

Introduction of Software Products and Services Through Public 'Beta' Launches

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Public 'Beta' launches have become a preferred route of entry into the markets for new software products and web site based services. While beta testing of novel products is nothing new, typically such tests were done by experts within firm boundaries. What makes public beta testing so attractive to firms? By introducing semi-completed products in the market, the firm can target the early adopter population, who can then build the potential market through the word of mouth effect by the time the actual version of the product is launched. In addition, the information gathered through the usage of the public beta gives significant insights into customer preferences and consequently helps in building a better product. We build these marketing and product development implications in an analytical model to compare the different product introduction strategies like 'skimming' or 'penetration pricing' with beta launches. This analysis is done for products of branded and unbranded Web 2.0 companies like Google and Flickr etc. We also examine the impact of different monetization models like direct pricing and advertising on the beta launch strategy

*To read the Full paper, please contact Arun_Kumar@isb.edu