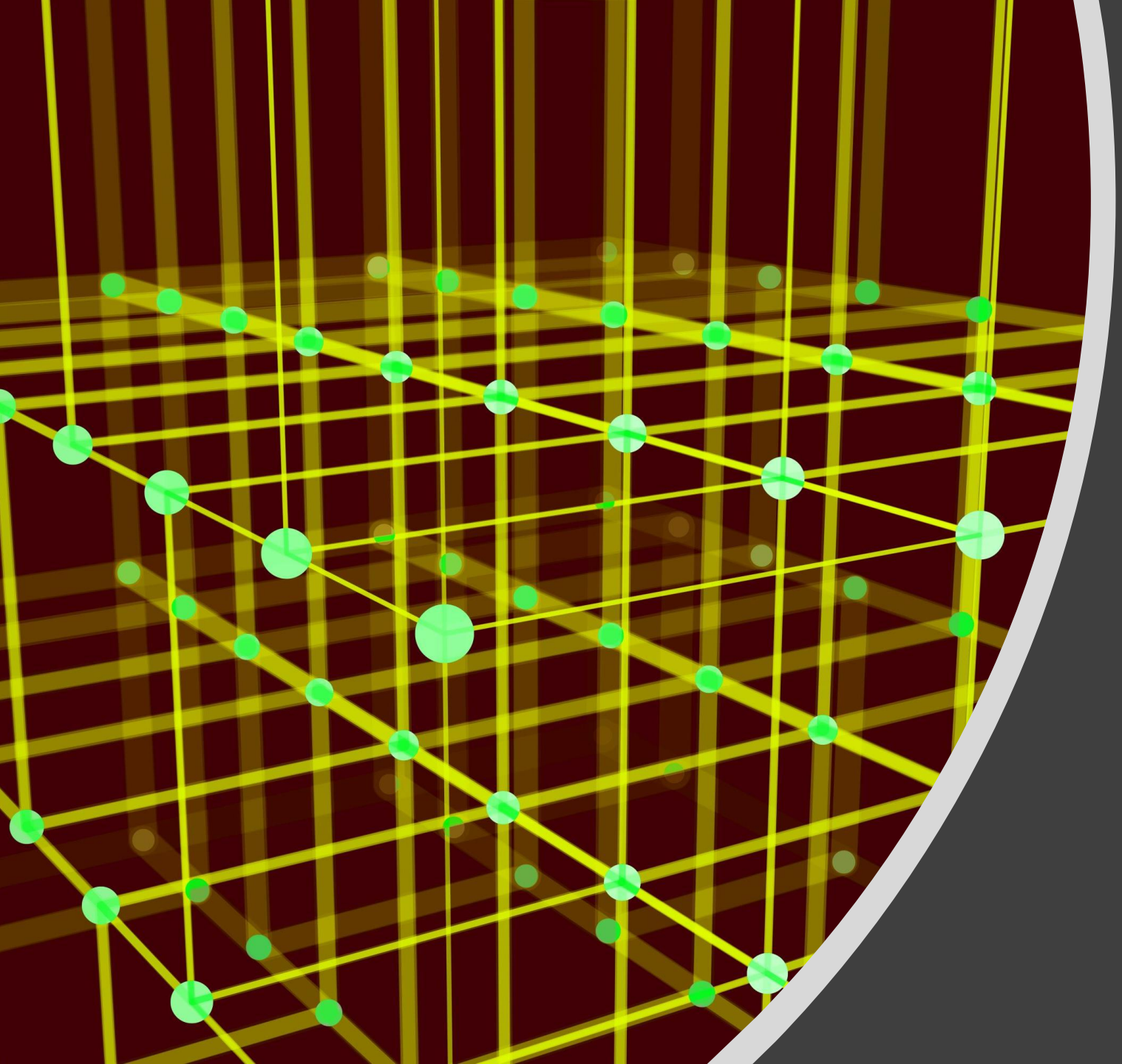


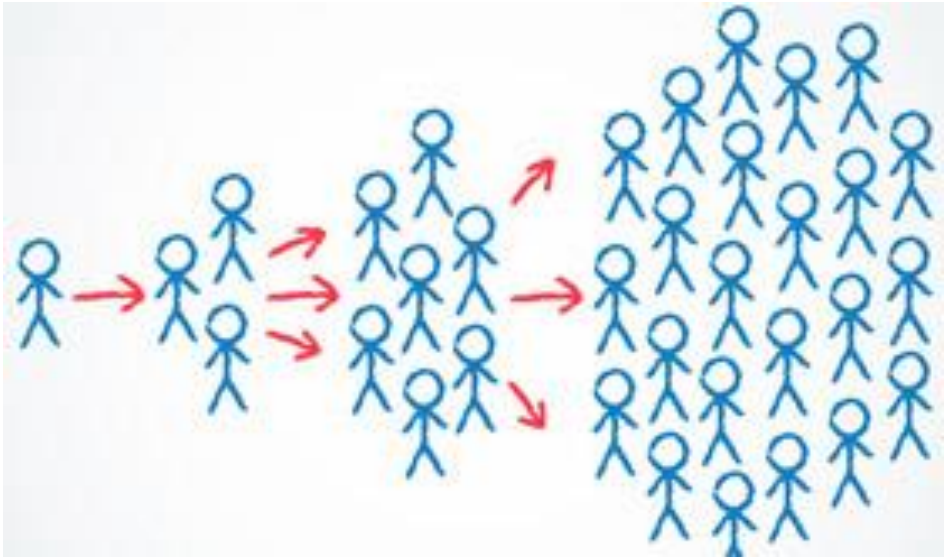
# Diffusion of Innovations

# Diffusion of Innovations

- Diffusion of Innovation (DOI) Theory, developed by E.M. Rogers in 1962
- It is one of the oldest social science theories.

# Diffusion of Innovations

- Explain how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system.



