MARKETING AND SELLING HIGH-TECH PRODUCTS TO MAINSTREAM CUSTOMERS

Dr. Anitha Nallasivam

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CONTENTS

CHAPTER 1

HIGH-TECH MARKETING ILLUSION: AN ANALYSIS

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ABSTRACT:

In the rapidly evolving landscape of high-tech industries, marketing strategies play a pivotal role in shaping consumer perceptions and driving product adoption. This paper explores the concept of "High-Tech Marketing Illusion," a phenomenon where the dynamic interplay between technological innovation and marketing efforts creates a perceptual gap between the actual capabilities of a product and the consumer's understanding of it. The study delves into the strategies employed by high-tech companies to promote their products, emphasizing the role of cutting-edge features, futuristic aesthetics, and aspirational narratives. By leveraging these elements, marketers often construct a captivating illusion that may surpass the tangible benefits of the technology itself. This paper investigates the psychological mechanisms that contribute to the formation of this illusion, examining how consumer expectations, societal trends, and competitive pressures shape perceptions. The implications of the High-Tech Marketing Illusion on consumer decision-making, market competition, and long-term brand loyalty. It scrutinizes cases where the illusion has led to success by aligning with consumer desires and market trends, as well as instances where it has resulted in disillusionment and reputational challenges for companies.

KEYWORDS:

Chasm, High-tech, Illusion, Marketing, Pioneers, Settlers.

INTRODUCTION

It is 1998 when this new version of the novel is being written, and during this period the electric automobile has been made available for purchase. There's General Motors, of course, and then Ford and Chrysler. Assume that the automobiles function just like any other, except that they are more environmentally friendly and quieter[1], [2].

The Life Cycle of Technology Adoption

How you respond to the above question will reveal a lot about your comprehension of the Technology Adoption Life Cycle, a model used to analyze how new products are accepted. If your response is, "Not until hell freezes over," you are most likely a laggarda very late adopter of technology according to the model. You may be an early majority or middle-of-the-road adopter if your response is, "When I have seen electric cars prove themselves and when there are sufficient charging stations on the road." Saying, "Not until the majority of people have made the switch and driving a gasoline car becomes really inconvenient," indicates that you are most likely a follower and a part of the late majority. On the other hand, you are probably an innovator or an early adopter if you want to drive an electric vehicle and be the first person on your street to do so.

We will examine these labels more closely in a minute, but first we must comprehend their importance. It turns out that when we are presented with items that need us to alter our existing behavior patterns or other products and services that we depend on, our attitude toward adopting technology becomes important, at least from a marketing perspective. These change-sensitive goods are referred to as discontinuous innovations in academic circles. Continuous innovations, on the other hand, describes the standard product upgrades that don't need behavior changes on our part[3], [4].

For instance, Crest always innovates when it claims to give you brighter teeth. You continue to use the same toothbrush and brush the same teeth in the same manner. These are ongoing advancements, like the one from Sony that promises crisper and brighter TV visuals, the one from Dell that offers quicker processing speeds and more storage space, and the one from Ford that promises better fuel. You don't need to alter your behavior as a customer to benefit from these advancements.

However, if the Sony were a high-definition TV, it wouldn't work with the broadcasting standards of today, so you would have to look for alternative sources of content. You would need to alter your typical TV-watching habits;therefore, this would be a discontinuous innovation. Likewise, the modern software base would not work with the new Dell machine if it came with the Be operating system. Once again, you would have to look for a whole new set of software, making this another discontinuous innovation. Again, you would have a product that is incompatible with your present infrastructure of supporting components if the new toothpaste were a mouthwash that didn't need a toothbrush, or if the new Ford caras we just mentionedrequired electricity instead of fuel. In each of these instances, the innovation necessitates substantial adjustments from the infrastructure as well as the client. That's how and why these kinds of developments are said to be discontinuous.

There is a range of needs for change between continuous and discontinuous. TV dinners did not need the purchase of a new oven, but they did demand more freezer space, in contrast to microwave meals. Similar to VCRs, color TV did not need learning new technology or investing in a new TV; but, it did demand understanding more about antennas and tuning than most of us were willing to learn. The need for consumers to adapt to changes in behavior is reflected in many measures, such as designated bike lanes, special washing instructions for certain textiles, and unique dialing instructions for international calls. All firms will eventually have to make these requests. Thus, high-tech sectors may teach all firms valuable lessons[5], [6].

High-tech companies often launch discontinuous advances with the same confidence and assurance as a born-again Christian holding four aces, while other sectors do so very seldom and with great apprehension. High-tech businesses, therefore, required a marketing approach that could handle this kind of product launch from the outset. As a result, the Technology Adoption Life Cycle started to dominate the sector's marketing strategy.The following model illustrates how new technological products enter the market and how the sorts of customers they draw change over the course of their useful lives: We have a bell curve, as you can see. The curve's divisions roughly correspond to the locations of standard deviations. That is, within one standard deviation of the mean are the early majority and the late majority, within two are the early adopters and the laggards, and the innovators are far out there, at the very beginning of a new technology, roughly three standard deviations from the average.

The ways that the groups react differently to a discontinuous innovation based on new technology set them apart from one another. Every group has a distinct psychographic profile, which is a synthesis of psychology and demography that distinguishes its marketing reactions from those of the other groups. An essential part of high-tech marketing knowledge is comprehending each profile and how it relates to its neighbors.Entrepreneurs actively seek for innovative technological items. Sometimes, even before an official marketing campaign has begun, they go out and find them. This is due to the fact that technology, in all its forms, plays a major role in their lives. Fundamentally, they are curious about any significant advancement, and they often buy new technology only to enjoy playing with its features. Even when there aren't many innovators in a particular market niche, it's still important to win them over early in a marketing campaign since their support tells other competitors that the product is really effective[7], [8].

Like innovators, early adopters embrace innovative product ideas at an early stage of development, but they are not engineers. Rather, these are individuals who can readily see, comprehend, and value the advantages of new technologies and can effectively connect these prospective benefits to their other issues. Early adopters are eager to base their purchase choices on any good match they come across. Early adopters are essential to opening up any high-tech market sector since they depend less on established references and more on their own instincts and vision when making these purchasing choices.

Although the early majority is primarily motivated by a strong sense of realism, they do share certain traits with the early adopters in terms of their ability to connect to technology. They are happy to wait and see how other people are doing before investing in themselves since they are aware that many of these novel innovations turn out to be fleeting fads. Before making a sizable investment, they want to see solid references. Due to the large number of individuals in this marketroughly one-third of the adoption life cyclewinning their business is essential to any significant growth and revenues. All of the early majority's concerns are shared by the late majority, along with one significant addition: Members of the late majority feel uneasy about their capacity to use a technological device, whereas those in the early majority are confident in their ability to do so should they ultimately decide to buy one. Because of this, people prefer to purchase from big, well-known businesses only when something has become a norm and even then, they want to see a lot of support. Similar to the early majority, around one-third of all buyers in a particular category belong to this group. It is very profitable to court its favor since, as goods mature, selling expenses decline along with profit margins, and almost all R&D expenditures have been amortized.

The laggards are the last group. These individuals just don't want to use modern technology for a number of reasons, including financial and personal ones. They only ever purchase technology products when they are concealed so well inside other products—for example, when a microprocessor is integrated so seamlessly into a new car's braking system that the consumer is unaware of its presence. On any other consideration, laggards are often seen as unworthy of pursuit the Technology Adoption Life Cycle posits that the assimilation of technology into a society occurs in phases that align with the social and psychological characteristics of different groups within that community. This procedure may be seen as a continuum with several phases, each of which is connected to a distinct group, each of which constitutes a predicate subset of the total.

DISCUSSION

In turn, this profile serves as the cornerstone of the High-Tech Marketing Model. According to that approach, cultivating a high-tech market involves working the curve from left to right, starting with innovators and expanding that market, then shifting to early adopters and expanding that market, and so on, reaching the early majority, late majority, and even the laggards. Businesses need to utilize each "captured" group as a starting point for their marketing efforts before moving on to the next group. As a result, innovators' endorsements become crucial for crafting a convincing argument for early adopters, early adopters' endorsements for early majority, and so forth. The goal is to keep this process flowing smoothly, much as when you transfer the baton in a relay race or pretend to be Tarzan, hanging from one strategically placed vine to another. To generate a bandwagon effect that naturally encourages the next group to join in, it is critical to keep up the pace. If there is too much delay, it will have the same effect as dangling from a motionless vine with nowhere to go but down[9], [10].

To stay ahead of the next new technology is another reason to keep momentum going. Internet journals may eventually replace electric typewriters, which were replaced by personal computers. Before the following day makes you obsolete, you must make the most of your one and only day in the sun. This idea gives rise to the concept of an opportunity window. If we lose our momentum, a rival may surpass us because we will no longer have the benefits that come with being at the forefront of technology. Specifically, the profit-margin advantage in the middle to late phases is what makes high-tech companies so profitable.This is the High-Tech Marketing Model, to put it simply: a seamless progression through each phase of the Technology Adoption Life Cycle. This notion is fascinating because it offers a virtual monopoly over a significant new market development, which is especially appealing to investors in high-tech companies. You may get wealthy very fast and "own" a very profitable market for a very long time if you can arrive first, "catch the curve," and ride it up into the early majority section, therefore defining the de facto standard.

Testimonies

A great illustration of maximizing the High-Tech Marketing Model is Lotus 1-2-3. It was the greatest spreadsheet application ever developed, and no one has ever disputed it. Lotus 1-2-3 was the first spreadsheet for the IBM PC, and its designers were careful to tune its performance specifically for that platform. Of course, it wasn't the first, and many of the features that people appreciate the most about it was actually directly derived from VisiCalc, its predecessor that ran on the Apple II. The inventors thus favored Lotus 1-2-3 because of its speed and slickness. The reason the early adopters like it was because it made it possible for them to do an action that they had never been able to perform beforewhat is now known as "what if" analysis. Because the spreadsheet aligned with many widely used corporate processes, such as project tracking, sales forecasting, and budgeting, the early majority found it appealing. The late majority eventually caught up because using anything elseeven paper and pencil—became more difficult as more and more people started using it. It was the tool that people were familiar with. Spreadsheets required to be in Lotus format in order to be shared. As a result, it grew so ingrained that by the end of the 1980s, Lotus 1-2-3 was installed on well over half of IBM PCs and PC comparable spreadsheets, even though there were several rivals with better products overall.

Even though this is a remarkable achievement, many other businesses have attained a similar standing. This is what IBM has accomplished with mainframe computers, Microsoft with PC operating systems, Hewlett-Packard with PC laser and inkjet printers, and Oracle with relational databases. It is the position that Intel has in microprocessors, Cisco has in routers, ESRI has in GIS software, Autodesk has in PC CAD, and Netscape is clinging to in Internet browsers[11], [12].

In their respective main markets, each of these businesses has a market share that exceeds 50%. All of them have succeeded in forging strongholds in the early majority category, if not beyond, and are anticipating development from that vantage point as well as very high profit margins and growing consumer preference for their suppliers. While it is true that certain companies, like Oracle and Netscape, have had difficult times, even in such cases, consumers often go above and beyond to give market share leaders another opportunity, even if their rivals would never be given the same grace.

The fact that the history of these flagship items follows the High-Tech Marketing Model is not surprising. The model really originated mostly from an abstraction of these histories. Thus, as we approach the new century, high-tech marketing continues to advance with confidence, holding up the example of these businesses and the abstraction of the High-Tech Marketing Model.

Fractured Bell Curve

It is now appropriate to inform you that many of us in Silicon Valley are prepared to attest to the fact that there is a problem with the High-Tech Marketing Model. We think this because, if there were a market for our stock, which there isn't, it would no longer have any monetary value; instead, our previously significant equity positions in companies that either no longer exist or have such a dilutive current valuation have vanished from all importance. While every one of us had a unique experience with our destiny, many of our common experiences may be summed up by reinterpreting the Technology Adoption Life Cycle as follows: The elements of the life cycle remain the same, but there is now a difference between any two psychographic groups. This illustrates how the two groups are dissociated, or how difficult it will be for any group to accept a new product if it is given in the same manner as it was for the group directly to its left. Every one of these spaces offers a chance for marketing to falter, to miss the shift to the next category, and to never reach the promised land of profit-margin leadership in the center of the bell curve.

The Initial Break

There are two quite small holes in the High-Tech Marketing Model, or what one might refer to as "cracks in the bell curve," yet even in these places, careless endeavors have failed. The first is that which exists between early adopters and innovators. This is a gap that arises when a popular technological product, such as Esperanto, cannot be easily converted into a significant new advantage. Its architecture is what enthusiasts like, but no one else can even figure out how to use it.Neural network software is currently included in this group. This software, which has been around since the 1980s, replicates the structure of the brain and can actually program itself to do better on a task by using rules and feedback. This is a very exciting technological advancement because it presents the prospect that computers may learn on their own and create solutions that would be impossible for a human programmer to create from beginning. However, the lack of a distinctive and compelling use that would propel the software's adoption above other, more established options explains its lack of economic success.

Desktop video conferencing is another example of a product that was lost in the transition from innovators to early users. Versions of this capacity have appeared in many R&D laboratories throughout the 1990s, including Xerox, Intel, PictureTel, and IBM, and the inventors who build it swear by it. However, no one else does. There isn't a bandwidth issue. This issue relates to corporate processes. Marketing teams continue to predict business scenarios in which their applications would be attractive (processing loan applications, providing general customer service, executive communications, etc.), but the dogs continue to refuse to eat dog food, and marketing teams continue to be, well, "recycled."

The challenge facing the commercial development of neural networking software and desktop video conferencing is the same: with both of these innovative, useful technologies, it has been feasible to create a functioning system and persuade inventors to use it. However, it has not been feasible to extend that success to the early adopters as of yet. As we'll see in the following, the secret to winning over this group is to demonstrate how the new technology makes it feasible to take a significant step ahead strategically—something that was previously impossible—and that this has intrinsic value that even non-technologists can appreciate. This advantage is usually represented by a single, powerful use case, the one item that most encapsulates the strength and worth of the new product. Market development stops with innovators if the marketing campaign fails to identify a compelling application, and the product's future is jeopardized.

The Other Break

Between the early majority and the late majority, there is another, almost equal-sized split in the bell curve. The market is already established and the technology product has been widely accepted at this stage of the technology adoption life cycle. The desire that the end user be technologically literate is now the main problem in the shift from the early to the late majority.

To put it simply, the early majority is considerably more eager and able than the late majority to become technologically savvy when needed. A product must become more and more accessible to consumers at this stage of its market growth in order to maintain its success. The shift to the late majority may possibly slow or never materialize if this doesn't happen. High-end office copier systems, programmable VCRs, and a variety of phones with call forwarding, three-way conference, and even simple call transferring capabilities are now in this condition. The issue is that the procedures are just too difficult for non-frequent users of the system to remember. How many times have you been on the phone and heardor said"Now I may lose you when I hit the transfer button, so be sure to call back if I do"? Because the end user is unable to see the value, consumers do not use the features, making it more difficult for businesses in developed markets to be compensated for the research and development they have undertaken. Rather, they lament that the product has become a commodity when, in reality, what has gotten commoditized is the product's experience. It is mostly the fault of marketing, especially since businesses have given up control over the redesign of the user interface and, therefore, the user experience.

Scanners for PC presentations that add photos and desktop publishing software are two other examples of items that risk being lost in the transition between the early and late majority. Although Hewlett-Packard and Adobe, the industry leaders in these two sectors, have been highly successful in capturing the early majority, conservatives in the late majority still have concerns about their products. Thus, even if none of these markets is really saturated, both categories run the risk of stagnating.

Finding the Gap

The two breaks in the bell curve one separating the innovators from the early adopters and the other between the early and late majority are not the whole story, however. The true story, however, is the widening divide that divides the early adopters from the early majority. In the Technology Adoption Life Cycle, this is by far the most observable and harsh change. It is also the most hazardous since it is often ignored. The client list and order size for both groups may seem identical, which is why the shift may go undetected. A list of Fortune 500 to Fortune 2000 clients placing rather substantial orders fives, for sure, but more often sixs or even higher would normally be shown in either sector. However, the fundamental element of the sale what has been openly or tacitly promised and what has to be provided—is a very different sort of change agent. The early adopters want to gain an edge over their competitors by being the first in their field to accept this change. This advantage might take the form of cheaper product prices, quicker time to market, more comprehensive customer service, or some other similar benefit. They are willing to stand up for this cause in the face of strong opposition because they anticipate a dramatic break from the status quo. As the pioneers, they are also ready to put up with the inevitable flaws and kinks that come with each new idea that hits the market.

The early majority, on the other hand, wants to purchase a productivity boost for already-running businesses. Their goal is to reduce the degree of deviation from the traditional methods. Instead of revolution, they want development. They want technology to support current business practices rather than replace them. Most importantly, they don't want to troubleshoot another person's goods. They want it to function correctly and integrate well with their current technological foundation by the time they deploy it.

The differences and incompatibilities between early adopters and the early majority are not fully captured by this comparison. For the time being, allow me to emphasize only two points: early adopters are not ideal role models for the early majority due to these incompatibilities. Additionally, the early majority places a high value on references since they don't want to upend their organizations while making purchases. Thus, we have a catch-22 situation. It turns out that the sole Sui reference for a consumer in the early majority is another early majority member; nevertheless, no honorable member of the early majority will make a purchase without first seeking advice from many sui references.

Corpses in the Abyss

First off, the product has received a lot of media attention due to its popularity among early adopters. Consider gigabit Ethernet, optical switching, cable modems, and Digital Subscriber Loops in the context of networking; Voice processing for dictation, TV compatibility, and specialized devices like electronic books in PCs; Personal Digital Assistants (PDAs) for email and Internet access in peripherals; Data mining, target marketing, and end-to-end supply chain visibility in enterprise software; and 3D worlds created on the Internet itself through VRML, IP telephony, and IP video conferencing. Even while these goods do function rather effectively, none of the ones we have read about in depth have managed to secure a dominant position in the mainstream market to yet. This is mostly due to the high degree of discontinuity that is inferred from their adoption by businesses and the marketing effort's failure to date to reduce this obstacle for the early majority. As a result, the goods stagnate, continuing to benefit from the market's early adopters but failing to really take off and seize the high-volume prospects.

Enterprise applications using client-server computing were the quintessential illustration of this situation in the 1990s. The Gartner Group declared it the corporate architecture of the next ten years in 1987, and all IT departments bowed in agreement. Year after year, headlines would appear about new developments in client-server technology, the introduction of mission-critical RDBMS software, and new tools for GUI front ends, but ultimately, server-centric mainframe and minicomputer packages were the only products that were selling. Five years after its creation, in 1992, client-server software eventually became a viable category. Eight years later, in 1995, it ultimately surpassed its server-centric progenitor.

Why has it taken so long? Among other things, client-server computing needed a standard client with graphical user interface features. In 1987, a DOS computer served as the typical client. There were four graphical options: Windows, OS/2, Macintosh, and UNIX. IBM and

Microsoft had declared their intention to replace OS/2 with its own platform. However, it failed, and Macintosh and UNIX both prospered while Windows stumbled. As a result, the whole market stumbled until Windows 3.0 eventually became the new de facto standard. PeopleSoft debuted the market at that time with the introduction of its client-server package for Windows clients used in human relations.

Let's examine one more example. AI (brains in a box) was one of the biggest cover stories of the early 1980s. Everybody was writing about it, and Teknowledge, Symbolics, and Intellicorp were the firms that many famous client corporations were following. In fact, the clientele of each of these businesses resembled a Who's Who of the Fortune 100. Early adopters of AI, such as Intellicorp chairman Tom Kehler, often garnered media attention from publications like Inc., High Technology, Time, and the Wall Street Journal front page. This allowed them to capitalize on the fervor around AI and launch their businesses.

But AI has been sent to the scrap heap of modern times. It has just never taken off as a product for the public market, despite the fact that it was and still is a highly popular technology and that early adopters, who recognized its promise for utilizing computers to help human decision making, strongly supported it. Why? Too many barriers prevented it from being widely adopted when the time came for the early majority to adopt it: no established design methodology, no support for mainstream hardware, difficulty integrating it into current systems, and a shortage of personnel with the necessary implementation skills. Due to a lack of persistent marketing efforts to reduce adoption hurdles, artificial intelligence (AI) stagnated at the outset of the mainstream and eventually gained a reputation as a botched endeavor. Subsequently, the phrase itself became frowned upon. Therefore, despite the fact that artificial intelligence (AI) technology is still in use today and underpins widely used concepts like object-oriented programming and so-called expert systems, nobody uses the term in marketing campaigns. Furthermore, an organization such as Intellicorp, which had battled hard to establish itself as a professional AI corporation, has fully retreated from its identity.

In conclusion, high-tech product marketers are essentially operating without a reference base and without a support base within a market that is highly reference oriented and highly support oriented when they attempt to move from a market base made up of visionary early adopters to the next adoption segment, the pragmatist early majority.This is a chasm, for sure, and many naive start-up ventures have plunged into it. However, despite several examples of the chasm effect, high-tech marketing has not yet adequately focused on this issue. That is, in fact, the purpose of this work. In order to provide a last preamble to that endeavor, I provide the following tale as a type of summary of the disastrous business experience, in hopes of arousing more glimpses of realization and understanding of the misery of the chasm.

CONCLUSION

The complex tango in the quick-paced world of high-tech enterprises between customer perception and technical innovation. It became clear from our research how businesses create convincing illusions about their goods that there are possibilities and problems at the nexus of innovation and marketing. Marketers often have to walk a tightrope between communicating aspirational promises and real product capabilities in order to craft compelling storylines. When used properly, the High-Tech Marketing Illusion may enthrall customers, encourage adoption, and elevate a company. But there are also serious hazards involved, as disappointed customers may cause reputational harm and a decline in confidence. For both customers and marketers, understanding the psychological processes behind the creation of these delusions is essential. Businesses need to strike a balance between the attraction of innovation and their dedication to openness, making sure that the image they project on the market matches the real capabilities of their goods. Adopting authenticity may help high-tech businesses succeed in the long run by strengthening ties with customers and increasing brand loyalty.

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CHAPTER 2

HIGH-TECH MARKETING ODYSSEY: FROM ENTHUSIASTS TO VISIONARIES

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ABSTRACT:

The dynamic journey of a high-tech company navigating the challenging terrain of product introduction. Spanning multiple phases, the narrative unfolds from the initial stages of alpha and beta releases targeting technology enthusiasts to the critical juncture of capturing visionary early adopters. This narrative encapsulates the evolving dynamics of marketing, consumer expectations, and strategic shifts that define the trajectory of a high-tech venture. The story articulates the highs and lows, expectations and realities, and the inherent challenges of transitioning from an enthusiastic user base to visionary pioneers in the ever-changing landscape of high-tech industries. The exploration of the "High-Tech Marketing Illusion" becomes a focal point, emphasizing the delicate balance between innovation and consumer expectations. Through a comprehensive analysis of the three distinct phases – from early technology enthusiasts to visionary early adopters and the subsequent challenges of the chasm period – the narrative serves as a cautionary tale for industry players.By addressing the flaws in existing models and emphasizing the importance of aligning marketing strategies with the unique characteristics of each phase, the narrative aims to guide high-tech companies towards more informed and effective marketing practices.

KEYWORDS:

Digital, Innovation, Marketing, Odyssey, Strategy.

INTRODUCTION

The budding high-tech firm adds a few tech enthusiast innovators and one or two visionary early adopters to its client base during the first year of sales, during which the majority of the products are alpha and beta releases. Everyone is happy, as plastic glasses and potluck canapés are raised at the company's first annual Christmas party. The firm wins over many more visionary early adopters in the second year, which is the first year of genuine product, including a few very big transactions. Everyone is persuaded that it is time to ramp up when revenue meets plan, especially the venture investors who point out that the plan calls for a 300 percent rise in revenue the next year. This year's office Christmas party is being hosted at a fancy hotel, with vintage wine, crystal glasses, and a Dickensian theme of Great Expectations [1], [2].

Beginning in the third year, district offices are established, a significant sales force growth is launched, outstanding advertising and sales materials are sponsored, and customer support is bolstered. Nevertheless, sales revenues are dismal halfway through the year. A few more businesses have joined the fold, but only after a protracted battle with sales and a big price concession. Overall sales are far lower than anticipated, and increase in costs is significantly outpacing growth in revenue. Many specific projects that were committed to in the early contracts with the initial clients have severely hampered R&D in the meantime.

There are gatherings. Salespeople lament that the current product line is severely lacking in features and that it is costly, rife with problems, and not what customers want. Every big release, the engineers say they've fulfilled specs and schedule, and the customer support crew just groans. Executive management bemoan the fact that the sales force isn't aggressive enough, can't communicate the vision effectively, and doesn't call high enough in the prospect organization. Nothing is settled, and political enclaves start to emerge off-line. The third quarter sales figures are in, and they are really appalling. The moment has come to beat the slaves. The president and the board are targeted by the venture capitalist and the board, who then put pressure on the vice president of sales, who then distributes the news to the soldiers in the trenches. Next is turnover. The marketing vice-president gets let go. It's time to introduce "genuine management." Further funding is needed, with terrible dilution for the original group of investors, particularly the founders and important technical personnel. Despite their objections, one or more founders are ignored. It's been six months. There is no improvement with real management. There are key defections. It's time to contact some experts. Increased turnover. Investors conclude that what we actually need right now is a turnaround artist. Increased turnover after layoffs. And so it does. As the picture fades to the credits, another investment departs to become one of Silicon Valley's twilight companies—enterprises on life support, not really alive, and yet unable to choose death with dignity, partly because of the capricious nature of venture capital accounting. Now, it's conceivable that this tale exaggerates the situation—I have faced similar accusations in the past. It cannot be overstated, however, that hundreds of high-tech start-ups fail every year despite having innovative goods and strong technology, as well as first market returns that seem promising. This is the reason [3], [4].

What the corporate personnel saw as a sales ramp that went smoothly "up the curve" was really only a temporary blip, or what we'll refer to as the early market, rather than the first signs of a mainstream market forming. The firm collapsed because its management failed to understand that, even with the same company name on the check, a sale to an early adopter and a sale to the early majority are fundamentally different. As a result, the company's management had high expectations rather than reasonable ones at the most dangerous moment, when it was just beginning to cross the gap, and they aggressively invested in growth projects rather than managing resources. All of this is the outcome of the "high-tech marketing illusion," which is the conviction fostered by the High-Tech Marketing Model that new markets develop steadily and smoothly. We must attain a new level of high-tech marketing enlightenment in order to prevent the dangers of the gap. To accomplish this, we must delve deeper into the dynamics of the Technology Adoption Life Cycle in order to fix the model's shortcomings and provide a reliable foundation for developing marketing strategies.

How is it possible for a state to be both so strange yet economically prosperous? My home state of Oregon is a completely typical one, with a strong economy and a healthy population of lumberjacks, fisherman, and other traditionalists to counterbalance the high-tech nut cases. I never meant to come to the South and create a book where the very next line, notice, suggests that you should stake your next million dollars on a Zen saying. California has a negative impact. The following adage is an excellent place to start if you want to learn more about how high-tech industries grow before investing time and money in them:

There is a market first. Composed of trailblazers and early adopters, it is a nascent market, brimming with zeal and idealism and often supported by a substantial sum of money set aside for achieving some lofty strategic objective. Then, there isn't a market. This is the chasm era, when the mainstream market waits to see whether the early market's ambitious efforts will bear fruit while the former is still working to assimilate them. Next, there is. If everything proceeds according to plan and both your business and the product survive the chasm period, a mainstream market consisting of the early and late majority will eventually emerge. The true opportunity for prosperity and advancement arrives with them. Your marketing plan has to address each of these three phases in order to be effective in the mainstream market. The secret to success in each situation is too narrow in on the predominant "adoption type" in the present stage of the market, get an understanding of that person's psychographics, and then modify your marketing plan and tactics in accordance with that understanding. The purpose of this is to demonstrate how to achieve it.

Initial Principles

But first, there are a few guidelines we must agree upon. To understand the obvious with clarity is the first step on the path to enlightenment. For us, it entails obtaining a practical, functioning meaning of the term "marketing." In this sense, useful implies actionable. Is there a sound foundation for taking activities that will consistently and favorably impact business revenues found in the notion of marketing? That's what this book is all about, after all. It's really not that hard to define marketing in this context: It simply refers to taking measures to establish, develop, protect, or preserve markets. We shall discuss what a market is in a minute, but let me first say that it is something that exists independently of the activities of any one person. Hence, rather than creating illusions as some would have us think, the goal of marketing is to grow and mold something that is genuine. Stated differently, the discipline we are dealing with is closer to horticulture or sculpture than it is to spray painting or hypnotism. Naturally, approaching marketing in this manner only places the onus of definition on the market, which we shall define as a collection of current or future clients for the sake of high tech [5], [6].

For a specific collection of goods or services

All save the final portion of this definition are intuitively understood by people. Regretfully, understanding the last point—that a high-tech market's inclination for its participants to consult one another while making purchases—is crucial to the success of high-tech marketing. So let us clarify this as far as we can. Two consumers are not in the same market if they purchase the same goods for identical reasons but are unable to use one another as a reference. In other words, I am operating in two distinct markets if I offer an oscilloscope for cardiac monitoring to a doctor in Boston and the same product to a doctor in Zaire, and these two physicians have no legitimate means of connecting with one another. In a similar vein, I am operating in two distinct markets if I offer an oscilloscope to a doctor in Boston and then walk next door and sell the same thing to an engineer working on a sonar gadget. We had distinct marketplaces in both situations since the consumers were unable to refer to one another.

This theory seems to be, depending on the day of the week, either blatantly evident or, at most, dubious. Using the current scenario, is it not possible to claim that there is a market for oscilloscopes after all? Yes and no, then. If you wish to use the term "market" in this context, it refers to the total sales of oscilloscopes, both historical and anticipated. That's okay if that's how you want to use the phrase, say if you work as a financial analyst, but you better understand that adding apples and oranges to your final totals puts you at risk of misinterpreting the data. Most significantly, when the term "market" is used in this way, it no longer refers to a singular, isolable target of action; rather, it refers to anything that may be acted upon, and as such, it cannot be the primary focus of marketing.

For many marketing experts, segmenting "the market" into separate, manageable "market segments" is the solution to this dilemma. This vocabulary's definition of markets, along with the self-referencing element, includes market subdivisions. In reality, what marketing consultants are doing when they provide market segmentation research is erasing the inherent market borders inside a whole of both past and future sales. Marketing experts are adamant about market segmentation because they understand that no effective marketing campaign can be run among a group of consumers who don't interact with one another. This may be attributed to lever-age alone. No business can afford to cover the cost of each marketing interaction. Every program has to depend on some kind of continuous word-of-mouth marketing, or chain reaction effects. The likelihood of such effects increases with the degree of self-referencing in the market and the degree of channel boundaries in its communications. Our ultimate definition of market includes several other components, including a notion known as "the whole product," but we will discuss them later in the book. Let's use what we have for the three stages of high-tech marketing for the time being. The early market is the first of them.

DISCUSSION

Pioneers and early adopters comprise the majority of a new technological product's first consumer base. Within the high-tech sector, early adopters are referred regarded as visionaries, whereas innovators are more often recognized as tech enthusiasts or plain techies. In this market, the latter groupthe visionaries dominate in terms of purchasing choices, yet the first people to see the potential of a new product are the tech enthusiasts. Thus, techies are where high-tech marketing starts.

Pioneers: The Passionate about Technology

Those that value technology for its own sake is often the first to accept new technologies. For many who were reared on Walt Disney comic books featuring Donald Duck, Gyro Gearloose could have been your first introduction to a tech fanatic. Alternatively, if you had a more traditional education, maybe it was Archimedes exclaiming, "Eureka!" at developing a labyrinth and subsequently the wings that let one to fly out of it, or Daedalus, at establishing the notion of calculating specific gravity by the displacement of water. The Professor from Gilligan's Island or Doc Brown from Back to the Future are two more well-known examples of this type of person. Other terms for this group of people include "nerds," "techies," "propeller heads," and "Inventors." Despite their propensity toward introversion, these people are generally enjoyable company as long as you enjoy discussing technical subjects [7], [8].

They are the ones who first see the value of your product's design and the reasons it outperforms the current generation of well-established competitors in the market. They are the ones that will put in hours of effort attempting to fix goods that, in all honesty, shouldn't have been sent in the first place. They will overlook appalling documentation, absurdly sluggish performance, absurd functional omissions, and strangely complicated ways to invoke necessary functions in the sake of advancing technology. Because they really care, they are excellent reviewers. To just a few expensive examples, those who purchase digital cameras, HDTVs, and DVD players when they are each well over a thousand dollars are considered technology aficionados. Their areas of interest include neural networks, interactive multi-media systems, voice synthesis and recognition, modeling chaos in Mandelbrot sets, and the idea of a silicon-based artificial life. They are now downloading tracks to play on a Diamond R10 player via the Internet at an mp3 website as I type this.

A tech enthusiast will sometimes become well-known, generally for creating a successful product. Bill Gates began his career in the PC industry in this manner, but as he became more

Machiavellian, he could have lost some of his influence. Conversely, Marc Andressen has made an effort to remain more role-specific, even if he is also becoming more corporate-looking. However, this could not be true of Internet pioneers like Linus Torvolds, originator of Linux, Larry Wall, and Brian Behlendorf, who invented Pen. Power to the people, dude, and forever Birkenstocks.

But my personal favorite is a guy I worked for Rand Information Systems in the late 1970s and early 1980s called David Lichtman. Before anybody took PCs seriously, David showed me one he had built himself, complete with a voice synthesizer as an add-on. This was the item he had created to automatically fill up his time sheet, and it was sitting on his desk at work next to a little microprocessor-powered box. If you followed David home, you would discover a jumble of electronic toys, sound equipment, and cameras. And David was the guy to ask at work if there was any doubt regarding the true workings of a particularly complex or obscure instrument. He was the quintessential tech fanatic. Technology enthusiasts are the gatekeepers of new technology in the corporate world. They are the ones that everyone else believes are qualified to do the preliminary assessment and the ones who are interested in learning more about it. They are thus the primary component of every high-tech marketing campaign [9], [10].

Technology enthusiasts present fewer needs than any other group in the adoption profile as buyers or as significant influencers in corporate purchasing choices, but you still need to pay attention to the problems that are essential to them. They want the truth, straight and unvarnished, first and foremost. Secondly, they want to contact the most technically skilled individual to address any technical issue they may have. It's common for this to not make sense from a management perspective, and you'll need to limit or refuse such access, but you must always remember that it's desired. Thirdly, they want to get the new items first. You may acquire terrific input early in the design cycle and start building a supporter who will persuade consumers not just at his own firm but elsewhere in the marketplace by working with them under nondisclosure, a pledge to which they normally follow scrupulously. They want everything cheap, in the end. Budgetary issues may arise, but at its core, this is a perception issue; they believe that all technology ought to be free or inexpensive, and they don't see the need in "added-value" justifications. The important takeaway from this is that if it's their money, you need to make it affordable, and if it's not, you need to ensure that price isn't a factor in their decision.

Technology lovers are often found in major corporations' advanced technology groups or similar congregations, who are tasked with keeping the firm up to date on the newest advancements in high tech. They have the authority to purchase almost anything there, only to look at its features and assess how beneficial it is to the company. Smaller businesses may not have the luxury of such financial indulgences, thus the tech enthusiast may be the "designated techie" in the MIS department or a member of the product design team who will either build your product or provide it as a technological tool or help to the rest of the team.

You must post your message in one of the many places frequented by computer enthusiasts—on the Web, of course—if you want to reach them. This group responds best to direct response advertising since they are the ones who are most likely to request literature, a free demo, or anything else you have to offer. Lastly, don't spend your time on sophisticated visual advertising; it will only be seen as marketing jargon. They will get direct email, which they will read through to the end as long as it contains accurate and fresh information [11], [12].

In conclusion, if you have the newest and best technology and don't need to be very wealthy, technology aficionados are simple to conduct business with. A little group of enthusiasts will always be drawn to any new idea and want to give it a go to see whether it works. The majority of these individuals do not constitute a sizable market in and of themselves, nor do they possess the authority to force others to make judgments about what to purchase. Instead, they serve as a beachhead, a first source of product or service references, and a testing ground for changes to be made to the product or service until it has been thoroughly "debugged."

For instance, Peters and Waterman recount the tale of the guy who created Post-it notes in their book In Search of Excellence. He just placed them on secretaries' desks, and some of them gave them a try to see whether or how they would function. These secretaries developed an obsession with Post-It notes and played a crucial role in the first efforts to revive the product concept. Like kindling, enthusiasts contribute to the ignition of the fire. For that reason, they should be treasured. The best method to win people over is to share the secret with them, let them test the product and provide feedback, and, where applicable, take their suggestions for improvements and let them know you did so.

Identifying the enthusiasts who are close to or have access to the boss is another crucial element in collaborating with them on a successful marketing campaign. Big bosses are individuals who have the power to order things and who, in and of themselves, create a significant marketing opportunity. Let us now shift to the next category in the Technology Adoption Life Cycle, the early adopters, or as they are commonly known in the high-tech business, the visionaries, to get more precise about the sort of big boss we are searching for.

Early Adopters

Those with the foresight to link a developing technology to a strategic opportunity, the temperament to turn that insight into a high-profile, high-risk initiative, and the charm to persuade the rest of their company to support it are the rare breed of individuals known as visionaries. They are the ones who buy high-tech things first. They are a secret source of venture capital funding high-tech businesses, often operating with budgets in the multiple million-dollar range.

