

DEFINING THE FOCAL MARKET

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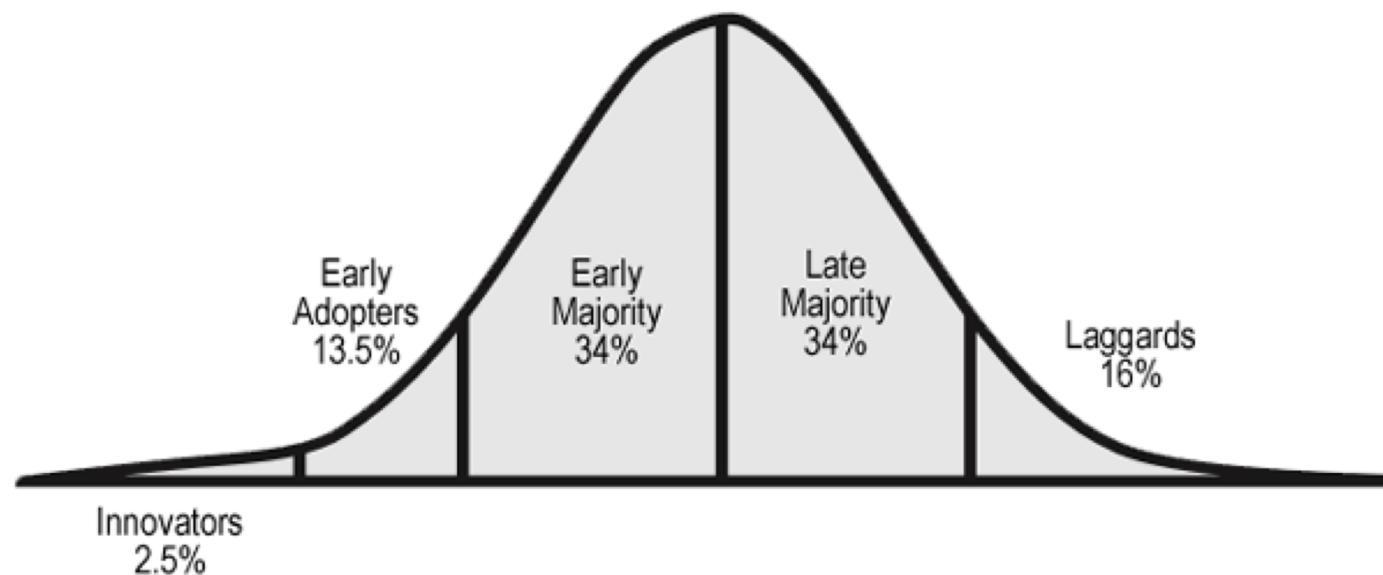
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Thinking through focal markets

- Approach from Gans and Stern
 - Understanding the market s-curve
 - Identifying beachhead customers
- Knowing when to enter the market