# Diffusion of Innovations

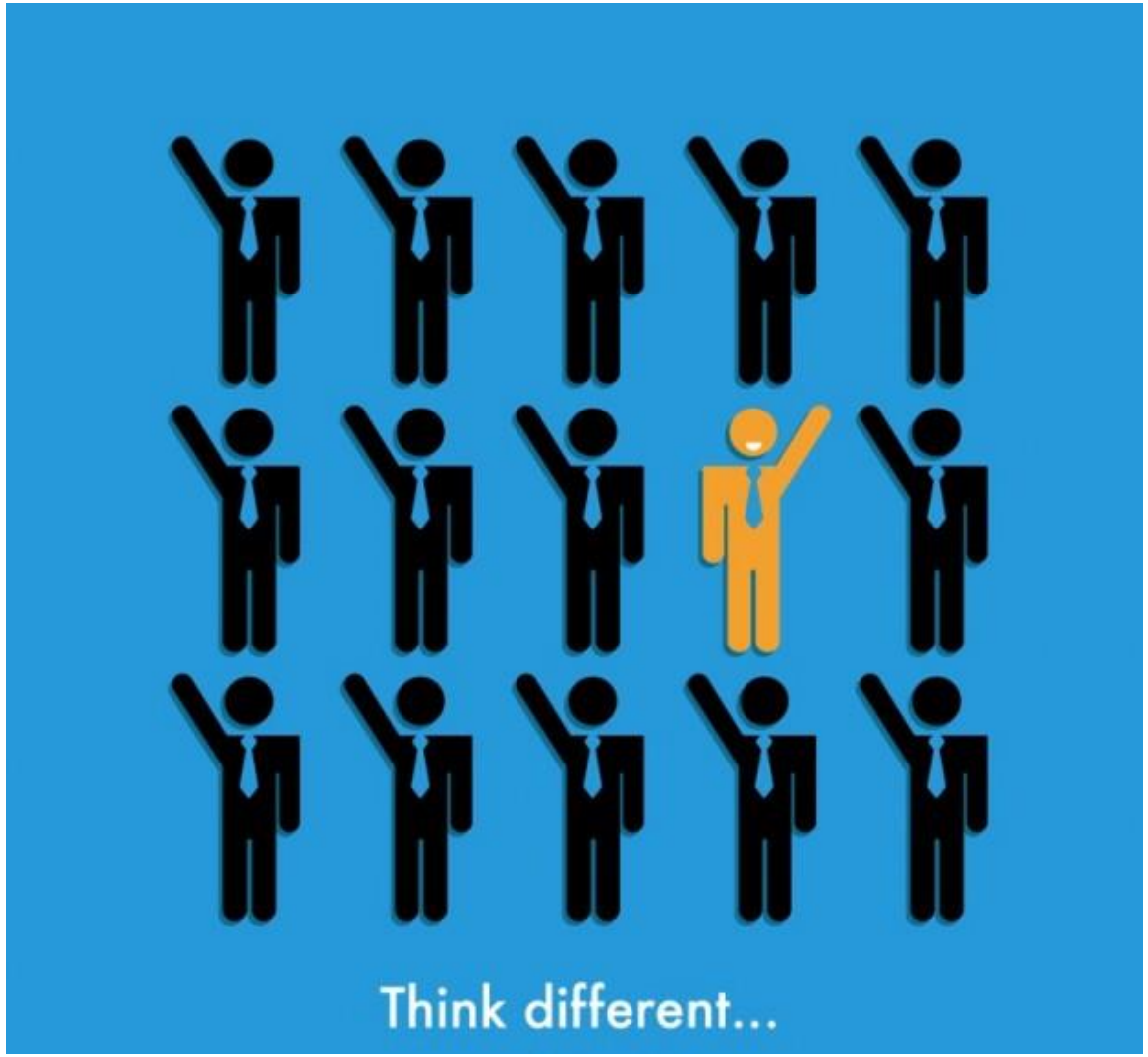
The end result of this diffusion is that people, as part of a social system, adopt a new idea, behavior, or product.

Adoption means that a person does something differently than what they had previously: i.e., purchase or use a new product, acquire and perform a new behavior, etc.

The key to adoption is that the person must perceive the idea, behavior, or product as new or innovative.

# Diffusion of Innovations

- Adoption of a new idea, behavior, or product (i.e., "innovation") does not happen simultaneously in a social system;
- Rather it is a process whereby some people are more inclined to adopt the innovation than others.



# Diffusion of Innovations

- Researchers have found that people who adopt an innovation early have **different characteristics** than people who adopt an innovation later.

- When introducing an innovation to a target population, **it is important to understand the characteristics of the target population** that will help or hinder adoption of the innovation.