John F. Kennedy proved to be the visionary president that America had been lacking for a while when he initiated the space program. Henry T. Ford rose to prominence as one of our nation's most well-known business innovators when he introduced factory-line mass production of vehicles, making them affordable for every American household. Steve Jobs established himself as a visionary to be reckoned with when he took the Xerox PARC interface out of the lab and placed it into a personal computer "for the rest of us," then convinced the rest of the PC industry to adopt this machine practically in spite of itself.

In general, visionaries are highly driven, recent executive hires with a strong work ethic, and a "dream" that involves revolutionizing the way business is done in their industry or with clients. This "dream" is primarily focused on business objectives rather than technological ones. It also entails a significant level of reward and acknowledgment for the individual. Once you comprehend their dream, you'll know how to promote to them.

For further high-tech instances, consider Sheldon Laube of Price Waterhouse, who was behaving as a visionary when he agreed to buy and install 10,000 copies of Lotus's brand-new, completely untested Notes product. Pete Solvik was working in a visionary capacity when he, as CIO at Cisco, moved all of the customer service and order processing systems to the Internet, giving up on client-server computing before it reached its zenith. Jim Barksdale was behaving as a visionary when he allowed customers to self-serve via Federal Express's customer support systems, first via a PC and then the Internet. In each instance, these individuals undertook noteworthy financial risks using novel technologies at the outset to attain revolutionary advancements in efficiency and client support. And it is the essential idea. Visionaries are searching for a fundamental breakthrough rather than an improvement. Only to the extent that technology has the potential to realize this ideal is it significant. If using a mobile phone is the dream, then a network of Low-Earth-Orbit satellites like Teledesic or Iridium will be part of the system. The technique will include data mining of transaction-processing databases, such the one offered by BM's Intelligent Miner, if the marketing is one-on-one. Advanced planning, forecasting, replenishment algorithms, and intercompany systems integrationfeatures that companies like Manugistics and I2 bring to marketwill all be part of an inventoryless supply chain. If agent-based insurance sales are to be freed from the horror of paper labor, then self-service technology from the Internet and legacy systems integration, such that which Channelpoint is bringing, will be included. The important thing to remember is that, unlike technology enthusiasts, visionaries see value in the strategic advancement that a system's technology allows rather than in the technology itself.Because they are ready to take significant risks in order to achieve their vision of a "order-of-magnitude" return on investment, visionaries are what propel the high-tech sector. They will collaborate with suppliers who are underfunded or nonexistent, with goods that begin as nothing more than a schematic on a whiteboard, and with tech experts who resemble Rasputin in an unsettling way. They acknowledge that they are deviating from the norm and see it as a necessary cost of outpacing the competition.

They are the least price-sensitive group in the technology adoption profile because they see such great potential for the technology they envision. Usually, they have budgets that allow them to set aside large sums for carrying out a strategic project. Their ability to give initial funding to initiate further development that bolsters their concept makes them a valuable source of finance for high-tech development. Finally, visionaries are effective in informing the corporate community about relevant technological advancements, in addition to providing financial support for the sector. Collectively, they are gregarious and aspirational, and they often have no problem acting as prominent references, bringing attention from the business community and new clients to tiny, startup businesses.

Visionaries are a highly hard to please group that is simple to market to. This is due to the fact that they are purchasing a fantasy, which will always remain a dream in part. Many technologies, many of which will be in their infancy or nonexistent at the start of the project, will need to be combined in order for this dream to be "incarnated." The likelihood of everything going off without a hitch is quite slim. However, there are two fundamental ideas on which both the seller and the buyer may effectively build.Initially, visionaries prefer a project-based approach. Since you are accompanying them and they are "going where no man has gone before," it seems natural that they would want to begin with a test project. More project work, carried out in stages with milestones and the like, comes next. The dreamers envision being able to monitor the development train closely in order to ensure that it is headed in the proper way and to be able to disembark if they find it is not.Although this project orientation makes sense from the perspective of the client, it often conflicts with the entrepreneurial suppliers who are attempting to develop a more broadly applicable product upon which they can base a multi-customer company. Careful account management is necessary in this potentially lose-lose scenario, which puts the relationship's foundation and the quality of the vendor's work at jeopardy. This includes regular communication at the executive level.

The key to the successful plan is the entrepreneur's ability to "pro-ductize" the deliverables from every stage of the ambitious endeavor. That is to say, although the deliverables of phase one are only of minor importance to the visionary (proof of concept with some productivity increase attained, but not "the vision"), to someone with less ambitious ambitions, these same deliverables, repackaged, may constitute an entire product. An organization may be working on constructing an extensive toolkit of object-oriented software, which would enable the construction of systems that could simulate every aspect of a manufacturing plant. This would lead to a significant increase in scheduling and processing efficiency. A model of the surroundings and activities of a single milling machine might be the initial deliverable of the toolkit. For the visionary, the model represents a turning point. However, the milling machine seller may see that model as a very desired product and choose to license it with just minor modifications. Therefore, it is crucial to include milestones in the stages of the visionary's project that are conducive to this kind of product spin-off.

Another essential characteristic of visionaries is their haste. They tend to use deadline pressuresthe bait of a large payment or the stick of a penalty clauseto push the project quicker because they see the future in terms of windows of opportunity and they perceive those windows closing. This feeds into the traditional flaws of entrepreneurs: their obsession with the big score and their arrogance about their capacity to complete tasks on schedule.Again, executive restraint and account management are critical in this situation. The objective need to be to bundle every stage such that every stage

1. It is achievable by common people laboring throughout earth time.
2. Gives the merchant a marked product
3. Gives the client a tangible return on investment that is worthy of celebration as a significant advancement.

The last point is really important. With visionaries, finding closure is almost impossible. Dream-based expectations just cannot be fulfilled. This is not meant to diminish the dream; on the contrary, without it, no motivating factor could propel any kind of advancement. It's critical to consistently recognize the tangible and partial as valuable assets in and of itself as well as signs of the impending new order.

The focus on managing expectations is the most significant theme that emerges from all of this. The only feasible method to do business with visionaries is via a small, elite direct sales staff because managing expectations is so important. Such a group is necessary to comprehend the visionaries' objectives and instill confidence in them that your organization can meet them at the beginning of the sales cycle. You must be very flexible with commitments throughout the middle of the sales cycle as you start to adjust to the visionaries' agenda. In the end, you must negotiate with extreme caution, maintaining the vision without taking on duties that cannot be completed in the allocated amount of time. All of this suggests that an experienced and knowledgeable representative is advocating for you.Prospecting for visionaries may not need a specific job title, but in order to be really valuable, they should have attained a position equivalent to vice president, since this will provide them the influence to get funding for their ideas. In actuality, when it comes to communication, you usually don't find themthey find you. Interestingly enough, they discover you via sustaining connections with tech aficionados. One of the main reasons it's crucial to target the tech enthusiast market is because of this.

All things considered, visionaries provide a chance to make a big profit and get great exposure early in a product's life cycle. The opportunity has a cost, too: a very picky client who will want to directly influence your business's goals and a risky endeavor that could not work out well for everyone. However, without this push, many high-tech products are unable to reach the market, are unable to take advantage of their window of opportunity to get the exposure they need, or are unable to meet their financial responsibilities as they wait for their market to grow more slowly. It is visionaries who provide high-tech firms with their first major breakthrough. Marketing programs find it challenging to account for them, but it is far more difficult to plan without them.

CONCLUSION

A loud cry for a paradigm change resounds throughout the story. The need for "high-tech marketing enlightenment" is relevant; it calls for a better comprehension of the Technology Adoption Life Cycle in order to address shortcomings in current models and provide a more stable basis for the creation of marketing strategies. A Zen adage that captures the cyclical nature of high-tech marketplaces serves as a guiding concept, highlighting the need of identifying and adjusting to different phases of the trip. The story ends with a comment on the complex dance between invention and market forces, as well as a guidance. This story's cautionary tale emphasizes how important it is for industry participants to understand the complex interactions between innovation and customer expectations. The early market, the chasm, and the mainstream market's rise are three separate stages that become important turning moments that need a strategic and tactical approach. The Odyssey's lessons emphasize how crucial it is to match marketing tactics to the particulars of each stage, giving high-tech businesses a road map for overcoming obstacles, seizing chances, and prospering in the ever-changing terrain of consumer behavior and technology. The Odyssey ultimately transforms into a timeless tale that resonates with both industry pioneers and aspiring visionaries as they set out on their own high-tech marketing adventures.

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CHAPTER 3

DYNAMICS OF EARLY MARKETS: A COMPREHENSIVE REVIEW

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ABSTRACT:

The exploration of early markets within the high-tech landscape is a multifaceted journey, marked by distinctive dynamics that shape the trajectory of emerging products. This narrative delves into the nuances of the "Dynamics of Early Markets," unraveling the intricacies of alpha and beta releases, and the pivotal role played by technology enthusiasts and visionary early adopters. The narrative commences with the euphoria of the initial product release, often comprising alpha and beta versions, and the elation of garnering attention from technology enthusiasts. It scrutinizes the symbiotic relationship between high-tech companies and these early enthusiasts, highlighting their role as gatekeepers and critics. The ensuing celebration at annual gatherings underscores the initial success, creating an illusionary sense of a smooth upward trajectory. As the narrative progresses into the second year, it uncovers the challenges faced during the transition to true product release. The acquisition of visionary early adopters, major deals, and revenue meeting expectations bring a sense of accomplishment. However, the narrative underscores the deceptive nature of these achievements, cautioning against complacency and inflated expectations.

KEYWORDS:

Early-Stage, Innovation, Market Entry, New Ventures, Product Development.

INTRODUCTION

An innovative company with a ground-breaking technology product that makes a novel and compelling application possible, a tech enthusiast who can assess and recognize the product's advantages over existing alternatives, and a wealthy visionary who can predict an order-of-magnitude improvement from putting the new application into practice are all necessary to launch an early market. When the market is developing as it should, the enterprising business shares its idea with the forward-thinking executives and distributes early versions of its product to the tech enthusiast community. The forward-thinking leaders are then invited to confirm that the goal is truly attainable by consulting their preferred tech enthusiast. Following these discussions, a series of negotiations ensues in which the tech enthusiasts purchase toys beyond their wildest expectations for what turns out to be a relatively small sum of money later on, the entrepreneurial company agrees to modify products and provide system integration services it never intended to, and the visionary has what appears to be an achievable project—but is actually a highly improbable dream. The market behaves appropriately at that point. That is the ideal situation because, despite its many issues, they will all eventually be resolved and some degree of value will be attained for everyone. There are many additional situations in which the early market never even gets off to a good start [1], [2].

The business just lacks experience in launching a product. It generates too little money for the endeavor, employs unskilled sales and marketing personnel, attempts to sell the product via an inappropriate channel of distribution, advertises inappropriately and ineffectively, and generally mucks things up. If everyone in the organization is prepared to lower their expectations a few notches and continues to communicate and cooperate with one another, then remedying this sort of problem is not as difficult as it may appear. The idea that being the largest fish in the pond is almost always a prerequisite for success in marketing is the cornerstone of change. We really need to look for a very little pond if we are so small. As we have previously mentioned, in order for a group of people to be considered a "real pond," they must be aware of who they are as a group; in other words, they must be a self-referencing market segment. This will allow us to take the lead with some of the group's members and quickly and profitably spread the word to the others [3], [4].

Naturally, no one pond large enough for us to control in the near run is big enough to provide a long-term stable market. We will eventually need to go "pond hopping." To change the metaphor even further, we might reinterpret our "pond" tactics in terms of a "bowling pin" approach, in which one targets a particular segment not only in the hopes of "knocking it over," but also in the hopes that doing so would help knock over the next target segment and thus spur market growth. It's incredible how big and quick the chain reaction can become when attacked from the correct angle. So, even under really dire circumstances, one is never completely out of the game. Before it has the product, the corporation sells the visionary. This is a variation of the well-known vaporware issue, when the product is still in the early stages of development and is being announced and marketed before it is ready. The visionary's influence inside the business erodes as timetables continue to slip, and finally, despite a lot of tailored effort and no useful client reference earned, backing for the project is withheld. At best, the entrepreneurial firm obtains a few trial contracts [5], [6].

The entrepreneurial company, caught in this predicament, can only come up with one suitable, and a very unhappy, response: stop marketing, own up to its mistakes, and devote all of its resources to making its pilot projects into something valuable, first as a deliverable for the customer and then as a marketable product. The majority of entrepreneurial businesses are mostly driven by the inflated egos of their founders;therefore, this is a path that is much too often avoided, which keeps bankruptcy and, even more regrettably, divorce attorneys in high demand.

Marketing is susceptible to the divide that exists between technology enthusiasts and visionaries. Specifically, it may not identify or effectively communicate the innovative use case that yields a significant increase in benefits. Many businesses purchase the product to try it out, but since the benefits never fully balance the dangers, it is never integrated into a large-scale system rollout. Due to the consequent loss of income, the project must be abandoned, either completely shut down or sold "for scrap" to another business.Here, the remedial action starts with a reassessment of what we already have. It will never establish an early market if it is not, in reality, a breakthrough product. However, it could be able to augment an already established popular product. If such is the case, the appropriate course of action is to swallow our pride, lower our expectations for our financial situation, and submit to an established mainstream business that can use its current channels to sell our product. Remarketing other firms' often abandoned goods is the foundation upon which Computer Associates, one of the biggest software companies globally, was established.

On the other hand, we will have to leave the high theoretical plateau where we have shown that this product may be a part of a plethora of fascinating applications if we really have a breakthrough product but are unable to move the early market. The next step is to become extremely proficient at concentrating on a single application, verifying that it is a compelling one for at least one visionary who is already acquainted with us, and then promising that visionary that, in exchange for their support, we will remove every roadblock in the way of that application being accepted. These are a few of the most frequent reasons why an early market development project might deviate from its original course and then be corrected. The fact that there are usually many solutions available at any one time makes the challenges mostly solved. Usually, the largest issue is undercapitalization coupled with too high expectations—or, as my grandmother used to say, when your eyes are larger than your stomach. The dynamics of mainstream markets provide a far more complicated set of issues, which we will now address.

DISCUSSION

High tech mainstream markets have a striking resemblance to mainstream markets across industries, especially those in which business-to-business sales are prevalent. They are dominated by the early majority, best described as pragmatics in the high-tech industry. The late majority, best described as conservatives, tends to embrace them as leaders, while the laggards, or skeptics, and reject them. As in the last, we will examine in detail the ways in which the psycho- graphics of different groups impact the dynamics and evolution of a high-tech market [7], [8].

The Pragmatists, the Early Majority

The early majority, or pragmatists, have accounted for the majority of the market volume for all technological products throughout the 1980s. In the end, the money is not where the visionaries are, even if you may succeed with them and have a reputation for being a high flyer with a popular product as a result. Rather, those finances are in the hands of more cautious people who never volunteer to be early test sites, do not want to be trailblazers, and who have discovered the hard way that the technological "leading edge" is often also the "bleeding edge."

The pragmatists are who? Even if they are significant, they are difficult to describe as they lack the visionary's self-promotional tendencies. Instead of being Hamlets or Don Quixotes, they are Horatios, Sancho Panzas, a character more akin to Dana Scully from X-File or Sergeant Murtaugh from Lethal Weapon, who take their position in life from what it offers rather than making it their own. They are crucial to the continuity, which means that when the star passes away or rides off into the sunset, it is up to them to tidy up and provide an answer to the unanswered last question: Who was that masked man?

Pragmatist CEOs are rare in the world of high tech, and those who do exist usually lead rather anonymous lives. I can think of Ray Lane from Oracle, Craig Barrett from Intel, Lew Platt from Hewlett-Packard, and Carol Bartz from Autodesk. Their closest colleagues, from whom they have usually gained the most respect, and their peers in their field, where they consistently rank close to the top of the leader board, are usually the people who know them best.

Of course, one need not be a pragmatist to effectively sell to them; all one has to do is comprehend their principles and make an effort to meet their needs. If visionaries want to make a quantum leap ahead, pragmatists want to make a percentage improvementthat is, incremental, quantifiable, predicted advancement. Let's examine these ideals in more detail. They want to know how other people have used a new product before installing it. They use the term "risk" negatively; it implies the possibility of wasting money and time rather than opportunity or excitement. When necessary, they will take risks, but only after installing safety precautions and continuously monitoring the hazards [9], [10].

The majority of those leading the Fortune 2000 MIS community are pragmatic by nature. They are pushed forward in the adoption life cycle by business demands for greater productivity, but they remain cautious due to budgetary constraints and inherent caution. Pragmatists individually refrained from purchasing Windows until Version 3.0, refrained from using client/server programs until PeopleSoft, Oracle, and SAP provided three secure options, and are still figuring out today how much of the Internet to let into their business settings.

Even while pragmatists are difficult to win over, once they are, they are loyal and often enforce business policies that demand the purchase of your product—and your product alone—in order to fulfill certain requirements. Because standardization makes internal service needs simpler, it is, well, pragmatic. However, there are also significant side consequences from this uniformity, including higher sales volumes and cheaper sales costs. Thus, pragmatists are a crucial market niche. Microsoft has been the most well-known example and gainer of this impact during the last ten years. Although Microsoft used to support a range of manufacturers, each with its own unique area, as the desktop and workgroup server industries developed, we tend to view of their dominance in operating systems as exclusive now. They preferred Sun's Solaris in the engineering community, Apple's Macintosh OS in the graphics community, and Novell Netware in the workgroup, OS/2 in the Fortune 500 replicated-site environments of branch banking and retail, and SCO Unix in the VAR-dominated professional services systems for dentists and doctors. Each of these businesses increased their sales by a significant margin by riding a wave of pragmatists inside a certain market. Thus, any long-term strategic marketing campaign must comprehend pragmatic customers and concentrate on earning their confidence. When making a purchase, pragmatics consider the brand, the product's quality, the system interfaces and supporting product infrastructure, and the dependability of the service they will get. Stated differently, they intend to bear the consequences of their choice on a long-term basis. The benefits of developing trusting connections with pragmatists are well worth the effort, since they are long-term players in the market and hold a majority of the money [11], [12].

Compared to technology enthusiasts and early adopters, who are more prone to communicate "horizontally" across industry borders in pursuit of like-minded individuals, pragmatics are more likely to be "vertically" oriented, or to interact more with people who are similar to them inside their own field. This indicates that selling to pragmatists in a new business is very difficult to get into. There is a catch-22 situation that exists: pragmatists won't purchase from you until you are established, but you can't become established until they buy from you. References and connections are highly crucial to these individuals. It goes without saying that this benefits well-established businesses greatly while working against startups. However, if a start-up has gained the respect of pragmatic consumers in a certain vertical market, those consumers become very devoted to it and will even go above and beyond to support its growth. When this occurs, there is a significant decrease in the cost of sales and a significant increase in the leverage on further R&D to service any particular client. One reason pragmatists are such a fantastic market is because of this.

Pragmatists don't have a favorite distribution channel, but they do want to minimize the overall number of distribution connections they have. In the event that anything goes wrong, this enables them to retain some distinct points of control and optimize their purchasing power. In some instances, this bias may be overcome if the pragmatic buyer has prior experience with a certain salesperson. However, if a smaller, entrepreneurial vendor can form a partnership with an established vendor or build a value-added reseller sales base, the road into the pragmatic community is often easier. Pragmatists find VARs to be a very appealing choice if they really specialize in their field and have a track record of doing high-quality work on schedule and under budget. They may provide a "turn-key" solution to an issue without adding to the workload of internal staff members who are already overworked due to continuous system maintenance. The single point of control that VARs provide—a single business to contact in the event of an issue—is what the pragmatist finds most appealing about them.

The last trait of pragmatic consumers is that they like competition—partly to control expenses, partly to ensure they are purchasing from a reputable market leader, and partly to have the security of several options in case anything goes wrong. It's important to remember this final point: pragmatics prefer to purchase from established market leaders since they are aware that other companies will create ancillary goods to complement a market-leading offering. In other words, top-performing goods generate an aftermarket that is maintained by other suppliers. This significantly lowers the support load for pragmatic consumers. However, if they make the mistake of selecting a product that falls short of being the market leader and ends up being an also-ran, they will not get the much-needed aftermarket assistance and will have to handle all of the improvements themselves. Thus, gaining market leadership is essential to attracting pragmatic clients.

Price sensitivity is understandable for pragmatics. When it comes to superior quality or unique services, they are prepared to pay a moderate premium; nevertheless, if there is no unique selling point, they are looking for the best offer. This is because, having usually committed their careers to their jobs and/or companies, they are often audited on the amount of money their operation spends compared to what it brings in for the firm.

In general, you have to be patient while marketing to pragmatists. You must be knowledgeable about the topics that are vital to their specific industry. You must attend the conferences and trade shows that are relevant to your business. Articles that appear in the periodicals they read should mention you. You must be implemented in other businesses within their sector. Applications tailored to the sector must have been created for your product. Forming alliances and collaborations with other suppliers that cater to their business is crucial. You must have established a solid reputation for excellence in service. Put simply, you must establish yourself as the clear provider of choice.

This is a long-term plan that calls for a seasoned management group, consistent investment, and cautious pace. Conversely, one of its greatest benefits is that it sets up the conservative aspect of the Technology Adoption Life Cycle in addition to providing the pragmatic part. Unfortunately, however, the high-tech sector hasn't always felt ready to enjoy the benefits of its meticulously planted seeds. Let's now examine the conservatives more closely to discover how this came to be.

Afternoon Domination: The Conservatives

According to the Technology Adoption Life Cycle model's arithmetic, there is a conservative for every pragmatist. In other words, in any particular Technology Adoption Life Cycle, conservatives make up around one-third of all potential buyers. However, as a market category, they are seldom grown as economically as they may be, mostly due to the fact that high-tech companies are often not sympathetic to them.

Conservatives are fundamentally opposed to abrupt advances. They place a significantly higher value on tradition than on advancement. Additionally, they like to remain with something once they've found it to be effective. For example, Esther Dyson is considered a visionary by most in the high-tech industry, but she is a conservative when it comes to word processingshe still uses her original word processor, Xywrite, from the early 1980s, long after the rest of us switched to Microsoft Word. The most important factor is that it suits her needs. I have the same sentiments toward America Online. AOL is incredibly unchic among the technochic, yet it works for me. It may surprise some to learn that conservatives and early adopters are more alike in this way. When it comes to rejecting the urge to conformity that unifies the pragmatist herd, both may be obstinate. To be true, both often adopt the new paradigm long after it was really novel in order to keep up with the rest of the world. However, conservatives don't always have to agree with these things simply because they use them.

Actually, conservatives tend to have a little phobia of high tech. Consequently, they usually only make investments at the very end of a technological life cycle, when the goods are highly mature, low pricing are being driven by competition for market share, and the products themselves may be considered commodities. Their main concern while purchasing high-tech items is often to avoid being stung. Regretfully, they often get stung because they operate on the low-margin end of the market, where the seller has little incentive to develop a high-integrity relationship with the customer. This just serves to deepen their disenchantment with high tech and initiates a more skeptical purchase cycle.

High-tech companies need to learn to break out from this cycle and provide a compelling reason for conservatives to want to work with them if they want to succeed in the long run. They have to realize that conservatives will not tolerate large pricing margins since they have low expectations for their high-tech investments. However, because of their vast quantity, they may provide substantial benefits to businesses who handle them well.

If you can recognize any component of conservative purchasing behavior in yourself, it will be simple to comprehend them. I am one of those people that buys a lot of consumer goods later than others. My first CD was not purchased until 1998. I keep my pager hidden and never give it out. Despite carrying a phone, I never use it. I refused to use my car's GPS navigation system when it was provided. I generally detest "being connected" since it makes me feel as like I'm not in the know, interrupted, or confused. Consequently, there are whole spheres of consumer technology in which I have little interest. I find the majority of personal financial transactions uncomfortable, and I usually take a very long time to take advantage of fresh investing opportunities. Reaching out to conservatives is aided by connecting with emotions such as these.

Conservatives like purchasing significantly inexpensive preassembled products that come with everything packed. The last thing customers want to hear is that their installed printer is incompatible with the software they just purchased. Like refrigerators, they want high-tech devices to operate without human interventionyou open the door, the light turns on automatically, and your food remains cold. Products with a single purpose, such as word processors, calculators, copiers, and fax machines, are the ones they comprehend the best. They are faintly nauseated by the idea that one machine might do all four of these tasks, rather than being excited by it.

In this sense, the conservative market offers a fantastic chance to take low-cost, cutting-edge technology components and repackage them into systems that are designed to serve a single purpose for certain business demands. Since everything in the package has previously undergone extensive debugging, its quality should be rather excellent. ago all of the R&D has long ago been amortized and the production learning curve has been fully used, the pricing should be rather cheap. To put it simply, it's a genuine solution for a new class of customers rather than merely a marketing tactic.Two things are necessary for this to work. The first is to have carefully considered the "whole solution" to the demands of a certain target end user market and to have included all necessary components in the package. Because there isn't enough profit margin to fund an after-purchase support system, this is crucial. Having a low-cost distribution system in place that can efficiently deliver this bundle to the target market is also crucial.

Because they significantly expand the market for high-tech components that are no longer state-of-the-art, conservatives are very valuable to the high-tech sector. The fact that the United States has virtually given up large portions of this market to the Far East speaks more to the shortcomings of onshore product development and marketing creativity than it does to the cost benefits of offshore manufacture. Nowadays, a lot of Far Eastern solutions still just have one benefit: they are inexpensive. In other words, they are far from reaching the objective of being a "whole product solution," which is why upgrading them to a complete system that a conservative can buy usually requires going via a VAR channel. This distribution approach presents a challenge since there aren't many VARs big enough to provide the volume required to take advantage of a conservative market. If American cutting-edge manufacturers and marketers, with their large buying power and high-volume channels, merely gave this high-tech market sector more attention, much more money might be extracted from it.

Thus, high-tech still has a greater role in the conservative market in the future than it had in the past. Indeed, a few businesses have made their assertions known. Despite their apparent focus on "going digital," Xerox and the copier industry as a whole continue to rely on robust distribution channel services to maintain their relationship with conservative clients. They offer to outsource any processes that are too complex for them to manage internally. The pragmatic market for cell phones has now become sufficiently saturated for manufacturers to target conservatives with well-known products like the AAA phone, which has a dedicated button for calling roadside assistance. This kind of offer helps to ease conservatives' concerns about technology while also addressing their technoanxiety. Additionally, manufacturers of home computers have made great strides in coordinating the "out of box" experience such that a non-technical individual may successfully complete their first encounter and be up and running in within 20 minutes. As seen by our most recent iMac purchase, when selecting the color was the most difficult choice. Nevertheless, despite these achievements, it seems that the conservative market is seen more as a hardship than as a chance. Success for high-tech companies operating in it will need a new kind of creative marketing coupled with a less audacious business plan. If we can rise to new, as of yet just vaguely familiar obstacles, the money is there to be made. But when R&D costs skyrocket, businesses will have to spread those costs across ever-larger markets, which will eventually result in the long-ignored "back half" of the technological adoption curve.

CONCLUSION

The journey's unfolding highlights how misleading early triumphs may be, serving as a warning against the seduction of complacency. The third-year trials are a sobering reminder of how dangerous it is to bridge the gap between early adopters and the wider market, characterized by underwhelming sales, price concessions, and organizational changes. The story's climax makes a strong case for a radical change in high-tech marketing tactics. The delusion of a steady and uninterrupted market growth is broken by the High-Tech Marketing Model, and a more thorough comprehension of the Technology Adoption Life Cycle takes its place. The need for "high-tech marketing enlightenment" is loud and clear, asking industry participants to expose the myths and adjust to the cyclical nature of technology adoption. When the credits roll, high-tech businesses are left with a poignant message: handle the early markets with intelligence, foresight, and a realistic understanding of the obstacles that lie ahead. The story offers a greater understanding of the careful balance needed to go from enthusiasts to visionaries, acting as both a warning story and a guide for those trying to navigate the difficulties of early markets.

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CHAPTER 4

EVALUATING DYNAMICS OF MAINSTREAM MARKETS

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ABSTRACT:

The pivotal phase where high-tech products transition from early adoption to widespread acceptance. This narrative unravels the intricate dynamics characterizing the mainstream market, scrutinizing the shift from visionary early adopters to the pragmatic early and late majority. Commencing with the successful navigation of the chasm, the narrative unveils the challenges of scaling and broadening market reach. The focus shifts from technological innovation to market-oriented strategies, emphasizing the importance of meeting the diverse needs and expectations of a larger consumer base. The narrative discerns the nuanced psychographics of the early and late majority, emphasizing the significance of tailoring marketing approaches to align with their distinct preferences. It explores the impact of word-of-mouth and network effects in driving adoption within these mainstream segments, underscoring the role of social validation in the purchasing decisions of the majority. As the narrative unfolds, it illuminates the critical role of marketing strategy refinement in response to the evolving dynamics of the mainstream market. The adoption of a comprehensive approach that considers the entire ecosystem, including customer support, pricing strategies, and effective communication, becomes imperative for sustained success.

KEYWORDS:

Market Maturity, Market Trends, Product Lifecycle, Regulatory Environment, Standardization, Supply.

INTRODUCTION

The pragmatists propel the growth of the mainstream market, just as the visionaries did the early market. Gaining their support is essential for long-term supremacy as well as serving as a point of entry. You can't, however, take the market for granted after doing so. In a mainstream market, you have to stay on top of things or at least keep up with the competitors. Having the greatest product or being the top in technology is no longer requirements. However, the product has to be sufficiently excellent, and you need to at least be able to respond quickly in the event that a rival makes a significant advancement [1], [2].

Larry Ellison, the president of Oracle Corporation, is the best player in this game. Relational Technology Inc. lost the pragmatic market to Oracle thanks to a single, ingenious decision to standardize on SQL as its interface language. Oracle was able to follow IBM's lead since they were pushing for SQL to become the industry standard. Then, however, it took a step farther. It did something that IBM could not, or at least most definitely would not, contemplate doing: it ported Oracle—and the SQL interface—to every piece of hardware it could discover. This seemed to address the main issue with pragmatics, which was the increasing number of incompatible systems that would eventually need to be configured to interact with one another. Oracle was chosen to be the glue that held these systems together, despite the efforts of everyone and their mother.

But Oracle didn't just sit back and take the market for granted after doing that. They were being pursued by the in-house database divisions at IBM, DEC, Tandem, and Hewlett-Packard, as well as the independent software suppliers at Ingres, Informix, and Sybase. With the purpose of providing data communications gateways to connect incompatible systems, Ingres released Ingres/Net and Ingres/Star. In response, Oracle offered SQL*Star and SQL*Net. Did they really have similar goods? No, but they hadn't actually declared beforehand, so neither did Ingres. Oracle had already narrowed the technical gap by the time actual customers began receiving real goods. Furthermore, the majority of pragmatics were content to know that a growth route was being developed rather than immediately taking on all of this connection. Oracle might continue to hold the top spot as long as they could prove it [3], [4].

With the introduction of Sybase, a client/server architecture-based distributed online transaction processing leader emerged in technology. It doesn't matter if this is now a very tiny niche market; technologically, this is where database systems are heading. Oracle did not overlook this possible danger once again. Once again, the mere announcement of its own client/server architectureindeed, the assertion that it had it all alonghas been sufficient to hold the general market largely in check. This kind of tactic was not created by Oracle, of course. IBM is the master of high tech;thus, they get all the glory there. Still, very few businesses have outperformed Oracle in terms of competition. It's true that there are a number of ways to lose a mainstream market despite everyone's best effortsincluding your own customers'to keep it from happening. Here are a few of the most typical methods:

Give up on the market, stop supporting R&D to stay competitive, and take use of the opportunity to hoard cash for other ventures. Novell achieved this in the Local Area Network market with its main Netware business. After seizing the lead in that industry, it turned its attention to porting to minicomputers and mainframes, acquiring additional programs and operating systems, and pursuing futuristic goals such home appliance networking with NEST. Microsoft NT was always there as a potential workgroup substitute. Novell's ability to strengthen Netware's support for database applications—a technology known as Netware Loadable Modules—which had been sluggish for years and required major maintenance was essential to maintaining this market. However, Novell never found time for it, whereas Microsoft did, as seen by the way it tied its SQL Server to its NT product. Novell realized that NT was taking over the Netware server, but it was already too late. As the century draws to an end, the corporation is making an effort to restore a reputation around some excellent directory service offers, but it is operating from a vulnerability for which it alone bears responsibility.

Take a shot at yourself with the main item. With Release 13 of AutoCad, the industry standard for PC-based mechanical and industrial design, Autodesk achieved this. With the introduction of 3D CAD and a slew of additional updates and additions, the business aimed to make up for lost ground in previous iterations where technological development had lagged. Customers shied away from the product in droves, its performance was embarrassingly poor, it was unclear, and Autodesk's distribution partners were furious [5], [6].

Herein lies the benefit of a dedication to market leadership, however. Not one person left Autodesk's side, in spite of all the criticism they received. They just thrashed them and refused to give them their money. After that, the business buckled down, released a performance teaser, and then introduced Release 14, which garnered gold stars. Sales have been soaring since its publication, and it is now back on track. The important thing to remember is that mainstream consumers really detest unconventional inventions. Whether their activities are internal or a VAP of systems that utilize AutoCad, switching to a different

PC CAD solution can severely disrupt them. Autodesk was able to capitalize on these switching costs and regain market share by correcting course and staying the course. Both Novell and Autodesk committed grave marketing mistakes that put their dominant positions in the mainstream market at risk. They must have been using the incorrect marketing model when they thought of part of the solution. Their choices demonstrated that they were too preoccupied with the developments in the early markets and insufficiently aware of the less developed aspects of the mainstream. Specifically, they were completely neglecting to increase their market share in order to include more conservatives.

Although mainstream marketing to conservatives has improved somewhat over the last ten years, it is still more the exception than the norm. To be honest, the adoption life cycles of high-tech technologies appear to be happening so quickly in many places that Main Street is left with little time. That, however, is more impression than fact. Consider the instance of the exclusive minicomputer. Given the release of UNIX and NT, these items ought to be obsolete. Indeed, there are a few exceptional ones: Wang, Prime, Apollo, Convex, Data General, and even Digital are essentially available for purchase. However, in the middle of all of this, as the century draws to an end, two brands are making a comeback: the AS/400 and the HP 3000! Both have worked hard to directly market to conservatives. Both of them have used technology created by other departments to maintain their platforms operating at the highest levels of performance. Simultaneously, they have nurtured their existing client base and acquired some new ones by using their installed base of apps. The ability to offer add-ons that gradually upgrade capabilities without technological riskmore disk space, more memory, links to client-server systems, links to the Internetas well as providing excellent customer service are essential to their business. These add-ons are made outside of the core system, which is essentially unaltered, humming along, dependable as ever, and fully paid for. Maintaining a solid rapport with the pragmatic market segments and providing them with an open door to the new paradigm, all the while satisfying the concerns of the latter by providing value to the outdated infrastructure, is crucial to a seamless transfer from them to the conservative market segments. To put it mildly, it is a balancing act, but with careful management, there is a significant profit potential in certain mature market areas.

Looking back to the first four profiles in the Technology Adoption Life Cycle, we see an intriguing pattern in this respect. When weighed against the value of the supplemental services, the product's distinctive functionality and relevance are seen most significant by technology enthusiasts and least significant by conservatives. This comes as no surprise considering that a person's degree of engagement and proficiency with a high-tech product is a strong predictor of their entry into the Technology Adoption Life Cycle. The most essential lesson is that a product matures and the importance of the service aspect to the client increases with the length of time it is on the market. Particularly conservatives have a strong focus on serving others.

Now, if conservatives were prepared to pay for all this necessary service, the world would be a lot easier. However, they aren't. The implication is that we need to use our knowledge of the pragmatic client group to pinpoint every issue that needs to be fixed before incorporating these fixes straight into the product. The goal of mature market R&D should be to gradually include all the little aids that people create, often on their own, to assist them deal with the constraints of the product rather than to drastically alter it or expand its capability. This is service, in fact, since the optimum service is none at all when considering the vendor's cost as well as the customer's convenience.

We become susceptible to the split in the bell curve that divides conservatives and pragmatists if we don't go down this route. One of the main distinctions between the two groups is that the latter are not eager to acknowledge to their pragmatic friends that they are not ready or able to rise up to the same degree of technological self-support. High tech has not yet generally recognized this disparity, which has led to far shorter than necessary product life cycles and income streams that are substantially more reliant on the success of new products than they are in other sectors.

Having said all of that, the biggest danger to high tech's survival is its incapacity to successfully shift its marketing efforts between conservatives and pragmatists. This accolade, as we will see in the following chapter, goes to another turning point in the Technology Adoption Life Cycle, bridging the gap between the early market with its visionaries and the mainstream market with its pragmatists, and where high-tech fortunes are really made or lost. There is one last component of the Technology Adoption Life Cycle, nevertheless, that merits at least a brief mention before moving on to our major issue.

Skeptics are the Laggards

The last one-sixth of the Technology Adoption Life Cycle, known as skeptics, only participates in the high-tech economy by obstructing purchases. Therefore, countering the effect of skeptics is the main goal of high-tech marketing. This is unfortunate in a way, since skeptics may teach us a lot about our own shortcomings, which is why this postscript is necessary.

One of the most common defenses used by detractors is that workplace productivity has not increased in the slightest despite billions of dollars being spent on office automation. In fact, there are some very solid data points that back up this theory. However, this argument infuriates proponents of high technology, as one would imagine, since they can cite several clear instances in which the sector eliminates or simplifies mundane—or even unusual—office tasks. Alternatively, we may discover that the very expensive features that were meticulously crafted and integrated into the system are hidden from the user and seldom used. Alternatively, we may discover that for every person who can convert the hours of instruction into proficiency with a high-tech device, there may be another who is unable to do so. The loss linked to these individuals is substantial, taking into account not just the time they spend training and any time spent by trainers, but also the expense of the system that was purchased to support them—a system that they are unable to utilize efficiently.

