

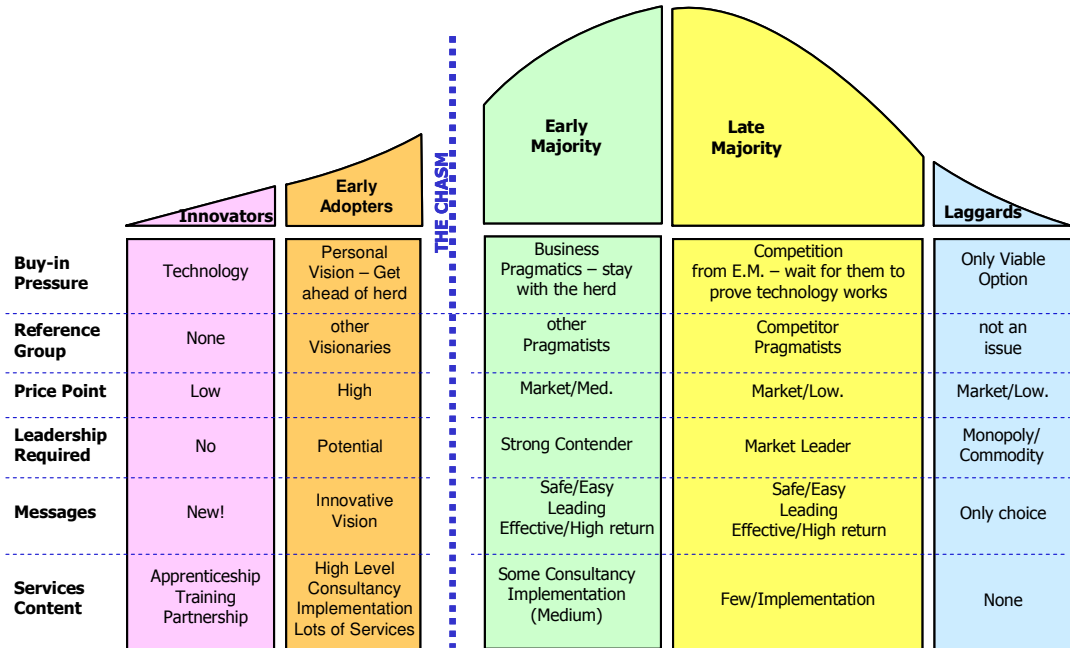


Crossing the Chasm and Beyond

The Technology Adoption Lifecycle (TAL)

The technology adoption lifecycle summarises how communities respond to *discontinuous innovation*, i.e. new products that require the end user and the marketplace to dramatically change their past behaviour to achieve the promise of equally dramatic new benefits. Past examples of this are fax machines, personal computers, spreadsheets and electronic mail.

The original work from as early as the 1950's has been extended by Geoffrey Moore in his books *Crossing the Chasm* and *Inside the Tornado* to include his observation of a large gap between the take up of new technology by technology enthusiasts and the majority market.



This gap exists because of the fundamental and opposite values of the two types of communities. These are summarised in the table below :

Visionaries (Early Market)

- Intuitive
- Support Revolution
- Contrarian
- Break away from the pack
- Follow their own dictates
- Take Risks
- Motivated by future opportunities

Pragmatists (Majority Market)

- Analytic
- Support Evolution
- Conformist
- Stay with the herd
- Consult with their colleagues
- Manage risks
- Motivated by present problems

Strategy for Innovation

The Chasm Model has a number of key implications for consideration when developing strategy for innovation. It should be obvious that the majority of the profit and revenue is made by the market leader in the majority market.

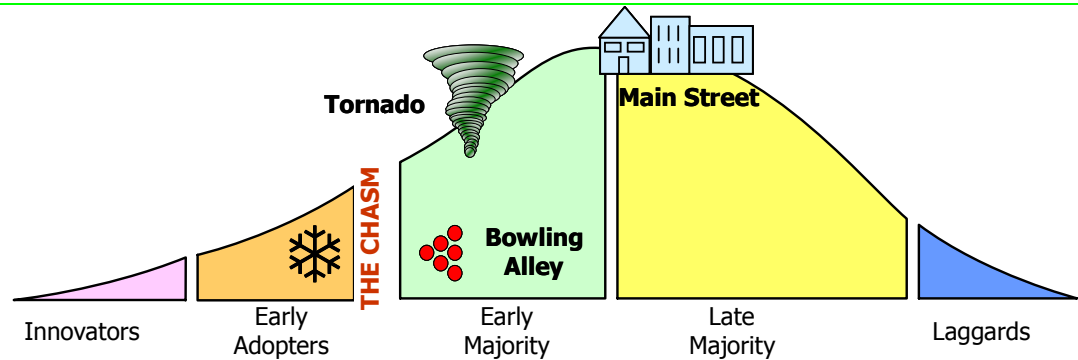
What is less obvious, but crucially important, is that market leader in the majority market will probably be the market leader when the market takes off.

The only cost effective way for vendors that are not leading in a majority market (assuming the leader does not make major mistakes) to attain market leadership is to either introduce or ride on the back of a discontinuous innovation i.e. work in a different market.

Moore has developed the concepts in *Inside the Tornado* to identify 6 parts of the lifecycle that need to be considered when developing strategy.



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- *The Early Market*, a time of great excitement when customers are technology enthusiasts and visionaries looking to be first to get on board with the new paradigm.
- *The Chasm*, a time of great despair, when the early market's interest wanes but the mainstream market is still not comfortable with the immaturity of the solutions available.
- *The Bowling Alley*, a period of niche-based adoption in advance of the general marketplace, driven by compelling customer needs and the willingness of vendors to craft niche-specific whole products.
- *The Tornado*, a period of mass market adoption when the general marketplace switches over to the new infrastructure paradigm.
- *Main Street*, a period of aftermarket development, when the base infrastructure has been deployed and the goal now is to flesh out its potential
- *End of Life*, which can come all too soon in high tech because of the semiconductor engine driving price/performance to unheard of levels, enabling wholly new paradigms to come to market and supplant the leaders who themselves had only just arrived.

Business Strategy

The following table summarises the changes in focus an organisation must make in marketing strategy depending on the stage of the TAL of the market that their technology is part of.

	Chasm and Bowling Alley	Tornado	Main Street
Target Customer	<i>VERTICAL NICHE ECONOMIC BUYER</i>	Mass Market Technical Buyer	<i>MASS CUSTOMISATION END USER</i>
Compelling Reason to Buy	<i>ROI</i>	Infrastructure	<i>PREFERENCE</i>
Whole Product	<i>COMPLETE</i>	<i>STANDARD</i>	<i>COMMODITY + 1</i>
Partners and Allies	<i>RECRUIT</i>	<i>INSTITUTIONALISE</i>	Eliminate
Distribution	Value-Added	<i>HIGH VOLUME</i>	Low-cost
Pricing	Value-based vs. Status Quo	<i>COMPETITION BASED VS MARKET LEADER</i>	<i>COMPETITION-BASED VS LOW COST CLONE</i>
Competition	Status Quo	<i>MARKET LEADER</i>	Low-cost Clone
Positioning	Product Leadership & Customer Intimacy	Product Leadership & Operational Excellence	<i>OPERATIONAL EXCELLENCE OR CUSTOMER INTIMACY</i>
Next Target	<i>ADJACENT BOWLING PIN</i>	More new customers	More sales from installed base

The Focus for Marketing Strategy changes through the TAL - N.B. Capital Italics Denote Priorities