



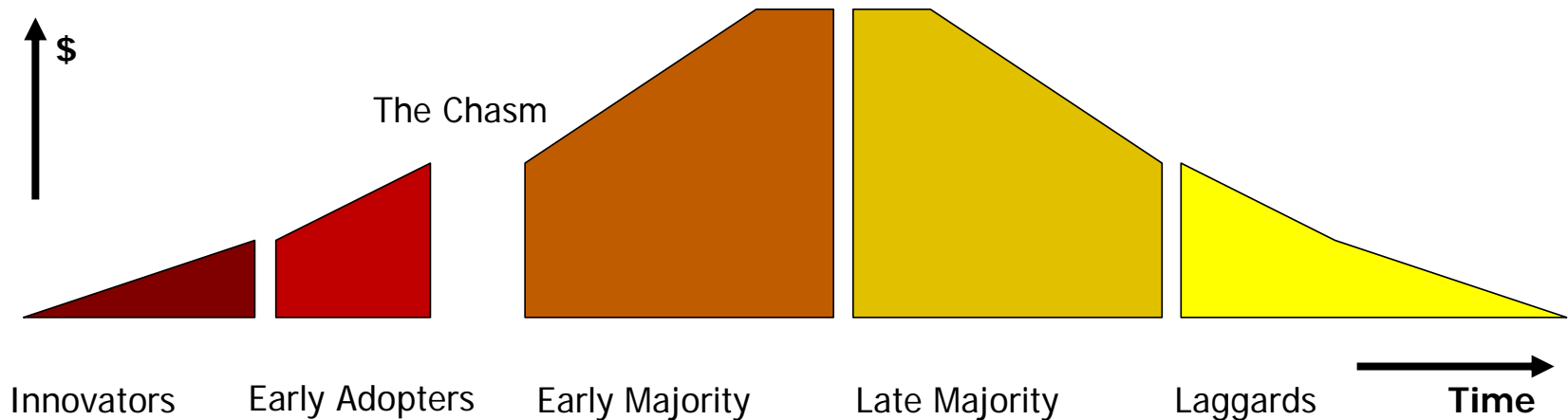
Crossing the Chasm...

Reference:

[Crossing the Chasm](#)

Geoffrey Moore

Technology Adoption Lifecycle



- Gaps represent transitional difficulty in moving from one group to the next
- Later groups tend to use earlier groups for referrals (except for the Early Majority)

Innovators: Tech Enthusiasts

- Pursue new technology products aggressively
- Their endorsement assures other players; they are the gatekeepers for new technology
- They want
 - Truth- no marketing gloss, just facts
 - Easy access to technologists to discuss problems
 - First to get access to new stuff
 - Everything cheap (price should not be *their* concern)
- You want one close to the *early adopter big boss*

Early Adopters: Visionaries

- **Visionaries that match technology to strategic opportunity**
- **Looking for a fundamental breakthrough for a business goal: order-of-magnitude return**
- **Least price sensitive segment- a source of capital on early projects**
- **Easy to sell, hard to please (dream vs. reality)**
 - Need to carefully manage expectations
- **Project oriented, structure each phase so:**
 - It can actually be accomplished quickly
 - Results in a marketable product
 - Provides a concrete return on investment to be celebrated
- **They find you through innovator referrals**

Early Majority: Pragmatists

- Goal is to make a % improvement
- Hard to win, loyal once won
- Care about the company they buy from
 - Standardization
 - Support infrastructure
 - Reliability of product and service
- **Dilemma**: won't buy until you're *established*, but you can't be until they buy from you

Late Majority: The Conservatives

- **Against discontinuous innovation; believe more in tradition established by Early Majority**
- **Tend to invest near end of tech lifecycle when product is an extremely mature commodity**
 - Buy pre-assembled packages
 - Products dedicated to a single function
 - Heavily discounted pricing
- **Opportunity to create a business repackaging low-cost, trailing-edge technology into a single-function system for a specific business need**