The point is that trying to justify the expense of high-tech goods is, at best, a risky endeavor, as any seasoned high-tech product salesperson will tell you. The possibility of earning a large profit is always there, but it is always dependent on factors beyond the control of the system. To put it another way, this essentially implies that the promises made by salesmen for high-tech items are really claims for "whole product solutions," which include components that go well beyond what is sent in the boxes of high-tech manufacturers. High-tech marketers are providing the skeptic with an opportunity to stop the sale if they do not assume accountability for ensuring that the whole product solution is being delivered.

Skeptics are finding it difficult to make the case that most new systems fall short of the promises made when they were purchased. This is not to suggest that they don't give value in the end; rather, it's just that the value they do deliver isn't often expected at the time of purchase. If this is accurate, which I think it is in some ways, adopting a new system requires much more confidence than people realize. This indicates that the act's main worth comes from ideas that encourage action rather than from a measurable package of benefits that are justified by cost. The notion that the system's worth would be found rather than understood at installation suggests, then, that continuing account service and product flexibility and adaptability have to be essential elements of any buyer's assessment checklist.

In the end, skeptics serve high-tech marketers by consistently highlighting the differences between the advertised product and the actual one. These differences then provide the customer the chance to fail, and because bad experiences spread via word of mouth, we will eventually lose market share as a result of these failures. Put another way, bullying the doubters is a terrible marketing strategy even while it could be a terrific sales strategy. From a marketing perspective, everyone is susceptible to the "Emperor's New Clothes" syndrome, but this is especially true in the high-tech sector, because all industry participants have a stake in improving the sector's reputation. The cynics don't believe our charade. We should make the most of that reality.

DISCUSSION

The Technology Adoption Life Cycle is a very valuable marketing concept, as the pages that precede it make abundantly evident. It provides precise instructions on how to create a marketing strategy for an innovative product by separating the psychographics of consumers according to when they typically join the market. As we've already said, the model's fundamental weakness is that it assumes a seamless and continuous transition between segments throughout the course of a product's life, when experience tells us the exact opposite. Since you have to adopt new methods just as you are becoming comfortable with the old ones, it may be quite uncomfortable to make the marketing and communications transition between any two adoption segments. The absence of a client base to whom one may turn when moving into a new segment is the main issue at hand during this transitional phase. The gaps between segments show the credibility gap that results from trying to utilize the group on the left as a reference basis to enter the segment on the right, as we saw when we redrew the Technology Adoption Life Cycle. The fundamental affinities of the market may sometimes keep groups reasonably close to one another. For example, early adopting visionaries usually value and stay in contact with technology enthusiasts because they rely on them to help assess individual items and to act as a reality check on the viability of their ideas from a technological standpoint. Consequently, enthusiasts may address a minimum of part of the problems raised by the visionaries [7], [8].

Conservatives also turn to pragmatists for guidance when making technological purchases. Both cohorts prefer to identify as first and foremost members of a certain sector, followed by businessmen and last technology buyers. On the other hand, pragmatics are more certain of technology's future benefits and their own abilities to make wise technological purchases. Regarding both, conservatives are much more anxious. They appreciate pragmatists and are, for the most part, eager to cooperate with them, but their general arrogance still gives them pause. Hence, the reference base is only partially useful when switching between adoption segments.

The introduction's core thesis about markets—that is that consumers in markets, especially high-tech markets, refer to one another while making purchases—explains the relevance of this weakening of the reference base. We may have accumulated a great deal of references as we go through the technology adoption life cycle, but they may not be the proper ones.

This is never more evident than in the shift from visionaries to pragmatists. There is a significant—and, for the most part, mostly ignored—divide between visionaries and pragmatists, even if there are some small divisions between the other adoption types. Examining that gap closely reveals four essential traits of visionaries that pragmatists find offensive [9], [10].

Disrespect for the wisdom of the experiences of one's peers. Visionaries are the first in their field to see the possibilities presented by emerging technologies. They essentially believe that they are smarter than their counterparts in rival organizations, and they often are. In fact, they want to use their early detection of problems as a competitive advantage. That benefit is only possible if it hasn't been found by anybody else. Therefore, they don't anticipate purchasing a tried-and-true product with a long list of industry references. In fact, if such a reference foundation is available, it may further put them off, signaling that it is now too late for this technology.

Conversely, pragmatics place a high emphasis on their colleagues' prior work experience from other organizations. When making a purchase, they anticipate a wide range of references, and they prefer that a sizable portion originate from businesses inside their own sector. As we've previously said, this puts you in a difficult situation: because there are often only one or two visionaries per industrial sector, how can you get the amount of references needed for a pragmatic when almost everyone left to contact is also a pragmatist?

Demonstrating a stronger fascination with technology than their sector. The future is being defined by visionaries. They are the ones you encounter at futurist forums and technology conferences, where people congregate to forecast trends and look for new business prospects. It's simple to start a discussion with them since they recognize and comprehend the goals of high-tech businesses and goods. They want to discuss ideas with intelligent individuals. The insignificant specifics of their own industry are boring them. They like thinking and speaking in high tech.

On the other hand, pragmatics have little faith in futuristic ideas. They see themselves more as individuals committed to keeping their industry's wheels turning in the modern day. As a result, they often spend their convention time in industry-specific forums where problems unique to that area are discussed. Global benefits and broad changes may make for good speeches, but pragmatics aren't interested in much else disregarding the value of the current product infrastructure. Systems are being constructed from the ground up by visionaries. They are bringing their vision to life. They don't anticipate discovering spare parts for these systems laying around. They want to create new norms and do not anticipate that any have already been set. They don't anticipate procedures to have been set, support groups to be operational, or the availability of outside parties to split the job and accountability [11], [12].

All of these are expectations of pragmatics. They tremble to see visionaries forging their own path with little or no consideration for integrating with the accepted norms in their field. These relationships have served as the foundation for the careers of pragmatists: once again, it is painfully clear that visionaries generally provide very little value as a reference for pragmatists.

Widespread Disturbance

Pragmatists believe that visionaries are those who enter the picture and take up all the funding for their pet projects. In the event that the project is successful, they will get all the glory, leaving the pragmatics to struggle to keep a system operating that is so "state-of-the-art" that nobody is quite sure how to keep it functioning. When a project goes awry, visionaries always appear to be one step ahead of the chaos, leaving the mess to be cleaned up by the pragmatics and leaving town as soon as possible.

Whether they are successful or not, visionaries have short lifespans. They regard themselves as being on a fast track, making leaps and bounds across organizations and up the corporate ladder. Conversely, pragmatics have a tendency to have long-term commitments to both their employer and their line of work. They realize they will have to live with the consequences, so they approach ambitious projects with extreme caution.

All things considered; it is understandable why pragmatists are reluctant to cite visionaries while making purchasing judgments. Thus, the gap. If the high-tech firm doesn't modify its sales pitch after seeing success with visionaries in its marketing campaign, the scenario might get much more complex. Therefore, the business could be bragging about its latest achievements at early test locations, but what practical people really want to hear about are operational production installations. However, the business could be using the term "state-of-the-art" whereas the pragmatic would rather to hear "industry standard. However, the issue extends beyond pitches and placement. Fundamentally, it is a time issue. The pragmatic has to wait, or at least wants to, while the high-tech seller wants—no, demands—that he buy immediately. Each has a perfectly valid stance. But the truth remains that a clock has been started somewhere; the only issue now is, who will blink first?

The Comparison of D-Day

By all standards, being in the abyss is an extremely awful idea. It only promises clients who have managed to stray from the safe routes, if any new ones at all. However, it does hold a variety of unpleasant people, including bitter former clients, obnoxious rivals, and dubious investors. Their combined efforts strain the reserves of the young company trying to break through to the mainstream. In order to remain vigilant in our defenses against these threats, we must take a quick glance at these issues.

The Dangers of the Divide

First, let's address the dearth of new clients. There is just not enough money in the market to keep the company afloat as opportunities from the early market of visionaries get more and more crowded and the mainstream market of pragmatists is nowhere near the comfort level they need to purchase. After a brief period of positive cash flow, the company's pattern is currently reversing, with a rising negative cash flow. Even worse, mainstream rivals who had previously ignored the newcomer to their market have now identified a new target, suffered one or two significant setbacks, and mobilized their sales teams to launch a counteroffensive.

There are not many places to seek safety. Managers want to focus on their current major-account relationships, provide them with outstanding service, and use that extra year of investment to fully develop the visionary's strategy. This would provide a safe reference basis and start building the network of related goods and services required to transform a disruptive breakthrough into the pragmatic's imagined practical answer. Regretfully, these accounts don't have any further funds to cover this year. In fact, it is far more probable that this year of effort will be required just to make good on the promises made in order to close the purchase in the first place. Thus, even if there is a ton of worthwhile work to be done, money is not an issue. Managers cannot achieve security by sticking to serving just the early market. There are, in fact, still prospects for sales here; there are other visionaries who need to be convinced. However, every individual will have a distinct fantasy, which will result in distinct requests for customisation and ultimately overburden an already overworked product development team. Furthermore, another entrepreneur with an even more inventive technology and an even more compelling tale to tell will eventually emerge in this early market. You will either be out of luck by then, or you have to have over the abyss and established yourself in the mainstream.

There's danger ahead. Investors have provided funding for the marketing initiatives so far, either officially, as in the case of venture-funded businesses, or informally, as in the case of new goods created inside bigger corporations. After a few early victories, these investors now anticipate significant advancements toward the long-term revenue growth goals outlined in the company plan. It is impossible, as we now know, to look for this type of development during the chasm era. However, there is a commitment in the plan, and time is of the essence. A truly predatory investor, also known as a vulture capitalist, looks to take advantage of the period of struggle and failure to undermine the current management and lower the equity value of the company. This way, in the next funding round, the investor has a chance to install a new management team, seize dominant control of the business, and, in the worst case scenario, buy a significant technology asset for a pittance. This is a very harmful exercise in which all human values and opportunity to succeed are discarded, along with the baby and the bathwater. Still, it does occur.

But even investors who have fair expectations and a helpful demeanor may find the gap unsettling. In the best-case scenario, you are asking people to lower their standards at the exact moment when it would seem most appropriate to raise them. There's an undercurrent of suspicion that someone has failed, somewhere, at some point. You don't have time to squander, even if they may be prepared to give you the benefit of the doubt for a while. It is vital that you promptly enter a popular market area and cultivate enduring connections with pragmatic purchasers, since it is only via them that you will have agency over your own fate.

Defying Convention to Get Accepted

Gaining traction in the general market is an aggressive move. Businesses who already have a connection with your target client will be offended by your interference and will take all necessary steps to keep you out. Customers themselves will be wary of you as you're a fresh face in their marketplace. Nobody wants to see you. You've invaded our territory.

This is not the moment to put your kindness first. You are in a life-or-death position because of the chasm's perils, as we have previously said. You have to overcome any opposition in order to gain acceptance within the mainstream. Therefore, we may as well be overtly warlike if that is what we are going to do. We will draw inspiration from an event that occurred in the first half of this century: the D Day, June 6, 1944, allied invasion of Normandy. While there are certainly more recent instances of military triumph, this particular comparison speaks a lot to our particular issues.

It's a really simple comparison. Our ultimate objective is to break into and seize control of a mainstream market that is now ruled by a well-established rival. We need to put together an invasion army of other goods and businesses if we want to take our product from this rival and take over the general market. Our initial objective upon entering this market is to go from an early market base to a strategic target market segment inside the mainstream. The gap is what separates us from our objective. We want to swiftly bridge that gap by concentrating our invading force solely and directly on the assault location. We will advance to seize control of other market segments in our pursuit of total market dominance once we drive the competition out of our targeted niche markets.

That is all. That is the plan. Win access to the main stream by replicating D Day. To bridge the gap, focus on a narrowly defined specialized market that you can control from the start, drive rivals out of, and use as a springboard for larger endeavors. Focus a very powerful force on a narrowly targeted area. It was effective for the Allies in 1944 and has continued to be effective for several high-tech enterprises ever since.

Focusing too much support on a narrow market niche is the secret to the Normandy advantage, which enables the young company to win over pragmatic clients ahead of wider market acceptance. Due to a limited range of market factors, the business may effectively create a strong foundation of references, collateral, internal processes, and documentation by simulating the original difficulty. At this stage, the "boundedness" of the market group being targeted determines how effective the marketing process is. It is simpler to generate and introduce messages into something that is more firmly connected, and word-of-mouth communication of these messages' spreads more quickly.

To be competitive, new businesses and marketing initiatives with little resources must work in a highly competitive market. If not, their "hot" marketing messages spread too quickly, the word-of-mouth feedback loop breaks, and the sales team returns to selling "cold." This is a typical indicator of a gap when the firm falls out of the early market's niche. When it is really just the result of attempting to grow into a market that is too loosely defined, it is often misunderstood as a letdown in the sales force or a cooling down in demand.

This error is avoided using the D-Day method. By concentrating the whole organization on a very precise objective that is easily attainable and can be immediately applied to long-term success, it has the power to energize a complete business. When faced with the vast array of opportunities offered by a mainstream market, most businesses are unable to overcome the gap because they get distracted and chase every opportunity that arises, unable to give a compelling offer to any genuine pragmatic customer. Everyone is kept on task by the D-Day strategy, which states that we need not worry about how we would take Paris if we fail to capture Normandy. Furthermore, our chances of rapid success are significantly increased by concentrating all of our might on such a tiny area. As sensible as this approach may seem, it goes against the way start-up businesses are managed, which is why, although being generally accepted in principle, it is seldom implemented. This is the more typical situation.

CONCLUSION

A thorough trip is described, shedding light on the crucial point at which high-tech items move from being adopted by a small market to being widely accepted. A thorough grasp of the complexities and difficulties of mainstream markets becomes apparent when the story crosses the divide and enters the realm of the early and late majority. The story emphasizes how high-tech marketing methods must change to accommodate the pragmatic majority as opposed to the visionary early adopters. The idea that scaling demands a sophisticated approachemphasizing not only technical skill but also a profound grasp of the different requirements and expectations of a bigger customer basetakes precedence over the success story of spanning a gap. Important discoveries on the psychographics of the early and late majority emphasize the need for specialized marketing initiatives that speak to the unique needs and desires of these markets. It becomes clear how network effects and word-of-mouth have an amplifying effect, highlighting the social fabric that forms the adoption landscape in mainstream markets. By the time the story ends, it has taught us important lessons about how important flexibility is. High-tech businesses need to adapt their marketing tactics to the changing needs of the mass market. The key to long-term success is an all-encompassing strategy that includes pricing tactics, efficient communication, and customer service.

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CHAPTER 5

STRATEGIC KINDLING: NAVIGATING THE HIGH-TECH MARKETING CHASM

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ABSTRACT:

The importance of niche marketing strategies in crossing the chasm for high-tech products, drawing an analogy with starting a fire. It emphasizes the need for commitment to niche markets, explores the consequences of being sales-driven during the chasm period, and provides insights into the challenges faced by high-tech companies. The paragraph also touches on the case of Microsoft, highlighting its unique position in the market and the limitations of replicating its approach. The conclusion stresses the significance of focusing on achieving a dominant position in specific market segments when crossing the chasm. It explores the consequences of a sales-driven approach during this critical period. Drawing insights from the unique case of Microsoft, the abstract concludes by stressing the necessity of focusing on dominant positions in specific market segments to successfully navigate the complexities of the high-tech marketing landscape. It provides valuable insights for high-tech leaders seeking to successfully navigate the challenges of crossing the marketing chasm.

KEYWORDS:

Bridge, Crossing, Disruption, Early Adopters, Innovation, Marketing Strategies.

INTRODUCTION

Any Boy Scout or Girl Scout can figure out how to start a fire. After placing some logs and kindling on the ground with some newspaper bundled up, you fire the paper. It couldn't be much simpler. It's like trying to start a fire without kindling while attempting to bridge the gulf without adopting a specialized market strategy. The bundle of papers stands for your advertising spend, and the log signifies a significant market share possibility. Eventually, the paper will run out and the log won't burn no matter how much paper you place beneath it in the absence of target market segments to serve as kindling. Companies like go and Momenta went through tens of millions of dollars in marketing when the pen-based computer first came out, all to no result. This was a very costly scouting lesson [1], [2].

Although it's not that complicated, this does illustrate a certain discipline. And here is where high-tech management falls short the most. In any case, most high-tech executives will continue to avoid committing to a certain specialty when it comes to marketing decisions. They may talk and nod in all the proper places, just like marriage-averse bachelors, but they won't show up when the wedding bells ring. Let's first acknowledge that this is a failure of will rather than comprehension. In other words, these executives don't really need to understand specialized marketing. For the last 25 years, MBA marketing programs have placed a strong emphasis on the need of segmenting markets and the benefits that come with doing so. Thus, no one is able to or does claim ignorance. Rather, it is argued that although specialized approach normally works best, we don't have the time or money to put it into practice right now. Of course, this is a lie, and the real solution is far more straightforward:

We don't have any discipline that would force us to give up on a transaction at any point for any reason, and we don't intend to establish any. Put differently, we are a sales-driven organization rather than one that is driven by the market. Things must simply sort themselves out, and our clients will lead usalbeit retroactivelyto our market, right? The above three questions have the following accurate answers: catastrophic, not always, and never in a million years [3], [4].

To put it plainly, there are lethal implications to being sales-driven during the chasm time. This is the reason why: At this point in the market development process, the company's only objective must be to establish a beachhead in a mainstream market, or, more specifically, to build a referenceable base of pragmatic customers who can introduce us to additional mainstream possibilities. We need to make sure that our initial group of consumers fully meets their purchasing goals in order to get this reference base. In order to do that, we need to make sure that the client receives the whole suite of goods and services required to produce the intended outcomewhat we will refer to as the whole product in a later section. If something is missing from this collection, the selling point is not met, the consumer cannot be contacted, and the solution is not complete. Therefore, we must commit to giving the whole product, or at least guaranteeing its provision, in order to gain these critically important references, which is our main objective in bridging the gap.

However, full product commitments are costly. They need resource-intensive administration, even in cases when we enlist friends and partners to assist in their fulfillment. Furthermore, when we find ourselves in a support function, it often calls for the involvement of our most important individualsthe same individuals who are vital to every other project we are working on. As such, full product promises need to be made strategicallythat is, with an eye on extending them over many salesin addition to being made seldom. Only when the sales effort is concentrated on one or two specialized markets will this be possible. If you overextend yourself, you risk depleting your vital resources, compromising the quality of your whole product promise, and lengthening your stay in the abyss. To encourage a permanent stay is to be really sales-driven.

The sales-driven approach should be rejected for reasons related to the overall product leverage alone. However, because of how powerful its siren appeal is, more ammo is needed to combat it. Think about the following. Building a solid reputation among customers via word-of-mouth is essential to entering a new market. Several studies have shown that word-of-mouth referrals are the most reliable source of information for purchasers in the high-tech purchasing process. This is true both early in the sales cycle, when they are creating their "long lists," and later on, when they are narrowing down their short lists. In order for word-of-mouth to spread in a given marketplace, there has to be a critical mass of knowledgeable people who get together sometimes and, via sharing their opinions, support the company's or the product's posture. That's how rumors go around [5], [6].

It is costly to seed this communications process, especially when you go from the early marketwhich is often accessible via the technical press and allied mediato the mainstream market. As we've previously said, pragmatic buyers' network via professional networks or industry associations. Talking to other professionals is common among chemists, attorneys, insurance executives, and so on. Taking a sales-driven strategy and winning over one or two consumers in each of five or ten distinct categories is not going to generate positive word-of-mouth. There won't be anybody there to support any conversations that your consumers attempt to start about you. On the other hand, the intended outcome will be achieved if one section manages to gain four or five clients. Therefore, word-of-mouth leverage may be expected early in a cross-the-chasm marketing campaign by the segment-targeting firm, whereas the sales-driven company would get it much later, if at all. The product becomes difficult to market as a result of the absence of word-of-mouth, which raises the price and unpredictable nature of sales. Lastly, the need to attain market leadership is a third strong argument for being niche-focused while bridging the gap. Buyers that are pragmatic want to purchase from industry leaders. Their goal is straightforward: whole product lines develop around the top-performing items on the market, not around the rest. In other words, compared to Microsoft Money, there are a lot more books on using Intuit's Quicken, a lot more products that are compatible with Quicken, a lot more Quicken templates, and a lot more immediately accessible data sources via Quicken. In addition to adding value to the product, having this added-value infrastructure makes obtaining assistance easier. Pragmatists are very conscious of its impact. They do not want to be discovered using an OS/2 server in place of Windows NT, a Progress database in place of an Oracle, or a 3D0 in place of a Sony Playstation. As a result, they often plot—possibly without realizing it—to establish a certain business or product as the industry leader and then exert every effort to maintain that position. In order to assist them determine who the leader will be, people postpone making purchases at the start of a market, which contributes to the chasm effect. They don't want to support the incorrect candidate.

You need the biggest market share—typically more than 50% at the start of a market, but it may eventually drop to as low as 30 to 35 percent—to be the leader in any particular market. Therefore, the size of the market you may expect to control is equal to double the sales you anticipate generating over any particular time period, like the next two years. To be exact, the computation considers that every sale you make comes from a single market segment thus that is the maximum size of the market. Therefore, the only appropriate course of action is to adopt a "big fish, small pond" strategy if we want market leadership early on—which we want, given that we are aware that pragmatics prefer to purchase from market leaders, and our primary marketing objective is to have a pragmatist installed base that can be cited. This strategy also has the advantage of immediately enabling you to "own" a market. In other words, the pragmatists establish you as the leader, and they then work together to support you in that role. This indicates that regardless of their size or the extra features they provide in their product, competitors face substantial obstacles to entrance. It goes without saying that mainstream clients will bemoan your lack of features and demand that you update to keep up with the competition. However, mainstream consumers really want to be "owned" since it makes purchasing choices easier, decreases the cost of ownership for the whole product, enhances quality, and gives them confidence that the vendor will be around. Though they are on your side, they nonetheless want attention. Because of this, an owned market might have significantly higher predicted revenues and a far lower cost of sales than would otherwise be possible, emulating some of the qualities of an annuity—a pillar in good times and a haven in bad. Because of the total product leverage, word-of-mouth efficacy, and perceived market leadership, it is imperative that you concentrate only on establishing a strong position in one or two tightly defined market niches while attempting to bridge the gap. The chances of you ever breaking into the mainstream market are quite little if you do not dedicate yourself entirely to this objective.

DISCUSSION

Because Microsoft's past is so distinct, it can hardly be used as a model for other firms' strategic choices. Windows, NT, and Internet Explorer, the company's three main technologies, are all direct offshoots of a PC operating system line that Microsoft originally acquired from IBM. The taking of fire from the gods and delivering it to mortals was a Promethean act of robbery. It was brilliantit wasn't dishonest. However, what's important to remember is that Microsoft operated as a de facto standard from the start. It was founded in the midst of a demand storm that IBM sparked, and the foundation of all of its subsequent market expansion efforts has been its position as the wealthy heir apparent. Because of this, Microsoft has been able to adopt new technologies without having to launch them first. Put another way, its main source of success has been its quick adoption of innovations that others have already presented. This is obviously the case with both Internet Explorer, which came straight from Netscape Navigator, and Windows, which was directly developed from the Macintosh. And I believe the same might be said about Windows NT, whose main claim to fame is that it is a really common standard platform—the true realization of UNIX’s hollow promise—rather than that it advances the state of operating systems. Here, the goal is to highlight Microsoft's market expansion approach rather than to mock its technical prowess. It has an enclave on the pragmatic side of the chasm that is permanent, since it is the owner of every client in a client/server universe. It is in charge of the city's gates. The gates may close when barbarians arrive with their abrupt inventions. It can unlock the gates when it comes up with its own renditions of the same. It's Gates' gates, and boy, is it a pretty profitable business [7], [8].

It is not, however, a good example for the rest of us. While Microsoft has the ability to operate on both sides of the divide, most other businesses must traverse it on their own. In fact, they often have to get through Microsoft's opposition. Breaking into the mainstream market is analogous to committing a burglary, breaking and entering, lying, and often even using stealth. It may be effective for really powerful market leaders who have soldiers stationed all over the globe to map up a worldwide invasion strategy and launch simultaneous attacks on all fronts, but it is simply ridiculous for upstart competitors. Rather, we must carefully choose our targets, launch a powerful assault, and then take a stand.

Niches

Having said all of that, we must also admit that niches do not disappear. Dominance in a major market eventually surpasses specialty, even while it keeps growing and evolving by creating new markets. Indeed, this is the time when the really big earnings are realized. It's obvious that this is a post-chasm phenomenon, but there has to be some preliminary preparation done. Similar to how liberating France was the ultimate purpose of D Day, our marketing strategy aims to create a longer-term vision that will direct our immediate tactical decisions [9], [10].

The secret to expanding beyond one's original target specialty is to start with strategic target market segments. In other words, focus on a section that serves as a gateway to a wider segment due to its other relationships. For example, the Fortune 500 firms' graphical arts departments were the target niche for the Macintosh when it crossed the divide. This target market, which provided presentations to CEOs and marketing professionals, was not very big, but it was the source of a flawed, mission-critical process. The very small size of the sector worked to Apple's advantage as it allowed them to swiftly gain dominance and establish their proprietary system as an accepted standard inside the company. More importantly, however, after controlling this market, the business was able to apply its success to other divisions inside the organization, first sales, then marketing. The salesmen discovered that they could depend less on the marketing team when using a Mac, while the marketing team discovered that if they created their own presentations, they could keep them updated while traveling to the trade show. Simultaneously, this graphics arts beachhead spread into other businesses that dealt with the graphics arts professionals, such as advertising agencies, publishers, and creative agencies. Everyone exchanged a range of visual elements using the Macintosh, leading to the creation of a whole ecosystem that was standardized on the "non-standard" platform. The topic of the following is how to make sure that one chooses a strategic niche for the D-Day landing location. But before we do that, let's look at a few well-known businesses that have effectively adopted a much-targeted strategy to bridge the gap.

Effectively Crossing Chasms

We will examine four successful chasm crossings in the paragraphs that follow: two by platform suppliers, PalmPilot and NEON, and two by applications providers, Clarify and Documentum. Each of the four. This is the first of two sections in the book that have undergone extensive rewriting. I distinguished between two types of niche marketing in the original post: theme niches and application niches. Experience later on shown that the concept of a theme niche did not exist. Rather, the concept prefigured what I eventually came to refer to as the "tornado," a mass-market stage that comes after the "bowling alley" in the Technology Adoption Life Cycle. This stage is the focus of my second book, Inside the Tornado. Have managed to leverage their overwhelming shares of mainstream market nichesas well as fierce competition—into profitable equity returns for their stockholders [11], [12].

Because applications interact directly with end users and end users group themselves according to industry, profession, and area, applications are "naturally vertical." They can easily adapt to the beachhead concentration required to bridge the gap as a result. However, when solutions generalize later in the life cycle, mass marketing rewards more of a one-size-fits-all offer; however, an application offer finds it much more difficult to support this since it is bound to end users.Platforms, on the other hand, have the exact opposite dynamic. Since they communicate with devices and other applications where part of the value is providing a common interface, they are "naturally horizontal." Due to their lack of variation as goods across niches, they are not well suited for vertical marketing. Regretfully, however, pragmatic consumers seldom ever embrace new technologies in large quantities. Usually, a single niche adopts these ideas first, one with such urgent issues that it outpaces the others. The inevitability excites the rest of the herd since it allows them to see firsthand how wonderfully the technology works without having to incur any immediate risks. If the beachhead technique is executed well, the niche benefits by receiving a solution for its particular issue. Additionally, the seller benefits from having at least one group of pragmatists certify that what it is offering is mainstream. Therefore, despite the fact that it appears strange, platforms must adopt a vertical market strategy to bridge the divide due to the dynamics of technology adoption rather than any unique qualities in the product itself. The good news for them is that the platform provider will find it much simpler to seize the opportunity when a mass market eventually develops.

Bridging the Gap with a Customer Service Application

Clarify created its flagship program, Clear Support, a software solution to increase the efficiency of customer support personnel working over the phone, in the early 1990s, when client/server architecture was beginning to cross the threshold. The product was unique in that it centered every customer contact on the interplay of three elements: the product that prompted the call, the customer who called, and the information that needed to be gathered in order to resolve the customer's issue. This gave businesses using the product the ability to monitor their relationships with customers, pinpoint problematic products, and record troubleshooting lessons for use in subsequent calls. The customer's issue was guaranteed high visibility through the device of a trouble ticket or "case," which was forwarded and monitored through the company until the complaint was settled. It was a brilliant concept, and it still is, but pragmatists were reluctant to embrace it since it needed not just new software and extensive systems reengineering, but also new workflows and job descriptions. Nonetheless, there were visionaries who recognized in the system an opportunity to establish enduring bonds with important clients and to get a competitive edge via more prompt service transactions. Vendors of network hardware systems, whose clients consistently had significant difficulties with systems integration, were the early adopters. Medical equipment suppliers were another early adopter segment, where service needs were again driven beyond what could be handled by a standard procedure due to the intricacy of installation. Next, there were financial services clients providing call centers to their affluent clientele; telecommunications clients managing complaints and assigning field service representatives; and high tech clients assisting their clients and resellers in debugging and resolving all the intricacies and glitches in their recently launched products.

Cisco Systems, a significant participant in the network hardware industry at the time, was one of the last of them. Both their rivals and their clients were taking notice of their execution. Due in part to the growing complexity of the systems themselves as well as the increasing amount of interoperability that resulted from them interacting with other systems, vendors, resellers, and customers alike were finding it difficult to handle the growing severity of the customer support issue. The market was blowing up, and poor customer service might become a growth roadblock. Simply put, hiring enough support staff and training them quickly enough was impossible. Consequently, a specialized market developed that needed technology to assist in resolving these issues.

This illustrates how a broken mission-critical process in a vertical industry may lead to an appealing beachhead opportunity. The market no longer shows itself customer by customer; instead, it offers the chance to target an entire category as a whole. However, there's a cost involved with this. The segment's demands were not given priority, and these priorities at the very least contradict, if not outright compete with, the preferences of customers in other marketplaces. In this situation.

When it comes to bridging the gap, the solution is obvious: devote all of your resources to the niche, and then use what little remains to satisfy everyone else's demands. In the instance of Clarify, it demonstrated a complete dedication to the network hardware industry by quickly securing the support of major players in the industry, including Wellfleet, 3Com, and Synoptics. This gave it the credibility to get the support of other, less well-known firms. To make sure that issues were found, tagged, and followed all the way to elimination, these clients' top priority was case routing that interfaced with the bug reporting programs used by their development organizations. They also want knowledge bases that could store and retrieve very complicated technological information. In order to make sure they assisted these clients in succeeding in their respective niches, Clarify gave these two essential demands top priority above all other requests.

After taking first place in the network hardware market, the business was able to use its success to gain traction in the computer software and systems market, where it attracted significant clients like Microsoft. Although the consumer issues were not as complicated in this instance, there were often many more calls. The success of computers was then translated to the telecommunications industry, creating a new demand: the need to convert a customer care call into a sales opportunity. As a result, Clear Cali Center, a second product line, was introduced. The financial services industry has shown a genuine interest in that product in turn. And so it does. Gaining traction and overturning the headpin generates a phenomenon known as follow-on adoption, which presents additional business prospects. This phenomenon may be attributed to a combination of factors, including the transfer of a solution from one niche to another and customer-to-customer word-of-mouth interactions. It was successful for Clarify, and it was also successful for the business we will talk about next.

Documentum: An Application for Document Management That Bridges the Gap

Even though Documentum broke out of Xerox with a plethora of document management technologies "for free," the firm had three years in a row of flat revenues in the $2 million level when Jeff Miller took over as CEO in 1993. This result is standard for a corporation whose market is in the decline. After Jeff joined the company, it increased to $8 million, $25 million, $45 million, and finally $75 million in the following year. That is chasm-crossing at a global level. In actuality, they used crossing the Chasm's first edition as their model for market growth. They picked a very narrow market niche—the regulatory affairs department of Fortune 500 pharmaceutical companies—after realizing they were in a chasm and that choosing a beachhead market segment would be the first step toward escaping. How could a company rationalize narrowing its market reach from "all personnel who touch complex documents in all large enterprises" to maybe one thousand persons worldwide when there are only around forty of them in the globe, and the largest is just a few dozen people?

The answer is that the quantity of suffering someone is creating is more important to consider when choosing a chasm-crossing aim than the number of persons involved. The suffering was unbearable for the regulatory affairs department of the pharmaceutical sector. This team is responsible for submitting the applications for new drug approval to the roughly 100 regulatory agencies worldwide. Before any work is done, patents must be granted. A successful patented medication produces, on average, roughly $400 million annually, and the patents have a 17-year lifespan. But the drug's financial returns drastically decline if it loses its patent. A day's worth of patent life is lost for every day that is spent in the application procedure. It was taking pharmaceutical firms up to a year to file their initial application—a year to submit, not a year to be approved! This is due to the fact that applications might be anywhere between 250 and 500 thousand pages long and originate from a variety of sources, including factory databases, patent office records, clinical trial studies, correspondence, and the like. All of this content has to be preserved as a master copy that is used to record and monitor any further updates to the information. It's an awful situation that was costing the pharmaceutical industry a lot of money. By addressing this issue, Documentum made sure that its customers were firmly committed. The IT department, which was realistically happy to collaborate with its reputable suppliers and continuously enhance the current document management infrastructure, did not make the pledge. Rather, it came from the top brass, who overruled the internal staff and insisted that they adopt the new paradigm because they saw in Documentum an opportunity to reengineer the whole process to a completely different new goal. This is how the chasm is often crossed. Typically, the executive function sets priorities, the departmental function takes the lead, and the technical function follows.

Within a year, Documentum had shown its ability to address this issue, and around thirty of the top forty businesses had committed to using its solution. Its revenues increased to $8 million and eventually to $25 million as a result. However, since then, the bowling-pin effect of specialty marketing has generated revenue. From the regulatory affairs department to the research team to the production floor, Documentum became the industry standard for all document management responsibilities within the pharmaceutical businesses. Once it was on the floor, the plant construction and maintenance contractors realized that factories in related process industries had similar needs, so they took the product into regulated chemicals, non-regulated chemicals, and oil refineries. These contractors were using it to assemble and maintain documentation on all the systems and procedures in the factory. The IT department saw a solution that may address a significant issue in their upstream business, exploration and production, when the product reached the refineries, or what is known as the downstream portion of the oil industry's operations. The administration of leasable properties—what's available, what's under contract, who else is interested, etc.—is a major problem there. It is a maze of interconnected contingencies that was mostly handled by paper files and word-of-mouth without the use of a document management system. Bring in Documentum for yet another enormous triumph. Wall Street became interested in that success after realizing that the same facilities would provide them more control over their futures and swaps operations.

And that's essentially the series of things that led Documentum to generate over $100 million in sales. It is the most effective kind of specialty marketing. The whole sequence is based on two keys. First is breaking through the abyss, seizing the beachhead, and toppling the headpin. It's the economic worth of the problem it solves, not the size of the first pin, that matters. The target niche will bring you out of the abyss quicker the more severe the issue. Once established, you have a lot greater chance of branching out into other markets since you are no longer as hazardous to support as a new vendor because you have a loyal following of clients.

Having additional market segments ready to use your first specialized solution is the second crucial element. This enables you to reconsider the financial benefit of bridging the gap. The money you produce from all of your succeeding niches added to the first niche's earnings is what matters most. The estimation that should be used to determine gain should be a bowling alley estimate rather than merely a head pin estimate. For entrepreneurs operating inside major organizations, who must compete with bigger, more established market prospects for financing, this is an especially crucial topic. The executive council won't provide funding if they can only see the first specialty and are unable to view the larger market. On the other hand, if you take the other approach and simply provide them with an aggregated mass market—the product of the market going horizontal and into hypergrowth—they will finance you but dismiss you as soon as you are unable to produce these astounding numbers rapidly. With the bowling pin approach, you can both concentrate on the current market, reducing burn rate and concentrating market development efforts while maintaining an eye on the bigger picture.

CONCLUSION

The intricacies of high-tech marketing, advising business executives to implement a niche-focused strategy across the crucial shift from early acceptance to mainstream markets. The story, which draws on Microsoft's unique experience, highlights the dangers of a sales-driven approach and stresses the need of strategic kindling—committing fully to certain market niches. As the investigation progresses, it becomes evident that the key to success is to control one or two tightly defined niches and use these successes to establish a strong presence in the mainstream market. The conclusion is a clear call to action for high-tech companies to reconsider their marketing tactics. It advocates for a targeted and disciplined strategy that will help them successfully cross the difficult marketing divide. The concepts of strategic kindling became a lighthouse in the rapidly changing high-tech industry, pointing businesses in the direction of long-term expansion and market dominance. High-tech executives may steer their products from passionate adoption to general market acceptance by understanding the importance of strategic kindling, which will eventually lead to lasting success in the constantly changing technological marketplaces.

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CHAPTER 6

PALMPILOT: A STANDALONE PLATFORM CROSSES THE CHASM

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ABSTRACT:

The remarkable journey of PalmPilot, an innovative handheld device, as it successfully navigated the challenging transition from early adoption to mainstream market acceptance. Focusing on the principles outlined in "Crossing the Chasm," this case study elucidates how PalmPilot strategically identified and captured a niche market early technology enthusiasts and professionals with specific organizational needs. The narrative follows PalmPilot's trajectory, emphasizing the importance of dominating a targeted segment to establish credibility and generate word-of-mouth leverage. As PalmPilot extended its influence into adjacent niches, it demonstrated the efficacy of a focused, niche-driven approach in crossing the chasm and achieving widespread market penetration. The study provides valuable insights for high-tech companies seeking to emulate PalmPilot's success in making standalone platforms a ubiquitous presence in the mainstream market.The story of PalmPilot serves as a compelling illustration of how a well-executed marketing strategy, centered on a disciplined approach and a keen understanding of customer needs, can propel a standalone platform to widespread popularity and market leadership.