# Categories of Adopters

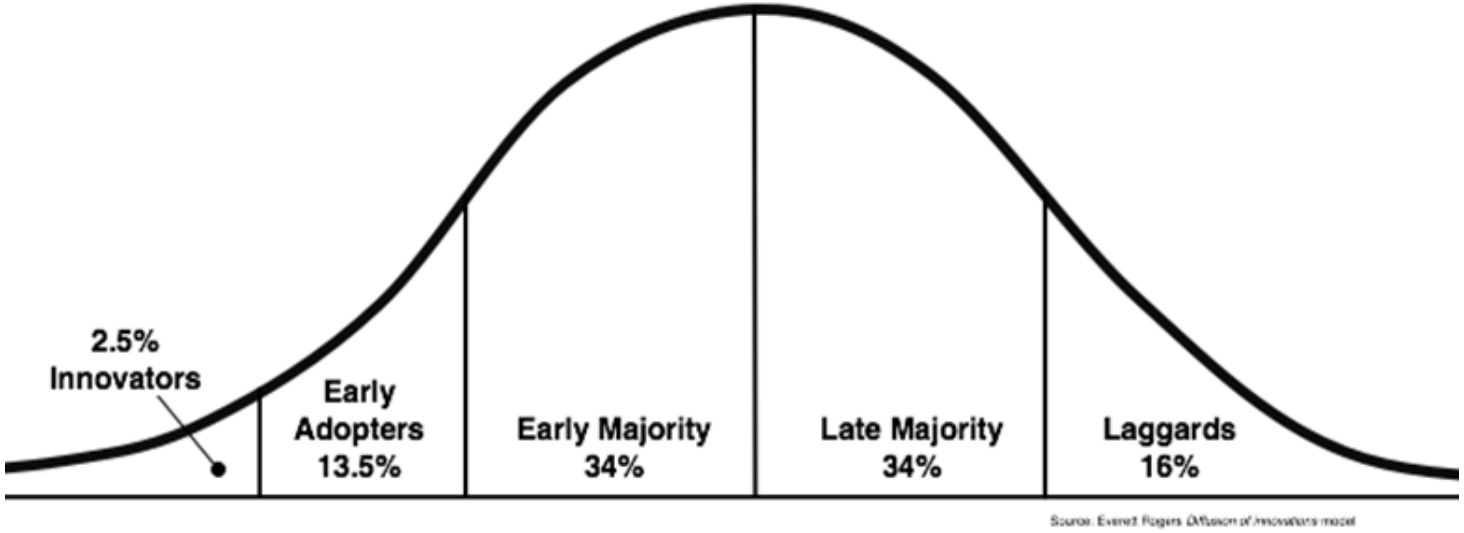
According to «Diffusion of Innovations» there are **five established adopter categories.**

While the majority of the general population tends to fall in the middle categories, it is still necessary to understand the characteristics of the target population.

When introducing an innovation, there are different strategies used to appeal to the different adopter categories.