- **Only buy if new technology is deeply embedded**
- **Tend to be naysayers that block purchases**
 - Marketing program must neutralize them
 - Continually point out the discrepancies between the sales claims and delivered product

- **Pragmatists need referrals from other pragmatists; visionaries alienate them:**
 - Visionaries discount other's experience; pragmatists value it highly
 - Visionaries define the future; pragmatists worry about today
 - Visionaries build "state-of-the-art" from the ground up; pragmatists want "industry standard"
 - Visionaries quickly move to the next big thing; pragmatists get left cleaning up the mess

- Long term goal is to enter & take control of a mainstream market dominated by an entrenched competitor
- Need to transition from an early market base to a strategic target market (big fish in small pond)
- Must assemble an invasion force including other products / services / partners focused directly & exclusively on the niche point of attack: the beachhead
- Use beachhead as a reference to pragmatists to attack related market segments on the way to overall market domination

Choosing the Beachhead

- **Target a specific market niche and focus *all* resources on achieving a dominant leadership position**
 - Segment market by target customers
 - Evaluate each segment's attractiveness
 - Evaluate finalists for size, competition, distribution, etc
 - Pick one (and only one)! High risk, low data decision

Target Customer Scenarios

- **Develop scenarios for each target customer. Include:**
 - End user of product / service
 - Technical buyer
 - Economic buyer
 - Day in the Life (Before)
 - Scene or situation
 - Desired outcome
 - Attempted approach
 - Interfering factors
 - Economic consequences
 - Day in the Life (After)
 - New approach
 - Enabling factors
 - Economic rewards

Brainstorm scenarios for
each segment in the
mainstream market

Market Development Strategy Checklist

- **Checklist includes:**
 - Target customer
 - Compelling reason to buy
 - Whole product
 - Partners and allies
 - Distribution
 - Pricing
 - Competition
 - Positioning
 - Next target customer

Evaluate each scenario
against the checklist in two
stages

Stage 1: Rate Against Showstopper issues

- **Target customer**
 - Single economic buyer?
 - Accessible to sales channel?
 - Well-funded to buy whole product?
- **Compelling reason to buy**
 - Are the economic consequences sufficient to motivate economic buyer to fix problem in scenario?
- **Whole product**
 - Can we (with the help of allies) field a complete solution to the compelling reason to buy in one quarter & dominate market in one year?
- **Competition**
 - Has this problem already been addressed by another company (never attack a fortified hill-choose the battleground)?

Best scenarios have high scores for compelling reasons to buy, but usually lower scores for whole product