KEYWORDS:

Chasm, Crosses, Early Majority, Early Market, Innovation, Mainstream, Market Expansion.

INTRODUCTION

Companies who find it difficult to bridge the gap often do so because they are unable to identify and dedicate themselves to a particular target market. Ultimately, sales are low, so limiting the field seems illogical at best. Occasionally, however, the industry struggles even after the intended client has already been selected. This was especially true of the PDA industry, which remained in a gap for many years until Palm Computing emerged with the PalmPilot and introduced the device to the general public. The executive team of high-tech companies, who spend all of their time in meetings or on the road, was the beachhead target market for PDAs. They want assistance for contact applications and scheduling more encounters in both scenarios. While paper systems offer many advantages, they also have significant drawbacks, such as difficulty in updating and coordinating between personnel. The first issue is readily solved by software, while the second problem is more challenging. Considering the target market's propensity for high tech, purchasing is undoubtedly justified. The Sharp Wizard and the Casio Boss were among the initial wave of newcomers to this market, coming from the consumer electronics sector. These devices had reasonable prices, but their usefulness was much too restricted. They started out with manual entry solely in their phone books and no backup, and they had no calendars at all. To never play that game again, all you had to do was lose one. The market began to hunt for a solution that was more PC-focused as a result. Psion and Poquet had previously introduced palmtop PCs to the market, but neither company had garnered enough traction to warrant further attention. Two significant PC manufacturers, Hewlett-Packard with its LX series of palmtop computers and Apple with its Newton, made the following round of offers. Every firm had an opportunity to capture the market, but none succeeded. What's especially enlightening is how they missed. HP struggled to give up the computer. The phone list and calendar on the 95LX approximated the needs of the market in the first place. The fact that it also ran a word processor, Lotus 1-2-3, and DOS was its issue. It included a complete keyboard, PCMCIA ports, RAM, and more—that is, if your fingers were any wider than a pencil. Additionally, it cost $695. All in all, it was neither here nor there, and the market, apart from HP personnel, declined the offer [1], [2].

It was never a PC, Newton. Apple's issue was that they were unable to let go of their goal. John Sculley has enthusiastically endorsed the Knowledge Navigator concept with a compelling film. That video kept Newton captive. It was not a knowledge navigator, however, and more significantly, no one was requesting to purchase one in the first place. Newton also complied with the requirements for calendaring and phonebook applications as a palmtop. However, its form factor was just too inaccurate. Furthermore, it was not appropriate to coordinate calendars in a Microsoft environment. Most significantly, however, was that it had overhyped its pen recognition software, which performed so poorly in the real world that it was the theme of many Doonesbury cartoons. The PalmPilot team, led by technical leader Jeff Hawkins and commercial leader Donna Dublinsky, benefited from extensive experience witnessing many things go wrong. However, they deserve credit for having the courage to choose and adhere to a goal. A really captivating consumer product was the end outcome. The form factor was pocket-fitting. Anyone familiar with a Mac or Windows PC could easily use the application's user interface. It also included an incredibly useful docking station that allowed for easy upload/download for managing phone numbers and even promised calendar coordination. It was sufficiently limited in how it utilized a pen to function. It also satisfied the $400 consumer pricing threshold [3], [4].

People were enamored with this item. The management teams in the technology sector took the lead on it, but the enthusiasm did not waver and soon it was being transferred down to "the rest of us." After the Mac, it is one of the few items that has managed to arouse enthusiasm among a wide range of consumers. Why? Since it perfectly captures the issue these people are facing. Here, the most important lesson is success via subtraction. And a vote of confidence in target marketing and design aesthetics allowed for that elimination. In contrast, since they were hedging their bets, the firms that failed overdesigned for the target market. Ironically, they raised their market risk while attempting to lower it.

Businesses that are unable to dedicate themselves to a single goal of bridging the gap often make this error. It is difficult for application firms to make this commitment, but it is much more difficult for platform companies. By definition, platforms only become profitable if they become widely used, usually not earlier. Thus, investors are seldom very excited about any one specialty approach. Additionally, the R&D team begins to include placeholders for the whole range of supported functionality as they anticipate the completion of the charter. The salespeople, assessing the first prospects and desiring their own space, march off in different ways. It's quite difficult to handle. After then, the PalmPilot—which the firm is calling the Palm III—transformed into an open platform similar to the PC from a closed appliance like the Macintosh. The Windows CE platform from Microsoft, which has introduced a Palm PC right at its main product, is attacking it nonstop as it does this. For instance, the business is aggressively seeking developers to expand the Palm III, which already has wireless modems and software programs to allow email and Internet access apps. Their support for a serial port interface that is compatible with PCs and their Java Software

Development Kit should be quite helpful in this situation. Additionally, new "convergence" offerings are appearing, such as the combination of a mobile phone with a Palm III. However, Microsoft excels at this game, and it is very difficult to become omnipresent when up against a well-established incumbent. Furthermore, concentrating more on the platform makes the supplied system more complicated, which takes away from the initial value offer. For seasoned PalmPilot users, this is OK; for novice users, it's not.

And thus, in celebration of the original idea, the business has now created the Palm V, which is even slimmer and smaller! Even a fervent conservative like myself was won over by this beauty. Palm may simultaneously explore two directions because to the division of the product line. Discussing post-chasm market evolution is beyond the purview of this work. But when we examine one more platform play, we will have the opportunity to discuss its difficulties in greater detail.

SmartCards: A Dispersed Platform That Bridges the Divide

In any case, the problem back then was that the producers of VCRs said that if there were more video cassettes available for them to play, they would sell more units. The film industry also said that if more devices were available to examine video recordings, they would produce more of them. Similar to what occurred with the introduction of the smartcard, this resulted in an extended period of pain [5], [6].

Smartcards resemble credit cards with chips implanted in them. In their most basic form, they are memory chips that have the ability to store identification information and currency values. They may participate as clients in client/server security applications, for example, since they have microprocessors in their most sophisticated incarnations. To be used, a smartcard reader must be enabled for each smartcard. Some, like the toll collecting systems in, instance, Singapore, are contactless, but the majority are contact-based.

For visionaries, smartcards are a very appealing platform. Forward-thinking marketers see in them the potential to establish loyalty initiatives. They are seen as debit cards and security IDs by universities. Furthermore, they are seen by the online community as a component of a global PM security system. If smart-card readers are widely available, there is no limit to the applications that may be used with them. However, the majority of the value proposition is lost if there are few readers, necessitating the need for a backup solution. Reaching critical mass, or density, is the secret to bridging the adoption gap on any platform.

As the century draws to an end, Gemplus has a roughly 80% global market share, making it the industry leader in smart cards. Remarkably, the United States accounts for almost none of that portion. Now let's investigate its source and see if we can see any patterns. Smart card use began in earnest in Europe, where they were initially widely used with public phones. It eased the maintenance of public phones and addressed the unpleasant issue of "spare change" for foreign visitors, but the true achievement was providing each nation's PTT with a cash float like to what checking account deposits provide to banks. Due to its closed nature, the PTT may be unilaterally implemented and forced onto customers, even when doing so would be advantageous to them [7], [8].

Smart cards have expanded from telephony into other markets. For video decoders in subscription TV that is delivered via satellite, they are used. In addition, they are used for healthcare cards that include patient data, parking fees, toll collecting systems, and IDs from military bases. Recognize the pattern? Every instance is a closed community that permits the structure to be imposed unilaterally by a central agency. This guarantees high saturation quickly, supporting the new infrastructure's economics. Given that the US is the least closed society in the globe, it is not surprising that the US is adopting smartcards much more slowly than the rest of the world. However, it may be the United States that will support the game-changing software that propels smartcard use to a whole new level—the Internet, with its need for a global security framework. However, there would be an athema while attempting to traverse the abyss, representing ubiquity at its least dense.

This brings us to our problem. What is the fastest way to achieve widespread deployment? The notion of chasm-crossing states, "Act locally, then globally." That is, start with high-security Internet-based applications inside gated communities, such as financial trading, companies, exchange of healthcare information, civil and military intelligence, and so on. Avoid using any reader that isn't connected with a PC; other countries will be ahead of you in those areas. A card reader built into a PCMC/A card is one appealing form factor that may facilitate the widespread installation of PCMC/A slots. Work the pattern that is developing with so many global web-based applications from intranets to extranets to the Internet. In other words, start with your own staff, then go on to top clients, trusted partners, and finally larger audiences. Avoid bulk deployment right away. If you do, you won't pass Go and you won't get $200.

DISCUSSION

Depending on whether you are selling an application or a platform that may host other apps, there are distinct risk/reward trade-offs in chasm-crossing techniques, as the preceding examples have shown. Applications have a significant benefit for the real chasm crossing. This is due to the fact that end users are more likely than technology experts running the present infrastructure to support disruptive technologies. User interfaces are known as applications. They are able to quickly assess their advantages. They may also demand that an application be deployed even in the face of resistance from the IT department if it corrects a malfunctioning, crucial business process.

In contrast, platforms are by nature multifunctional. Since they are infrastructure, the IT community is responsible for them. This group is in charge of preserving the security, dependability, and functionality of the present infrastructure; as such, they take their time implementing new technologies that need extensive system reengineering. Vendors need to outfit platforms with apps in order to hasten their adoption. That is, in order to get the end-user sponsorship required to establish a beachhead, they need to explicitly link them to an application. This often entails actions that seem abnormal, especially in the eyes of the technical team, who keep pointing out that a computer cannot distinguish between a real estate transaction, a newspaper article, or a rewritten will. However, the tech-sponsoring communities can. The most important factor in the pragmatic adoption process is word-of-mouth confirmation of purchase choices. Moreover, you cannot build word-of-mouth support among them since real estate agents do not converse with newspaper editors or with attorneys. You have to choose one, fill it up, and then go on to the next [9], [10].

Applications often lend themselves well to this kind of market expansion via specialized specialization. Furthermore, you'll probably hold the top spot in any niche you've saturated for a very long time. Pragmatists dislike making changes. But there is a drawback to this archipelago's development. Adoption by the mainstream market happens considerably more slowly, so even if a mass market does develop, another competitor will be getting the majority of the market while you are focusing on your small number of niches. When PC-based word processors were available, Wang experienced the following with their word processor application. That is what occurred with Lotus Notes with the emergence of the

Internet. That's what happened to the Macintosh with the release of Windows. It was the fate of Silicon Graphics when it faced Intel and Sun.

Platforms benefit from marketplaces that reach a broad audience. They may be adopted concurrently in many sectors due to their open participation in several value chains at the same time. And they become viral when they're seen as just another necessary tool for doing business, as voicemail, fax machines, laser printers, Local Area Networks, and mobile phones, laptops, email, and the Internet were in the 1980s and 1990s, respectively. These are the major technological advances. Please keep in mind that they are also the most difficult technologies to grasp.

From Concept to Actualization

Now is the time to go from the theoretical understanding of chasm crossing to its practical application? We shall divide that task into four parts over the following four sentences. We will start by discussing how to choose the beachhead, the head bowling pin, the point of assault, and the crossing point. Next, we'll examine the kind of offer that will be required to capture that first target market and how, as a young company with no funding, we may approach making such an offer. Next, we'll examine the opposition, the forces attempting to drive us back onto the beach and into the abyss, as well as how we may set ourselves up for success. Ultimately, we will examine the selling systems themselves, together with price and distribution, to assist us in selecting the most appropriate strategy for the market at this very delicate moment.

The crucial mindset to keep in mind when tackling each of these four problems is that chasm-crossing marks a special moment in the history of your company. Both your past and future—where selling to visionaries was the secret to success—are quite different from this. Your future will be centered on either mass market expansion initiatives or specialized markets. A unique transitional period exists between these two phases, during which the mainstream market is penetrated. This constitutes a burglary or breaking and entering act that calls for unique approaches not found at any other point in the Technology Adoption Life Cycle [11], [12].

Concentrate on the Attack Point

This saying, "If you don't know where you are going, you probably aren't going to get there," is absolutely true when it comes to crossing the chasm. The basic strategy for doing so is to use a particular niche market as your point of attack and concentrate all of your resources on achieving the dominant leadership position in that segment. I'm not sure who said it, but it sounds like the kind of thing that gets attributed to Yogi Berra or to his mentor, Casey Stengel. This is, in a way, a simple market-entry issue, for which there is a well-known right solution. The universe of potential clients is first divided into market segments. Next, you assess the attractiveness of each section. Once the targets are reduced to a very small group, the "finalists," you create estimates of variables including the size of the market niches, how easily they can be distributed, and how well-defended they are against rivals. After that, you choose one and pursue it. Why is it so difficult?

The empirical response in this case is, I'm not sure, but not many people appear to do it very well. That is to say, individuals seldom approach The Chasm Group already having developed a market segmentation plan, and even then, their confidence in it is often low. Their market segmentation plans are not weak because they lack intelligence or expertise; rather, it is because these are intelligent people, many of whom have attended business school, and who are well-versed in market segmentation. Rather, individuals experience a natural hesitancy and lack of confidence stemming from the incapacitating consequences of needing to make a low-data, high-risk choice.

A Low-Data, High-Risk Choice

Consider it. We are aware that bridging the gulf is a dangerous undertaking, akin to an unidentified and untested invading army charging into the ranks of a formidable and well-established rival. Either we will do it right, or we will lose a significant amount of the venture's equity valuepossibly even all of it. In conclusion, there are a lot of stakes in this choice, and making a poor one will have catastrophic consequences.

Keeping that in mind, consider the possibility that you may be faced with making the single most significant marketing choice in your company's history with little to no factual data. We are attempting to choose a target market category that we have not yet significantly penetrated, thus it follows that we also lack expertise in that field. Moreover, nobody has any firsthand knowledge in that industry to make predictions about what will occur since we are bringing a discontinuous innovation there. By definition, the market we will be entering will not have before seen a product like ours. Furthermore, we have to be very cautious when extrapolating our outcomes thus far since our new target consumers, the pragmatists, have a completely different psychographic profile than the visionaries, who have previously used our product. Stated differently, we are in a low-data, high-risk situation. Now that you've looked at the known case studies in market segmentation, you'll probably find that they are based on research done on market share issues in markets that already exist, or research done in circumstances where there is already a respectable quantity of data available. There aren't many guidelines on what to do when you can't look at market share statistics or even properly interview a current client of the kind you're trying to win over. To put it simply, you are alone.

The worst error that someone may make in this situation is to seek solace or confidence from numerical data. We all understand statistics and lies, damned lies, and the like, but when it comes to numerical marketing data, we must be open to a whole other level of deception. This item is similar to sausage in that once you know how it's created, your hunger decreases significantly. Specifically, the kind of market-size projections that emanate from even the most esteemed companies—the ones that are cited in the media as illustrating the bright and auspicious future for some new product or technology—are always based on a number of assumptions. All of these assumptions constitute the expert but nonetheless subjective assessment of a certain market analyst, have a significant influence on the projected outcome, and are usually included in the report but are also often disregarded by those who quote from it. God help us, too, because once a number appears in the media, it's real. The fact that new numbers quickly appear and are justified by claiming to be derivatives of these previous "established" numbers indicates that something is genuine. This entire enterprise is a house of cards, as you can see. It even has certain applications in some situations, especially when financial managers have to deal with high-tech markets on a macro level. But using such figures to create marketing plans that bridge the gap is just foolish. That would be like trying to navigate the route from the airport in Newark to the World Trade Center using a map of the whole globe. Nevertheless, some individuals do attempt to achieve it. They become the drivers in high-risk, low-data situations as soon as the numbers start to rise on a chart—or, better still, a graph—and they are so eager to acquire data that they get endowed with some fictitious legitimacy. That's when you hear them predict, for example, that the market will be worth $1 billion by 1995. If we just manage to capture 5% of the market, then when you hear things like that, make a complete departure while hanging onto your pocketbook.

Nowadays, a greater percentage of visitors to The Chasm Group more sophisticated than this. They are aware that the statistics do not provide them the information they need. They are effectively stopped because they are forced to make a high-risk, low-data option, but it does not make them feel any better. It is our responsibility to rescue them from their semi-paralysis and return them to function.

Recognizing the absence of data as a process need is the only appropriate course of action in this case. Of course, you may counteract this ignorance by doing your own research and compiling much targeted data. However, you can't anticipate turning a low-data scenario into a high-data one overnight. You also need to approach the topic from a different angle since you have to make a decision swiftly. You must realize that the most reliable instrument for making decisions is educated intuition, not logical reasoning.

Knowledgeable Gut Feeling

Even though nonverbal communication is frowned upon in our society, there are situations when using right-brained strategies instead of left-brained ones is just more successful. Any outstanding decision-maker, artist, or charismatic leader would be willing to answer these questions. They all outline a comparable procedure that heavily relies on analytical and logical methods for both planning and reviewing a pivotal performance moment. However, genuine choices are made based on intuition in the moment. The secret is to comprehend the true functioning of intuition, more especially informed intuition. It is not dependent, as numerical analysis is, on processing a statistically significant sample of data to reach a certain degree of confidence. Instead, it entails drawing inferences from the isolation of a small number of high-quality pictures, or rather, data pieces that are interpreted as archetypes of a larger and more intricate world. These pictures just stick out among the plethora of ideas that constantly go through our minds. They stand out among the others. Therefore, the first guideline of dealing with a picture is to not waste your time trying to remember anything if you are unable to do so. Or, to put it more positively, only use visuals that will stick in your memory.

In the same way that iconic characters in literature, such as Heathcliff, Hamlet, or even Dirty Harry, stand out and represent a larger segment of society, so too can entire target-customer populations in marketing be perceived as yuppies, pickup trucks with gun racks, teenyboppers, or the man in the gray flannel suit. All of them are only representations of a wider reality that were chosen from a much broader pool of candidate pictures because they really "click" with the whole of the experiences of knowledgeable people. In a nutshell, these were the ones that stood out.

We'll refer to these pictures as characterizations. They thus embody typical market tendencies. For instance, it's reasonable to assume that teenyboppers will shop at malls, want to be like rock stars, look for peer acceptance, and defy parental rules. These behaviors suggest that certain marketing strategies will be more effective than others at capturing their attention and money. Today, conservatives, pragmatists, and visionaries represent a set of imagery similar to yuppies, teenyboppers, and so on, but at a higher abstraction level. Because each of these labels also denotes typical market behaviors, particularly with regard to embracing discontinuous innovation, we are able to forecast whether marketing strategies will be successful or unsuccessful. Their too abstract nature is the issue. They must become more tar-get market-specific and concrete. That's what target-customer characterization is about.

Utilizing Scenarios to Characterize Target-Customer

First off, let me clarify that target market characterisation is not our main emphasis here. Most crossing-the-chasm marketing segmentation initiatives fail because they start out concentrating on a target market or target segment rather than a target customer. The personal computer market, the one-megabit RAM market, the office automation market, and so on are examples of impersonal, abstract markets. The names and descriptions of marketplaces do not conjure up any memorable imagery or encourage the use of one's intuition. We must work with anything that provides more guidance on how to continue. Something far more akin to actual humans is what we need. We will have to make them up, however, since we do not yet have any actual, living clients. After we have their mental pictures in mind, we can allow them to direct us in creating a strategy that is really responsive to their demands. The formal procedure of creating these images—target-customer characterization—gets them out of people's thoughts and in front of a marketing decision-making group. The goal is to develop as many characterizations as you can, one for every feasible client type and product use. After creating a basic library of potential target-customer profiles, we may use a strategy to distill this "data" into a prioritized list of prospects for desired target market segments. Of course, the quotation marks surrounding the data are important since we are still working with limited data. All we have to work with is a better collection of materials.

Electronic Books: A Demonstration

This is the second book that has been significantly changed from the first. The Chasm Group has used the scenario technique extensively in the ensuing years, and the resulting material shows a much-enhanced process. To provide an example, let's think about how we would promote an electronic book, in which the information is downloaded from the Internet into a three-pound laptop-like device that is used just for reading. Fall 1998 saw the release of the first two of these products, Softbook and Rocket eBook. Their main selling points are the ability to search books using a computer, carry as many books as you want with you, get new books whenever you want, and, well, be the first kid on the block to possess an electronic book.

Let's now assume that within the first year or two, electronic books attract a pioneering group of tech enthusiasts and visionaries. Amazon.com said that downloads would be supported. The next book by a very outstanding author will only be available digitally. The Pentagon purchases 10,000 units, but it withholds the reason. And in his next film, Tom Cruise includes an e-book. It's time to target the general market and steal market share from books printed on conventional paper. How would you start?

This is a typical example of the phrase "So many segments, so little time"; precisely the kind of situation best served by target-customer scenarios. The following is a typical format for each given case. A completed scenario need ideally not exceed one page. This is a very tactical exercise in microcosm, as the example will show you, but it has significant ramifications for how marketing strategy is determined in general. Therefore, we will be aware of the wider ramifications as we examine the scenario.

An Example Situation

Header data You must include a thumbnail of the offer's end user, technical buyer, and economic buyer at the top of the page. The most important information for business marketplaces is job title, department, industry, and region. These are demographics for consumer markets: age, sex, social group, and economic position.

We will use an aeronautical maintenance application as our example scenario. Thus, the main header data we have is:

User: Flight systems professional, aerospace, maintenance department, United States

Technical buyer: director of document management apps, IT department

Financial purchaser: Director of the Maintenance Department

The three functions of technical buyer, economic buyer, and user sometimes combine into one or two in consumer settings. In the event that the user is a minor, the technical buyer is up for debate and the economic buyer is the parent.

The other spouse is typically the technical buyer and the adult user is typically the economic buyer. One word of caution, though: it is quite difficult to bridge the gap in the consumer market. In commercial marketplaces, where financial and technological resources can overcome the obstacles of a young product and service offering, almost all successful cross-overs take place.

The purpose of the header data is to direct the attention of the R&D and marketing teams to a particular scenario of the product's purchase and use. At this time, don't worry about becoming unduly concentrated. These situations are all about bringing the devil into focus since the devil is always in the details.

A typical day in the life

The purpose of this scenario is to illustrate a user-stuck situation that has serious ramifications for the economic buyer.

Scene or Circumstance

To discover out why the aircraft console's shrevostat light is glowing red, Ernie has been called in. The aircraft has boarded and is now prepared for takeoff. Ernie discovers he has never really worked on a shrevostat before when he examines the dash.

Goaled result

Everyone wants the issue to be identified as soon as possible. Then, perhaps, it could be mended and the aircraft could take off.

Approach that was attempted

Wally receives a call from Ernie asking to see the shrevostat handbook. Wally needs to go find the past three edits since, regrettably, they haven't been uploaded. When he receives them, he attempts to explain a diagram to Ernie over the phone, which only makes matters more complicated. Wally then drives over in a pickup.

Factors that interfere

Manuals are only allowed to be in one location at once. It is difficult to update paper instructions precisely and on time. You are unable to take the volume of materials with you.

Financial ramifications

The flight has been canceled. In order to address the issue, maintenance staff are brought offline, which causes delays and overtime.

A typical day in the life

The current plan is to use the new technology to recreate the event with the same parameters and intended result. Here, all you have to do is take note of three things:

Novel strategy

Every night, Ernie takes out his e-book, which is filled with all of the paperwork for the Boeing 737 E series. He looks up "shrevostat" and discovers the newest revisions along with the schematic. A URL to a knowledge base where real experiences are recorded may be found in the text. The e-book connects to the base when you click on it. Quickly identifying the issue, Ernie fixes it, and the aircraft takes off.

Facilitating elements:

E-books are capable of holding almost infinite volumes of content. They may be automatically and electronically updated over the Internet. Software tools for text and subject searches, among other things, may be hosted by them.

Financial gains:

Put aside the issue of the plane's ability to fly. The productivity of maintenance workers is the primary factor in cost avoidance. If the system saves money on printing and updating, it may even pay for itself.

CONCLUSION

The transition of PalmPilot from a specialized portable personal digital assistant to a popular product serves as an example of how to successfully bridge the high-tech marketing divide. Through the implementation of a targeted market segment strategy, PalmPilot managed to overcome the first obstacles and create a strong foothold in the market. The company's emphasis on offering a solution that was customized to meet the specific demands of its target market, together with efficient product positioning and marketing, helped it achieve extraordinary success. As PalmPilot became popular in its original sector, it cleverly moved into related areas, capitalizing on its achievements and building a devoted clientele. High-tech firms hoping to go from early adoption to general acceptance might learn a lot from the PalmPilot scenario. PalmPilot's success highlights the significance of comprehending client pain points, dedicating to a certain niche, and intelligently expanding into adjacent areas. The PalmPilot tale also emphasizes the benefits and difficulties that come with selling stand-alone platforms. PalmPilot's ongoing relevance was largely due to its capacity to provide an appealing solution, adapt to changing user demands, and remain adaptable in the face of technical improvements.

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CHAPTER 7

ANALYZING MARKET DEVELOPMENT STRATEGY CHECKLIST

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ABSTRACT:

The Market Development Strategy Checklist serves as a comprehensive guide for companies navigating the complex landscape of market expansion. Developed with a keen understanding of the challenges inherent in transitioning from niche markets to mainstream adoption, this checklist outlines key considerations and actionable steps essential for success. Covering critical aspects such as identifying the right beachhead market, understanding customer pain points, and strategically leveraging initial successes, the checklist provides a roadmap for high-tech companies to effectively cross the chasm. Emphasizing the significance of commitment to a specific niche and the subsequent scaling into related segments, it offers practical insights garnered from successful market development stories. With a focus on strategic kindling, the checklist encourages companies to nurture the initial flames within a targeted niche, allowing for a controlled and sustainable expansion into broader markets.

KEYWORDS:

Customer Segmentation, Market Entry, Market, Marketing Mix, Product Development.

INTRODUCTION

The foundation of using market segmentation strategy to address the issue of bridging the gap is the characterisation of the target client. It provides the "data." Let's imagine that we have spent a day working with a group of 10 or so e-book firm members who are knowledgeable about the industry to compile a library of around fifty of these scenarios. We have recorded scenarios for each and every client that we now have, as well as any intriguing prospects that we may have known about in a previous life, whether they are won, lost, or in the waiting phase. This is not an official segmentation survey; their results are too dry and they take too long. Rather, it is a means of accessing the wealth of tales that, in our society, really carry business wisdom. These scenarios will include fabrications, lies, biases, and the like, much like a lot of anecdotal material. However, at this point in the segmentation process, they are by far the most precise and relevant kind of data to deal with. For instance, they are the epitome of precision and purity when compared to SIC codes. It's time to send them to a refinery—the Market Development Strategy Checklist—but even so, they are still, at most, crude [1], [2].

In order to process the scenarios, each scenario is rated in relation to each of these concerns. There are really two parts to the procedure. Every scenario in Stage 1 is evaluated in relation to four "show-stopper" problems. A scenario that receives a low score in any of these usually cannot be considered as the beachhead section in the future. In other words, although the niche could be worthwhile to pursue after the gap has been bridged, it is not a worthwhile goal for the crossing itself. The following five factors are used to score scenarios that make it beyond the first round. Each component is given a score at each level, and the scenarios are ranked in order of score. Top-ranked scenarios are considered to be the best chasm-crossing objectives at the conclusion of the procedure. They are debated further until the group decides on a single, unchanging beachhead aim. The answer to The Chasm Group's most often requested question is provided in the italics above: "Can't we go after more than one target?" The short answer is no. You cannot bridge the chasm in two places, just as you cannot hit two balls with one swing of the bat, strike two birds with one stone, or clean your teeth and your hair simultaneously. Of course, we've previously spoken about this, but believe me when I say that this cannot be stressed enough. Referring back to the checklist, the following four elements provide deal-breakers for bridging the gap:

One of the sayings that Dick Hackborn, the HP executive who spearheaded the shift to laser printers, used to quote was "Never attack a fortified hill." Beachheads are the same. All the market variables that you are trying to manipulate to your advantage are already operating in the advantage of that other firm if it arrived earlier than you. Avoid going there. When scenarios are graded from 1 to 5 on these four criteria, the lowest possible total score is 4, the highest possible score is 20, and scenarios with higher ratings are favored. There is one more disclaimer, however. An extremely low score in any of these factors—compared to the others—is almost always a deal breaker. Thus, the overall score is not the only factor that counts. When in doubt, give preference to situations with a strong, convincing cause to purchase. Try to outmaneuver them if someone else has already been drawn to them. The best cases should be expected to be "whole product challenged"; if it were simple, someone else would have completed it. In reality, after you have taken the initiative to find a solution, the difficulty of the task will work to your advantage as a barrier to entrance. The other elements are classified as "nice to haves." In other words, with enough effort and patience, poor scores are often overcome. However, cheaper and sooner are very desired features in a target market scenario, as these are two of your scarcest resources—time and money [3], [4].

Dedicated to the Attack Point

Choosing to focus on a specialized market may be difficult, particularly for visionaries or tech fanatics who lack the pragmatic reaction and find it difficult to believe in the market dynamics described in this book. For them, this is a turning point. The startup firm needs to overcome obstacles or perish, but what good is life if achieving it requires going against one's highest self? Answering this question is not simple. Usually, the best course of action when presented with such difficult choices is to act swiftly, adapt to the new situation, and create plans to change direction moving ahead. Here's a white-water rafting tactic where the one thing that will always cause the boat to capsize is delaying on a split choice. You choose hard when you do.

That is, you go decisively on the selected path, misgivings notwithstanding. In the same way as bridging the gap. The good news is that you may succeed in this without selecting the ideal beachhead. You have to take control of the beachhead you have selected. The target client will be pulling for you if the sector really has an issue. Assuming the task is challenging and the section is manageably small, it is unlikely that you will be distracted by other players. This implies that you can give the whole thing your undivided attention, which is where it should be directed. If you nail it, you'll win.

What may lead you to go off course? The situation that is motivating the endeavor is often predicated on a faulty assumption. You should particularly engage market research early in the process to verify the winning scenario in order to prevent this. However, you shouldn't hold off on moving ahead until this study is finished. Time is always the adversary in the abyss. Even in situations when you are unsure, you must always push the pace since standing still benefits the established suppliers and the status quo [5], [6].

Finally, the question of how much money the target sector may provide will eventually come up when you are about to commit to it. People often believe that larger is better at this stage. This is really seldom ever the case. This is the reason. You need a client base that will commit to you as its de facto standard for supporting a crucial business process if you want to become a continuing concern, or a permanent organization in the market. You must win at least half of the new orders in the sector over the course of the following year, ideally much more, in order to establish yourself as the de facto standard. Pragmatist clients sit up and take note when they see that kind of vendor performance. You will continue to accept orders from other segments at the same time. So compute.

Assume you can get half of the orders for the next year from the target segment. This is no small accomplishment, since you hadn't given it any thought until a few days ago. Let's say your overall revenue goal is $10 million. That indicates a $5 million target sector. It also implies that in order to achieve the intended market-leader effect, the same $5 million must represent at least half of all orders placed inside the sector. Put another way, you shouldn't target a market bigger than $10 million if your firm is only going to be worth $10 million by the end of the following year. It should also be big enough to produce your $5 million at the same time. Hence, the general guideline for bridging the gap is as follows: Pick on someone; be the size of yourself.

Subdivide the target section if you discover it to be too large. But use caution in this situation. Word-of-mouth restrictions must be observed. Becoming a large fish in a tiny pond is the aim, not stumbling about attempting to walk on a few puddles of muck. Special interest groups within the broader community provide the basis for the most effective sub-segmentation.

Because they have particularly specific difficulties to tackle, they are usually highly networked and irregularly shaped. If there isn't one, location may often be a reliable sub segmentation factor if it influences how communities gather. You must expand the target segment if it isn't large enough to account for half of the new product's sales the following year. Once again, take care to respect the bounds of genuine segmentation. In the event that no suitable super-segment is available, you should probably return and choose a different target.

The Procedure for Choosing a Target Market

We have always maintained that the content in this and the next three sections is tactical in nature, consisting of relatively specific exercises and tasks that may and need to be carried out often throughout a large business. To summarize, each lesson will conclude with a checklist of tasks that may be used to either oversee a group's progress through the process or assess the group's marketing decision-making process.

The following checklist may be used to choose the target market segment that will act as the entrance point for breaking into the mainstream market. Create a library of scenarios involving the target consumer. Take ideas for situations from any employee who is willing to contribute, but make a special effort to get feedback from those who work with customers.

1. Continue adding to it until the new additions are just little tweaks to the already-existing instances.
2. Name a subcommittee to choose the target market. Make it as brief as you can, but make sure everyone who has the power to veto the decision is on it.

3. Give each scenario a number and publish it in type, with one page for each scenario. Provide a spreadsheet with the situations arranged in rows and the rating criteria arranged in columns to go along with the package. Sort the rating variables into two subtotals: nice-to-haves and toppers.
4. Ask each subcommittee member to score each scenario individually based on the show-stopper elements. Combine individual ratings to get a collective rating. Talk about any significant differences about scores throughout this procedure. This usually brings to light conflicting viewpoints on the same situation and is essential for accurately focusing the opportunity as well as for setting the stage for a future consensus that will hold.
5. Sort the findings by ranking and put the situations that don't make the cut aside. Usually, this makes up about two thirds of the submissions.
6. Bake in an oven set at 400 degrees. For the other situations using the remaining selection elements, repeat the private rating and public ranking procedure. Reduce the number of people in the scenario to a select handful at most.
7. Based on the result, take the following actions:

Group consensus on the beachhead section. Proceed based on that understanding.

Group is unable to choose from the remaining few. Assign the task to an individual to construct a market development bowling pin model, including as many of the remaining few as is practical and identifying a head pin. Take aim at the head pin. Not a single scenario made it. This does occur. If that's the case, don't try to bridge the gap. Don't strive to expand either. Maintain an early-market project intake, minimize burn rate, and keep looking for a sustainable beachhead.

DISCUSSION

Willie is only restating what every commander in the armed forces can attest to: you better have the force to support your accusations of aggression if you are committing them. Alternatively, to bring this closer to our subject at hand, marketing is combat, not wordfare. When we were ready to invade, who among us would value a decent pair of slo-gans more than a strong collection of offensive and defensive armaments. High-tech executives have a general belief that marketing is essentially composed of tactical sales assistance and some long-term strategic thinking, with little to no in-between. Actually, the most significant impact of marketing occurs during this transitional period. The phrase "whole product marketing," which was first used, is the cornerstone for putting together the invasion force [7], [8].

Think about the following situation. I had a dream while I worked as a salesperson. It was an easy dream. A massive offer with a $5 million minimum was about to be submitted, and I had already wired the call for proposals. I had a mortal hold on the thing, as gamblers worldwide would say. After spending many hours in conversation with me, the client had accepted all of my product's promotional claims. After that, he built the REP such that my product would be the only one to get a perfect score. I had the deal. After that, I awoke.

That's a fantasy, all right. However, a practical implementation of such dream is possible. We may refer to it as "wiring the marketplace." Once again, the idea is quite basic. Make a market where your product is the only logical purchase option for a particular target consumer and application. As we saw in the last section, the first step in doing so is to identify areas where your product has a strong demand. Making sure you have a monopoly on satisfying that purchase motivation is the next stage. You must comprehend what makes up a full product and how to set up a marketplace that offers a whole product that includes your business's offering if you want to protect that exclusivity.

The Entire Idea for the Product

The idea of a whole product, which is extensively discussed in Theodore Levitt's The Marketing Imagination and is a key component of Bill Davidow's Marketing High Technology, is one of the most helpful marketing constructs to be incorporated into high-tech marketing in recent years. The idea is fairly simple: There is a discrepancy between the marketing promises the attractive value proposition—made to the consumer and the supplied product's ability to live up to that promise. The product has to be enhanced with a range of services and auxiliary goods to become the complete product in order to close that gap. Levitt diagrams the formal model as follows:

Four distinct product perceptions are identified by the model, which are as follows:

Generic item

This is what the purchase agreement covers and what is supplied in the box.

Anticipated outcome

When the customer purchased the generic product, she believed she was purchasing this one. In order to have any possibility of reaching the purchase aim, it is essential to have the minimum configuration of items and services.

For instance, first-time buyers of personal computers often anticipate receiving a monitor with their purchase since without one, how else could they use the computer?but in actuality, it is often absent from the generic product.

Enhanced merchandise

This product has been developed to provide the best possible probability of accomplishing the purchase goal. For a personal computer, this would contain a range of accessories including software, a printer, and a hard drive in addition to a range of services like advanced training, a customer hotline, and easily accessible service facilities [9], [10].

Possible item

This shows the product's potential for expansion when new auxiliary items hit the market and system improvements tailored to individual customers are created. When considering the product side of things, the general product for the Internet browser category, for instance, would be the collection of features first popularized by Netscape Navigator and later by Mosaic. The anticipated product should be portable to all of the widely used client systems, such as Macintosh and Unix. Third-party plug-ins would be included in the enhanced product to provide more capabilities. Furthermore, the client's definition can represent the possible product—possibly to the point where they never see the operating system. The services component must include, at the very least, an Internet service provider for the generic product, a home page with the default search engine for the expected product, a variety of pre-arranged experiences presented as buttons or similar elements for the augmented product, and the reconstruction of consumer purchasing for the potential product.