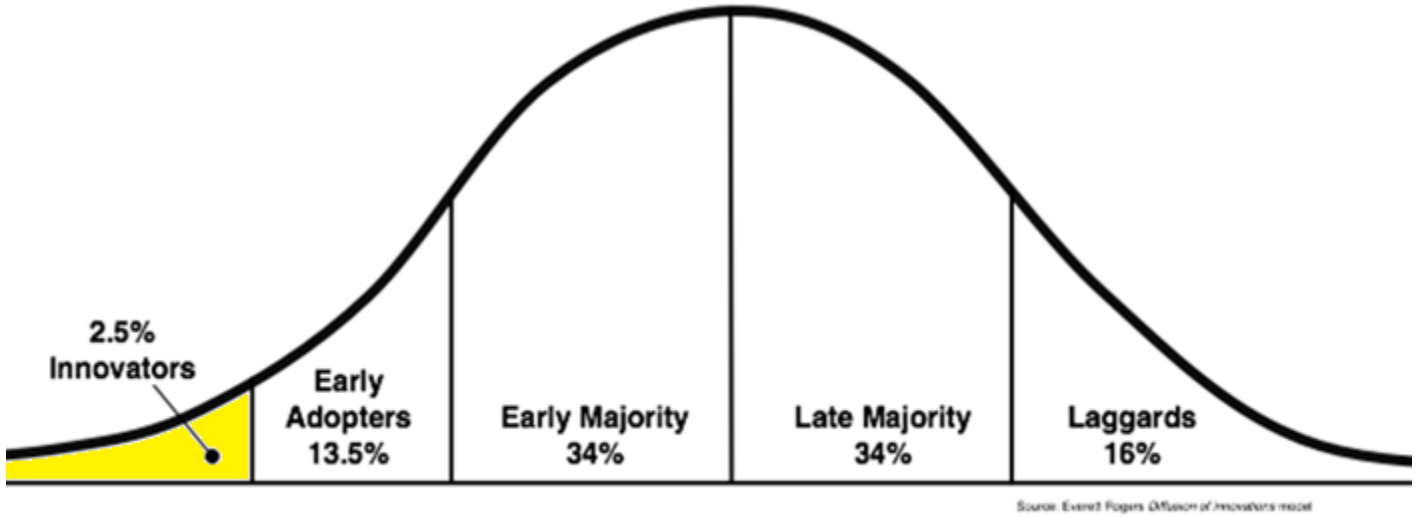
# Innovation Adopters Categories

- The bell curve is perfectly symmetrical.
- In a bell curve, the peak represents the most probable event in the dataset while the other events are equally distributed around the peak.
- A symmetrical **bell-shaped curve** represents the distribution of values, frequencies, or probabilities of a set of data.
- The highest point on the curve, or the top of the bell, represents the most probable event in a series of data



# 1.Innovators

- **1.Innovators -** Innovators are the first individuals to adopt an innovation.
- Very little, if anything, needs to be done to appeal to this population.



# 1. Innovators

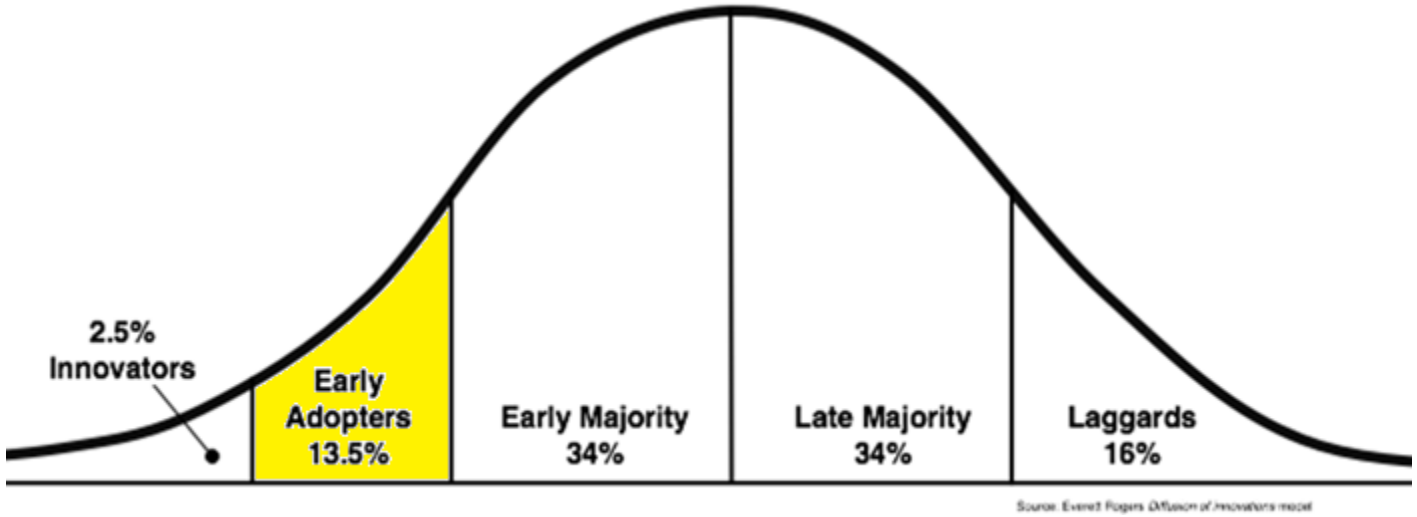
- These are people who want to be the first to try the innovation.
- They are venturesome and interested in new ideas.
- These people are very willing to take risks, and are often the first to develop new ideas.