Stage 2: Rate Remaining Factors for Surviving Scenarios

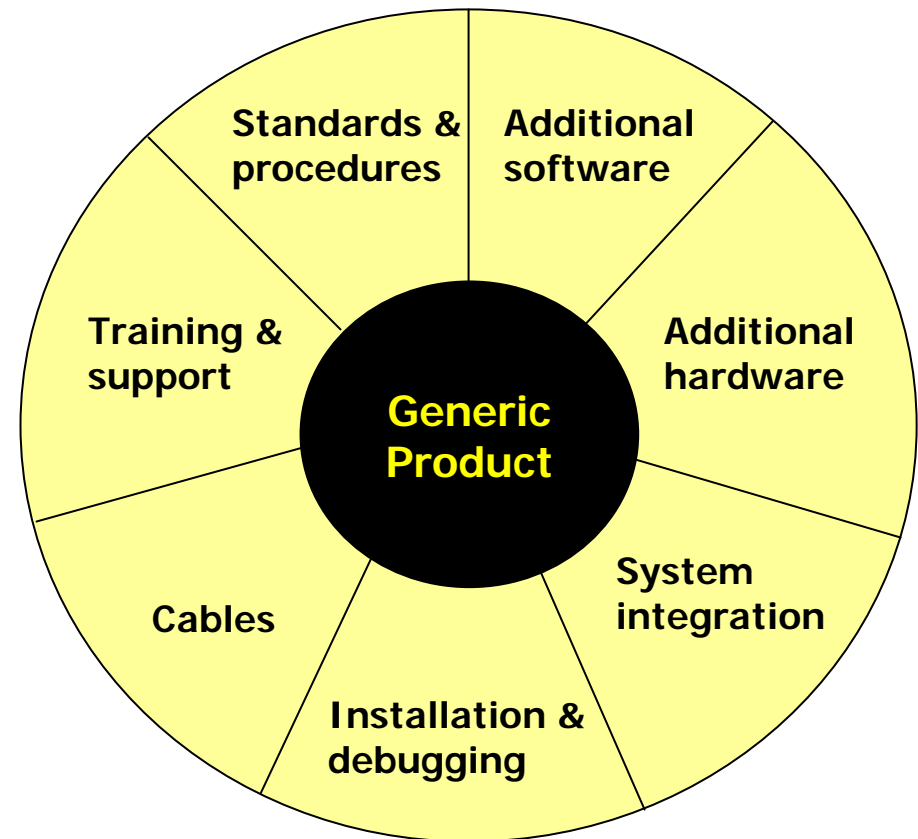
- **Partners and allies**
 - Do we already have needed relationship in place?
- **Distribution**
 - Do we already have an established sales channel that fulfills the whole product requirements?
- **Positioning**
 - Is the company a credible provider to the target niche?
- **Pricing**
 - Is the whole product price consistent with the customer's budget and value gained by fixing the broken process?
 - Are all partners sufficiently compensated (including distribution channel)?
- **Next target customer**
 - Will niche's customers & partners facilitate entry into adjacent niches?

Choosing the Beachhead

- **Do not need to select optimal beachhead to be successful in establishing a base of referenced pragmatists**
 - But you must pick just one beachhead
- **Pick a target segment that matches your size**
 - Must dominate (> 50% market share) to get solid referrals

Whole Product Concept

- **Generic product is our new technology**
- **Everything else supports customers in achieving their compelling reason to buy**
 - Supplied by you or...
 - Your partners
 - Tactical alliances exist only to accelerate whole product development