Now, when a new kind of product is introduced, the marketing war starts at the level of the generic product—that is, the product itself. In the struggle for the early market, this is the victor. However, as markets grow and we move into the mainstream, the items in the middle become more and more identical, and the conflict moves outside and toward the periphery. In order to comprehend how to rule a mainstream market, we must examine the importance of what Paul Harvey may refer to as the "rest of the whole product. The whole life cycle of the product and the adoption of technology

Let's start by examining how the whole product idea pertains to bridging the gap. In general, the outer rings of the whole product become more significant as one proceeds from left to right when examining the Technology Adoption Life Cycle. That is to say, computer aficionados are the ones that need entire product support the least. They are adept at assembling disparate system components and creating a cohesive solution that meets their needs. In reality, they like solving puzzles to incorporate intriguing new features into goods that they can really utilize. This is a major part of the enjoyment consumers get from technological items. "True techies don't need whole products," is their catchphrase. The visionaries understand that they will have to take responsibility for creating the entire product on their own if they want to be the first in their industry to implement the new system and thereby gain a competitive advantage over their rivals. However, they do not find joy in assembling a whole product on their own. Growing visionary interest in information systems as a source of strategic advantage has led to an increase in interest in systems integration. Given their devotion to the client, systems integrators may just as readily be referred to as entire product suppliers.

So much for the early market, the one to the left of the chasm. You must first satisfy the needs of the pragmatic clients if you want to go to the right of the chasm and into the mainstream market. These clients want that the whole product be easily accessible right away. They prefer products like Microsoft because they can get books in bookstores explaining how to use it, but they can also find training seminars, office hotline assistance, and a complete team of temporary employees that have already received training on the software. The pragmatists, on the other hand, are not inclined to switch if they are presented with a "great deal" on a competing product—an office suite from Corel or Lotus, for instance—because the features of the other product just do not stack up.

The same reasoning explains why pragmatists like Hewlett-Packard printers over Lexmark models, Sun workstations over Silicon Graphics, Oracle over Sybase, SAP over QAD, Lotus Notes over Novell's Groupwise, and Intel microprocessors over Digital's alpha. If you only consider the general product, there are compelling reasons to be made in favor of a subpar product in each and every instance. However, when considering the whole product, they are always choosing the better option.

To sum up, pragmatics assess and purchase whole goods. Don't forget that the generic product, or the product you send, is an essential component of the whole package. However, the return on investment for further R&D at the generic level decreases if more than one or two similar goods enter the market, whereas the return on marketing investments at the anticipated, enhanced, or prospective product levels increases. Whole product planning plays a key role in deciding where to focus these efforts.

Complete Product Scheduling

As we just saw, the whole product model offers a crucial explanation for the phenomena of the chasm. The willingness of early markets to assume responsibility for assembling the whole product, in contrast to later markets, is the single most significant distinction between the two. Numerous high-tech businesses have failed because they ignored this notion. Businesses release their goods into the market much too often, much as they would dump bales of hay off the back of a truck. There is no preparation for the whole product; all that is expected is that it will be so amazing that consumers will organize in droves to demand that other parties take notice of it. God did, in fact, part the Red Sea for Moses [11], [12].

However, for those who would want to proceed more cautiously, the cornerstone for creating a market dominance strategy is entire product planning. Before offering their support, pragmatics will wait to see a clear candidate for leadership emerge. Then, they will vigorously support that candidate in an attempt to drive out the competition and impose the necessary uniformity to guarantee quality overall product development in their market.

Although a strong generic product is a valuable tool in this conflict, it is neither a necessary nor sufficient condition for success. As the market settled on Oracle, it was not the greatest product. Oracle, on the other hand, presented the strongest argument for a workable complete system, including extensive portability across hardware platforms, SQL standards, and a forceful sales team to get the product into the market rapidly. The pragmatists in MIS supported that.

Winning the whole product war essentially equates to winning the conflict. Appearing to be winning the overall product war is a crucial tool in winning the war since perception shapes reality. However, claiming to be winning the overall product war is a losing strategy since in the high-tech industry, individuals are always comparing themselves to one another. These differences will become crucial in our next discussion of positioning.

For the time being, we should concentrate on the minimal dedication to the whole product required to bridge the gap. That is characterized by the whole product, which guarantees that the intended clients may satisfy their strong purchase motivation. All you need to calculate the total product amount is a condensed version of the whole model:

The simplified model consists of two categories: what we send and any additional items that clients need to fulfill their compelling purchase intent. In order to close the deal, the latter is the marketing promise. The client connection, not the contract, is what demands that the business fulfill its commitment. In a business-to-business market, breaking this commitment has very significant repercussions. Given that the majority of purchases made in this market are heavily reliant on references, this kind of failure can only lead to unfavorable word of mouth and a sharp decline in sales productivity. In the past, high tech has often provided 80–90% of a product to any number of potential target consumers, but 100% to very few, if any. Sadly, anything less than 100% implies that the clients will either feel duped or provide the remaining amount on their own. Significantly less than 100% indicates that, despite the generic product being sent in a box being better than everything else in its class, the target market just does not grow as anticipated. To put it briefly, neglecting full product marketing is the closest thing to a wellspring of disenchantment with high tech's failure to live up to expectations set by investors and consumers. This is really very good news since it implies that the opposite is also true. High tech has overcome the single biggest barrier to market growth by providing a complete solution for each given group of target clients.

Novel strategy:

Every night, Ernie takes out his e-book, which is filled with all of the paperwork for the Boeing 737 E series. He looks up "shrevostat" and discovers the newest revisions along with the schematic. The text contains a connection to a knowledge base where real-world experiences are recorded. Ernie clicks on it, quickly identifies the issue, applies the solution, and the aircraft takes off. Now, you may see a rather long list of possible target applications and clients in the case of an electronic book. Apart from maintenance and repair professionals like Ernie, one may envision physicians diagnosing patients or prescribing medications.

Physicians, attorneys, real estate brokers, and other professionals aiming to pass a certification test. Students at college who read a lot. Readers in general who work in distant areas, such field scientists or surveyors.

Readers outside

Every extra target client will place additional demands on the whole product, as even this brief listing suggests. That is, every time you modify the value proposition, the total amount of goods and services required to provide the intended benefit also changes. Even the most optimistic product marketing managers quickly realize that they cannot pursue every market at once, that they must at the very least order and prioritize prospects, and that there are actual support expenses associated with each possibility.

What is the duty of the t computer hardware vendor, and more especially of the product marketing manager who has the t PC as his product, to ensure that this whole product is really provided, considering that the full product is required to satisfy the customer's purpose for purchasing? The answer is that marketing success is the main factor and has little to do with responsibility. You forfeit control over your own success if you let your customers' success happen by accident.

On the other hand, if you consider your customers' issues and their solutions from beginning to end, you may determine what the client needs and strive to provide the full product. This marketing ad is never more accurate than when one is across a chasm. There is some chance that the visionaries will use their own systems integration efforts to backfill the whole product before the chasm. There is a chance that after the product becomes well-known, a third party may recognize an opportunity to profit from expanding the product line. However, while you are bridging the gap, there is no chance of receiving outside assistance unless you have personally hired them for this reason.

CONCLUSION

The Market Development Strategy Checklist provides high-tech enterprises with a thorough and well-thought-out method to navigating the difficult terrain of market development. This checklist, which is based on the tried-and-true methods of bridging the gap, acts as a road map for businesses as they navigate the challenges of moving from specialist markets to mainstream success. With businesses realizing how important it is to pinpoint a beachhead market, comprehend client pain points, and strategically build on early achievements, the checklist offers a methodical framework for successful market expansion. The pragmatic aspect of effective high-tech marketing is shown by the focus on dedication to a certain niche and the subsequent growth into related areas. Most importantly, the checklist encourages businesses to carefully tend to the early fires inside selected niches by advocating for the idea of strategic kindling. This strategy, which emphasizes gradual and sustainable growth, fits perfectly with the dynamically changing high-tech environment. By emphasizing customer-centric tactics, technology adaptation, and efficient communication, the checklist provides businesses with practical lessons gleaned from successful market growth narratives.

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CHAPTER 8

LAWSON SOFTWARE AND CLIENT-SERVER BUSINESS APPLICATIONS

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ABSTRACT:

The exploration of Lawson Software's journey in the realm of client-server business applications unveils a compelling narrative of strategic decision-making, market dynamics, and technological evolution. As a pioneering force in enterprise software, Lawson Software navigated the intricate landscape of client-server architecture during a transformative era. This abstract delves into the critical phases of Lawson Software's engagement with client-server business applications, from the initial conceptualization to the strategic positioning within the dynamic marketplace. The narrative unfolds against the backdrop of the broader evolution of enterprise software and the pivotal shift towards client-server models. Key elements of Lawson Software's success include its ability to identify emerging trends, address customer needs, and leverage technological advancements effectively. The abstract illuminates the strategic choices made by Lawson Software in adapting to the client-server paradigm, emphasizing the significance of market alignment, customer focus, and agile development methodologies.

KEYWORDS:

Business, Client-Server, Enterprise Resource Planning (ERP), Lawson Software, Software Solutions, System Integration.

INTRODUCTION

To start with the competitive scenario, picture yourself as a $40 million business applications software firm in 1993. Based in Minneapolis, Minnesota, your company was among the first to adopt client-server architecture, putting it at the top of the industry today. The gap has not been bridged by the market. Rather, the first wave of interest for client-server apps is being covered by the media. Oracle and PeopleSoft are your media hotlist buddies; they're both here in front of you right now. In particular, Oracle is far larger than you, and PeopleSoft is the talk of the town. It's probably for the best that you haven't even heard of SAP, who will ultimately dominate this industry; otherwise, you would have been really uncomfortable. The idea is that, if this were a car race, you and your brother would be entered in your street vehicle, and they would have Grand Prix racing staffs. Remarkably, Lawson concluded that it was advantageous. It understood that it needed to become a market leader in something in order to continue being an exciting and profitable business. Its knowledge that it couldn't lead the market as a whole and that it needed to concentrate quickly, if only to live, gave it an advantage. The key to bridging the divide is commitment to concentration, which is difficult to acquire in bigger organizations that are always on the lookout for substantial market returns. Lawson focused early on, since it was quite certain it could get a multi-year advantage in a specialized market, and it accomplished just that [1], [2].

The corporation had market momentum in a number of sectors, the two most notable of which were retail and health care, which could be expanded into niche leadership. For two main reasons, it decided to concentrate on health care. First, the finance department in healthcare was thrown into disarray with the introduction of capitated health insurance in the early 1990s. To provide vital cost information, a significant revamp of all of the organization's current computer systems was required. Secondly, the health care industry was consolidating into a rather limited pool of significant clients. Because a smaller business might now dominate the industry sooner, it became more attractive. When markets are too big or dispersed, rivals that move quickly and have more resources to invest in the opportunity may overtake early leaders.

Even this emphasis had to be limited as the campaign got underway, and the aim was eventually reduced to a beachhead section known as integrated delivery networks, or IDNs—organizations created via the amalgamation of clinics, hospitals, and physician practice groups. Since this was a new market, conventional marketing teams were not keeping an eye on it, which made it simpler for Lawson to outpace its more established rivals. The CFO and staff were the target customers within it. The demand to gain pricing control over a new business model and the ability to comprehend revenue and costs by patient, procedure, fixed asset, healthcare plan, and similar categories was the strong argument for purchasing it, as that was how the rest of the world planned to pay them moving forward. The bare minimum of goods and services required to satisfy the target customer's strong purchase intent is now considered the whole offering. Considering that, Lawson created the following offer:

Core application software, such as a general ledger, accounts receivable, accounts payable, fixed assets, and the like, is operated on top of UNIX hardware to meet the typical requirements of any financial institution. This was the admission fee. A fully flexible integrated activity-based costing module that enabled the company to assess and then record costs and revenues by procedure, patient, or any other variable in the business mix. Because it functioned outside of the fundamental financial system and allowed users to perform what-if scenarios with tremendous flexibility, this was a godsend [3], [4].

Software for managing materials may reduce waste and boost returns on low-volume stocks of very expensive goods as well as high-volume stockpiles of low-cost commodities. This necessitated some development specifically for the healthcare industry, such as enabling the PAR cart, an inventory management device that functions like a delivery truck and goes around hospital hallways restocking different rooms. Since no other provider of client-server financials at the time offered PAR carts, Lawson was able to leverage this one feature to demonstrate its unique degree of dedication to the market.

Internet integration made it possible for IDNs to quickly implement new business procedures consistently and uniformly. This "digital nervous system" turned became an essential need for reaping the benefits of the economies of scale that IDNs consciously strive to attain. Workflow software to guarantee that new procedures could be seamlessly integrated into the finance and materials management systems when IDNs reengineered their business processes to increase their cost-effectiveness. This was accompanied by training in process analysis and the creation of new procedures in addition to the software. Interfaces with older software, especially those related to patient management. Neither SMS nor HBOC, the two industry leaders in this space, choose to work with Lawson on a strategic level. Therefore, Lawson had to go above and above to ensure that these interfaces functioned well. Ultimately, healthcare finance groups just need assistance, although somewhat in the form of counseling. All the vendors provided the typical training and installation package, but Lawson went above and beyond by arranging for consultants who could offer guidance and instruction on active-based cost accounting, assist in configuring and fine-tuning the system to obtain the kind of answers the CEO was requesting, and in certain situations, assist in obtaining the answers before the system in a crisis. These connections were the most important of all, and Lawson's assistance in bringing the interested parties together as a reliable adviser further demonstrated its dedication to the specialty.

What was the outcome of concentrating so much on one niche? The first findings were disappointing. Even though Lawson's healthcare income more than quadrupled in the program's first year, it was still less than 10% of overall income. After an analysis revealed that the sales team was overstretched, the business decided to reorganize to support a specialized healthcare unit. Revenues rose to 15% the next year and then to more over 20% the year after that. Healthcare accounted for almost 30% of sales by the fiscal year's end in mid-1998, and the firm had expanded from $40 million to $200 million in only five years. Most crucially, Lawson has become the recognized industry leader in healthcare, even in the face of an onslaught by PeopleSoft, a rapid follower.

Naturally, the game is not over. Healthcare has been deemed important by SAP and Oracle, whereas PeopleSoft has not collapsed. However, Lawson was able to establish a strong position in a market where it was immediately surrounded by bigger, more well-known, and more well-funded rivals. Furthermore, it is spreading outside its original base of operations, into other healthcare organizations as well as other service-related industries in an effort to use scale and process management to combat cost constraints. Notably, these include fast food retail franchises. Whole product components intended for the healthcare industry end up having surprisingly broad applications in these new fields, and Lawson's development strategy is focused on a specific niche market [5], [6].

DISCUSSION

Let's now consider the alternative plan for bridging the gap, in which there is no opponent defending the beach from invasion because no one believes anything has to be defended. Here, the seller has to start from scratch to develop a market. In this case, the pragmatic consumers who hold the key to the mainstream market do not so much reject the new product as they just keep an eye out for indications of its progress. Put another way, they just don't say yes; they don't say no. How about longer sales cycles? Entrepreneurs are now in a race against the clock. Similar to the daring explorers and colonists of the 16th and 17th centuries, they have arrived in a foreign place and are equipped with a limited quantity of goods to enable them to achieve self-sufficiency. The issue is not whether someone will establish a successful colony in the future; rather, it is if it will be them or if they will fail in their endeavor.

Let's examine a particular instance. A modest Mountain View start-up was awarded a significant contract by the Pentagon in 1992 for an inventory monitoring system. The radio-frequency tags that were affixed to inventory containers and a radio-frequency interrogation device that could query the tags for their position and related contents formed the basis of the system. It transpired that during Desert Storm, despite the military's ability to deliver unprecedented quantities of supplies to the battle zone in record speed, it was unable to locate any particular supply item once it arrived. This required a lot of opening of containers to see what was fun—possibly during Christmas, but not in war situations. Military logistics managers were able to do these identical searches automatically thanks to Savi's gadgets, and they performed flawlessly throughout the subsequent deployment in the Bosnian Theater. Well done, and everything. What happens next? To bridge the gap based on a military product is to commit to a marketing system that is totally cut off from commercial markets, a procurement system that does not lend itself to better financial returns, and a great deal of extremely lengthy, dull meetings. With a prognosis like this, it is almost impossible to maintain the focus and dedication of a talented research and development team in Silicon Valley. As a result, the management of Savi started looking for a commercial beachhead to bridge the gap. Luckily, everything was ready to go, as every cargo yard in the globe serves as the business marketplace's counterpart of these war zones [7], [8].

It's the same difficulty. The inventory is here, you know that, but where precisely is it? You would want to locate perishable inventory before you smell it. If it is not perishable, you want to locate it and deliver it to the appropriate location in the appropriate production line before inventory shortages force the line to halt. This latter need becomes vital as Just-In-Time inventory management gains traction. It was previously considered a nice-to-have. Savi opted to base its beachhead approach on the continuation of an early project it completed with the Toyota Corporation, which provided it very important lessons in Just-in-Time management principles. The yard manager is the target market in this sector, and maintaining a just-in-time inventory flow is crucial to the enterprise's operational strategy. This makes purchasing appealing. Keeping in mind that the whole product is the bare minimum of goods and services required to satisfy the target customer's compelling purchase incentive, Savi created the following full product plan:

Savi Goods

The Gatemaster system is designed to identify and detect tractors and trailers. It gathers, tracks, and reports data from tags on fleet tractors and/or trailers that enter a designated yard area. Yardmaster is a wireless communications system that automates trailer movement assignments and enhances worker utilization by connecting hostlers with dispatch services. Dockmaster is a real-time system that instantly notifies the software programs in charge of shipping and receiving activities when a trailer arrives at the dock doors. Each truck or tractor trailer should have a passive RFID tag that contains information about its cargo and identity. Vehicles and hostlers may both use RFDC handheld terminals to read tags and send data to other systems. A middleware software architecture called Asset Manager is used to combine submitted data from dock and yard systems with already-existing back-office systems.

System integration and site surveys. Every installation is complicated, thus some degree of system integration is always necessary. Savi will, however, work to turn as much of this functionality into "tool kits" over time so that third parties may handle the majority of common integration needs on-site. Alerts and Personalized User Interface Programs. The system is now heavily customized for each installation in order to manage particular alerts and other developments pertaining to the user interface. This is first offered as a competent service. Again, however, the business will work to outfit these capabilities over time and as economically as possible to provide additional alternatives that can be delivered.

Outside of Savi Goods and Services

There are usually components in any complete product that the sponsoring company cannot or should not provide. Here's where allies and partners come into play. Regarding Savi, this encompasses the subsequent: Wintel PC-based server, in order to maintain affordability and adhere to industry standards. Inventory management systems with an emphasis on shipping and receiving, factory scheduling, supply chain planning, or similar topics are available from a broad range of suppliers. Management teams may tackle the difficulties of Just-in-Time operations by redesigning their processes, business partnerships, communications procedures, and measurements with the aid of business process reengineering consultants. Training—particularly with regard to the new behaviors and procedures. Savi will train on its own systems first, but it will eventually want to assign that responsibility to other partners. Value-added resellers will take over sales and servicing when the market is firmly established.

The results of the Savi endeavor are still up in the air. The firm, a fully owned subsidiary of Raytheon, was involved in this endeavor. However, enough new clients have embraced the offer to guarantee the business's continued existence in the market, and that is the main objective for bridging the gap. A dedication to the whole offering resulted in a longer shopping list of goods and services for Lawson and Savi. Not all of these were within the firms' areas of expertise. They thus set out to find allies and partners via entire product marketing [9], [10].

Allies and Partners

These days, marketing partnerships and strategic alliances are very in-vogue in high-tech marketing. Any day today, it's not uncommon to see advertisements in the Wall Street Journal that say something like this: Small, cash-starved technology leader with a hot new product seeking an aged product line from a large, well-heeled corporation with established distribution networks. Pictures are available upon request. These kinds of coalitions, however, often perform better in the boardroom than in the real world. First of all, corporate cultures are often too antagonistic to work well together. The decision processes are drastically out of sync with one another, which causes the entrepreneurs great dissatisfaction and the established management to respond patronizingly. Even worse, it's likely that throughout discussions, each side misrepresented themselves in some manner, leaving plenty of ammo for one party to turn on the other should things become heated. This is especially likely to be the case in cases when the purchase has been used by the entrepreneurs as a kind of financial exit plan. Thus, even though these mergers make perfect sense, they are often incredibly difficult to execute.

Certain strategic relationships have, of course, proven to be quite fruitful. Think about the partnership that emerged between SAP, Hewlett-Packard, and Andersen Consulting to provide client-server ERP solutions to the market and dethrone IBM as the leading enterprise vendor. Or take the partnership between Microsoft and Intel, referred regarded by some as the Wintel duopoly, which still controls the PC market. These two partnerships have moved mountains of market capitalization and are very strong. Even if these connections are strong, only the most irrational people might be intimidated by the difficulties involved in creating and sustaining such strategic partnerships. They are definitely not the domain of simple product managers who want to make sure their clients get their strong selling points [11], [12].

However, strategic partnerships are effective for product managers. The only objective of tactical partnerships is to expedite the formation of the whole product infrastructure inside a certain target market segment. The fundamental obligation is to jointly create and promote a finished product. As a result, the product manager gains from guaranteed client satisfaction. Expanded distribution into a previously unexplored source of sales potential is advantageous to the partner.

The Internet is a good place to start in this situation to see these types of new partnerships in action. It started with one between Yahoo and Netscape!where the former directed traffic to the latter in order for the latter to assist people in finding worthwhile or entertaining websites, hence increasing demand for the retailer's goods. Additionally, when Yahoo! developed into a portal—a starting point for accessing the Internet—it partnered with e-commerce companies like Amazon.com and E Trade to divert visitors to their websites. Then, in an effort to take on well-known corporations like Charles Schwab, firms like E Trade provided free email service from suppliers like Critical Path to anyone who committed to their website. Additionally, when other websites tried to draw and retain users, they purchased advertising services from businesses like U.S. Services including marketing, link exchange, and interactive offered by businesses like Post and CKM. Naturally, all of this led to an increase in business for the tool companies such as Microsoft and Symantec, the catalog companies Aspect and ReQuisite, the server companies Compaq and Sun, the service companies Viant and Scient, and a host of other companies that all worked together to create Internet commerce. The world's most remote thing from a vertically integrated market is the Internet. It really could not function without the network of coalitions.

The product marketing manager level may often easily form and oversee these kinds of collaborations. Usually, salesmen or customer support employees—one of whom may have run across the prospective ally at a certain client's site—are the ones who first alert the organization to the possibility. However, they may also be foreseen by thinking through the whole product solution in relation to the customer's purchasing goal. Once again, the key takeaway is that they are tactical relationships emerging from complete product demands rather than strategic alliances emerging from, well, whatever strategic alliances emerge from.

Examine Pharsight Corporation, a software start-up with a pharmaceuticals sector emphasis, to understand how this may play out in a specific scenario. It set out to establish Computer Assisted Trial Design as a completely new category. The executive in charge of drug testing is the intended client. The strong argument in favor of purchasing is that up to 50% of the present round of exorbitantly costly and arduously drawn-out drug clinical studies provide unsatisfactory outcomes. The solution to this issue is better trial design, but up until now, it has been more the domain of skilled physicians or sophisticated statisticians and not a field available to common people.

Software that systematically restructures trial designs and builds models of potential future outcomes based on lessons learned from past trials has been made available to the market by Pharsight. Customers prefer to purchase projects rather than goods since the market is still in its early stages, and Pharsight has taken the lead in this regard thanks to its services-led offers. As a result, it has purchased the product lines of its main rivals, combining the three lines to provide a wide range of products. However, that is insufficient.

In order to simulate outcomes based on prior experience, one must enter "model data," or trial information. Certain models, such as patient population models that provide benchmarks for the anticipated response of a control group or design and analytic models that account for interactions among several variables, may be used throughout trials. Additional models will focus on a certain medicine class or family of diseases. These latter often need to be produced by gathering expert opinion and experience rather than by using statistics or officially collected facts.

The fact that pharmaceutical corporations are very competitive with one another and do not want to disclose any information that might provide them an advantage over competitors is what makes this whole situation so difficult. In actuality, many of the models need to be in the public domain and soon will be. That would open them up to businesses like Pharsight, who could then categorize, cross-reference, and cross-verify them to add value. However, in the near run, none of this will benefit the Pharsight entire product manager or the company's clients. So what steps may one take next?

The following shows the spectrum of thought the firm is investigating, however it is speculative since the issue is just now coming to light. Clearly partnering with consumers is one approach to go ahead. Pharsight may trade the right to productize and distribute certain parts of the data model for bartering its own valuable services. With such incentives, the client may give generic data that may be used for common metrics even while it would undoubtedly want to preserve the details that would disclose their investigations. Since there is no competitive advantage in jealously protecting one's own model and there would be considerable industry value in establishing and continuing to contribute to a comprehensive multi-trial database, there really is no need to reinvent the wheel when it comes to population models, for example. Thus, collaborating with customers will be essential; the main obstacle will be cultural rather than technological.

Public health organizations, on the other hand, are strongly driven to pool and share learnings, making them another possible source of collaboration. Nevertheless, they could also be convinced to play a more active part. For financial reasons, pharmaceutical companies are not investing as much in treating certain illnesses like malaria, for instance. However, death is not an economist, which poses serious issues for public health. Incorporating data models into a shared pool by public entities might lower the costs associated with doing specific pharmacological research projects and encourage greater engagement in the field without requiring direct funding.

The contract research organizations—the companies that really carry out the many clinical studies required to get FDA approval—might be a third source of model contributors. Their top priority is productivity, therefore if you could provide them with software that increases productivity, they may be convinced to support the creation of public data models. This is especially true if the models could be used again in later trials, which would increase productivity even more.

Hiring a board of scientists to serve as advisors is a fourth strategy that many biotech businesses use. These experts are usually drawn from the university research community. These are the people that oversee the clinical trials in practice. Typically, scientists get compensation in the form of stock options, which provide them financial power in exchange for their connections and work results. The latter may be quite helpful in encouraging a prospective client to contribute to a common knowledge base. Using managed care companies, which have access to data from both clinical trials and actual medical practice, is a fifth strategy. By using the generated models as a foundation for their own practice standards, they would value them and open up a new market for Pharsight to enter in the future.

Which of these alliances has the best chance of succeeding? Although it's too soon to say for sure, Pharsight's whole product management will be able to take advantage of a positive underlying dynamic. Every one of these constituencies regularly trades and gathers for conferences. This enables the business to profitably investigate many directions at the same time. Additionally, it enables it to solidify its positions in venues where engaged public sector stakeholders may aid in swaying fellow private sector participants.

All of this adds up to the creation of a market. Because markets are more than simply a place to buy and sell. Value chains are created by an ecosystem of interconnected interests working together, as defined by business schools. Fostering the first collaborations to produce the whole product is the equivalent of "seeding" or "getting" the value chain started for any firm that is crossing the gap. The market system becomes self-reinforcing once value is produced, at which point the product manager's only role is to relinquish control and move aside.

In summary, the key to creating an invading force to bridge the gap is a comprehensive product specification, followed by a robust program of tactical partnerships to expedite the construction of the whole product infrastructure. Delivering on the customer's compelling cause to purchase in its whole is the function of the force itself. In spite of the high-risk character of the chasm period, any firm that executes a comprehensive product strategy properly has a strong possibility of mainstream market success since such force is still uncommon in the high-tech industry.

CONCLUSION

The most important lessons learned from Lawson Software's experience with client-server business solutions. It emphasizes the value of customer-centric innovation, strategic alignment with market changes, and the capacity to profit from technology breakthroughs. The success of Lawson Software in this field serves as a reminder of the value of agility in product creation, attentiveness to customer input, and adeptness in negotiating the complexities of a quickly evolving industrial environment. In addition to embracing the paradigm change brought about by the client-server architecture, Lawson Software was instrumental in determining the direction that the enterprise software market took. The conclusion considers the long-term effects of Lawson Software and provides insightful analysis for company executives, industry participants, and tech enthusiasts who are negotiating the intricate relationship between changing computer infrastructures and business applications. For anyone looking to comprehend and negotiate the constantly changing dynamics of the business software industry, Lawson Software's expertise has yielded a wealth of information.

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CHAPTER 9

STRATEGIES FOR CROSSING THE CHASM IN HIGH-TECH MARKETING

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ABSTRACT:

The crucial strategies required for successfully navigating the challenging transition from early market adoption to mainstream acceptance in high-tech marketing. Grounded in a tactical checklist, the narrative covers eight key tips for whole product management, emphasizing simplicity, partner relationships, and customer-centric perspectives. The Competitive-Positioning Compass model is introduced as a guiding framework, highlighting the shift from product-centric to market-centric values during the pivotal chasm transition. Real-world examples, including Silicon Graphics and Quicken by Intuit, illustrate the strategic significance of creating competition to accelerate market penetration and establish a unique niche. The abstract underscores the importance of defining the battle, selecting competition wisely, and securing a distinct market position for a successful journey across the chasm in high-tech marketing. The significance of creating the right competition to accelerate crossing the chasm and establish a niche market dominance. By emphasizing the need for a well-defined niche and strategic positioning for success.

KEYWORDS:

Chasm, Early Adopters, Marketing Strategies, Product Lifecycle, Product-Market Fit.

INTRODUCTION

Once again, in line with our goal to provide a tactical checklist that summarizes important concepts at the end of each, here are eight suggestions for entire product management: Once the whole product has been defined, use the doughnut diagram to communicate it. Fill in all the spaces where you want your business to be the main provider. Partners or allies must fill up the remaining spaces. Make sure the whole product has been reduced to the minimal set by going over it all again. This is the KISS way of thinking. Handling a whole product is challenging enough without adding needless features. Examine the whole work from the perspective of every participant. Ensure that every seller receives a fair portion of the pie and that they all come out on top. Inequities in this regard, even if they work in your benefit, will immediately undermine the whole product endeavor since businesses are inherently wary of one another and will see any encouragement as an invitation to take advantage of their mistrust. Develop the connections between the whole product gradually, starting with cooperative examples and working your way up to a more structured program. Avoid attempting to institutionalize collaboration until there are solid examples showing how everyone including the customers can profit from it. Try working from the top down with tiny partners and from the bottom up with big ones. Either way, the objective is to get as near as possible to the real decision-making process where choices that impact the consumer are made. Once connections are established, just utilize them as avenues for communication. You shouldn't rely on them to promote cooperation. In the end, partnerships only succeed when certain employees from the many participating firms decide to have faith in one another [1], [2].

Focus your efforts on building connections at the district office level if you are dealing with extremely big partners, and be cautious not to waste time and energy on enormous corporate staffs. On the other hand, if you are collaborating with tiny partners, take into consideration their limited resources and make every effort to use your business to their benefit. Lastly, you shouldn't be shocked to learn that running your own business is the hardest aspect of the job. There will inevitably be an internal partner within your organization who will push for a larger cut of the benefits if the collaboration is really equitable. Consider your consumers to be your most powerful and genuine friends when you retaliate.

Describe the Conflict

Let us assemble on the eve of our assault. The target market group that is afflicted with an issue that provides them with a very strong incentive to purchase has already been identified as our point of attack. We have already outlined the whole solution required to solve this issue and have enlisted the support of the required friends and partners to carry it out. The competition is now the main barrier on our path. In order to successfully establish our beachhead, we must comprehend the nature of the competitors, who they are, how they currently relate to our target customer, and how we can best position ourselves to drive them out of our target market segment [3], [4].

When we talk about defining the war, we mean this. Any power that can define the battlefield is capable of defeating any other force, according to the basic rule of engagement. Sadly, the reason is because we don't execute it correctly. Sometimes it's because we misjudge our own advantages and disadvantages, as well as those of our rivals. But more often than not, it's because we misjudge what our target audience really wants, or we're scared to take the necessary action to ensure they receive it. Strong competition is one of the main things a pragmatic client looks for when it comes to bridging the gap. That competition is unlikely to exist if you have just finished working with visionaries to establish a new value proposition—at least not in a way that would appeal to pragmatists. The next thing you need to do is make it.

Establishing the Contest

The type of petitions varies significantly as the Technology Adoption Life Cycle progresses. There is no obvious rivalry at various points throughout the cycle because of the drastic changes that have occurred. Regrettably, a market cannot exist without competition. To begin with, this means that in order to bridge the gap, we must reconsider the role that competition plays. According to our experience so far in creating an early market, competition has come more from other ways of operating than from competing items. Inertia resulting from a dedication to the status quo, a fear of taking a chance, or a lack of a strong enough reason to purchase has historically been the cause of resistance. In the early market, our objective has been to work with forward-thinking sponsors to assist us overcome this opposition. Those who work for the same firm as them, pragmatics competing with visionaries for funding for initiatives, have become their rivals. Generally speaking, the pragmatists' competitive approach involves investing money to tackle issues one piece at a time. Realists try to inform the business of the costs and hazards. Visionaries respond by making compelling arguments for acting boldly and decisively. Instead of competing goods, the rivalry occurs at the level of corporate agenda. In the early market, contests operate in this manner. It is not how they operate in the mainstream at all, partly due to a lack of visionaries and partly because visionaries prefer to play outside of the mainstream rather than in it. We are now in the real territory of the pragmatic. Within the pragmatist's realm, comparative assessments of suppliers and items in a shared category characterize competitiveness [5], [6].

The pragmatic finds great comfort in the comparison assessments because they provide the purchasing process a sense of logic that is reflected in the evaluation matrices with elements weighted and scored. Furthermore, the inferences made from these matrices will eventually determine the size and composition of the mainstream market. It will show out that Macintoshes still have certain visual advantages over Windows PCs, with the latter being the better choice for office automation. The top workstations for film editing are Silicon Graphics workstations, Internet servers are Sun SPARCstations, and manufacturing uses HP 9000s. Since it indicates that the market has developed to the point where it can sustain a decent full product infrastructure around a recognized center, pragmatic consumers prefer to wait to make a purchase until there is both established competition and an established leader. All in all, the pragmatics are reluctant to make a purchase until they have a chance to compare. Thus, competition turns into a necessary prerequisite for buying. Therefore, in order to break into the mainstream after emerging from the early market, when there are usually no perceived competitors, you have to go out and establish your rival.

The most crucial marketing choice made in the race to become popular is to create the competition. Finding your product in a purchasing category that has some proven reputation with pragmatic purchasers is the first step in the process. There should be more rational purchasing options in that area, perhaps ones that the pragmatists are already familiar with. Your objective is to present your product as the unquestionably wise decision for consumers to make in this world.

Here, the biggest danger is to construct a very self-serving world, or to rig the competition. Even when you are successful in building a competitive set that you blatantly dominate, the pragmatic purchasers will regrettably find this set unappealing or untrustworthy. For instance, I may assert that, having earned a Ph.D. in Renaissance English literature, I am the best high-tech marketing consultant ever. Although this allegation may have some merit, it is not very appealing. However, I might also assert that I am the best marketing consultant of all time, which would be an appealing but untrustworthy claim.

The transgressions may not be as severe in high-tech marketing, but they are nevertheless fairly common. Products claiming to be the best in categories like "fault-tolerant Internet access gateways," "CORBA-compliant, object-oriented messaging services," and "100% pure Java-enabled transaction processing servers" are ones that I am aware with. During the early stages of the goods' market development, these "categories" had significance and worth, as a visionary may interpret the technical component as a chance to achieve a strategic breakthrough in each instance. Pragmatist purchasers, however, find them meaningless. These categories don't come from their working environment or connect to their issues. Furthermore, it seems that these categories are purposefully designed to exclude out of the competitive set the very goods that the pragmatist is most likely to think about buying. Hence, they serve no use as chasm-bridging marketing tools.

So how can you prevent choosing a competitive set that is irrelevant or self-serving? The secret is to pay attention to the problems and ideals held by pragmatists rather than dreamers. Starting with the appropriate conceptual model—the Competitive-Positioning Compass in this case—helps. The purpose of that model is to create a value profile of target customers at any point in the Technology Adoption Life Cycle, determine what set of competitors they believe to be the most reasonable, develop comparative rankings on the value attributes in their profile that have the highest ranking, and then base the development of our positioning strategy around those comparative rankings. This is how it works.

DISCUSSION

In high-tech marketing, there are four categories of value: product, market, company, and technology. The area of a product that offers the most value to the consumer changes as it advances through the Technology Adoption Life Cycle. The two most important value domains in the early market are product and technology, where visionaries and tech enthusiasts make most of the choices. Market and corporation are the primary spheres in the mainstream, where conservatives and pragmatists dominate decision-making. In this sense, "crossing the chasm" refers to the shift from values based on products to values based on markets [7], [8].

The two named axes on the compass represent the directionality it offers. The breadth of customer interest in and comprehension of high-tech concerns is represented by the horizontal dimension. Generally speaking, experts who are by nature more interested in product and technological challenges than in market position or company status dominate the early market. On the other hand, generalists control the mainstream and are more concerned with market leadership and business stability than with the specifics of a product, such as its bits and bytes or feeds and speeds.

The buyer's attitude toward the suggested value proposition, which ranges from skepticism to support, is a second metric that the vertical dimension overlays. Markets go from a skeptical to a supportive condition as they develop. The pragmatists are the gatekeepers in the mainstream market, while the tech fanatics are the skep-tical ones in the early market. Following their blessings, their partnersconservatives and visionaries, respectively—feel free to join in.

The model also highlights the reality that customers who align with your value proposition show interest in both your brand and your business. Individuals who doubt you don't. This implies that it is a mistake to base communications on the advantages of the product or business in the outset of a market, when skepticism is the norm. Because the market participants do not yet think you will be there long enough to make a difference, you are not allowed to promote these features. Still, there are strategies to convince doubters. Even the most pessimistic specialists are always searching for fresh developments in technology. Therefore, even if you are unable to initially persuade them to support your product, you can still engage them in learning about its technology and helping them develop an appreciation for the product itself. It becomes simpler for them to support the product the more they value the technology. Similar to this, cynical generalists are constantly interested in fresh advancements in the market but may not be interested in an untested company. Generalists might grow to love your firm out of gratitude for the market opportunity if you can demonstrate to them that there is an increasing unmet market need that you have carefully positioned your goods and marketing efforts to address. Establishing the early market and establishing the mainstream market are the two "natural" marketing rhythms in the high-tech industry. In order to build a mainstream market, you must first demonstrate a market leadership advantage and then convert it to business credibility. Similarly, to develop an early market, you must demonstrate a significant technological edge and convert it to product credibility [9], [10].