# 1. Innovators

- Innovators are
  - ✓willing to take risks
  - ✓youngest in age
  - ✓have the highest social class
  - ✓have great financial power
  - ✓very social
  - ✓have closest contact to scientific sources
  - ✓interaction with other innovators

# 2. Early Adopters

- **2. Early Adopters -** These are people who represent opinion leaders.
- They **do not need information to convince** them to change.
- Strategies to appeal to this population include **how-to manuals and information sheets on implementation.**



# 2. Early Adopters

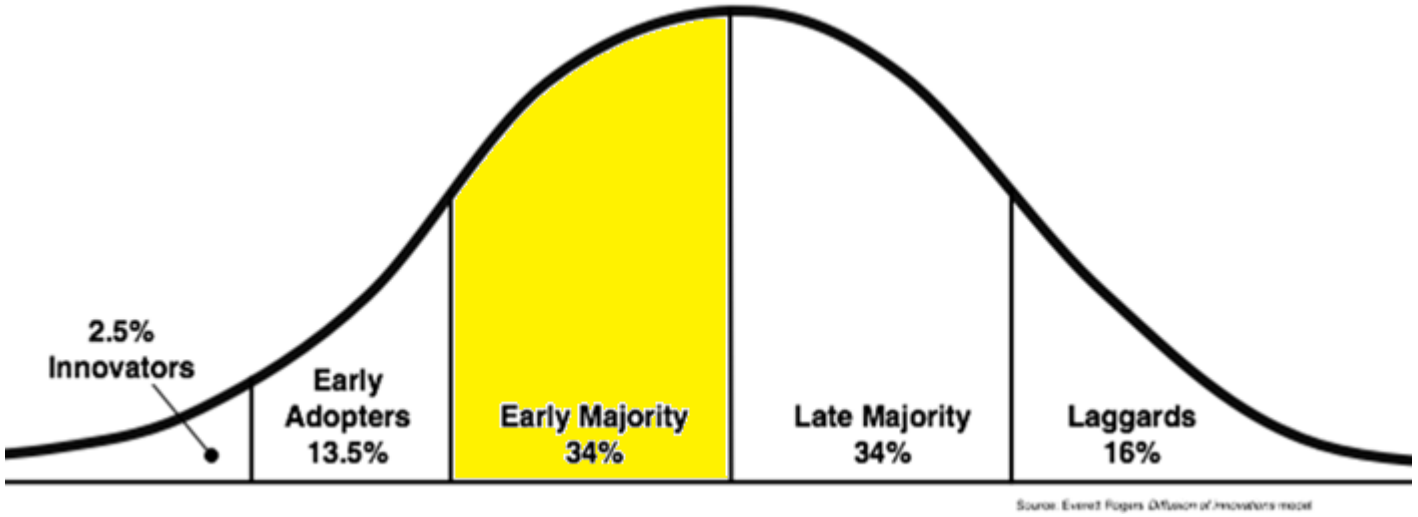
- This is the second fastest category of individuals who adopt an innovation.
- They embrace change opportunities.
- They are already aware of the need to change and so are very comfortable adopting new ideas.
- These individuals have the highest degree of opinion leadership among the other adopter categories.

# 2. Early Adopters

- Early adopters are typically
  - ✓younger in age
  - ✓have a higher social status
  - ✓have more financial lucidity
  - ✓advanced education
  - ✓more socially forward than late adopters

# 3. Early Majority

- **3. Early Majority -** They typically need to see evidence that the innovation works before they are willing to adopt it.
- Strategies to appeal to this population include success stories and evidence of the innovation's effectiveness.