Whole Product Example

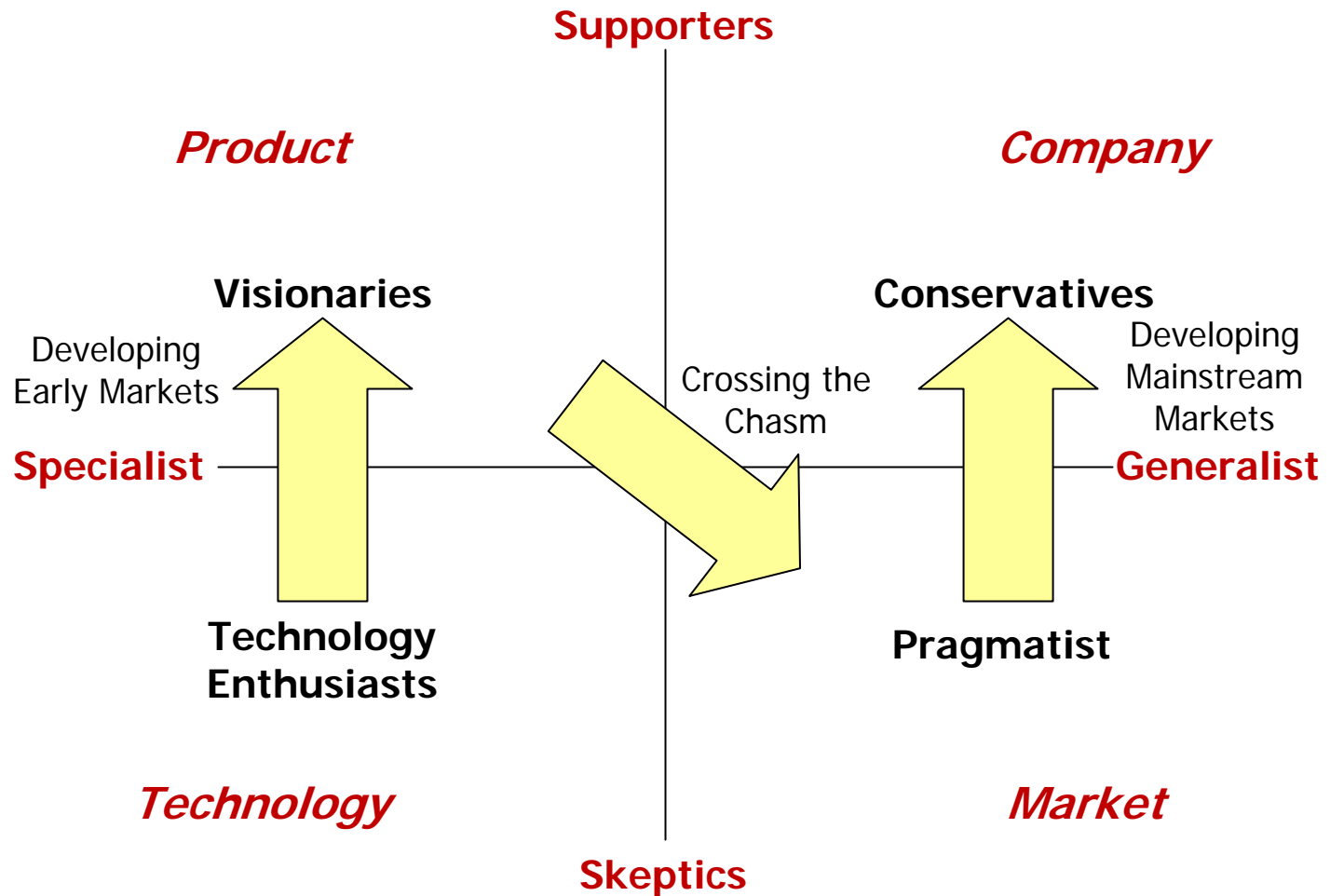
Whole Product Concept

- Use the diagram to communicate the whole product
- Reduce the whole product to the minimal set
- Review from each participants' view so all win
- Develop relationships slowly, build credibility
- Work with decision makers at partners
- Use formalized relationships to drive communication only- not cooperation
- Large partners: bottom-up, local district office
- Small partners: top-down, respect limited resources

Choosing the Battle

- **Pragmatists define competition by comparative evaluation of products & vendors within a common category**
- **Need to define competition when there is no perceived competing products. Use reference beacons:**
- **Market alternative**
 - How the job's been getting done
- **Product alternative**
 - Acknowledge, but differentiate your product

