http://www.seewhatthappens.com/
(accessed May 25, 2004)

- SAFETY!!
Feedback

- Most/least interesting cases
- Most/least interesting topics (theory)
- My teaching style
- Midterm comments
Diffusion

- The Chasm

*There is a huge chasm between the people that buy a product just because it's a new technology and the vast majority of folks who wait until it helps them in their lives.*

Diffusion

- The Chasm

Technology Level required by mass market

Chasm

Buyers are the Early Adopters
- Technology-centered
- Feature-driven

Technology is insufficient for the mass market

Buyers are the Mass Market
- Application-centered
- Usability-driven

Product becomes more complex than necessary for the mass market
Network Externalities

- Positive Network Externalities
  - Computers
- No Network Externalities
  - Space Station
- Negative Network Externalities
  - Sports Cars

- Low-Tech
  - Soft Drinks
  - Candy bar
  - Designer Clothes
Protection

- Design lock-in into the product
- Strive for market share initially
- Enroll your complementors
- Introduce new versions quickly

- When consumers have high switching costs, they tend to stay with you.
- Look for network effects; price skimming cannot make up for lost user base.
- Complementors increase the strength of lock-in and create more switching costs.
- Give your competitors a moving target. Don't forget backward compatibility.
Product Development
Issues in new product introduction

- What new products you develop should depend on consumer need and your competitive advantage

- Cannibalism or preemption
  - Where is your market share coming from
Ideas are developed sequentially

- Funnel. Start with a lot of ideas and test
- Do more and more sophisticated tests as you go along
- The internet causes market tests to be much cheaper
  - AOL: market research service, consumers who volunteer can get free time on AOL
Product names

- Have signaling potential for
  - Quality / Usage / Location

- People prefer Lamoure yogurt to Limor
  - Tastier, more cream

- Name needs to be easily remembered

- Very careful about meaning in other languages – Chevy Nova
  - Very hard to change names later
Stories