-Measure Loop

The Build-Learn-Measure loop should be a continuous process inside 3aS Partners. The importance of gathering quality feedback to validate your learning is more than important, especially in the beginning phases of the product launch process. The minimum viable product is just a measuring tool to see what features and services your customers are looking for.

No matter if the feedback is positive or negative, always find the answer to “why”. The analytical data from the MVP will give you a direction of what features the customers are enjoying most, but qualitative feedback is the most important data you can receive.

Once you have learned what the customers enjoyed and didn’t enjoy about the MVP, you can start creating new ideas and features for the service. For example, the next features for 3aS Partners could be:

- News about service providers
- Special offers that you get with the app

When building new features always remember to implement an easy way for customers to give feedback.

If you build multiple options of the same feature (instead of tickets, you provide credits) a good testing method to take advantage of is called split-testing. In split-testing you test different options for new features to two different groups at the same time (tickets for half, credits for half). This way you are able to compare the results easily and speed up your testing process.

ONCE YOUR FIRST ADOPTERS START RECOMMENDING THE SERVICE, YOU CAN MOVE MAINSTREAM

Conclusion

BIG LAUNCH CHECKLIST

- ☐ Know your most important value creators
- ☐ Knowledge of what different segments value in your service
- ☐ Ability to show sustainable growth
- ☐ Multi-tiered subscription pricing strategy (free, small, medium, large)
- ☐ Growth strategy
- ☐ Technology is up-to-date (mainstream customers are not as forgiving)
- ☐ Financing to cover initial marketing and staffing costs
- ☐ Process to turn subscribers to community members
- ☐ Readiness to market from all mediums (social, outdoor, PR, radio, etc.)

YOU ARE SET TO LAUNCH FOR MAINSTREAM CONSUMERS

ONCE ALL BOXES ARE CHECKED