Competitive Positioning

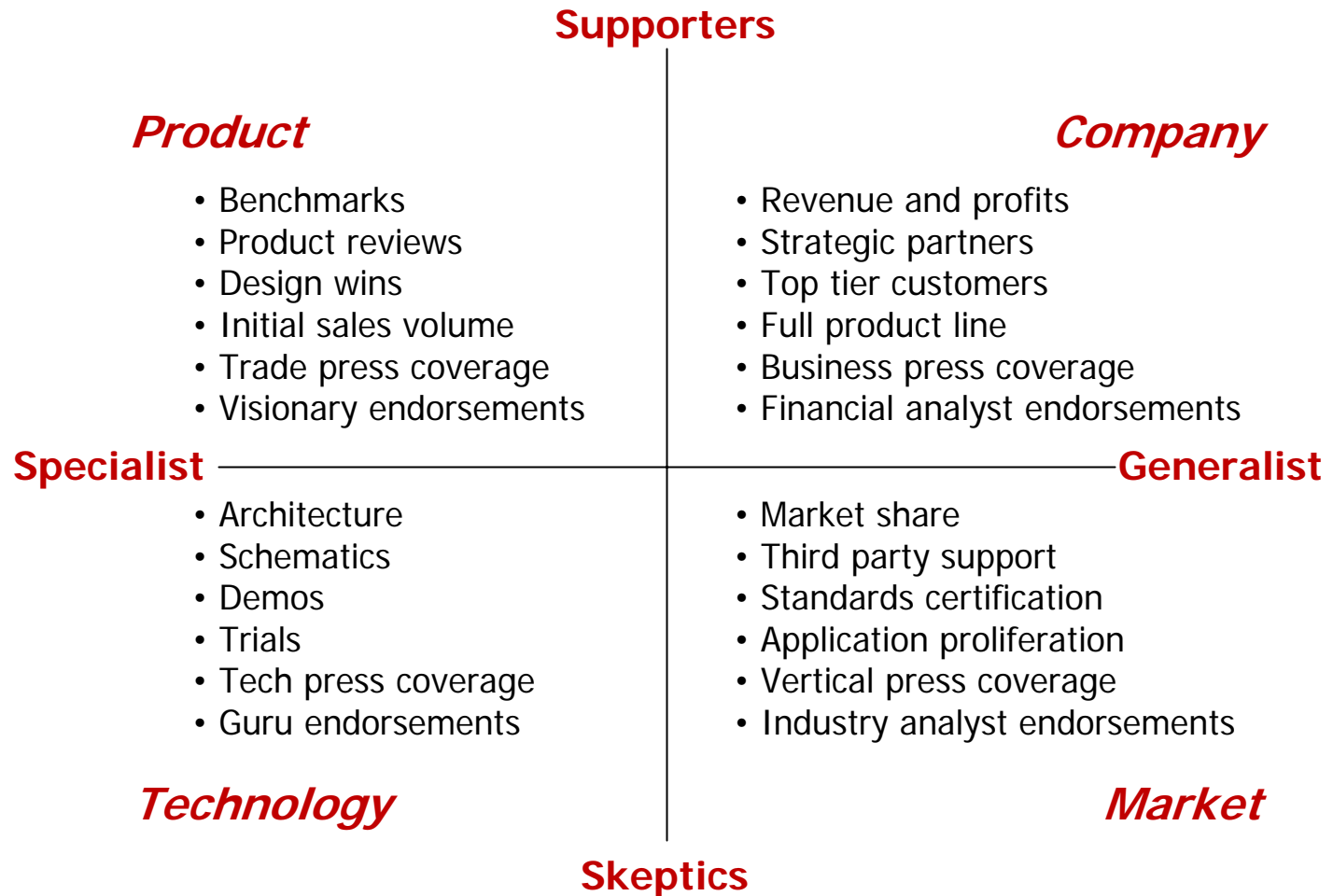


- The goal is to make your product easier to *buy*
- Approach depends on life cycle position:
- “Name it & frame it”: minimum positioning required for a technology enthusiast
- “Who for & what for”: minimum extension for visionary
- “Competition & differentiation” → pragmatist
- “Financials & future” → conservative

- **The Claim**
 - Reduce the fundamental position statement to two sentences
- **The Evidence**
 - Sufficient evidence to support claim
- **Communications**
 - Address correct audience in right sequence with right versions of the message
- **Feedback and adjustment**
 - Respond to holes poked in argument by competitors

- “Elevator test” is a two sentence summary:
- For **[target customers in beachhead segment]**
- Who are dissatisfied with **[current market alternative]**
- Our product is a **[new product category]**
- Unlike **[the product alternative]**
- We have assembled **[key whole product features for the specific application]**

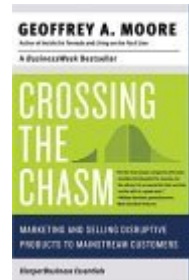
Evidence for Positioning



Competitive Positioning Checklist

- Focus the competition the market segment established by your value proposition
- Create the competition around a reasonable comprehensive set of alternatives to achieving the value proposition
- Manage all communications to reinforce the value proposition (especially 2nd sentence)
- Demonstrate the validity of the competitive claim

Get the reference!



[Buy from Amazon](#)