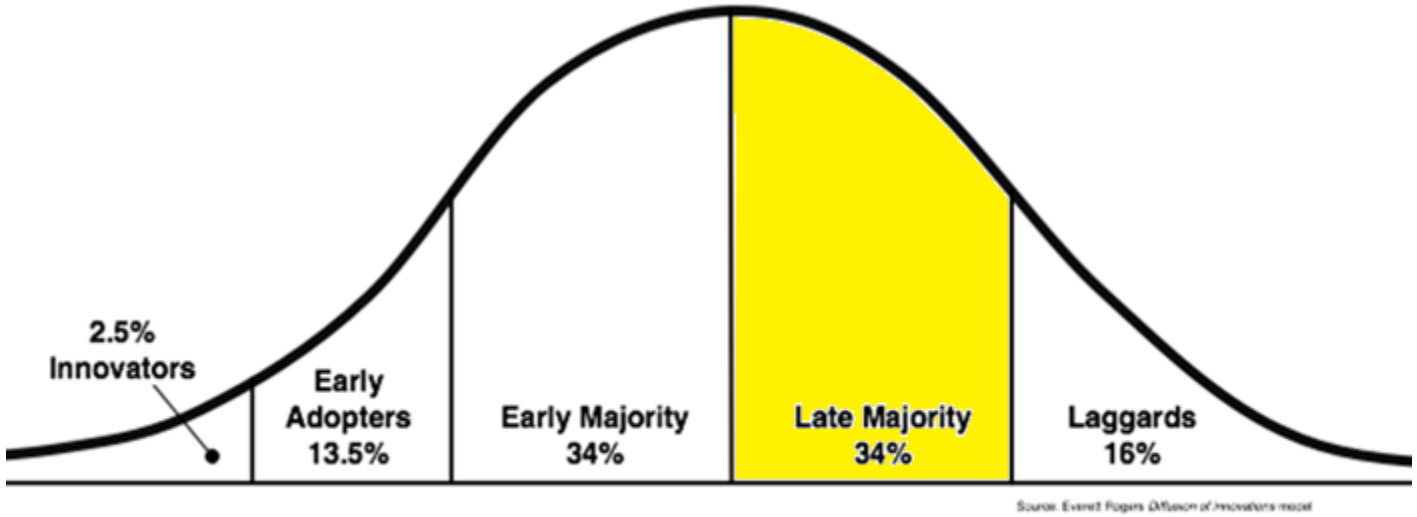
# 3. Early Majority

- Early majority are typically
  - ✓However, they do adopt new ideas before the average person.
  - ✓They adopt an innovation after a varying degree of time
  - ✓This time of adoption is significantly longer than the innovators and early adopters
  - ✓They seldom hold positions of opinion leadership in a system

# 4. Late Majority

- **4. Late Majority –** Skeptical about change

- Strategies to appeal to this population include information on how many other people have tried the innovation and have adopted it successfully.

