

## **An Early Death for Kin®**

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The quick removal of a new product from the market is a rare occurrence, particularly for a company like Microsoft®. In May, 2010, the company introduced the Kin® mobile phone to the U.S. market. Within two months, the product, except for the remaining inventory, was no longer available. The reason for the discontinuation of the market offering is believed to be the fact that the actual sales of the product did not meet at least the level expected by the company. Verizon Wireless®, the retail distribution channel for the product, is charged with the task of selling the remaining inventory. Verizon Wireless is a joint venture of Verizon Communications and the Vodafone Group. Plans to introduce the product to the European market in the Fall were cancelled.

Kin is designed for the niche market of teens and young adults who want to use the phone to stay connected with their friends via social networking sites; like Twitter®, Facebook®, and MySpace®; and other websites of interest. Two versions of the model were offered: Kin One and Kin Two. The key features of both phones are as follows: email, built-in camera, QWERTY keyboard, speakerphone, and video messaging (for 15-second videos). The screen on each model is openly visible. On both versions, the keyboard is hidden until it is slid into view. The Kin One model is more oval in shape and the Kin Two model is more vertical-rectangular in shape. On the Verizon Wireless website, the colour of both models is black, but pink or clear snap-on covers can be purchased for the Kin One model. The surface around the keys on the Kin One model are a white/beige; on the Kin Two model, this area is black. Microsoft designed the software and hardware, but the actual production was carried out by the Sharp Corp. of Japan. The actual product names are the Sharp Kin One and the Sharp Kin Two.

A news conference was held in April to introduce the product to the market. Television advertising and other advertising were also used to promote the product.

As appeared on online blogs, the product received a negative evaluation from consumers because it lacked the same capability offered by competing products, like the iPhone®. A major concern was the inability to download and use compatible applications available for the iPhone.

The initial prices for the product after rebates were set at \$50 for Kin One and \$100 for Kin Two, with a two-year phone service contract required. Before the death of the product, the prices for the two models without rebates were \$129.99 for Kin One and \$149.99 for Kin Two. A \$100 online discount was offered for each model, thereby reducing the respective prices to \$29.99 and \$49.99, with a two-year phone service contract required.

**Focus:** New product development, stages of new product development, rate of diffusion, conceptual content (compatibility, relative advantage, communicability, divisibility, complexity); product-market growth matrix - market opportunities matrix (market penetration, market development, product development, diversification), product attributes, evaluative criteria, degree of innovation (continuous, dynamically continuous, discontinuous), product life cycle (stages: introductory, growth, maturity, saturation, decline), joint venture, intensity of distribution (exclusive, selective, intensive), target market, benefit segmentation, demographic segmentation, niche marketing, adoption curve (diffusion process), attitude, demand state (negative, no, full, overfull, latent, faltering, irregular, and unwholesome demand), odd-even pricing, price lining (price point), elasticity of demand (elastic, inelastic, unitary elasticity), product bundling, derived demand, generic demand, selective demand, adoption process, brand name, product deletion decision areas: candidate identification, post-deletion concerns.

### Questions:

1. Define each of the concepts identified in the above list. [Note: not all concepts may be relevant to this case.]
2. What stage of the new product development process applies in this situation? Explain.
3. Evaluate the two Kin models in terms of the conceptual content of a new product? Based on this evaluation, how likely will the product succeed? Explain. What is the nature of the rate of diffusion of the product? Explain. How does what is happening to the product related to the diffusion process (i.e., adoption curve)? Explain.
4. Explain how the product-market growth grid applies in this situation.
5. What is the nature of the product attribute makeup of each model?
6. Explain how the degree-of-innovation concept applies to this product?
7. Where is the product in the product life cycle? What stages of the PLC apply to this product? Explain.
8. Describe the nature of the joint venture in this case.
9. What degree of intensity of distribution is being used for this product? Explain.

10. What is the nature of the target market for this product (describe in terms of demographic characteristics and benefit segmentation)?
11. What evaluative criteria would be used by the defined target market when looking for a product like Kin? Explain how the criteria would be used.
12. How does the concept of niche marketing apply to this case?
13. Explain how the concept of odd-even pricing applies to this case. Explain how the concept of price lining (or price point) applies to this case.
14. Explain how the concept of elasticity of demand applies to this case.
15. Explain how the concept of price bundling applies to this case.
16. Explain how the concept of derived demand applies to this case.
17. Explain how the concepts of generic and selective demand apply to this case.
18. Of the reasons for deleting a product from the product offering, which one(s) applies (apply) to the current situation? Explain.
19. Sometimes, a company will not delete a product that has been identified for deletion. Why would Microsoft keep the Kin, even though it has been identified for deletion?
20. When a product is to be deleted from the market, the company has to be concerned with a number of issues related to such an action. What are the issues in this area that are relevant to the decision to delete the Kin mobile phone from the market? Explain.
21. How do you think the target market for the product viewed the brand name, Kin, itself? What do you think the name means to the consumer? What does it mean?
22. What do you think the company was expecting to happen with the reduction in price? Explain using the appropriate concepts. To what extent would or could the concept of prestige pricing apply to this situation? Explain.

**Note.** The facts presented in this case are primarily from [1] Wingfield, N. (2010, June 30). Microsoft kills Kin mobile phone less than two months after launch. The Wall Street Journal. Retrieved from <http://online.wsj.com/article/SB10001424052748703426004575339402480468426.html> and [2] Verizon Wireless web site: <http://www.verizonwireless.com>.