

Hewlett packard case #2

[Business](#), [Company](#)



2. What do you think of the way the team set out to find a market for the Kittyhawk? What correct turns and what wrong turns did they make? When setting out to find a market for Kittyhawk, there were several correct and incorrect decisions that the DMD division made that greatly affected their product and its future effectiveness. They initially went about it the right way by researching the electronics industry and the several companies within the industry that might want their new product. They also spent time analyzing HP's future product plans and how they aligned with that of Kittyhawk's.

They looked into businesses where their innovative and disruptive product may have a greater demand and be better able to quickly incorporate their product, such as the mobile and gaming markets. The DMD division made the mistake of not waiting for the market to develop before mass producing their product. Existing customers tend to be hesitant when moving away from products that they have already invested in and move towards a disruptive technology. Many customers may not even have the resources or capabilities to use HP's new product.

DMD should have given time for customers to become aware of their innovative product before jumping to conclusions of future demand trends. One way to initially see how customers would react to Kittyhawk would have been to do beta and end user testing before establishing a permanent market. Also, the company hired a market research firm specializing in high-tech markets to help them segment the market, but since Kittyhawk was so innovative, the research was almost useless because there were no reliable leads or demands from customers.

At the Computer Electronics Show, HP did not capitalize on the immediate market need set forth by Nintendo, who wanted their product for \$50. This went against DMD's original purpose of the project which was to create a cheap, small disk drive, which was exactly what Nintendo wanted. Instead, they chose to go into the PDA market, which was stated to have technical issues and an uncertain future. This was an unnecessary risk taken by HP.

At the show, they bypassed the desktop and notebook computer sections, which were established markets that could have taken advantage of Kittyhawk. Although searching for a "new hill" to establish their market is a good idea to get a first-mover advantage, there are high demand risks when focusing solely on unproven markets. Instead of focusing on such unproven markets, DMD should have created their product so it could be variable enough to adjust to different consumer needs, which would attract a much wider market.

DMD made the mistake of setting forth goals for Kittyhawk before assessing the market. These goals were not only unreasonable, but they created a lot of pressure on the engineering staff. They set forth a strict deadline of introducing the Kittyhawk in 12 months and breaking even in profits in 36 months. Although this is a good idea to motivate your engineers to beat the competition and achieve a first-mover advantage, the engineers instead sacrificed aspects of the product that were critical to its success and were part of the original goal.

In order to lower the price of the product as much as possible to satisfy customers, they sacrificed some of the promised capabilities that set the product apart from the competition. Although there is definitely an

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innovation and price tradeoff, when HP refused to sell Kittyhawk for less than \$130, it was a clear indication of how they had moved so far away from their original goal of creating a visionary product and were mainly focused on just creating profits.