Market segments

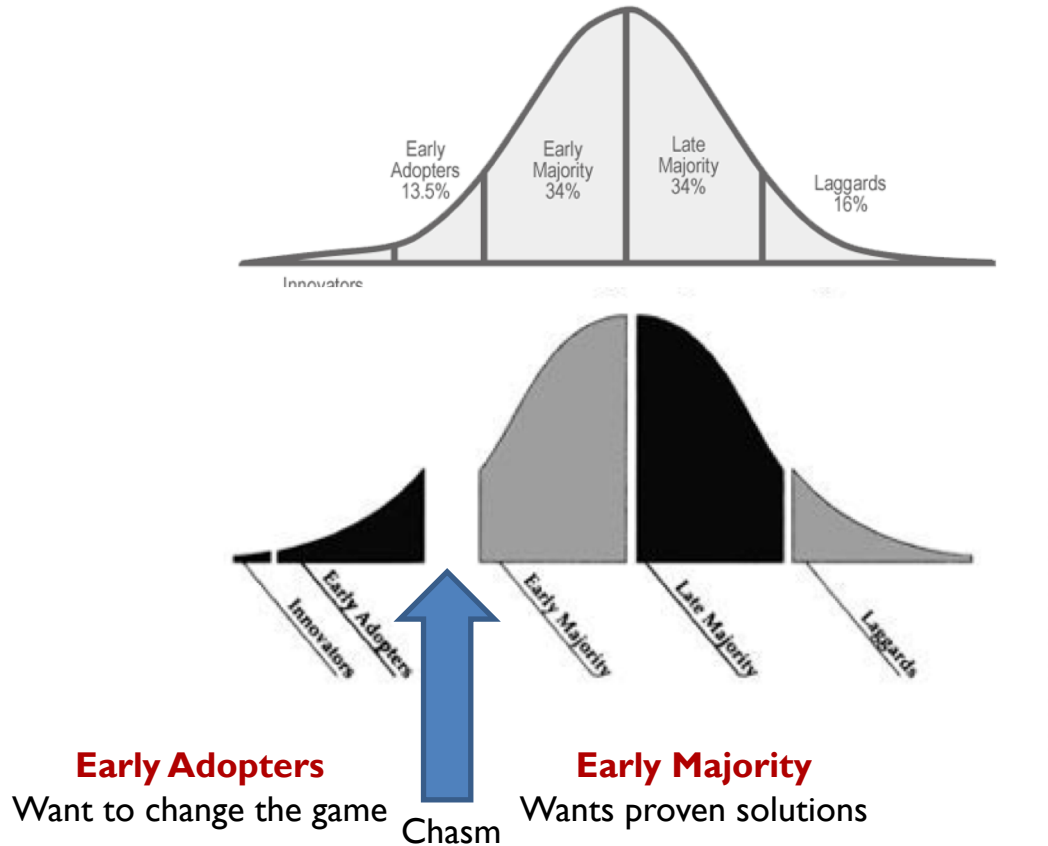


The Market S-Curve Results from Differences Across Potential Adopters

Adopter Group	Characteristics	Value Creation Drivers
Innovators	Adoption for adoption's sake; willing to work with bugs	Cool Technology; Ability to "Experiment"
Early Adopters	Application enthusiasts; Seeking a Revolution; Demanding but Collaborative	The Ability to Gain an <i>Advantage</i> from the New Product; Having the Product Before Others
Early Majority	"Main Street"; Seeking Evolution from an Existing Solution; Persuaded by <i>Similar</i> references;	Demonstrated ROI; "Plug-and-play"; low transition costs; requires standardized support
Late Majority	Well-served by existing solutions; Seeks commodity technology	Willing to Adopt the "Minimum" Required; Only Adopts Because Others Have
Laggards	Willing to pay a cost <i>not</i> to adopt resistant to technology adoption	Zero?

