

# Which Door Leads to Product Success in the Hotel Market?

An investigation of the product launch and market segmentation of a new product development

As technology grows closer to our everyday lives, new technology products are developed. These are both more integrated and advanced than before. High technology are products that are the cutting edge of their respective fields, but their advancement also creates uncertainties due to their novelty. For a new high technology product development there are uncertainties both in the technology and the market. Therefore, a new high technology product needs modified and adapted market strategies in order to have market success.

The product launch is the phase where the new product is taken out on the market for the first time. It is a crucial moment for both the product and company, but the phase has had little both academic and management focus. The product launch of a new ASSA ABLOY product was approaching. The company thought that the product, a new automatic door solution, had a market in the hotel industry. This study is thus an investigation of the new product being launched on the hotel market.

The purpose of this study was to gain more insight into what actually affects the product launch of a new product development, which was done through a literature review. This resulted in a list of several different product launch success factors, which can be seen as guidelines for a company to use and possibly get market success. The success factors are essentially decisions made within the organisation that turn into activities, which a company can perform throughout the product development process for greater market success. There are two types of activities; tactical and strategic, and this study focused on the latter. After further research, six success factors were found and reviewed, and one of these were taken into the

analysis. This was the *Target Market* factor including identifying target customers and market segments, which would be the focus of the rest of the study.

Two areas of interest of the success factor were identified; user insights and the decision-making process. The user insights included identifying the end user and to identify which needs were fulfilled and values were given by a certain product. This was done with by segmenting using the variables *user rate* and *benefits*. Then the segments' needs and values were found through analysis using the *Elements of Value* model and *Kano Model*. The decision-making process on the other hand was identified as an eight step B2B process. Another important aspect of the decision-making process was the business centre of the organisation and the five roles within it.

A case study of nine hotels within the Skåne region in Sweden was made. At each hotel one organisation member was interviewed about their business in order to find their needs and what the hotel's decision-making process would look like for an investment. Together with the theory from previous research and the case study, four market segments were found together with their underlying needs and values which the product could fill. The four segments are; *administrative staff*, *guests*, *additional accessibility* and *maintenance staff*. Each of the groups had the product fill between 4-7 values from the *Elements of Value*, in which a total of nine elements were addressed. The product was perceived as either attractive or one-dimensional in the *Kano Model*. For the decision-making process, first the business centre was identified which showed a variety of members in the organisation taking on different roles and a one clear business centre generic to all

hotels was not found, though some similarities between them were. Lastly, a generic decision-making process for hotels was attempted to be identified, but as with the business centre a clear process was not found which also could be applied to all hotel. Though from the analysis of the decision-making process and business centre, the managers within the hotels were identified as possible decision-makers for an investment of a new product.

This study contributed to theory by further investigating the product launch and

dividing the factor *Target Market* into two smaller, more focused variables; user insight and decision-making process, where the latter has not been investigated for the product launch before. It also deepened the knowledge of how the product launch success factors can be applied in practice. Lastly, another newness of this study was to combine the models *Elements of Value* and *Kano Model* in order to understand the users of the product which has not been done before.

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