

Matthew's Book Club Summary #7

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Title: Crossing the Chasm

The book club started as an informal, fun way to explore and consider business ideas relevant to our work with colleagues. The format consists of one person (usually Matthew) reading a book and writing a summary for discussion during team meetings. This allows the other team members to benefit from the book's insights, without carving time in their schedule to read the full volume.

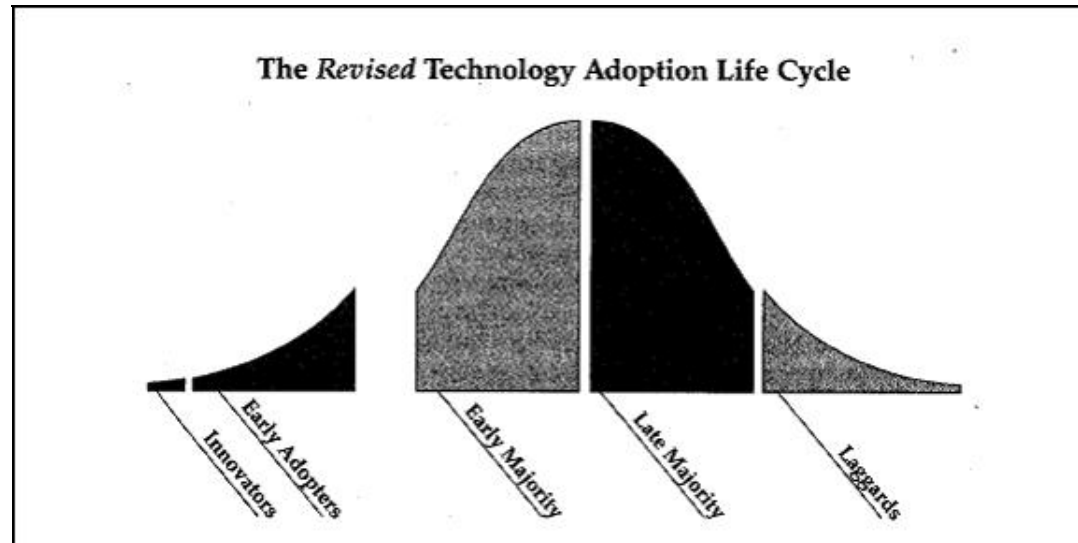
The idea was to summarize *an interesting part* of each chapter in a paragraph or two, and where applicable, note how these could be relevant to the workplace. This provides the reviewer with practise condensing a mass of data into a few pieces of key information: an underappreciated skill. The reviews are meant to be accurate but light-hearted, on the assumption that people learn more when they're having fun.

Matthew's company gave permission for these to be distributed to non-employees as long as the employer-specific content was removed, for which he is sincerely appreciative.

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About the author and book:

Geoffrey Moore's *Crossing the Chasm* details the keys to successfully taking new technology to increasingly larger markets. The book is based on a modified technology adoption lifecycle, overleaf. The area under the curve represents the number of customers and the gaps between the segments are there to show the difficulty in moving from on segment to the next. The biggest gap is the one between early adopters and the early majority.



The main reason for the difficulty in moving from one segment to the next is that the people that make up the segments are fundamentally different.

Early adopters are **visionaries**. They're people or companies that are **willing to dream**. They will work with a vendor who's under funded, and they're an easy sell, though tough to please. Selling to visionaries may be enough to build a reputation for a hot new product, but there's no money in it because of the high degree of customization required for each sale. Similarly, **early adopters look for game changers**.

The **early majority** are more pragmatic and tougher to sell to. They emphasize word of mouth over product specs and will be interested in the health of the company they're buying from. They're inclined to **buy a "complete package"** and will take into account things like customer support or availability of supporting apps when they buy. However, they are still willing to learn how to operate the new technology. The early majority group **looks for incremental improvements**.

The late majority stands out from the early majority, being reluctant to put effort into learning the new system. Therefore, the marketing **key to the late majority is "user friendliness"**. In contrast, marketing to laggards is a waste of effort. They adopt new technology when it's so commonplace that it's embedded in something else – they buy it unknowingly.

Ch	Title	Summary
1	High-Tech Marketing Illusion	<p>Most of the background above is in this chapter.</p> <p>Key point: Hardest transition point for a new technology is going from early adopters to the early majority</p>
2	High-Tech Marketing Enlightenment	<p>Define your market segment:</p> <ul style="list-style-type: none"> - a set of actual or potential customers - for a given set of products or services - with a common set of needs or wants - who reference each other when making buying decisions <p>The last point is key. Two people buying the same product are not necessarily in the same market, they're only in the same market if it's possible they will reference one another when making a purchase.</p>
3	The D-Day Analogy	<p>Starting from the early market (England) cross the chasm into the mainstream (Hitler's Fortress Europe) in a focused attack on a very specific market segment within the mainstream (Normandy). Once established there, expand to related market segments (other French districts <i>then</i> the Low Countries <i>then</i> Germany etc.)</p> <p>Being sales driven (chasing immediate opportunities) rather than market driven (chasing a market, turning down opportunities inconsistent with market strategy) during the chasm period is fatal as it leads to too many technology directions and excessively high R&D costs per sale.</p>
4	Target the Point of Attack	<p>"If you don't know where you're going, you probably aren't going to get there" (again driving home the market vs sales orientation point).</p>

Ch	Title	Summary
		<p>Target user characterization: use scenarios rather than small sets of data to define your users and their needs</p> <p>Incomplete data sets encourage dependence exclusively on the available information, regardless of how irrelevant it is. Use “a day in the life” scenarios to evaluate before/after impact to the target user.</p> <p><i>The biggest market is rarely the best.</i> Start small. Being the de facto standard of a small market is better than being a bit player in a big market (the reputation will transfer to future markets...in both cases).</p>
5	Assemble the Invasion Force	<p>The Whole Product Approach</p> <ul style="list-style-type: none"> - What’s an iPod without iTunes? And iPhone without the apps store? - Plan for the whole package; supporting applications, customer service, etc. This can be done by partnerships but should be done early. The early majority, and even more so the late majority, will consider the whole product when making a purchase.
6	Define the Battle	<p>Define (frame) the battle with the competition early. Take the initiative and choose or even invent the competition.</p> <ul style="list-style-type: none"> - Competition is all about a product comparison, so carefully choose the product you want to be compared with - Quicken didn’t frame itself as an alternative to other financial management software packages (because it was inferior), it compared itself to a paper approach...and came to dominate its superior rivals because it had the best product comparison (<i>Excel vs Managing Your Money</i> or <i>Paper ‘n Pencil vs Quicken</i>).

Ch	Title	Summary
7	Launch the Invasion	Choose a channel to the mainstream: direct sales, two tier retail, one tier retail, OEMs, systems integrators...etc. Match the channel to the market.
8	Getting Beyond the Chasm	<p>A post-chasm enterprise may still be bound by pre-chasm commitments (unattainable promises and expectations related to product performance, tied up R&D resources). Finding a way out of them is harder than avoiding them in the first place.</p> <p>Managing the movement (usually the relegation or exit) of the key pre-chasm employees is critical.</p> <p>The key pre-chasm employees are pioneers; visionaries like their customers who abhor institutionalization, standards, and probably even documentation.</p> <p>The key post-chasm employees value standardization and documentation above all else. (So they're polar opposites.)</p> <p>Leaving the key pre-chasm employees in place, will result in pre-chasm corporate behavior (over promising, changing direction frequently etc.) which is fatal to a post-chasm company.</p>