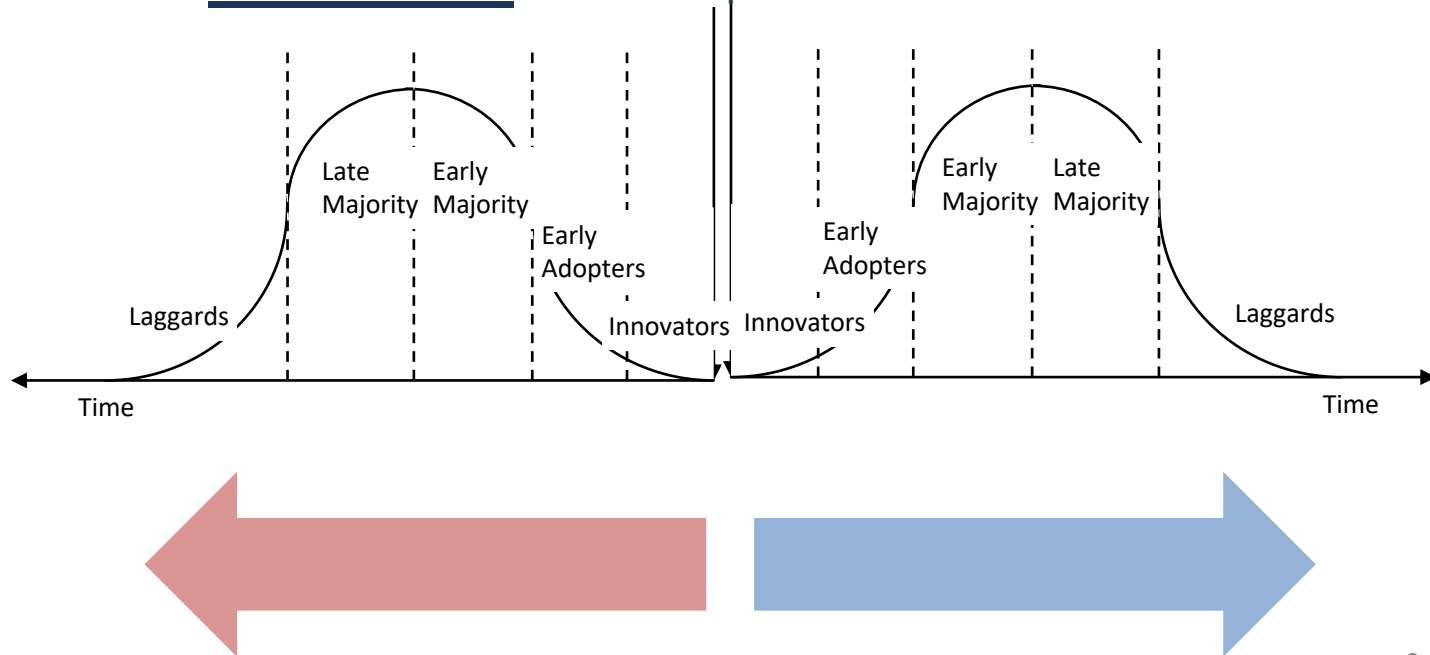
Source: Gans and Stern

It also tells you about strategic challenges



Chose your customers: S-Curves

- What are the beachheads?
- Where are the lead customers on the adoption curve?



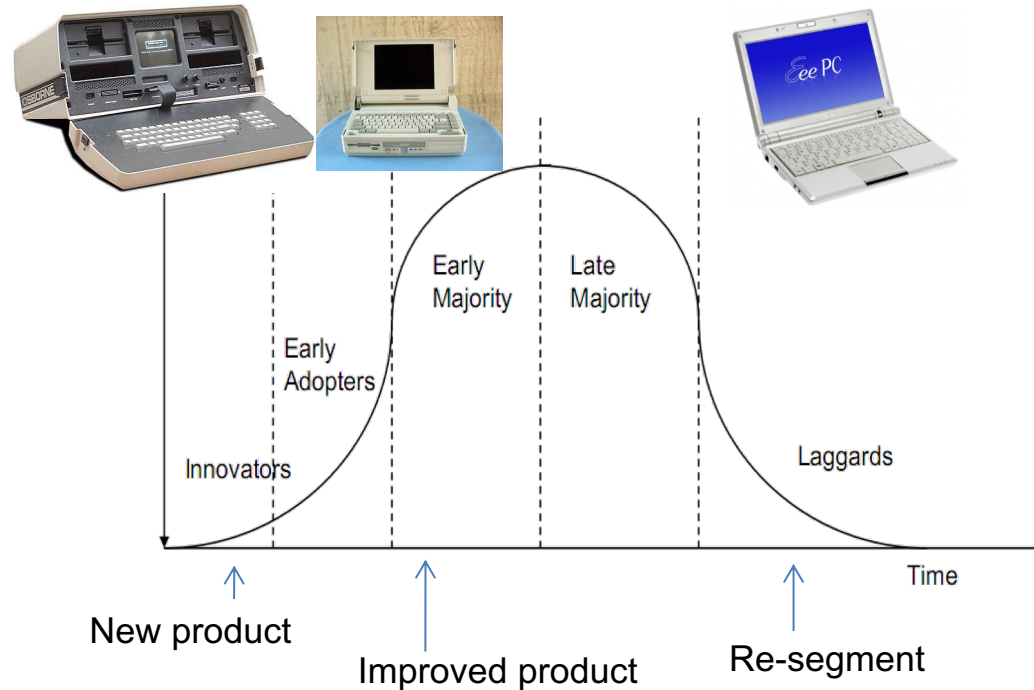
Source: Gans and Stern

Chose your customers: entrepreneurial sales strategy

Potential Beachheads	Referencing: Does this beachhead facilitate follow-on segments?	Learning: Does this beachhead generate opportunities for further learning?	Coherence: Does this beachhead “fit” with your entrepreneurial strategy?

Source: Gans and Stern

S-Curve also suggests strategy



Deciding which segment to go after

- Where on the S-curve?
- Are they referenceable, valuable for learning, and coherent?
- Do they match development of the overall market?



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