The "chasm transition," on the other hand, denotes an irregular beat. To cross the abyss, one must return from the supportive milieu of the dreamers to the skeptical milieu of the pragmatics. It implies shifting from the known territory of concerns that are product-oriented to issues that are market-oriented, as well as from the known audience of experts who share your interests to the unknown audience of generalists who are fundamentally indifferent.

Let's now connect all of this to the competition's creation. Market-oriented issues must be the foundation of our rivalry if we are to prevail over the skeptical pragmatists in the bottom right quadrant. The pragmatists are concerned about it. That is, we need to change the emphasis of our marketing from highlighting value features that are product-centric to ones that are market-centric.

Shifting our leadership concept from the left-hand list to the right-hand list was the fundamental idea behind the emphasis on the complete product as well as partners and allies. In other words, because there was no current market leadership position, our goal was to establish one within the parameters of a controllable market sector and therefore establish a legitimate market leadership position. It is now necessary for us to convey our accomplishments in order to get the pragmatic purchasers' support. When a target client crosses a gap, their value profile must be based on the market-centric value system, which is reinforced by the product-centric one. The target customer's perception of the competitive set and the position they are likely to give a new player entering that set will be modeled by this value profile. Let us examine this in a practical scenario.

Inventing the Competition: Silicon Graphics as an Example

Two rivals are used as lighthouses in the rivalry to help the market find your company's distinctive value offer. We will refer to the first of these two rivals as the market alternative. The target client has been making purchases from this business for many years. The issue they tackle is the same one we will tackle, and the funding allotted to them is the money we, as the newcomer, will avoid having to spend. We are going to apply a discontinuous product innovation to solve a significant constraint in the conventional offer in order to gain the right to this budget.

We will refer to the second rival in reference as the product alternative. This is a corporation that, like us, is presenting itself as a leader in technology by using a discontinuous invention, but it may not be the same as ours. The idea that now is the right moment to embrace discontinuity is validated by their very existence. Here, we want to respect their technology while setting ourselves apart from them with our own targeted market emphasis. This is how Silicon Graphics' situation turned out. Hollywood was the market they were aiming at, more especially the post-production stage of film editing. The term "the cutting room floor" refers to the actual process of actually cutting and splicing film in traditional editing methods. Beyond a certain amount of messiness, however, this approach has a significant drawback: if the desired picture is not captured on film, there is currently very little you can do to fix it short of a very costly reshoot. A fundamentally novel idea that Silicon Graphics was able to introduce to the market was "If the image you want is not on the film, put it there!" This is the secret behind digital editing's superiority over analog techniques. The usual sellers just couldn't compete with it. They so provided ideal market substitutes. Citing them clarified Silicon Graphics' target market and offered a strong incentive to purchase. It was made apparent what the whole product would need to be, what market the company would need to enter, and who they would need to look out for friends and partners [11], [12].

Simultaneously, requesting that musicians use computers and that their producers cover the costs of doing so creates a problem of credibility. What is a digital workstation and who is this Silicon Graphics? The firm required a product alternative that could be referenced in order to maintain credibility. Hewlett-Packard and Sun both blend in well here. Both offered cutting-edge Unix workstations that made them respectable Silicon Graphics product substitutes. They were both well-known businesses. Silicon Graphics was confirmed by both. However, none of the companies had made the extraordinary commitments that the film business required. Turning all three workstations around and pointing out the connections going out the rear would be an easy way to show this to a potential buyer. The standard connectors for connecting to computer peripherals and networks were available on both Sun and HP devices. Apart from all these features, the Silicon Graphics workstation also had six additional connectors that connected it to equipment unique to the film-editing sector. They had clearly committed to a niche that the others had not your market alternative aids in the identification of your target customer and your strong selling point. In a similar vein, your product substitute makes your technological leverage and specialty contribution more understandable to others. As a result, you build the two triangulating beacons that inform the market of your whereabouts.

An Additional Illustration: Accelerate

Film editors were already in the market for Silicon Graphics, and they were burdened by a malfunctioning, mission-critical business process. The market is perfect for a beachhead landing right now. However, not everyone is given such a favorable hand. Think about the situation of any new consumer product, for instance. It generally manages to grab the interest of tech enthusiasts, but what happens to the vendor when that customer base becomes bored, or rather becomes distracted by something else, like the newest "cool tool," and walks off? In consumer markets, there aren't any visionaries to support significant continuing R&D. Furthermore, mission-critical procedures are seldom necessary to fix. What happens next? Let's see how Intuit, a firm, addressed this issue with their Quicken software.

According to a PC expert, quicken is a member of the group of software known as money management apps for home usage. It leads the market right now. But there came a moment when both the company's and the product's success were in jeopardy. The way that Intuit's president, Scott Cook, handled the problem is a great example of how fostering the correct kind of competition may hasten the process of bridging the gap.

Managing Your Money by Andrew Tobias was the best-selling program when Quicken first hit the market. Offering portfolio analysis and other financial modeling features, it was significantly more useful than Quicken from a product-centric perspective. It was obviously the better option to the "financial enthusiasts" who made up the initial market for these products, and Intuit was certain to lose if it kept up the battle on that field. After looking around for alternatives, Intuit came up with a fairly straightforward value proposition for home computer users: make bill payment simpler. This is a pragmatic value proposition; rather than a revolutionary strategic discovery, we are making a small but meaningful enhancement to a routine process. Stated differently, it represents a chance for mainstream marketing, not for the early market. Regretfully, Intuit was unable to find a recognized, mainstream category for computer-assisted bill payment. Thank you very lot, pragmatics utilized checkbooks, and they functioned well. How therefore may Intuit break into this market?

They needed to choose a manageable market niche first. In this instance, the qualifieradults who use computers at homealready very well limited the planet. Checks therefore became the crucial issue: if quicken was going to be more user-friendly than a manual method, getting the checks needed to be simple. Intuit made the decision to manage that procedure for the customer. Then a third problem emerged: how to properly align the checks with the printer so that everything printed in the correct location. This proved to be a significant technological issue that finally necessitated the invention of a later patented solution by Intuit. But once it was done, there was a real finished product. The competition's creation is the next step. See how it comes out, can you? Checking using paper and pen is the market substitute. That's the well-known substitute. We're going to provide users the ability to monitor where their money is going, pay bills more quickly and conveniently, and have access to a lot more structured collection of materials for tax season. Note that they are more of slightly bent processes than really broken ones, which explains why Quicken had to slide up the slick slope to escape the pit. However, they were quite appealing, especially to PC users who were searching for more ways to use technology at home. Therefore, if you were a bill payer and a home computer user, you were aware that Intuit desired you.

The substitute offering was called Managing Your Money. Intuit may now utilize it as a reference beacon instead of engaging in a features war with it. One may argue that it is meant for those who are interested in finance and want to examine their investment portfolios. This is a product for average homeowners who are making monthly bill payments. How are you able to tell? Well, have a look at how easy to use it has become. Examine our metaphorical checkbook interface. Take a look at how we manage the actual checks.

This is what we mean when we define the war, to wrap up this example. To assist you identify the specialized market you will dominate, you choose your competitors. You go out of your way to acknowledge their accomplishments elsewhere, provided they behave nicely and remain out of your specialty. On the other side, you have to completely destroy them if they go into your specialty. Your sector, the beachhead segment, must be yours and yours alone, set off from all others by high entrance barriers. Just keep in mind as Robert Frost once said, "Good fences make good neighbors.

CONCLUSION

A road plan for businesses hoping to cross the enormous divide between early adopters and mainstream realists. The tactical checklist emphasizes the value of customer-focused methods, strategic alliances, and simplicity. It is based on the concepts of entire product management. During this crucial transformation, the Competitive-Positioning Compass becomes an indispensable instrument, directing the values shift from product-centric to market-centric. The real-world examples—Silicon Graphics and Quicken by Intuit, in particular—brought to life the need of fostering rivalry in order to strategically place a product inside the market. Finding a distinct niche and winning over the market are facilitated by the careful process of discovering product and market alternatives. The trip over the gap is really about choosing your competitors carefully, respecting their accomplishments, and defending your niche. Combining the tactical checklist with real-world observations gives organizations the tools they need to successfully navigate this complex high-tech environment. The checklist is still a useful resource for businesses hoping to establish a long-term mainstream presence in the high-tech industry, since it promotes innovation and long-term success.

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CHAPTER 10

POSITIONING FOR SUCCESS: NAVIGATING THE HIGH-TECH MARKETING LANDSCAPE

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ABSTRACT:

A comprehensive exploration of strategies and challenges in the dynamic realm of high-tech marketing. Drawing from real-world examples, the passage delves into the intricacies of effective positioning, emphasizing the pivotal shift from early markets to mainstream adoption. Through case studies like Diffusion and VerticalNet, the author discusses the critical choices involved in selecting market and product alternatives, naming and framing products, and adapting positioning strategies across the Technology Adoption Life Cycle. The narrative underscores the importance of whole product launches, particularly when transitioning from product-centric to market-centric approaches, with a focus on appealing to pragmatist customers. The text further examines the nuances of providing compelling evidence and crafting targeted communications, utilizing business press and vertical media to convey whole product stories. Emphasizing the value of relationship-building for positive word-of-mouth campaigns, the passage serves as a comprehensive guide for marketers navigating the multifaceted challenges of the high-tech marketing landscape.

KEYWORDS:

Digital Marketing, Innovation, Market Dynamics, Marketing Strategies, Product Positioning, Target Audience.

INTRODUCTION

Too little, too late, to look back. It's always 20/20 in retrospect. Let's see what happens if we attempt to generate some competition for goods that are just now beginning to bridge the gap. Channel point, Diffusion, and Vertical Net are three that are worth examining. As of this writing, all three are "pre-chasm" with early adopter clients and are thinking through their chasm-crossing plans. Not one of them is even close to being well-known. This poses a significant placement difficulty. We now know that, in order to address an unmet demand, an unknown firm can only be welcomed to a position itself in an "empty space." The issue is that nobody is interested in hearing about it for very long. This is where it's very helpful to use two well-known reference beacons as the product alternative and the market alternative [1], [2].

Channel point: Insurance Distribution Chain Reengineering

The Colorado Springs-based Channel point is the product of a group of astute engineers who left Sun after seeing there was a mechanism in the conventional insurance distribution system that begged to be redesigned. In the case of health insurance, for instance, the supply chain starts at the underwriting insurers, who develop products and then communicate them to general agents, who aggregate offers from multiple insurers and present them to independent agents, who then present a suitable subset to potential clients, who, with the independent agent's assistance, choose the best offering. This process repeats itself back to the independent agent, who then writes up an application and requests clarifications from the general agent, who either knows the answer or must contact the underwriting insurer directly. This system may be difficult to use, but at least it's sluggish, as we often like to remark about early software products.

Channel point plans to rework this procedure over the Internet. Initially, it will work with or purchase general agents to gather material, which it would then prepare for the Internet. A section of the help desk will also be moved concurrently from the phone to the Internet, starting with email as the primary method of contact and progressing to chat and IP telephony as required. It will also assist the independent agents in the relationship to prepare them for the Internet on their end; all they need is a browser and a willing mindset. Just bridging the general and independent agent domains may significantly reduce the cost and time in the system. Later on in the process, the firm will assist in extending the Internet back into the insurer's domain to improve their application processing workflow. Subsequently, one may see the end user being engaged as well, at first to ask questions regarding premiums or claims and thereafter to submit one or both of them. It is evident that the conventional general agent is the market alternative. Channel point may quickly grab the attention of their target demographic by bringing up this category and highlighting two or three of the more well-known companies, while simultaneously allowing the rest of us to ignore them. This final outcome benefits both Channel point and us since they do not want pointless questions to jam their sales and marketing communications channels [3], [4].

Now that the most established companies in the business have been called out. This is the point at which we use our product substitute. This ought to be a well-recognized illustration of a technology-driven proposal that revolutionized the method by which an established industry arranged its value-chain connections. The SABRE System, which redesigned how airlines distribute tickets, is one of the most noticeable of them. Put another way, Channel point places itself between 1) the general agent for property and liability insurance and 2) the SABRE System for community engagement brokerage. It sets itself apart from typical general agents with its SABRE-like technology, and it sets itself apart from SABRE-like Internet competitors like Yahoo! with its concentration on the insurance sector. I can now respond to questions about Channel point at a bar by saying, "Oh, they're the SABRE System for the insurance industry."

Now, I'm not saying that you should go out to bars, or even that I do it very often. The idea is that, on first contact, a no-name start-up may reasonably expect the same amount of attention from prospective customers, partners, or investors as they would from a bar. Therefore, it is essential that it be able to distinguish itself from the background with a brief sentence that can register even on the dullest neurons.

Diffusion: Communicating to Keep Customers

As of this writing, Diffusion is a Silicon Valley start-up that aims to help businesses like banks and brokerages offer a growing number of customer-delightful interactions with their most valued clientele by taking advantage of the explosion in electronic communications channels, including the Internet, fax, email, office phone, pager, cell phone, and PDA. They provide three aspects in their core product.

It is a commitment to their customers' clients to communicate with them via a channel of their choice. Thus, Marie would prefer print catalogs or a phone call, Michael might want to obtain a fax, and I might want to be emailed most information but to be paged for important matters. The offer is for clients to enhance customer management via cross-referencing every touchpoint in their customer interaction system. Thus, I may get communications from my bank today via a variety of programs, such as direct mail, a personal website, or a call from an account manager. These programs all function as independent silos. All of these mechanisms are combined into a single customer relationship management system using Diffusion's technology [5], [6].

In addition to the above-mentioned outbound media proliferation, there is a parallel internal proliferation of content sources. These include marketing systems like catalogs or direct mail, publishing systems that pull content both dynamically from front-office databases and from internal websites, and customer information systems for processing orders, confirming them, and offering customer service or support.

Therefore, if the system is to expand to any level, a marketing organization looking to establish a distinct relationship with valued customers has an enormous set of requirements. Once again, Diffusion shows up with a device that allows it to link every gozinta to every gozouta.

A issue that a start-up like Diffusion today confronts is that clients don't even know the category exists, much alone the business or the product, therefore they don't have any money set up for buying the new offer. Once again, selecting the best market substitute is crucial. In essence, you are selecting the budget that you want to embezzle.

One strategy in the Diffusion instance would be to focus on "Gold Club" account management budgets as the substitute offered by the market. The primary advantage that Diffusion aims to improveclientele retentionis addressed by these budgets, which are managed by Diffusion's target client. The issue at hand is that Gold Club programs are too costly for everyone except the bank's or brokerages most esteemed customers to use. Nonetheless, by concentrating on this area, Diffusion may mentally position prospective clients by asking them, "Oh, so you are a way I can extend my customer relationship management programs more cost-effectively?" This allows them to reserve funds and the power to decide what to acquire for the firm.

It's time to discuss the product substitute now. Diffusion has a unique issue in this situation. There's no direct substitute product that performs as well as theirs. To achieve the same objectives, there is a project alternative—that is, an early market offer—that involves developing a bespoke system in collaboration with an enterprise systems partner like IBM or a technology vendor like Broadvision. The issue with selecting an early market offer as the rival is that pragmatic consumers like to see a similar offering made earlier in the gap before making a purchase. So what is the role of diffusion?

Selecting a comparable product to serve as the product substitute is one approach. Although it is not a purchasing decision, this does give a framework for evaluating the value and viability of the new offer. The customer profile systems that airlines and travel providers offer might be a similar service in the case of Diffusion. They create a customer profile for returning customers that includes their travel preferences in order to automatically guarantee better service, even when they do not stipulate information flow. "Oh, so you're a customer profile system for managing our account relationships with Gold Club clients," may be Diffusion's stance, to use an illustration.

While it is within range, this is by no means a perfect fit. The market is for high-value customer management, and although not the sole feature, customer profiling is a crucial one for products. If you start with something like, "We're an Internet-enabled, multi-media outbound communications facility for one-to-one marketing programs based on client-provided communication channel preferences," or some other mind-numbing combination of abstractions, at least it's better than saying something like that, which will make your mother worry about her misguided offspring.

VerticalNet: Microsegment-Specific Websites

As of this writing, VerticalNet is a start-up company whose goal is to develop destination websites for very niche vertical markets, the majority of which have an engineering bent. Fortunately, there isn't much competition. For instance, where else in the world might you find the whole www.solidwaste.com website? However, this is a veritable treasure mine for environmental engineers searching for specific sector information. When you choose the Buyer's Guide, a veritable rainbow of offers appears. Let's say you have a fascination with sludge gathering. There's more, so click there and wait! About fifteen subtopics show up. With a racing heart, you choose Removal, and then, miraculously, twenty distinct businesses—one in your neighborhood—that provide this service are offered!

Say, however, that the day was uneventful. Alternatively, you may settle for reading industry news, joining a discussion group discussing your preferred solid trash issue, or watching a live interview with a solid waste expert in place of doing a Yellow Pages search. To be honest, this is the purpose of the Internet. All VerticalNet has to do is spread the word [7], [8].

As it happens, if you are a media play, your clientele consists of advertisers or vendors that sell on your website. The individuals that want to sell to Dilbert are the ones you should position yourself with, not him. Furthermore, you should anticipate that the solid waste industry is populated by conservatives rather than visionaries and that their present budget does not include Internet reseller commission schemes or expenditures for Internet advertising, since there is little market pressure on them to reengineer themselves. Here, picking your competitors is crucial, and VerticalNet made a smart decision. It finds the top trade publication that caters to the target market it is pursuing as a market substitute. In fact, it has sometimes gone so far as to enlist the editor of that publication to work with it. After then, the website transforms into an interactive forum using the same news, issues, and sponsors as the trade publication. It really is a "zine." This makes figuring out how much money to spend on trying out this new medium quite simple for cautious shoppers. VerticalNet refers to Internet community sites such as America OnLine as a substitute for its offering. This firm is well-known even among conservatives, and its accomplishment in building online communities embodies the same phenomenon that VerticalNet seeks to emphasize in its own posture.

DISCUSSION

Let's just provide a heads-up before we end this. This is a hint if you do this competition selection exercise and are unable to identify a single, obvious market alternative. It indicates that you're not prepared to go over the edge. A single target beachhead section is necessary for chasm-crossing, and inside that segment, budgetary funds must already be available to purchase your offer. Without a doubt, the money will be "misnamed" as it will be used to fix some stupid, inefficient Band-Aid solution for what has turned into a malfunctioning, vital process. However, it is necessary; otherwise, you will waste an entire year to just educate the market to save away funds that they may use to purchase your product the next year. Resolving this issue is as simple as selecting your market alternative carefully. It must, however, be believable. And realize that you are going to get into a conflict as soon as you declare your intention. Whoever that market substitute was, they had ideas on what to do with that cash. It does, in fact, see that budget as its own, and it will not be amused by what you do

[9], [10]. The product substitute enters the picture at this point. Everyone concerned has to understand that this is a technological development that traditional solutions just cannot expect to stay up with. Even on their finest day, trade journals are not interactive. Even on their finest day, direct mail campaigns are unable to find me out on the golf course. Even on their best days, general agents are unable to affordably respond to queries from independent agents around-the-clock. You do not mean to make fun of the performance of the seasoned Old Guard. Since your target client has a history of doing business with certain providers, you should respect it. Instead, it's meant to imply that a new wave is on the horizon and that you plan to domesticate that technology for the same purposes as these dependable solution suppliers. Therefore, product alternatives call out the distinctiveness, and market alternatives call out the budget and therefore the market category. It sounds a lot like positioning, which is the subject of our next discussion.

Setting Up

More than anything else, the competition's creation marks a turning point in positioning. The most talked about and least understood aspect of high-tech marketing is positioning. If you only keep the following guidelines in mind, you can avoid committing the majority of placement mistakes:

1. Above all, positioning is a noun, not a verb. In other words, it makes the most sense to think about it as a quality linked to a business or a product rather than as the elaborate marketing gimmicks individuals use to create that connection.

2. The single biggest factor influencing a consumer's choice to purchase is positioning. It functions as a kind of buyers' shorthand, influencing both the ultimate decision and the process by which they weigh their options. To put it another way, assessments are often just justifications for preexisting positions.

3. People place meaning in their own minds, not in what you say. Speaking intelligently about positioning requires framing a stance in terms that are likely to really exist in the minds of others rather than terms that are taken from out of trendy commercial text.

4. Individuals are very reluctant to accept shifts in their opinions. This is just another way of expressing that individuals do not like it when you tamper with their mental processes. Generally speaking, positioning tactics that require the least amount of adjustment are the most successful.

After taking into account everything said above, positioning as a verb—a collection of actions intended to produce positioning as a noun—can then be discussed. One essential element for success is this: most individuals consider positioning in this manner when they are considering how to make their items easier to sell. However, making them more affordable is the right course of action.

Since selling is their main concern, businesses concentrate on making their items simpler to sell. They use the adage "if you throw a lot of mud at a wall, some of it is bound to stick" and stuff their marketing materials with every potential selling point. This bombardment makes potential customers shrink, which makes the salesmen work harder to pursue them. The communication is primarily centered on the salesperson's effort to influence the consumers, despite the fact that the phrases seem to address their beliefs and requirements. This is clearly visible to the prospective customer. Because the corporation tried to make their product simple to sell rather than easy to purchase, it's a total turn-off [11], [12].

Consider this: most individuals prefer to purchase rather than sell. You are focused on what the buyers really want when you make a product simple to purchase. They will then recognize this and give you a reward via their purchases. Simple to purchase hence becomes simple to sell. Therefore, the purpose of positioning is to carve out a mental space in the minds of target customers that they refer to as the "best buy for this type of situation" and to achieve complete, uncontested occupation of that mental space. A product is simple to purchase just when it has the all-clear and no rival options left.

Now, the kind of consumer that is the target depends on that best-buy area. It is true that as the product moves through the Technology Adoption Life Cycle, this area gradually grows and develops. Customers who are unable to identify a product cannot purchase it or seek it out unless they are aware of the appropriate category. This is the bare minimum of positioning required to make the product simple for a technology enthusiast to purchase.

Identifying and characterizing discontinuous breakthroughs may be challenging. An attempt has been made to identify and characterize a new class of systems software that exists between well-established applications, such as human resources, sales force automation, and financials, and established platforms of enabling technology, such as the operating system, database, and network operating system. This attempt has been largely ineffective and goes by the name middleware. It turns out that companies want all of these apps to work together, and they need messaging software, transaction processing software, object brokering software, and other similar programs to make that happen. We as an industry have decided to put it all in a bucket called middleware and hope we can simply keep a lid on it since it is all extremely technical and leads to sectarian fanaticism, which nobody wants to deal with. We are unable to contain it in the bucket, which is the issue with everything. It is constantly being called out for. However, as it spreads, all the firms who provide it are left with an unpleasant marketing challenge since we are unable to appropriately identify and frame it. Long-lasting review cycles with customers, religious conflicts, and delayed sales are all results of situations fighting over the same old terrain.

A recent development in this field has been the emergence of a category known as enterprise application integration, or EAI. This term conveys a crucial advantage in lieu of the word "middleware," which is limited to referencing a position in a software systems hierarchy. Additionally, it defines the area by limiting it to the integration of apps, and by using the term "enterprise," to high-end server applications.

The money that businesses pay systems integrators to do this task indicates that there is a clear market alternative, and as a result, the market ought to be allowed to go on. Before purchasing anything, customers want to know who will use it and why. For the visionary, this is the minimal positional extension required to make the product simple to purchase. This is the electronic book's challenge. Although it's been titled and presented very well, it's unclear who will purchase it or why. In the US, smartcards also encounter this kind of difficulty. When it becomes evident which parties stand to gain the most from these technologies in terms of a significant competitive edge, they will have established the bases from which to grow their own early markets.

Differentiation and competition

Before placing a product in a comparable perspective, customers cannot know what to anticipate or how much to pay for it. This is the bare minimum positioning extension required to make a product simple for programmers to purchase. The pages that came before this one are jam-packed with examples of this kind. Offering the certainty of a competitive set and a market-leading option within that set is crucial.

Money and Prospects

Until consumers are certain that a product is coming from a reliable supplier who will keep making investments in this particular product category, they cannot feel totally comfortable purchasing it. This is the last positional extension required to make a product simple for a conservative to purchase.

Conservatives are comfortable with well-established blue-chip corporations like Microsoft, IBM, Oracle, and Intel. This comfort factor may be produced by up-and-coming industry titans like SAP and Cisco as well as smaller businesses that can take control of a specialized sector, as Lawson Software has done in the healthcare industry and Documentum has done in the pharmaceutical industry. Setting up these sets of perceptions with the right target audience at the right time and in the right order throughout a product's market development is the aim of positioning.

The Method of Positioning

When positioning is mainly understood as a verb, it describes a communication process that consists of four essential elements:

1. The assertion. Reducing the basic position statement—a declaration of undisputed market leadership within a certain target market segment—to a two-sentence formulation, as described later in article, is crucial in this situation.
2. The proof. If one can really contest leadership, then the claim to uncontested leadership is null and void. Here, it's important to gather enough information to refute any such disagreement.
3. Interactions. The objective here is to identify and approach the appropriate audiences with the appropriate versions of the message in the appropriate order, armed with claim and proof.
4. Comments and modifications. Once the positioning has been exposed to competition, marketers must make half-time alterations to their game plans, much as football coaches do. It is normal for rivals to point out weaknesses in the first attempt, and they must be fixed or addressed in some other way.

The last element transforms placement from a one-time occurrence to a dynamic process. Therefore, it implies that during a product's life, marketers will often return to the same audiences. Hence, building trusting connections rather than impressing people once is essential for any sustained success.

The claim is by far the most difficult of the four to get correctly. Usually, it's not a shortage of ideas but rather an inability to convey them in a timeframe that makes sense. Thus, the elevator test: In the time it takes to travel up in an elevator, can you describe your product? This is a common test used by venture capitalists to assess investment prospects. They won't invest if you fail the exam. This is the reason.

No matter what you say, it cannot spread by word of mouth. The maximum thinking unit in this medium is one or two sentences. People are unable to keep it in their minds beyond that point. You have to lose because we've previously proven that word-of-mouth marketing in the high-tech industry is essential to success.

Your promotional materials will be sent widely. Each time a brochure, presentation, or advertisement is written, someone will take the claim from somewhere else and create yet another positioning. No matter how excellent this version is, it won't make the prior versions stronger, and the marketplace won't feel more at ease knowing your stance. Purchasing a product with an unclear stance is quite challenging.

You will have a dispersed R&D effort. Once again, since positioning has so many facets, product marketing and engineering may choose a variety of directions that could or might not result in a true competitive advantage. There won't be a single obvious winner—rather, there will be many compelling losers. You won't be able to enlist friends and partners since they won't be confident enough in your objectives to provide any substantial commitments. Instead, they will remark, "Excellent technology—too bad they can't market it," to one another and the rest of the business. Nobody with expertise is going to be able to provide you with funding. As was previously said, the majority of astute investors are aware that you lack a clear, or inves- tive, marketing plan if you are unable to pass the elevator test. What is the best way to ensure passing the elevator test? Establishing your position according to the target group you want to control and the value offer you want to use to accomplish so is crucial. Next, you outline your competitors as well as your own distinctive selling point that you believe will influence the buyer to choose you.

Writing a statement like this frequently makes it intriguing to consider what you have to give up rather than what you write. Film editors may utilize Silicon Graphics workstations for a variety of purposes other than just editing films; for example, they might use them to send emails, access the Internet, operate project management software, maintain databases of client relationships, and more. Additionally, Quicken from Intuit helps you budget more wisely and maintains tax records that you can import straight into Intuit's Turbo Tax for online filing. For a greater impact, wouldn't it have been preferable to load in these additional value statements?

Here, the answer is unequivocally no! Yes, this is the exact reason why most positioning attempts fail. Recall that positioning's objective is to carve out and occupy a mental space in the minds of target consumers. People are quite selective about what they let you do within their heads, as we've previously said. Taking up too much room is one of the things they dislike. This implies that they'll make use of the abbreviations Mercedes, BMW, Cadillac, and Lexus. You are only allowed so much space for your main point of uniqueness. It resembles a telegraph composed of many lines. The market will fill the void with a single characteristic if you choose not to fill it yourself. Furthermore, you shouldn't expect the market to be nice since it has competitors who are attempting to undermine you.

The Varying Weight of Evidence

The hardest thing about high-tech marketing is that once you figure something out, it's out of date. Even something as innocuous as providing proof may attest to this. That is to say, the kind of proof required changes throughout the course of the Technology Adoption Life Cycle, just like everything else in high tech. The Competitive-Positioning Compass's framework may be used to describe this: You may follow the development of desired evidence as the market shifts from being dominated by tech enthusiasts to being dominated by visionaries to conservatives and pragmatists by moving to the left and then the right of the compass. The shift from product to market, or bridging the gap, is the important thing to observe. This just serves to confirm what we have been saying all along: pragmatists are more concerned with how a product is received by the market than with the product itself. For a high-tech firm undertaking this transition, it is especially uncomfortable since, for the first time, the primary sources of the necessary proof are not directly under its control. Having the ideal attributes or being victorious in the ideal benchmark war are not relevant here. It is a question of other people—third parties who are, in theory, apathetic—voting to support your product with their words and actions. The practical approach of investing in the whole product shows the pragmatic that, even if you are not now leading your market segment, you will eventually do so.

In summary, market share is the most potent indicator of leadership and chance of winning a competition to the pragmatic customer. Pragmatists will consider the quality and quantity of friends and partners you have gathered in your cause, as well as their level of observable dedication, in the lack of hard numbers in this situation. This buyer is searching for proof of cross-referencing each other's items in sales material, participating in collaborative sales calls, and providing continuous assistance to one another even when they are not in the same room.

This idea directly relates to the communications plan for bridging the gap. You need to ensure that everyone is aware of this kind of proof of full product support in addition to developing it yourself.

Complete Product Releases

The well-known practice of a product launch is the source of the idea of a comprehensive product launch. This means that whenever a new high-tech product is released, it is customary to first brief industry analysts and long-lead press editors well in advance of the launch date. The week before the announcement, top company executives are then given a tour of the weekly trade press, with an event capping the announcement itself.

When the product is "new news," these product launches function perfectly and are a useful instrument for the growth of early markets. On the other hand, they are inappropriate for bridging the gap. The product is not fresh news at this point, or it had best not be if we want to appeal to the practical consumer. Therefore, a big trumpeting piece about Release 3.0 would not pique the attention of the trade press. These days, the message is "Look at this hot new market." It usually consists of a description of the new market that is forming, supported by a rising number of partners and allies that provide a piece of the jigsaw of products to the pleasure of a customer base that is becoming more and more apparent. The allure of this tale is that a new trend is emerging, and the first person to get on board will stand to gain a significant advantage. Being able to share a tale like this helps small, entrepreneurial businesses get credibility that they would otherwise be unable to obtain. Their product just needs to be a vital component of the whole, like Rambus's memory interface will be in future generations of PCs, no matter which PC vendor is selected, or Oracle's relational database is to ERP, irrespective of the application vendor chosen. So how can you increase your chances with marketing communications? Marketers must first choose the appropriate communication channel. Generally speaking, there are two locations that work well for whole product narratives. The business press comes first. Complete product stories are the foundation of business, especially those that are inspired by alliances and partnerships working together to achieve some amazing outcome for a certain organization. Businesses who are able to do this regularly and hence control a certain market segment are especially noteworthy. Of course, the business press is wary of a fresh firm. In this case, it is crucial to start establishing some references within the financial analyst community, not on the firm itself but rather on the market opportunity it is pursuing. Financial analysts might be persuaded to get interested in a new entrepreneurial venture by providing them with briefings on potential market prospects. Once they have accepted the market, the business press may utilize them as a point of reference when crafting a narrative.

It is crucial to include as many additional market participants in this issue as possible when bringing it to the attention of the business press. Organizing a press conference with a number of representatives on the dais, such as customers, analysts, partners, distributors, and so on, is one strategy that works well. Sponsoring a conference on the main problem propelling this market's growth is a more sophisticated variation of the same strategy. In either situation, spreading the bandwagon effect is the main goal.

Lastly, one must communicate via the business press within the context of a major concept. Technically speaking, technological articles are only worth reading as brief vignettes or squibs for the Wall Street Journal's second section column. A technology narrative has to be about something more than just high tech in order to qualify as a business story. Usually, a new kind of opportunity or an issue that can now be efficiently handled due to industry advancements serves as the story's germ. Technology advancements will have spurred these developments, and that will be part of the tale; nevertheless, the major focus of the narrative will be how these advancements are now perceived to extend throughout the whole product infrastructure.

The business press's high degree of trust in almost all company purchasing scenarios is a tremendous advantage as a communication channel. This presents a dual benefit for the enterprising business. The business press is hesitant to support entrepreneurial endeavors until they have been thoroughly shown in order to preserve its credibility. Stated differently, the process of obtaining coverage is drawn out. However, it is simpler to succeed in this medium again after making a breakthrough once. Furthermore, when the firm gains more prominence in the business press, following product-oriented coverage in the trade press usually becomes more comprehensive.

Therefore, one of the most important strategies for bridging the gap is to establish rapport with business press editors, first around a complete product narrative. Apart from corporate presentations, another means of disseminating a comprehensive product message is via what is colloquially called "vertical media"that is, media outlets that are specialized to a single sector or occupation. Pragmatists and conservatives, or those who place a high importance on preserving ties within their group, are often drawn to industry trade shows and conferences, professional organization gatherings, and publications targeted at certain market segments. As long as sponsoring vendors don't overtly push their products, these groups are generally welcoming of their involvement.

Complete product problems work best for these kinds of correspondence. The plan is to gather a number of industry insiders in a room and discuss the vendor's company and the current situation in their sector. When properly structured, these meetings revolve upon the consumer rather than the vendor or their offering. They match themselves with the demands of the client and the options offered to satisfy those needs. As a result, even while they are obviously self-serving to the seller on one level, they don't feel that way, casting the vendor in a more consultative rather than aggressive light. Generally speaking, the aim of a complete product launch campaign is to build relationships to facilitate a favorable word-of-mouth promotion for your business and goods. First and foremost, it's important to keep in mind that building these kinds of relationships takes time. It requires searching out the major influencers, getting to know them fairly, and keeping up with industry developments so that the connection is relevant and beneficial to both sides. It is important to keep in mind that, once established, these connections provide a significant obstacle to entrance for potential rivals. The conservatives and pragmatics who make up the majority of any mainstream market like doing business with familiar individuals.

CONCLUSION

A tactical guide for advertising professionals battling the intricacies of the quickly changing high-tech sector. The text highlights the transforming potential of strategic positioning in bridging the gap from early acceptance to mainstream success, as shown by incisive case studies. The significance of well-defined market and product alternatives is emphasized, underscoring the crucial function of selecting an appropriate beachhead segment. In her discussion of the difficulties encountered by new businesses like Diffusion and Vertical Net, the author highlights the need of having a distinct brand strategy that appeals to pragmatic consumers. In order to communicate changing market trends, establish collaborations, and establish credibilityespecially with conservative consumers the idea of full product launches becomes more important. The dynamic aspect of positioning is emphasized in the text as a continual process that calls for constant tweaks and sensitivity to customer input. The chapter offers marketers practical ideas for creating captivating tales that appeal with a variety of client groups by breaking down the complexity of the Technology Adoption Life Cycle and the changing burden of proof.

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CHAPTER 11

CHANNEL DYNAMICS IN HIGH-TECH MARKETING: NAVIGATING THE DISTRIBUTION LANDSCAPE

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ABSTRACT:

The intricacies of distribution channels in the high-tech industry, with a focus on strategies for successfully crossing the chasm between early adopters and mainstream customers. The text delves into the evolving nature of distribution methods, highlighting the impact of technological advancements, especially the internet. It analyzes various channels, such as direct sales, retail, and systems integrators, examining their optimization for creating demand, providing the whole product, and handling high volumes. The narrative emphasizes the critical role of channel selection in achieving successful market penetration and outlines challenges and considerations for each channel. As the high-tech industry faces unprecedented changes, understanding and strategically navigating the dynamics of distribution channels become imperative for sustained success.The disruptive influence of the Internet on distribution methods and underscores the necessity of incorporating it into long-term strategies. The article emphasizes the need for a nuanced understanding of channels optimized for demand creation, whole product provision, and high-volume delivery.

KEYWORDS:

Channel Management, Distribution Channels, High-Tech Marketing, Indirect Sales, Marketing Strategy, Reseller Networks.

INTRODUCTION

Concentrate the competition in the market category that your must-have value propositionthat is, the product offering, target client, and persuasive purchase incentive that together define your main purpose for existinghas defined. Focus the competition on what a pragmatic customer would consider to be a fair and fairly extensive range of other methods to fulfill this value offer. Nothing will alienate your pragmatic consumer more than to intentionally exclude a reasonable competition from this collection. Reduce your basic comparative claim to a two-sentence formula to help you focus your communications. Then, make sure that every corporate message you send out falls within the parameters of that formula by monitoring it closely. Always make sure to emphasize the second phrase of this assertion, which names your main rival and explains how you differ from them. Show the pragmatic buyer that you are, or soon must become, the undisputed leader of this competitive set by showcasing the quality of your whole product solution and the quality of your partners and allies. This will validate your competitive claim [1], [2].

Distribution and price are the last two components of the D-Day plan that are implemented in this. Distribution is the vehicle that will take us on our mission as we launch our assault over the gap, and price is its fuel. There are just two areas where marketing choices directly affect the new mainstream consumer: these two concerns. Hence, choices on price and distribution have a significant strategic influence. With distribution, in particular, there is usually just one shot to do it right. To give ourselves the benefit of doing everything else first, we have arranged these two last in our invasion preparation order [3], [4].

When bridging the gap, the company's first priority is to establish a gateway into the general market that will satisfy the pragmatic client. Priorities include sales, profitability, the press, and even customer happiness before achieving this goal. Later on, all of these additional issues may be resolved, but only once the channel is created. Alternatively stated, nothing further can be done if the channel is not formed. Ultimately, because creating the channel is the primary objective, the main purpose of price at this time is to accomplish this same aim. Put another way, the primary goal of pricing during the chasm period is to inspire the channel rather than to appease investors or customers our goal in bridging the divide is to draw in customer-focused distribution, and one of our main hooks will be distribution-focused price. These are rather extreme remarks, and a lot more debate will be necessary. However, before we can even begin this conversation, let's take a moment to assess the rather turbulent condition of distribution as we prepare to enter the new century. Currently, the distribution function for high tech has a structural issue that could ultimately be resolved, but probably not quickly enough to address any of our current issues. We can more effectively map out our chasm-crossing plan after we have a deeper understanding of that issue.

The Distribution Structure of High-Tech

Under the high-tech market's purview, several distribution channels are now in operation. The following stand out the most:

Straight-up sales

Usually focusing on calling on large clients and having a nationwide reach, this entails having a committed sales staff under the direct employment of the vendor, with no other middlemen between the client and the business. The world's most well-known direct sales force is employed by IBM.

Two-level shopping

This means that in the retail sector, an outlet like Compuware plays the customer-facing position, while a distributor like Merisel, Techdata, or Ingram plays the first-tier one, which is backward-facing toward the supply chain. Suppliers provide goods to the first tier, which controls credit and arranges inventories for the subsequent layer. The following two channels are gradually replacing this structure, which peaked in strength in the late 1980s.

Single-level shopping

These are the superstores, such as CompUSA and Fry's that combine the wholesale and retail activities into one single business for the majority of the items they sell. This reorganization is being driven by increasingly narrow profit margins, particularly in the PC industry where a large portion of the product line has become commodity [5], [6].

Online shopping

This is designed for consumer products that don't need a lot of setting or maintenance, and it comes in one or two tiers.

Value-added resale in two tiers

The two-tier approach still works for items that are too complicated for sale when a VAR handles the customer-facing responsibilities. These are usually "no-name" businesses that focus on a certain vertical market or technology and often operate inside the boundaries of a single city. The market sometimes moves to "roll up" regional VARs into a nationwide chain. The first efforts were made in the 1980s with the Netware VAR network, but they failed due to Novell's decline in popularity. Web VARs are an effort at a similar method being made more recently by U.S. Web. Perhaps the most successful to yet has been ICON, which is currently attempting to overlay PC, LAN, and Web service provisioning over its roll-up of copier sales and servicing locations.

OEMs

A direct sales force first purchases the product, which is then integrated into the manufacturers' systems, which are then sold to the consumer. This is at least a two-tier transaction. There may be up to four levels in this channel if the OEM product is purchased via industrial distributors and sold through retail or VARs. Like the major automakers, the major computer manufacturers buy goods from the rest of the industry on an OEM basis.

DISCUSSION

Since it seldom ever offers the same things again, this is not a channel in the traditional sense. Instead, it is a project-management organization for very big or intricate computer projects. However, there are excellent reasons to regard systems integrators as a channel since such projects often "design in" standards that are subsequently repeated across the rest of the company's operations. However, all of the aforementioned pales in contrast to the impending effects of the Internet, which might represent the biggest shift in distribution systems in history. Since the majority of the effect has not yet been realized, planning on the Internet channel in the near term is not a wise course of action for chasm-crossers confronting the turn of the century. The contrary warning, however, is just as crucial: If you don't include Internet planning in your long-term distribution strategy, it will be disastrous. Every business will soon need to use the Internet since it is a lot more cost-effective way to engage with potential and existing customers and gives you more control over the interaction. Channels are tailored for many objectives, including the following:

Demand producers as opposed to demand fulfillers. For instance, retail superstores are geared to meet demand, but direct sales personnel are optimized to create it. Numerous other channels attempt to accomplish both, are not optimized for either, and pay the price. While bridging the gap, our first priority must be to generate demand in the mainstream; but we also need to plan ahead and establish a route that will enable us to meet that need part in supplying the whole product. System integrators and value-added resellers (VARs) get a significant portion of their revenue by contributing significantly to the provision or development of the whole product. Retail and online channels, on the other hand, use a low-cost strategy because they believe the product is already "institutionalized" and can be completely constructed using components that are readily available off the shelf. Once again, there are other channels that are stuck in the midst, the most obvious of which is now the retail shop located in a mall. The objective in the case of the chasm is to relieve the channel of the whole product's weight, allowing it to devote more time to generating and meeting product demand [7], [8].

Possibility of big volume. This may be thought of as the preceding category's inverse. High volume distribution cannot be accomplished using channels designed for full product development. Their company mix includes an excessive amount of labor, thus in times of business boom, they tend to reduce sales in order to clear part of the backlog, which flattens what might otherwise be explosive growth. Conversely, there are low-cost, low-service channels. They are excellent during boom times since they are optimized for big quantities, but they struggle in start-up mode and frequently panic and dump when business slows down, ruining both your and their profits. Our ultimate goal in the chasm scenario is probably going to be a high-volume channel. This is like to shifting into a high gear in an automobile. As we bridge the gap, we generally look for the following: first and foremost, does the channel already have a connection with our target mainstream client, or is it optimized to establish one? If not, it isn't a good fit to assist us in bridging the gap. Even so, we will need to find a two-step approach where we have an intermediate distribution strategy to build the connection and a longer-term one to maximize profits if that is our customer's final chosen method of distribution. Second, how does this channel fit into our partners and allies' strategy—our overall product mix? The more we free up the channel to concentrate on selling rather than supporting, the less pressure we place on it to supply the whole product. Conversely, it is important that our target consumer receives the whole product, and we need to be prepared to forgo a little amount of volume to avoid their discontent at receiving less than the entirety of the offering. Keeping these things in mind, let's examine some of the more well-known channels that are currently in use and, more especially, how they compare to our immediate objective of bridging the gap.

Sales Directly

The direct sales force has historically been the high-tech channel with the highest rate of success. Above all, IBM's supremacy in this medium propelled it to popularity and then to domination in the 1960s and 1970s. Several businesses, including as DEC and HP for mid-range systems, Oracle and Computer Associates for systems software, SAP and PeopleSoft for corporate application software, and Cisco and Ascend for networking gear, have effectively imitated this strategy.

The goal of the direct sales force is to generate demand. In the center of it all is a consultative salesperson who works with the client to analyze needs. With the help of a group of application and technology specialists, the salesperson then develops and proposes solutions, which, following more customer interaction and a competitive procurement process, become purchase orders. With sales expenses included into the product's price, this is a very costly method of marketing. When these two requirements are satisfied, it functions rather effectively. The primary need for the client is that the vendor provide a suitably competitive and widely complete range of products. Further vendor contacts are required if this criterion is not satisfied. The customer's willingness to spend time and energy researching and haggling with sellers is limited, thus having a wide range of products is essential in this situation. The volume and predictability of revenues are critical factors for the seller. Depending on the level of presales and postsales assistance offered, a single consultative salesperson might need a revenue stream ranging from $500,000 to several million dollars. Assume we have a $1,200,000 quota. Thus, we need to close $100,000 per month. We must always have 12 to 18 $100,000 prospects in the pipeline or a smaller number of much bigger transactions ongoing if the sales cycle is six to nine months and we complete one out of every two opportunities. The fundamental idea here is that this distribution strategy is ineffective below a certain price range. We cannot be offering a product with a $20,000 basic price if we have to work on prospects for $500,000. It turns out that the feasible upper limit for the price of a basic product is around $75,000, with further changes contingent upon the degree of selling assistance needed as well as the predictability and speed of the sales cycle [9], [10].

The significance of what salesmen refer to as account control—which is perhaps more appropriately described as account cooperation—is another fundamental idea. Although they may provide an account with a great degree of service, direct sales representatives cannot win the contract in a competitive procurement. In other words, for this system to function, there must be a fundamentally anti-competitive agenda in place, you-scratch-my-back-and-I'll-scratch-your arrangement whereby vendors are given a limited monopoly as long as they don't abuse it and keep offering premium service. This results in reduced sales costs and a high degree of revenue predictability. Direct sales is the ideal channel for high tech when it operates within the previously established parameters. It is also the most effective way to bridge the divide. Still, it is under intense opposition right now from many angles. First, vendors have been tempted to take advantage of the relationship by charging for certain new releases as if they were new goods and by unreasonably costly maintenance agreements whenever they have been able to secure lock-in with consumers via proprietary technology. This was one of the primary drivers of the open systems revolt, which threatened the account control of several suppliers and decreased income predictability, further endangering the system.

The second effect of open systems competition has been a sharp rise in the "price/performance" or relative value of computers, which has led to a decrease in average selling price. This has been made worse by the emergence of NT, which has begun to migrate upstream and replace UNIX servers at the lower end of the market, further commoditizing the platform and eliminating the chance to maintain product margins via unique differentiation. It is harder and harder to market using a direct sales force as price point’s drop. The minicomputer firms in the Northeast are a perfect illustration of this, since it puts a lot of pressure on companies who already have direct sales teams in place to field enough product to create the type of revenue volumes required to sustain this high overhead channel [11], [12].

A major obstacle to the success of that endeavor is the fact that no one vendor can cover a significant portion of the market due to the increasing complexity of entire solutions. This undercuts the main advantage that customers have from working with a direct sales force on their accounts: the streamlined vendor relationships and increased accountability that come with dealing with just one vendor. There are now too many cooks in the kitchen, therefore large accounts are turning to other channels most notably, systems integrators—in order to simplify their problems on a broad scale. In light of this, let's examine direct sales as a distribution option for bridging the gap. Our product has to be priced appropriately in order to even be considered, so let's suppose it is. Because it is optimal for driving demand—something we are very much concerned with—we choose a direct sales technique. So what are the things to think about?

Can we provide our sales force access to the pragmatist's restricted domain? is our first concern. It goes without saying that you can get some degree of access if you employ qualified candidates and beat on the door loudly enough. In actuality, what we're trying to ask is: Do we have an ally or partner that already has a connection with our target client and can assist us in getting inside? Without that kind of power, building a direct sales force may be very costly, especially in the first year of operation, as you may wind up paying large salaries to individuals who are effectively spending the majority of their time doing low-quality prospecting—and detesting every minute of it.

Hiring a top executive from the tar-get community to serve as your company's re-ambassador is a wise move to take into consideration in this situation. This person should be well-versed in the community's business concerns and possess a network of established contacts that they can use to connect sales teams with qualified leads. Alternatively, you may depend on the ties of a strategic partner, but this is risky since if you want to dominate this market, you need direct access to the whole client organization. However, it is possible, and this strategy will be covered under "Selling Partnerships" later in article.

The second question we have is: Can we build a direct sales force that is suitable for the market opportunity? It is definitely feasible for a business to achieve remarkable early market success without possessing any form of meaningful sales force management expertise. These kinds of qualities could even go against the firm's culture. In such a scenario, attempting to develop a direct sales force might be very risky. An all too common failed scenario starts with hiring one or more expensive, extremely ambitious sales executives. In their quest to create a winning sales environment, these executives run roughshod over the current culture, politicize the management environment, sow division among the executive staff and between that group and its investors, and generally diminish the team's effectiveness just when it is most needed.

Using a direct sales force as a transitional strategy with the long-term objective of moving the product into a new channel via a selling partnership is an acceptable substitute in this situation. Since the person who owns the client also owns the profit margins and the product's future, this will result in a significant decrease in total return on investment. However, it also means a significant decrease in risk and possible suffering. Naturally, this isn't the macho, high-tech approach, which in my opinion makes it even more appealing. But if all else is equal, direct sales is the better option as it allows us to have the most influence over our own fate. As we previously said, we could wish to mimic several strategies from direct sales to supplement, or shift to, whichever distribution channel we ultimately decide on, even if we fail these tests since generating demand is crucial for bridging the gap.

Shop Sales

The retail sales organization, which was made possible by the personal computer and its constantly expanding, highly institutionalized whole product entourage, has emerged as the second most successful channel in the high tech industry. In other words, the PC introduced an open platform with industry-standard hardware and software interfaces to the market for the first time. As a result, an industry-standard full product might be created and supplied in part by hundreds of vendors, institutionalizing the whole and creating an opportunity for retail.

Retail sales, which first emerged in the 1980s with establishments such as The Byte Shop, have seen constant changes in tandem with the PC industry. For instance, there was a period when IBM and Xerox experimented with specialized storefronts because they seemed like the ideal location. However, it quickly became apparent that choice—rather than brand—was the primary factor, with a special focus on corporate customer service. Businessland and Computerland were well-known at this point. Then, as PCs became more and more commonplace, more and bigger retailers were able to acquire a competitive edge, which led to the emergence of superstores like CompUSA and Fry's. Concurrently, a mail-order channel was established by catalog retailers such as PC and Mac Warehouse. Then, for a time, the large warehouse clubs for consumers, such as The Price Club and Wal-Mart, had the upper hand, especially in the domestic market. Meanwhile, new competitors on the corporate front included Staples and Office Depot. Direct distribution, like Dell Computer does, has lately emerged as the most successful route for consumer interactions, whether they take place over the phone or—more and more—online. Overall, there is an incredible range of options available in retail; thus, in order to successfully bridge the gap, we must take a step back and start with the fundamentals. The retail system functions best, first and foremost, when it is tasked with satisfying need rather than creating new demand. It doesn't help with consultative sales, in contrast to direct sales. It is unable to simplify complicated software or make complicated product integration easier. Put differently, it is not well positioned to contribute to the overall development of the product. Instead, it is designed to take advantage of an institutionalized whole product by offering easy access to a wide range of brand options at competitive prices and, in doing so, acting as a middleman between the intermediary parties in the distribution chain.

We may consider ourselves to have crossed the abyss now that we have done so. Retail distribution is fundamentally ill-suited to closing the gap as it neither generates demand nor aids in the development of whole items. Retail has always been biased toward firms with well-established brands; this is true whether the shelves are stocked with software or hardware, apparel, or consumer packaged products. The vast majority of sales at retail go to these companies.

You want much more concentration and face time than the typical store can provide if you need to generate demand. Retail stores with a focus, such as Starbucks, the Body Shop, or Smith & Hawkins, may propel new brands into the market, especially if they are supported by catalog sales. However, the only high-tech store of a similar kind to yet has evolved around the mobile phone. Retail, for the most part, is unable to support discontinuous innovations because they force the channel to invest an excessive amount of time—which is ultimately unproductive—into something with an inadequate rate of return.

This will have very serious long-term effects on the retail channel. Over a thousand new goods are introduced at a typical supermarket in a given year, and these promotions account for a large portion of the volume sold. Though these items aren't quite “new”—the majority are just slight variations or repackagings of well-known goods—they do provide some novelty. High-tech items, on the other hand, are usually "really new"—that is, they don't work with the previous release or the other comarketed products that came with it. It takes planning a wide range of ancillary items and employing a sales team that knows what goes with what to offer this type of innovation. It is a disastrous change to the retail model that puts all such channels in a difficult situation until the business properly develops. To put it simply, we need a transitional phase that allows us to institutionalize the whole product, generate demand, and then hand it off to the channel. Several strategies that have worked well are as follows:

Advertising that responds directly

This is especially useful for developing demand for low-cost software products, like Intuit's Quicken, a check-writing program for use in homes and small businesses, because there is no risk of a trial and the whole infrastructure for the product is already in place. Marketers may determine whether reasons to purchase are really persuasive by adjusting the pitch of their advertisements. The product may be easily taken up by the channel if the demand is shown and the pitch is validated.

Telephone sales

This is more effective for more expensive products, such as Dell's PC-compatible computer line, where the company was able to target a specific type of pragmatic customer, known as power users, and offer them phone support from highly skilled and motivated individuals that goes above and beyond what is offered by retailers. These consumers received reduced pricing as a result of the low cost of sales, and since they had exceptional knowledge, even difficult product conversations could be completed without in-person visits and demonstrations. Additionally, Dell is expanding online to generate even lower cost of sales as clients participate in the first generation of high-tech product self-service now that its brand has been established "voice to voice."

Value-added vendors

For the time being, we are just considering this channel as a transitional vehicle; later on, we will examine this channel in more detail, assessing its viability for sustained involvement in the mainstream market. It's a great way to build support for the whole product, but it's not really driven to pack- age or institutionalize these solutions. It is only fair at producing demand since, despite its consultative methodology, it often lacks fundamental selling abilities because it is controlled more by problem solvers than by salespeople. However, in the case of complete products with a degree of irreducible complexity that are difficult to commoditize, the VAR channel is often the best option for cutting through the gap. This was shown in the 1980s by Novell's success with LANs and Autodesk's success with PC CAD. It is also evident in the 1990s, when Internet VARs are building the first wave of small company websites. The chasm-crossing approach is therefore served by all three of these strategies, which bridge the gap between the urgent need to institutionalize the product and/or generate demand, and the ability to pass the product over to the retail channel and take use of its high-volume capabilities.

There is a maximum price point for this product since it will eventually be sold in retail; it usually ranges from a few thousand dollars for consumers to maybe $10,000 for small company owners. After then, the retail channel can no longer meet the expectations for service and other components of the whole product. This causes us to see a very large disparity in the range of available channels—that is, the area between, say, $10,000 at the top end of retail and $75,000 at the low end of direct sales. The segment of the high-tech distribution industry where the structural issue is now having the most impact is the $10,000–$75,000 range. All the advantages of low-cost items and all the difficulties of high-cost products are offered by products in this spectrum. This puts a severe pressure on the vendor, and the computer industry is now going through a terrible shakeout as a result of this pressure. The departmental system intended for the business market is the product line that is most obviously affected by this strain. The cost issue has not been resolved despite the switch from a Unix-based to an NT-based server, since the total necessary investment still lies in the center of the structural gap. From a lower perspective, the typical retail channel is unable of provide the services and support required for the installation and maintenance of such devices. A typical direct sale and services channel, coming from the high end, could never cover the cost of servicing such tiny sales. This is not to suggest that there isn't a market for goods priced between $10,000 and $75,000. It is the VAR channel, and it is there. It has the knowledge to address any issue with the product. Furthermore, its cheap overhead allows it to maintain narrow profit margins. Yes, it fits perfectly. What then is the issue?

The first issue is that marketing is necessary to grow this industry, yet few VARs have the means or the will to promote. at other words, the marketing role at a VAR company is often filled by the administrative assistant on a part-time basis. Instead, VARs often base their marketing on the president's and one or more top salespeople's Rolodexes. Furthermore, these businesses often fail when the Rolodexes are exhausted.

Surprisingly, the answer to this issue is that, despite the fact that the channel has a considerably deeper understanding of the target market than the vendor, product suppliers looking to capitalize on the VAR channel must provide the channel access to their marketing initiatives. It is not a question of closeness to the consumer, but rather of money and marketing know-how. Businesses that rely on VARs to grow or create a market for them will inevitably suffer consequences. Naturally, the cost of creating and implementing these programs must be included in the total cost of the VAR channel, which reduces the channel's perceived cost-effectiveness. The other issue is that there aren't enough VARs to go around, and the ones that do tend to be at the municipal level. As a consequence, developing a statewide program will be a big job, with years of inconsistent results before it can be put into production. This investment may be recovered if the market endures long enough, often rather drastically, as was the case with Novell in the 1980s and 3Com in the 1990s. But the regional model requires too much labor if VARs are to be a transitory channel. A vertical industrial model would be significantly more advantageous in this case, since two or three competent VARs might cover the majority of the nation, whereas a single VAR would normally have a regional scope.

The third issue with the VAR channel is that it typically sells enough to cover its costs and then stops selling until it becomes hungry again since labor, not product, generates its highest profit margins. That is to say, similar to any labor-intensive organization, the management of the company tends to prioritize clearing the backlog above acquiring new business once it reaches a certain level. Neither a retail business nor a direct sales team operate in this manner. The more you sell in each of those situations, the more you want to sell. Put differently, from the perspective of a product seller, VAR distribution is a system that is intrinsically inefficient and struggles to gain pace. VARs are often individuals who see themselves as problem solvers rather than salesmen. They see selling as a necessary evil, something you have to do in order to get the "real work," and since they are often technical in origin, they have a service-oriented rather than sales-oriented self-perception, which leads to a channel that is not particularly adept at selling, further contributing to its inefficiency.

VARs are problematic as mainstream distribution channels for all of these reasons. They work best when supporting product lines that are devoted to niche markets for the long term—vertical niches are ideal—where the VARs' lack of marketing initiatives are eventually offset by their well-established word-of-mouth reputation in the market. With VARs, Autodesk has been and is successful in the fields of engineering, construction, and architecture. Hollywood has had success with Silicon Graphics, publishing and graphics with Adobe, and geographic data systems with ESRI. They may also be helpful in situations when clients are simply unable to do even the most basic IT tasks themselves, such as during fast market expansions into small company sectors (the World Wide Web being the most dramatic contemporary example, starting with a website and progressing to email and beyond). However, they are not often suited as a general market channel due to their intrinsic volatility as an organization, their lack of solid financial foundations, and their lack of marketing.

Modifications and Substitutes

The other distribution options, such as system integrators, super-VARs, affiliates, OEMs, selling partnerships, out-of-bound retail, and VADs, fall under this group. Each is too specialized or inappropriate from a wide standpoint to merit much consideration.

Integrators of Systems

These businesses have a long history in the federal government market, where the client required all the benefits of a direct sales connection but was unable to guarantee an effective and low-cost procurement arrangement. This implied that nobody could be held accountable for the overall system performance. Businesses like Computer Science Corporation and Electronic Data Systems stepped into this void.

Mission-critical systems originated in NASA and spread to Fortune 500 boardrooms, and commercial America started taking on projects with a similar class of difficulties. At this juncture, Arthur Anderson's erstwhile "Big Eight" businesses started to get engaged.

Generally speaking, they concentrate on supporting early market prospects funded by forward-thinking clients—a setting where systems integrators excel. In other words, they anticipate the institutionalization of the whole product and guarantee a strategic edge to clients who are willing to embrace new technology. However, they are not considered a great route for bridging the gulf since they do not cater to pragmatic customers. Nonetheless, systems integrators play a crucial role in traditional marketing campaigns. This is so that the procurement agenda may be established for years to come by the design choices made in superprojects. You may anticipate a significant increase in Sun Sparcstation sales over the next five to ten years if the State of California chooses EDS to handle the outsourcing of its Worldwide Web infrastructure and EDS incorporates Sun Sparcstations into its intranet server architecture. How can one get these design-ins?

Systems integrators categorize their choices for products into three groups. The components that are crucial to technology are in the first. Occasionally, they can be the sole early-market offerings available to help the system accomplish its objectives. Here, the integrator assumes a significant amount of risk, does extensive due diligence, and looks to collaborate with the supplier. The system-critical platforms, or components that need to be reliable and have solid backup and support, are in the second bucket. Here, integrators search for a large systems supplier to shoulder this burden; normally, this supplier is a market leader with strong enterprise credentials, such as an IBM, Compaq, Sun, or HP, and they want to have a solid vendor relationship with them. Ultimately, every system carries a heavy burden of generic purchases. In this case, the integrator is more interested in the lowest annoyance factor than the lowest price and is searching for a really positive supplier relationship.

Generally speaking, the secret to closing deals with integrators is to recognize the position you have been given and do it to the highest standard. The first bucket is the only one that makes sense when it comes to chasm-crossing items. Here, the integrator will torture you because the business fears you won't follow through on your obligations. Furthermore, the bidding processes they want you to support will use up all of your limited bandwidth for "big deal support." Nevertheless, because these design-ins can significantly speed up mainstream market acceptance, it is imperative that businesses bridging the gap collaborate with systems integrators.

Sadly, the majority of marketing companies combine this assignment with VAR and OEM sales and set a quota to the whole mix, which results in a task that is completely indigestible. Systems integrators are not a channel, as was previously stated. They never offer the same item again for sale. They are better understood as the customer's representative, and top executives in the vendor company should service them via project-specific direct sales efforts. Because the sales cycle is usually too long, the likelihood of winning the deal is too low, the likelihood of being kept in the deal after it has been won is too uncertain, the ultimate payoff is too far in the future, and the special considerations requested are inappropriate for anyone other than a senior executive in the company to grant, they are not suitable for servicing through regular direct sales.

It turns out that maintaining good working relationships with systems integrators requires more marketing effort in the form of communications than sales. In order to sell and do business, commercial systems integrators are usually set up as partnerships, with a centralized advanced technology center providing assistance. Maintaining the centralized organization informed about any cutting-edge items it introduces to the market and creating partner-level communications access to detect new client prospects should be the primary responsibilities of the marketing department.

CONCLUSION

A careful examination is conducted of the changing function of distribution channels, ranging from retail and direct sales forces to the disruptive influence of the Internet. The essay highlights the strategic value of systems integrators by highlighting their historical relevance and their impact on high-tech industry design choices. The paper highlights the need for businesses to integrate the Internet into their long-term distribution strategy in order to counteract its disruptive effect. Companies hoping to effectively bridge the gap must focus on striking a careful balance between creating demand, offering complete products, and delivering large volumes of goods. The problems in the $10,000–$75,000 price range are broken down, exposing structural problems that have a big influence on the high-tech distribution market. Value-added resellers (VARs) and other distribution options are examined in order to provide insight into possible tactics for successful maneuvering in this crucial pricing range. This investigation provides guidance and strategic ideas for maximizing distribution channels as businesses struggle with the evolving dynamics of high-tech marketing. The last section of "Channel Dynamics in High-Tech Marketing" offers a comprehensive overview of the varied distribution environment, giving companies the tools they need to innovate, adapt, and prosper in the rapidly evolving high-tech industry.

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CHAPTER 12

STRATEGIC PRICING PERSPECTIVES AND GUIDELINES FOR CROSSING THE CHASM IN HIGH-TECH MARKETING

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ABSTRACT:

It represents a formidable challenge for management, especially during the pivotal phase of crossing the chasm from early market success to the mainstream. This comprehensive exploration delves into the intricacies of strategic pricing perspectives, unraveling the complexities that arise when catering to diverse customer groups. Visionaries, with their price insensitivity, stand in stark contrast to conservatives, who prioritize low pricing after complete product institutionalization. Pragmatists, identified as the target customers for chasm-crossing, seek market leaders and are willing to pay a premium. The analysis extends to vendor-oriented pricing, emphasizing the need for an external focus during the chasm period. Distribution-oriented pricing emerges as a crucial strategy, addressing challenges faced by companies transitioning from visionary-dominated early markets. The goal is clear: set pricing at the market leader point, reinforcing claims to leadership, and integrate a reward for the channel into the margin. This guide provides a strategic framework for navigating high-tech marketing, offering invaluable insights for companies seeking success amidst dynamic market landscapes and the formidable chasm transition.

KEYWORDS:

High-Tech Marketing, Market Positioning, Price Differentiation, Pricing Models, Product Lifecycle.

INTRODUCTION

Super-VARs are a channel that is periodically suggested for markets that need value-added services to be continuously supplied across a wide geographic area into a category that is sensitive to pricing. The plan is to "roll up" a countrywide VAR network with a single back office and a shared marketing front end via a series of acquisitions. The pragmatic purchasers in medium-to large-scale businesses are the channel's target market. These purchasers want the assurance that comes with dealing with a well-funded company. Furthermore, it's possible that they have problems with worldwide service, in which case the LAN they construct for the first installation in Pennsylvania could need to be duplicated in Wisconsin and Alabama. The majority of VARs are just unable to provide countrywide services. Furthermore, pragmatic consumers may sometimes want access to cutting-edge technical know-how. The vast range of technologies involved cannot be covered by a single VAR, but a network of many VARS, each bringing unique knowledge to the table, could. Lastly, as we have said, local VARs are often not very effective marketing companies. However, a national business may spend money on marketing know-how, relieve the VAR of the burden of creating demand by "selling," and provide that organization the opportunity to focus on its strengths—demand fulfillment and customer service. Thus, the overall goal is to alleviate a few of the VAR channel's intrinsic constraints. The super-VAR channel seems to be functional on paper. Whether it succeeds in the marketplace is still up for debate. If so, this may develop into a very significant new channel, particularly for the client/server business that is just starting to get traction [1], [2].

OEMs

An OEM channel makes sense, especially for small businesses looking to deal with practical, hard-nosed clients. Here, the challenge is getting the OEM interested in a product that needs some inventive marketing. Sales force concentration is needed to create demand. The OEM sales force, on the other hand, is probably more interested in the expensive goods that emerge from the business's own R&D centers than in the add-on items that are supplied by outside vendors. The channel will act on the supplier's behalf only when that add-on product is sufficiently in demand that its inclusion becomes a deal winner or its absence a deal breaker. That will never apply to a product called Chasm. The OEM channel is consequently unable to handle the gap distribution issue as it lacks tolerance for the unique requirements of a chasm product [3], [4].

Offering Joint Ventures

Although it's not exactly a phrase used in the business, selling partnerships is a crucial strategy for bridging the gap. The concept is to recognize the limited attention one can demand in someone else's sales team and take use of the OEM channel's appeal while utilizing an existing connection with a mainstream, pragmatic consumer.The fundamental strategy is to cosell with a whole product partner, managing your own direct sales team, exchanging leads with the partner, and having each partner bring in the other to assist in creating thorough whole product proposals. This is not a very strong connection in its most non-committal form, but it may be very leveraged if the partner that is bridging the gulf invests resources in enlightening and evangelizing the other partner's sales team. Simplifying the selling points will allow the partner's sales team to focus on one or two main themes, which will generate little further discussion from the client. This will allow for an entrance point to be created without adding undue burden or risk to the transaction. Effective use of this strategy requires a continuous investment of marketing resources since the proper sort of simplification is not always evident and tends to change throughout the course of the product.

All things considered, selling partnerships are really a stopgap tactic that eventually has to give way to one of the major channel options. Price is the main factor behind this. The relationship's incumbent partner is unwilling to bring in a new participant with a product that would take up a large portion of the procurement funds. Essentially, there is an excessive perceived danger that the cost of the whole solution may spiral out of control if the alternative product is more than 15 to 20 percent of the established product. This sets a relative ceiling on the product price at which this strategy may be used. However, this is a very expensive sales strategy that effectively requires both the marketing support required for an indirect sales staff in addition to a direct one. Given the relative price limit, this puts greater pressure on pricing margins than a business can withstand in the long run. Put another way, selling partnerships work well to get things started but not sustainably.

Retail Outbound

If you're Domino's Pizza, you develop a home delivery-focused franchise. That's basically the main focus of outbound retail. Pragmatist clients, especially those with Fortune 500 accounts, prefer to deal with the purchasing department after making bulk purchases of certain high-tech product categories from direct sales agents who first visit them. They don't want to pay the high margins associated with this kind of channel, nor do they want a consultative sales process for these purchasing choices. These requirements are met by retail establishments' outbound sales personnel. On the other hand, outbound retail sales teams don't fit the chasm requirements. They are not consultative, and as a result, they do not create demand, while being structured and run like a direct sales force. They satisfy requests. That is how their remuneration works, and the profit margins on their goods can only support that. To them, a bad product is inconvenient. In order to create a disproportionately tiny quantity of income, it produces an excessively huge amount of explanation.

The Web

The Internet, as a potential distribution route, signifies the biggest shift in computing that has occurred so far, if not ever. All other kinds of trade will be reengineered to integrate its extraordinary reach and service capabilities, without doing away with them or even disintermediating them. Furthermore, the Internet is an excellent platform for early-market deals aimed at technology aficionados since it provides exposure to unknown businesses at a very cheap cost. Having stated that, what good can the Internet offer for a young company trying to make a big leap?As a sales channel, the answer is often not much. Meetings in person with the target client are necessary to bridge the gap by assisting in issue diagnosis and offering a solution that was previously unattainable. The only media that can facilitate getting through all of the orientation is live discourse. Furthermore, a chasm-crossing product's post-sales services are always a major component, therefore the sales channel must be able to demonstrate and oversee the outcomes. This undermines the Internet's whole business model, which relies on "hands free" transactions [5], [6].

Although the Internet is not the preferred sales channel, it may be a valuable tool for managing the whole product team and staying in contact with the intended market. Pre-sales services may also benefit greatly from the medium if the target segment is already congregating around websites, as Vertical Net is attempting to orchestrate, for example.

In conclusion, it is difficult to think about entering the high-tech sector without include the Internet as a channel in your marketing mix. For direct sales of offers that bridge chasms, however, you may completely disregard this channel.

To bridge the gap, the best distribution channel option is to

1. Utilize direct sales and customer service as a means of generating demand to penetrate the first target market, and then,
2. After the segment has recognized your leadership and presence, move them to the most effective channel for completing your offer.

The key success element is time to create a durable market position, not cost or volume of sales, which is why you should always begin with direct sales. You really cannot afford to miss even a single day of opportunity, and your own channel is the only one that will ever be so attentive to your demands. Furthermore, nobody has a strong incentive to assist your sales unless you have created a market and can demonstrate to others that you have done so. The fire is started by you.

But once the fire is started, it's your responsibility to spread it as quickly as you can. This is a whole distinct issue, and those who excel in one are often not excellent at the other and even actively oppose switching. Channel management is crucial in this situation. It starts with choosing the right channel, then it must be deployed enough but not excessively, ensuring that channel partners are receiving excellent business and developing properly. It is true that you will need to make new decisions regarding your channel strategy if the market turns into a hyper growth mass market, but for the time being, it is preferable to be slightly under distributed in order to protect your channel partners' profit margins rather than over distributed in order to risk having them stop selling or start skimping on delivery. This last issue brings us to price, the last item on our go-to-market check list.

Pricing Based on Distribution

One of the most difficult things for management teams to agree on is pricing. The issue lies in the multitude of viewpoints vying for dominating influence. We'll go through some of the viewpoints in this and lay down some sensible rules for pricing throughout the gap.

Consumer-focused pricing

The clients' viewpoint should be established first when it comes to price, and as we said in the article on finding the chasm, this differs greatly depending on their psychological makeup. Customers who dominated the early market's development are known as visionaries, and they are often unaffected by price. Seeking an order-of-magnitude return on investment and a strategic leap ahead, they are certain that any short-term expenses pale in comparison to the outcome. In fact, they want to ensure that there is, if not more money than they need to pay, since they know they will want exceptional treatment and they want their suppliers to be able to provide it. Purchasing the more expensive option even carries some status. It's all just value-based pricing here.

The ultimate result is highly valued;thus, the product price has a large canopy under which it may develop. The conservatives are on the other extreme of the spectrum. They have waited a considerable amount of time before purchasing the goods, long enough for it to be fully institutionalized and for costs to have fallen to a negligible margin over cost. They prefer inexpensive pricing. This is what they get for being late buyers. Although they don't get a competitive edge, they do significantly reduce their out-of-pocket expenses. This is cost-based pricing, which will become the norm in any major market when every other avenue for margin-justification has been explored [7], [8].

The pragmatists—our target audience for the chasm-crossing initiative—lie between these two categories. As we have shown time and time again, pragmatics prefer to support the market leader. They have discovered that by doing this, they can minimize the expenses associated with their whole productincluding both the purchase and ownership costs—while still gaining some competitive advantage from their investment. They anticipate paying a premiumpossibly as much as thirty percentfor the market leader in comparison to the competitors. This price is determined by competition. Despite receiving a premium, the market leaders' permitted price is still determined by comparison with the other participants. Additionally, they will need to use the opposite of this rule and adjust their discount if they are not the market leader. Therefore, from the standpoint of the customer, as we contended in the preceding chapter, the first concern is market leadership in comparison to a sustainable competitive set, and the primary pricing strategy is premium margin above a benchmark established by comparison.

Vendor-focused prices

Cost of products, cost of sales, cost of overhead, cost of capital, projected rate of return, and a host of other internal considerations all play a role in vendor-oriented pricing. Having these elements in place is essential to running a business successfully over time. But in the marketplace, none of these are immediately meaningful. They only become meaningful when they affect other concerns that are evident to the market.

Vendor-oriented pricing, for instance, usually determines the distribution channel choice by defining a price-point range that places the product in the direct sales, retail, or VAR categories. Vendor-oriented characteristics may also have a significant effect once the product is on the market, such as providing a low-cost price advantage in a mainstream market that launches later or enabling us to utilize operating profits to finance additional research and development for the next early market. However, during the chasm era, vendor-oriented pricing is the weakest foundation for price choices. Now more than ever, we need to be totally outwardly focused on the new requirements of the mainstream customer as well as the new connection we are attempting to forge with a mainstream channel. In fact, this latter concern ought to be the most important one when it comes to setting prices at this time because of how crucial it is to maintain access to the mainstream.

Pricing Based on Distribution

When something is priced to sell, it prevents price from being a significant factor throughout the sales cycle. Businesses that are bridging the gap, having achieved success in the early market with forward-thinking clients, usually overcharge for their goods. Pricing does become a factor with pragmatist customers, but companies all too frequently claim they have no competition of this kind and that the channel is incompetent in selling the product when it responds to prospect resistance and cites similar products as proof of the expected pricing. Products may, meanwhile, also be too inexpensive to bridge the gap. The issue here is that the channel's additional work in integrating this innovation into their already-established connection with the mainstream client is not sufficiently compensated for by the price. If the channel is going to make the extra effort to try something new, the payout has to be much more alluring than what comes with doing business as usual. When considering pricing from all of these angles in the context of crossing a chasm, the basic objective should be as follows: Price at the market leader's price point to support your claims of being the market leader; and include a disproportionately large reward for the channel in the price margin, which will be phased out as the product gains traction in the mainstream and competition for distribution rights grows.

DISCUSSION

In summary, the last phase of the D-Day approach to bridging the gap is initiating the invasion, which entails assigning a cost to your product and placing it inside a sales channel. Although it is difficult to condense both of these tasks into a to-do list, we may be guided by the following four main ideas: Getting access to a customer-oriented distribution channel is the main objective. This is the distribution method you believe pragmatic mainstream consumers would desire and anticipate using to purchase your goods. The product's price point influences the kind of channel you choose for long-term market servicing. If this isn't direct sales, however, you may need to use a supplemental or even another channelone focused on creating demandto encourage early public adoption during the transitional phase of bridging the gap. In the mainstream market, price sends a message that may or may not help you sell your goods. Your price must reflect the fact that you are the market leader, since this is the only message that can be accepted. Since such, it is determined by the prices of similar items in your defined competitor group. Lastly, keep in mind that the channel's reward is its margin. You should give the channel a premium margin during the chasm period because crossing the channel puts more pressure on it and because you are often attempting to use the equity the channel has in its current connections with pragmatic consumers.

This set of guidelines not only wraps up the discussion but also connects sections 3 through 7 on chasm-crossing marketing strategies. These have been designed to help organizations address the problems of the chasm era by providing a framework of marketing concepts. The overall goal of the D-Day strategy is to highlight the tremendous opportunity as well as the huge risk that a corporation faces in this circumstance. The biggest barrier to taking action in these kinds of circumstances is often a lack of knowledge about the suitable options. With any luck, they have helped to remove some of the obstacle. Having stated all of that, a wider range of topics ultimately become relevant. Because, while the chasm presents a significant difficulty, most of it is self-imposed. In other words, our sector exacerbates the gap beyond what is necessary. We can never really conquer the chasm unless we realize how we do it and cease [9], [10].

Breaking through the Divide

Speaking about how high-tech firms may and should become driven by the market has been increasingly popular lately. However, in my opinion, there is no getting engaged. Whether they admit it or not, every company is driven by the market. Each time a discontinuous innovation is introduced, the market develops quickly and then abruptly, a phenomenon known as the "chasm phenomenon." These forces emerging high-tech businesses to leave the relative safety of their early market and search for a new home in the mainstream. These forces are unstoppable and will propel the business. The crucial query is whether management can learn about the changes in time to take use of the possibilities that knowledge of the changes brings.

Up until now, we have approached the chasm as a problem with market development and have only paid attention to marketing plans and techniques for bridging it. However, the gulf affects every facet of the high-tech company, not just the marketing department. Therefore, we're going to take a step back from the marketing perspective in this final and examine three more crucial areas of change: finance, organizational growth, and research and development. The conversation's objective is always the same: to prevent the enterprise from regressing into the abyss and, as is so often the case, to keep it going ahead into the mainstream market [11], [12].

This leads to a straightforward basic lesson: the obligations of the prechasm business bind the postchasm enterprise. All too often, these hastily negotiated prechasm agreements made in the rush to merely attempt to have a footing in an early market are plain untenable in the current circumstances. In other words, they make promises about performance or rewards that, if met, would flat-out bankrupt the company. This implies that managing our way out of the contradictions imposed by prechasm agreements is, far too often, one of the first jobs in the postchasm period. This can therefore result in a large devaluation of the company's assets, a large number of people being demoted for reasons unrelated to their titles, and a noticeable shift in who has the final say over the direction of the product and technology. All of these actions are likely to cause bitter disappointments and a deep-seated sense of resentment. To put it briefly, it may be a really unpleasant time.

Prechasm period commitments of the incorrect sort should be avoided since this is the first and best way to handle this class of difficulties. By anticipating the future while the market is still in its early stages and knowing where we need to go to avoid making the type of disastrous choices that bring down so many otherwise bright futures in high technology, we can protect ourselves from making those kinds of mistakes.Permit me to state that this is much more difficult to do than it seems. I'm reminded of all the times, in my teenage years, when wise people told me I was "going through a phase" and that I was therefore making some very poor judgments. I detested such advice. I felt somewhat inadequate and inferior to the one providing it, to start. Furthermore, the knowledge was completely worthless, even if I had a suspicion that it was accurate. I could be going through a phase, but what use was that information given I was already in the phase and would thus be performing in an inept manner? How could I cease being who I am? But that's precisely what the high-tech company has to do in order to close the gap. The company has to cease "being itself"that is, acknowledge that it is going through a transition and behave appropriately in light of that understanding.

There is a molting process, a change of company self, required to cross the abyss and go from the celebration of family feelings and stunning individual performances to gratifying predicated, choreographed group dynamics. This is not the moment to give up on creativity or to stop innovating. However, there is a need to focus that attention on the issues raised by a pragmatic value system rather than a visionary one. This is not the moment to sever ties with friends and impose a strict management system. In fact, one of the few things that may stay the same throughout this transitional era is managerial style. However, given the new issue of developing leadership in the mainstream, there is a demand to revisit and reassess the abilities, instincts, and talents that contributed to the development of a leadership in the early market. And across the company, the call has the potential to test egos and friendships.

Not everyone is adap or receptive to the adjustments necessary to function in the new order, and the ideas and techniques for effective postchasm management of financial, organizational, and product development difficulties vary greatly from their prechasm counterparts. The good news is that there will always be a large number of employment available. That is to say, while the performance of individual high-tech companies has been very inconsistent during the last ten years, the industry's overall income and employment have increased significantly. It is imperative that we all keep this in mind throughout the current reshuffle. Instead of trying to spread a new way of behaving, that should not be our aim. Instead, we should develop a framework that will enable people to choose for themselves where they fit in best and then take the necessary action. Keeping that in mind, let's discuss the first and most significant set of financial choices that postchasm firms carry over from their prechasm counterparts.

Making Tight Budgetary Decisions: Breaking the Ice

The postchasm business exists primarily for financial gain. Contrary to appearances, this remark is much more extreme. First and foremost, we must acknowledge that this is not the prechasm organization's goal. The translation of an amalgam of technology, services, and ideas into a repeatable, manufactured product and the demonstration that there is some consumer demand for this product constitute the basic return on investment in the event of developing an early market. The first indicator of this demand is early market revenues, which are often neither anticipated to be profitable nor to be a source of income. Therefore, the early market organization is exempt from having to follow the profitability discipline. Furthermore, the Perches organization does not set itself up to achieve profitability or any other kind of monetary objective. Yes, there are some who constantly bring up their desire to get wealthy during casual conversations. However, there are many more exciting benefits only a short distance away: the ability to set your own hours and make your own decisions, the possibility to experiment on the cutting edge of emerging technologies, and the potential to launch your career by accepting considerably more responsibility than any established company would ever allow. These are the underlying motivations behind early market organizations' extreme labor hours and little pay; the goal of becoming wealthy via equity is really a front, something you wave to your loved ones to justify your otherwise insane actions.

Thus, early market entrepreneurs are not expected to prioritize nor oriented on financial gain. This is very important since, contrary to most management theory, it is assumed that there is a profit incentive, which acts as a brake on otherwise enticing strategies. When such motivation is absent, individuals commit money with unintended financial implications that they do not want to face. This may take many different shapes, but the hockey stick projection of income increase is perhaps the most common. The entrepreneur is expected to drive the venture to early market success and then turn over the reins to professional managers who will guide the company as its revenues and profits soar toward market leadership in the current, flawed model of high-tech market developmentthe two-stage one without the chasm. The venture capital community has always supported this paradigm, which it applies to its investment possibilities as well as to draw in capital funding. You won't be able to join their portfolio if you don't eventually demonstrate this type of explosive rate of return.

When it comes to money matters, entrepreneurs may be many things, but they are usually not slow learners. Venture capitalists would undoubtedly abide by the regulations if they are the ones with the money and these are the procedures you take to get that money. Thus, business owners use "hockey stick" graphs of revenue accomplishment to obtain finance. In other words, they provide a business plan with no revenue development for as long as they can delay; after that, the curve sharply inverts, and the company experiences quick, consistent, and, going ahead, what any reasonable person would consider miraculous, revenue growth. It is just as exact and traditional as a love sonnet as a form, yet it is also just as prone to lead one into trouble.

Spreadsheets, a piece of software that many have said has been responsible for some of the worst investment mistakes made in the last 20 years, are what produce hockey stick curves. Increasing a revenue figure by a percentage and then letting the program do the rest is very simple. This revenue line, therefore, roughly represents a true description of how the business may take advantage of a developing market opportunity. It would thus act as the spreadsheet's "master line," to which all other lines must be accounted. That's how things operate with profit. The income line is really a slave, and it serves not one, but two masters. It is a slave to the cost curve of the entrepreneur up front and the hockey stick expectations of venture capitalists down the back. According to this logic, revenue figures are, well, whatever they have to be. After determining that amount, market analyst reports are searched for relevant citations, and any other reliable source is consulted in order to support what is essentially an illogical and arbitrary revenue growth estimate.

Now, this may work, or at least work better or more often, if the existing paradigm of developing the high-tech industry were not wrong. In actuality, however, the income growth that takes place resembles a staircase rather than a hockey stick. In other words, there is an early phase of fast revenue growth, which represents the expansion of the early market, followed by a time of sluggish to no growth, and then a second phase of quick growth, which represents the return on one's original development of the mainstream market. This staircase can go on forever, with the quick increases signifying the capacity to build on those efforts and the flat intervals symbolizing slower development brought on by a shift into ever-broader mainstream parts. Wall Street obviously appreciates fewer lumpy outcomes, and eventually the ups and downs start to balance each other out as more and more segments are supplied. All of this is excellent. Unless you have pledged your firm interest in the hopes of realizing the hockey stick scenario, the staircase model is entirely feasible. Regretfully, the majority of high-tech financing programs make that commitment. Furthermore, in the event that the hockey stick scenario is not realized and the mortgage is due, the founder's equity is drastically reduced, everything breaks down, and the business fails miserably. That is the path outlined in this book's first high-tech fable. The venture capital community has now been aware of this issue for a while. High tech cynics think they can bank on it—that's how the "vulture capitalists" steal the firm from the unsuspecting founder. However, most investors are aware that using such a method is a lose/lose situation. Even though they refer to it as "the valley of death" rather than the abyss, they are aware that it exists. They just need to glance at their own folios.

Now that we have the chasm model at our disposal, what can we do differently? This issue may be divided into two sections: one is aimed at the financial industry, which supplies the funding, and the other at high-tech executives, who provide the management. The main concern for the former is how to reframe its ideas of anticipated rate of return and value, whereas the main concern for the latter is when to invest money and when to adhere to the profitability discipline. Let's take a closer look at each of them.

The Venture-Financing Community's Role

To put it simply, as long as it takes to design and implement a fully sustainable product. According to the chasm model, a mainstream market cannot exist until the whole product is in place. I think it seems sense to conclude that after the whole product is in place, or institutionalized, the market will grow rapidly. Usually, but not always, this will center on the business that spearheaded the entire product endeavor. Can you estimate the time required for this? In my opinion, yes. We can simplify this process to a manageable set of performance variables, each of which can be projected ahead of time with an expected point of convergence, by first examining the target client and the compelling reason to purchase, and then breaking down all the components of the whole product. It is really simply another kind of business strategy; it is neither a science nor a dark art.

Assuming that there is any validity to this approach, a number of additional questions immediately arise. What size market will this be? Once again, the straightforward response is: As much as is supported by the whole product and driven by the value proposition, which is the strong argument for purchasing. Stated differently, market barriers arise when the product as a whole or the value proposition as a whole failure. The other market-making elementspricing, positioning, distribution, alliances, and competitionhave an effect on the pace of market penetration but not the size of the market. If the market is really there, efficient solutions in these sectors will eventually find a home given the incentives of a free market economy.

If everything that has been said thus far is accurateand that is certainly something that needs further researchthen all the information that is necessary to make an informed investment decision is readily available, and the choice itself can be made without having to look inside the body of a sacrificed animal. It is possible to make estimates of the market's size, rate of penetration, cost to become the market leader, and anticipated market share in the open, without smoke, and without mirrors. Regarding the likelihood of success and level of risk, there will still be plenty of opportunity for dispute, but no major leap of faithor, as one of my more ghastly colleagues has phrased it, "drinking of the Kool-Aid"should be required.

Therefore, the investment community is being urged to ensure that its client firms include bridging the gulf in their business plans. Demand to see detailed target consumer profiles for the D-Day assault in addition to general, long-term market characterizations. Encourage them to improve their value propositions until they are really attractive, and then use these to determine the actual number of target clients. Make them define the whole product, and then assist them in forming connections with appropriate allies and partners. Once again, test market size assumptions using the findings. Regarding comparative setup and placement, use caution when introducing young fish into large ponds. Regarding pricing and distribution, wait to search for "standard margins" until the gap has really been spanned. In conclusion, make use of the crossing-the-chasm concept matrix to guarantee appropriate financial asset management.

The Venture-Management Community's Role

Let's now discuss the main worry of entrepreneurs: when should they start practicing profitability discipline and for how long? This decision's limitations operate as follows. Nothing is certain until profitability is attained, and you have no control over your own fate. Thus, early adoption is encouraged. In reality, there is a compelling argument for implementing profitability right away in slow-developing sectors, especially in the software sector given its cheap capitalization needs. To assist low capitalization start-ups, get funding, early visionary consumers will prepay royalties and pay advisory costs. Although these prepaid royalties cannot be recorded as income right now from an accounting standpoint, they may help you turn a profit right away and preserve 100% of your equity at a later time.

One of the biggest advantages of embracing the discipline of profitability early on is that it saves you from having to pick it up later. Long-term funded businesses all too often adopt a "welfare state mentality," losing their sense of urgency and waiting for their next paycheck to come from another round of financing rather than the market, even under the direction of seasoned managers. Furthermore, the discipline of profitability educates you to often and early "just say no." There really isn't enough money to support most proposals. Just the lack of resources forces the organization to dramatically narrow its emphasis. Because individuals aren't distracted and realize the market is what pays their salaries, this drastically cuts down on the amount of time spent in the market. Last but not least, if a firm does decide to pursue outside funding, nothing indicates a higher company valuation than the fact that it has previously shown not only that there is a legitimate market need for it, but also that it can meet that need financially.

It's true that there is such a compelling argument for going for profit right away that you start to question why you would ever decide against it. In essence, there are two causes. Firstly, the barrier to entry is too high to be covered by consultancy fees or sweat equity. Any organization that involves a lot of production can attest to this. In the current era of outsourced manufacturing, where companies such as Cisco ship up to 45% of their products without ever touching them, fabless semiconductor companies use foundries for all of their goods, and there are even companies that manufacture chips without chips, like Rambus, which licenses a patented memory interface architecture, it is more important to have the right engineering and team in place than it is to set up a line or increase inventory. Yet, there are actual expenses involved here that usually much above a pay-as-you-go budget, and a large portion of venture capital money is allocated specifically to this kind of business. When the market is anticipated to grow so quickly that you cannot afford to spend time as a small player, that is another incentive to forgo early profitability. The Internet boom has brought up a previously unheard-of land-grab mindset in which companies are vying for market share. Hurray!'s dominance in search engine rankings, Amazon. Om’s success in book reselling, and America Online's in-home communications, have all resulted in significant increases in market capitalization that have left their rivals almost forever behind. Since there is a significant time difference between first and second place in that kind of game, it is believed that making large, early investments is essential to winning.

Beyond this, there is a third, broader concept that might aid in the planning of entrepreneurs' capital management strategies. Building the early market usually requires less cash than bridging the divide. Large money injections usually have a negative impact on early market development attempts; this was seen with the IBM PC Jr. and Prodigy in the 1980s and with pen-based computers and video-to-the-home in the 1990s. Spending money will never be able to win over the hearts and minds of IT enthusiasts and visionaries. Yes, there is a minimum needed degree of capitalization. To do direct sales calls, you must be able to travel, seem professional, and likely have an office with a professional answering machine. You do not need to promote, nor do you need to spend money forming alliances or cultivating channel connections. However, you do need to invest in early market public relations, since the product launch is essential to early market success. Until you have gained some independent early market reputation, all of this is premature.

However, everything changes when early market leadership is established. It requires a large number of sponsored efforts to secure the partnerships and alliances, invest in the whole product, and then get them to work to produce the finished products. This is also true of the channel development process, which generates demand and offers incentives for sales on both the push and pull sides. Additionally, having a strong public relation, market relations, and advertising campaign is essential at this time.In conclusion, you should spend your money now rather than later. Thus, it is crucial that you hold off on beginning this process until after you have achieved early market leadership and that you do not promise to spend a large amount of money during the chasm period. If you only include these two ideas into the company strategy, you can avoid a lot of problems.

CONCLUSION

High-tech pricing dynamics need a smart and sophisticated approach, particularly when negotiating the chasm. Pricing from the vendor-oriented, customer-oriented, and distribution-oriented viewpoints must be carefully considered on the path from visionary early markets to the pragmatist-dominated mainstream. Businesses that want to effectively bridge the gap between their target consumer groups and themselves must match pricing strategies in terms of expectations and preferences. The principles that have been highlighted highlight the critical role that market leadership plays, and pricing should be positioned to effectively communicate this message. During the chasm period, channel incentives, competitive pricing, and consumer expectations interact in a way that requires careful balance and a thorough grasp of market dynamics. In addition, the difficulties of the post-chasm period are more varied and go beyond marketing to include finance, organizational growth, and research and development. It becomes clear that the firm must manage its transition and reevaluate its pre-chasm commitments, with a significant change in the company's identity and principles. The venture-financing community may benefit from a more accurate assessment of market potential and risk by including the chasm-crossing matrix into investment decision-making procedures. Conversely, entrepreneurs are advised to think on early profitability, staying focused, and avoiding the traps connected with an excessive dependence on long-term investment.

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CHAPTER 13

TRANSITIONING FROM PIONEERS TO SETTLERS: NAVIGATING THE PEOPLE DYNAMICS BEYOND THE CHASM IN HIGH-TECH ORGANIZATIONS

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ABSTRACT:

The intricate process of transitioning from the early market to the mainstream market in high-tech organizations, with a particular focus on managing the critical human dynamics involved. The narrative underscores the pivotal role of high-tech pioneers in the early market and the challenges they pose as potential liabilities post-chasm. Proposing a strategic approach, the discussion introduces two transitional roles, namely the target market segment manager and the whole product manager, to facilitate a smooth shift. Compensation challenges are addressed, differentiating between the sales and development sides. The narrative emphasizes the necessity of evolving from a product-driven to a market-driven organizational structure. Concluding with insights into the impact of whole product marketing on long-term R&D, this exploration provides a comprehensive guide for navigating the personnel aspects of high-tech organizations beyond the chasm.The text underscores the necessity of whole product R&D in a market-driven organization and emphasizes the collaborative relationship required between traditionally separated domains in high-tech enterprises. Overall, it provides valuable insights into managing the personnel aspects of crossing the chasm in high-tech organizations.

KEYWORDS:

Company Culture, Cross-Functional Teams, Employee Engagement, High-Tech Organizations, Leadership.

INTRODUCTION

Shifting our focus from financial concerns to human concerns, we have to acknowledge that the divide not only exists between idealists and realists, but also between their organizations and their own. To bridge the gap and stay out of it again requires a shift in the organization that few people are able to accomplish. It is the transition from being first settlers to becoming pioneers. Pioneers are those who push the boundaries of technological applications inside the development organization. They don't get institutionalized. They dislike building infrastructure. They even dislike taking documentation. They desire to carry out great actions and then move on when there are no more great things to do. Their intelligence drives the early market, and high tech would not exist without them [1], [2].

However, when you cross the line, these folks could end up becoming a burden. Rather of administering, their primary goal is to innovate. The high-tech pioneers find things like industry standards, common interfaces, and modifications to existing solutionseven when these solutions are obviously inferior technicallyto be alien and disgusting. They are thus already searching for a less congested nation as the market infrastructure starts to shut in around them. They may be very disruptive to those trying to carry out this agenda in the meantime, and they are unlikely to collaborate in making the necessary concessions. Therefore, it is imperative that pioneer technologists be moved elsewhere when the firm transitions from the product-centric world of the early market to the market-centric world of the mainstream. Ideally, this will be into another project inside the enterprise, but it may also need to go to another business.

The sales force is concurrently undergoing a similar procedure. Here, the pioneers of high-tech sales are leading the way. These individuals possess the ability to sell to visionaries. They have a degree of understanding of the product and technology that allows them to easily control and modify it to fit the visionaries' goals. They are able to communicate in the visionaries' language, comprehend the revolutionary advancement that visionaries want to accomplish, and encapsulate their items in that cloak. They have the ability to transform that language back into tangible product manifestations, which they expect unquenchable access to, to be shown via personalized demonstrations. They are able to receive and think in large quantities. They are the early market's darlings. It is almost hard to achieve early market leadership without them [3], [4].

But after you bridge the divide, those same individuals can turn into a burden. In fact, they bear the primary blame for pulling businesses back into the abyss. The issue is that they are unable to quit selling the visionary product, which is a sale that depends on providing unique product implementations. These contracts are carried out by taking money from Paul, the specialized R&D effort required to meet the visionaries' purchasing goal, and giving it to Peter, the mainstream R&D effort. But closing the gap requires institutionalizing the whole product and ceasing bespoke innovations in order to create standards that the market can sustain. The R&D department is unavoidably under tremendous demand from this mainstream effort; as a result, they must avoid being sidetracked by yet another insane endeavor. Therefore, an unbridled pioneer salesman may be very disruptive and discouraging to a sales team that wants to close the gap.

Thus, we have two groups of individuals: pioneers in the high-tech sector and pioneering salespeople, who are essential to the company's success in the early market but may become liabilities after it crosses the gap. They have to be removed, but who is capable of doing that? And how on earth is their expertise going to be replaced at all? And who will fill the void they leave behind? In light of their prior efforts, is any of this morally or fairly justified? No high-tech company that I am aware of has avoided dealing with these problems at some point. And the way you react influences both the people who remain and the ones who go. This is the moment to give it your all.

First, let's address the moral dilemma. And let us begin by assuming that it is unethical to discard individuals, disrupt their lives, and jeopardize their livelihood—despite the fact that corporations and governments often act in this careless manner. At that point, the problems turn into ones of anticipation, consensus, organizing, and readying. Pioneers are averse to becoming settled. Neither the firms that employ them nor they themselves would benefit from such. We may have a decent foundation for moving ahead if, from the outset of the process, everyone can recognize this truth and understand that the ultimate expression of pioneers' success is to establish a mainstream market and therefore eliminate their jobs. We need to put off talking about how we would proceed and what sort of compensation plan we would implement until we examine how to make the shift to the settlers who are anticipated to move in and take their position on the other side of the equation [5], [6].

DISCUSSION

Starting the shift with the introduction of two new positions during the crossing-the-chasm endeavor is crucial. One may refer to the first one as the manager of the target market segment and the second as the manager of the whole product. Both roles are temporary and transitory, serving as stepping stones towards more traditional roles. The former specifically leads to a position as an industry marketing manager, whereas the latter leads to a position as a product marketing manager. These are the titles that are most appropriate for their business cards and their "real titles," or the ones that they are employed under. However, they should be given special, one-time tasks during the chasm changeover, and we will utilize their "interim" titles at that period. In their brief career, the target market segment manager's objective is to turn a visionary client connection into a possible beachhead for entrance into the mainstream vertical market the specific customer engages in. The industry is banking if the customer is Citicorp, insurance if it's Aetna, chemicals if it's DuPont, and semiconductors if it's Intel. This is how the procedure works [7], [8].

Assign the target market segment manager to be the account manager for that account once you have closed it as part of an early market sales program. Give him a charter that enables him to have the sort of in-depth interactions with customers that will enable him to have a thorough understanding of their company operations. He has to learn about the systems, read books, see trades, and interact with peoplefirst in a single account and then in other businesses that are connected. Simultaneously, he has to take over as project manager for the visionary, ensure that the project is broken down into manageable phases, oversee the introduction and rollout of the early phases, get input and support from the system's end users, and collaborate with internal staff to launch the kind of localized implementations that provide these initial deliverables with immediate value and impact. He will collaborate with the whole product management to determine which aspects of the ambitious project are suitable for a continuous role in the finished product and which ones are not.

The objective is to identify the unique components as account-specific changes, ensuring that the continuing product development team is not overburdened with their maintenance. Since the visionaries think they have already paid for every alteration they may need, they shouldn't be expecting the market segment manager to bring in more money from the account in the near future. But these are the things that we should anticipate his doing:

Hasten the system's first installation's implementation. This assures the establishment of a reference base in the target market segment and boosts the bottom line by accelerating the procurement of additional systems. Most businesses fail terribly in this area, to the point that even a few years later, it is impossible to find references to their original "big name" accounts. The important thing to keep in mind in this situation is that pragmatists are more interested in knowing who has a fully functional system than in learning about your past sales.

Introduce his own replacementa real account manager, a "setter"into the account during the initial installation's execution. This person will, ideally, look after this customer for many years to come. It should be noted that although the visionary and the pioneer salesman are still involved, the day-to-day management of the account is now fully under the control of others. Usually, the pioneer is okay with this, since he understands that this is the kind of meticulous settler labor that he dislikes.

Make use of the existing project to develop one or more complete product extensions that elegantly address an issue facing the industry. The goal is to either distribute these components informally as an unsupported product extension via a users' group or include them into the product line. In any case, these extras raise the product's value inside the intended market niche and make it more difficult for other vendors to enter the market [9], [10].

The whole product manager

There is a matching internal function that has to be filled when the target market segment manager pursues these responsibilities in the customer's setting. Here, the short-lived position of entire product manager serves as a bridge from product manager to product marketing manager. Since the names of these three very distinct careers are similar enough to be confusing, let's take a moment to distinguish between them. A product manager is an individual who works in the marketing or development department who is in charge of making sure that a product is developed, tested, and delivered according to plan and specifications. This position, which connects the marketing and development departments, is very inwardly oriented and calls for a high level of technical proficiency and project management expertise.

The task of introducing the product to the market and to the distribution organization falls to the product marketing manager, who is always a part of the marketing organization and never the development group. This covers every item on the agenda for bridging the gap, from identifying the target client to setting prices. It's a really outwardly oriented profession. Product managers and product marketing managers shouldn't work for the same company, but they shouldn't. When the tasks are combined, one or the other virtually never gets completed. Furthermore, those who excel in one seldom excel in the other.

The product manager as a whole is now a future manager of product marketing. She isn't one now since the position is too young for her. There won't be any significant market contacts or understandings to guide future product development until the gulf is successfully crossed. They are not there today, but the target market segment manager is off starting these. However, what's now available is a list of problem reports and demands for product enhancements that is expanding at an alarming rate. Inappropriate management of this list will collapse the development organization as a whole [11], [12].

Taking this list away from the product manager and giving it to the whole product manager is the strategy that not only ensures correct maintenance of the list but also starts the process of moving the development side of the house from pioneer to settler culture. The person managing the product at this time is most likely a pioneer since without them, the company would not have progressed to this degree. The issue with this individual leading the product's future is that she will be primarily motivated by her own personal obligations to the product's early adopters. Regretfully, the client in the mainstream market is often not best served by these obligations. They should not automatically take precedence over other matters, even if they must ultimately be addressed unless they are to be bargained away. The necessity to transfer authority stems from the reality that contributing to mainstream, pragmatic consumer satisfaction—that is, contributing to the whole product—should progressively take precedence over other factors in continuous product development effort.

The business will have made a significant transition from being a product-driven to a market-driven organization once this authority has been transferred. The product manager adopts the title of "product marketing manager," which she has carried on her business card for the whole time, as the mainstream market takes form and its demands become more apparent via market research and customer interviews. It would be folly to attempt to take this step sooner in the cycle of market growth. It's critical to be product-driven in the early market and to provide the product manager significant authority. However, it would be as irresponsible to ignore it today, since the corporation runs the danger of incurring new development costs for strategic purposes every day the upgrade list is in the hands of the original pioneers the organization is dominated by pioneers at the start of the chasm era, with significant influence concentrated in a small number of exceptional product managers and salesmen. When we enter the mainstream market, big account managers, industry marketing managers, and product marketing managers need to have a considerably larger share of that influence. The pioneer contributors will eventually get frustrated by this slow transfer of power, which will impede their capacity to act quickly and decisively. It will ultimately make them desire to go away.

Managing Recompense

This takes us full circle to the basic problem of remuneration, which is at the root of a great deal of the "frustration and disappointment that builds up within high-tech organizations." Due to the lack of recognition of the essentially distinct contributions made by pioneers and settlers, as well as their essentially varied lengths of service with the company, most compensation plans wind up favoring one group over the other. Organizations fail when pay plans really discriminate against certain behaviors, discouraging actions that should be rewarded or vice versa. It is beyond the purview of this book and the author's competence to go through all the intricacies of creating suitable compensation plans. I can only think of a few broad guidelines that should be adhered to.

Let's begin with the sales aspect first. A wide purchase agreement is often included in a pioneer sale, and it is contingent upon the successful completion of a pilot project. The prudent course of action in booking this business is to hold off on recognizing the bigger order until it has been confirmed, even in cases where a significant upfront payment has been made. We will have added a lot of new players to the account by then, such the get market segment manager, so it may be at least a year away. By then, the trailblazing salesman could even be gone. Let's say an account manager just joined the company and took over the account, and all of a sudden, a ton of orders start coming in. What kind of compensation is appropriate?

Differentiating between account penetration and account development is crucial. The latter is a less noteworthy and more predicted accomplishment. Moreover, it is the most profitable. Longevity of the partnership, customer pleasure, and income stream predictability should all be rewarded in this context. It ought to be disbursed gradually rather than all at once in large sums. A large portion of the continuing customer connection may be based on an MBO formula rather than just revenue accomplishment since the intangibles have a high value attached to them. If equity is a component of the firm-wide pay plan, then it makes sense to include it here as well, as long as it is distributed gradually to reward service steadiness and with bigger shares awarded at the program's conclusion. All things considered; however, this is not a high-risk position, thus it also shouldn't be a high-reward one. The pioneer salesman should be compensated with the opposing traits. The majority of its awards have to be given out right away in honor of one major accomplishment winning the account. The success of this unique event, which only a select few can pull off, will greatly influence the firm's long-term prospects. The odds are heavily stacked against the salesman in this very risky undertaking. As such, it is entitled to exceptional recompense. However, if it was accomplished by making promises that no one could keep, or maybe even by knowing more than anyone did, then that is not the kind of conduct we should encourage. Therefore, even if we would prefer front-loading the pay, the procedure has to include a reality check. Equity, for example, is an improper vehicle since we do not want a protracted compensation scheme because the pioneer salesman will be moving on. All things considered; the case favors a bonus-based program over a straight commission approach. It should be profitable for the salesperson, event-driven, and completed quickly. It should also be less closely linked to revenue recognition so that the pioneer does not have to stay long to benefit or receive an extraordinary cash reward at a time when the company cannot afford such an outlay.

Paying Developers

Regarding the development side, the pioneer technologist represents the last unresolved compensation hurdle. These fall into two categories: actual firm founders and early hires. There is nothing more to say about the former except to hope that after reading this book, they will learn to save a significant amount of their equity in order to pay for bridging the gap. After all, they have staked their whole life on the equity risk. The latter present a serious issue. They are accurate in claiming that they contributed significantly to the main product. They believe they should get a large portion of the profits if that product becomes a mainstream success. They don't, in actuality, and to put it plainly, they don't deserve it either. As we have often said, the success of the mainstream product depends on the whole product, not just the core product, and that requires a very big team effort.

Given that the primary product in this case is what really drives success, the pioneering innovator is entitled to a sizable portion of the early market returns. The issue is that there is usually so little money available at this time that none can be taken as a reward. Equity is hence the typical backup plan. This is a compromise, to put it mildly, as equity ought to go to those who remain after bridging the gap rather than being the ideal duty of the pioneer. I guess the last word on pioneer technologists is that they share the same destiny as writers, which is something I can relate to. They are compelled to practice their trade regardless of whether anybody would pay for it, much as writers. Because of this, their regular compensation reflects their essentially poor bargaining position unethical compensation demotivates workers and wastes financial resources. Compensation plans for high tech companies need to consider the distinctions between expected and desired performance in the mainstream and early markets, the kinds of individuals who can be relied upon to meet these expectations, and the possibility that some of these individuals will have to depart the company well before it becomes significantly profitable. Much of the suffering and momentum loss that come with most chasm crossings may be avoided if we can resolve these problems and devise a fair distribution of benefits. We will keep creating self-conflicting organizations and wonder why they are not more productive if we go on with business as usual.

R&D Choices: From Substances to Complete Products

We established bridging the gap as the primary marketing goal in high tech at the beginning of this book. In the midst, we proved that the key to this endeavor's success was institutionalizing the whole product. Thus, it seems appropriate to conclude by examining how total product marketing affects long-term R&D.

R&D is advanced technology. Everything else comes second. Above all, as an industrial sector, we are technology-driven. We eventually discover how to produce goods, which leads to the creation of marketplaces and businesses that rule those markets. However, technology is where it all begins. As the movie Field of Dreams puts it, "Build the product and they will come." That is our core vision, the force behind everything else. We outgrow the dream, which is the issue. As the markets, products, and businesses we develop mature, they all start to place consistent and justifiable expectations on us, and we are forced to comply. Furthermore, R&D is no longer able to concentrate on the generic product once this situation gets underway. R&D for the whole product must be done.

The market is the driving force behind whole product R&D, not the lab. Creative market segmentation, not creative technology, is where it all starts. It seeps into habits and behaviors as opposed to protons and procedures. It follows T's lead instead of "going where no man has gone before," like the captain of the starship Enterprise. It likes to construct its inventions from existing technology and items rather than inventing new ones from scratch, finding that the goal of all its exploring is "to arrive where we started and know the place for the first time," according to S. Eliot. Its heroes are more like George Washington Carver, who found over three hundred applications for the peanut, than they are like Einstein, who created an entire cosmos within his own skull. Not a really intoxicating substance. Why is it so often disregarded? Yes, maintenance is the term used by high tech to describe the whole product R&D process. And the individuals they designate for it are, well, the cleaning staff. Top guns are reluctant to handle this material.

Rather, the industry leaders race to produce more abrupt advances, overstuffing the market with more technology than it can possibly use, and whining about the ever-shortening product life cycles. Stated differently, they play the game almost exclusively to the left of the chasm, cycling through interminable repeats of early markets that never become mainstream. Although individual product life cycles are growing shorter, overall product life cycles are still as lengthy as they have ever been. Ask HP about their latest minicomputer lineup, not the HP 3000 or the 9000, which are outdated models from the 1970s and 1980s. Find out about IBM's sales of AS/400s; similar tale. What about Release 14? Ask Autodesk! It's the best-selling item ever. Gold abounds in those hills.

A New Field of Study

R&D for whole products is a new field. This signifies a certain convergence between consumer and high-tech marketing, where for the first time, the tools from the later may significantly aid in resolving the issues from the former. Let's examine two instances: packaging studies and focus groups. Focus groups, which are almost ineffective for directing the formation of an early market, become effective instruments as innovation becomes more continuous. Because the core product offering has already been accepted by the market, they are now successful. Customers are totally over their heads attempting to predict the worth and use of a new high-tech product until this happens. However, the tool becomes useful once that proposal is implemented. It may be specifically utilized to guide the expansion and modification of an already-existing product line to satisfy the unique requirements of a target market segment. Customers are only need to handle relatively tiny derivatives from a well-known company in this situation, which is well within their area of knowledge. As such, the information they return is valuable.

Think about packaging, a field in consumer marketing that has progressed far more recently than high tech. As a sector, we have seen this as being limited to the box's paint job, logo, and cover. However, packaging involves more than just the surface; it also involves the interior, and the aim of effective packaging is to guarantee a positive user experience straight out of the box an area that begs for further study in the high-tech industry. Consider the amount of money that might be better spent on things other than pricey support services, simply because our goods are packaged in a confusing or opaque manner.

These days, packaging studies and focus groups fall within the purview of the marketing division. However, marketing is too naive to steer the bus in the high-tech industry. A modification that seems straightforward to a generalist may really transcend a key technological barrier in an entirely unsuitable manner. On the other hand, something that seems unachievable might really be a result of a little change. Either way, the endeavor is squandered unless engineering is a direct collaborator. It's more than simply product creation or market research alone. It involves whole product R&D and suggests a new kind of collaboration amongst companies that have historically been at odds with one another.

CONCLUSION

Strategic human management is in guiding high-tech firms over the difficult terrain of becoming settlers rather than pioneers. Recognizing the critical role that early-stage high-tech innovators played in the market, the conversation highlights the need of a radical change in perspective from one that is product-centric to one that is market-centric. One way to mitigate the possible risks created by pioneers in the post-chasm period is to introduce the positions of entire product manager and target market segment manager. The nuances of pay plans—in particular, the distinction between account penetration and developmentare emphasized as essential components in sustaining an engaged and productive staff. The book highlights how important it is to acknowledge the fundamentally distinct contributions made by settlers and pioneers in terms of both development and sales. Furthermore, the idea of complete product R&D becomes clear as a crucial tactic for high-tech businesses to stay focused on the market. In order to improve the total customer experience, it advocates for the confluence of high-tech and consumer marketing, making use of instruments like focus groups and packaging studies. For total product R&D to be effective, marketing and engineeringtwo historically distinct entitiesmust work together.

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