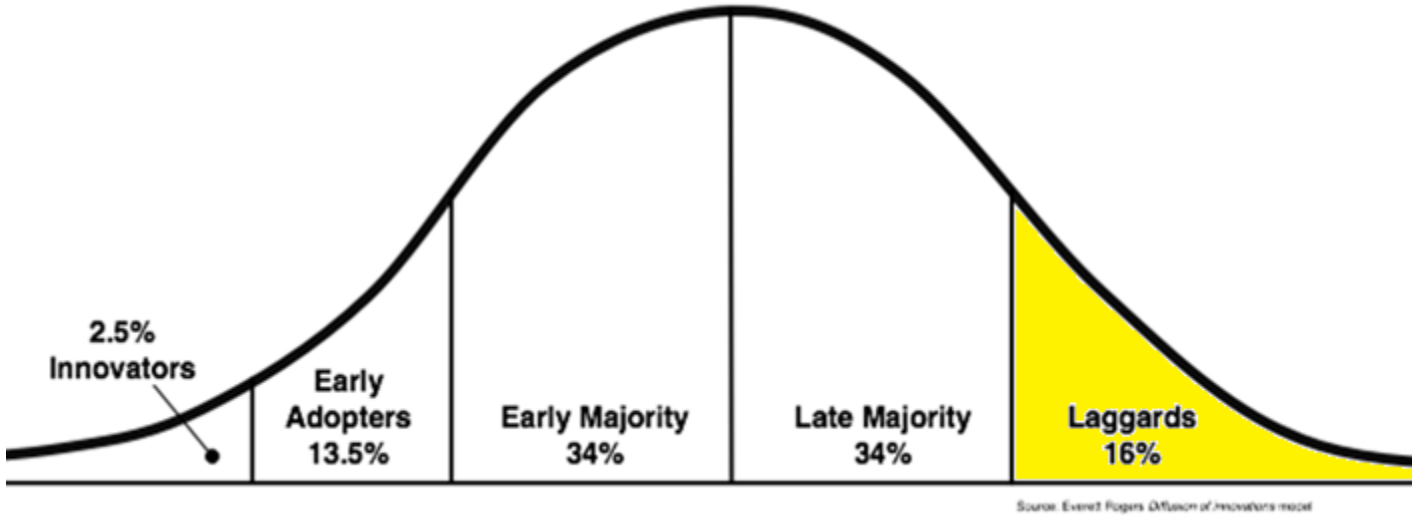


# 4. Late Majority

- Late Majority are typically skeptical about change and innovation.
- Individuals in this category will adopt an innovation after the average member of the society.
- They will only adopt an innovation after it has been tried by the majority.

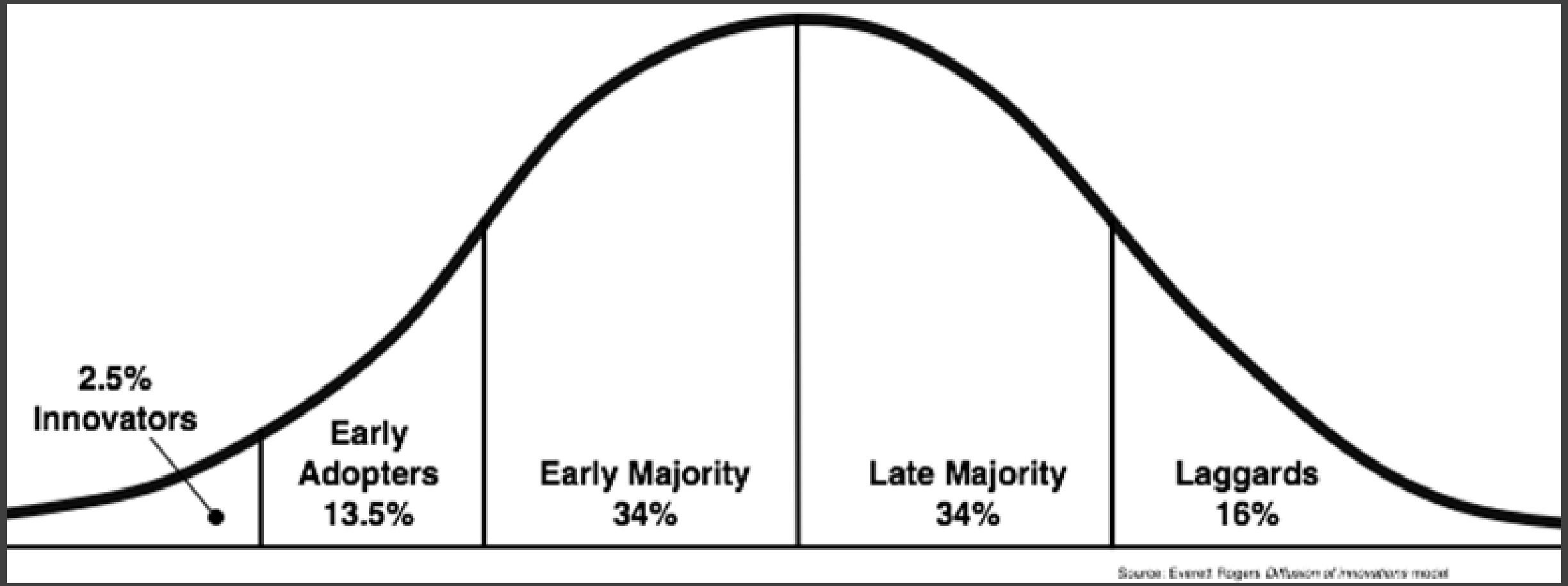
# 5. Laggards

- **5. Laggards -** These people are bound by tradition and very conservative.
- Strategies to appeal to this population include statistics, fear appeals, and pressure from people in the other adopter groups.



# 5. Laggards

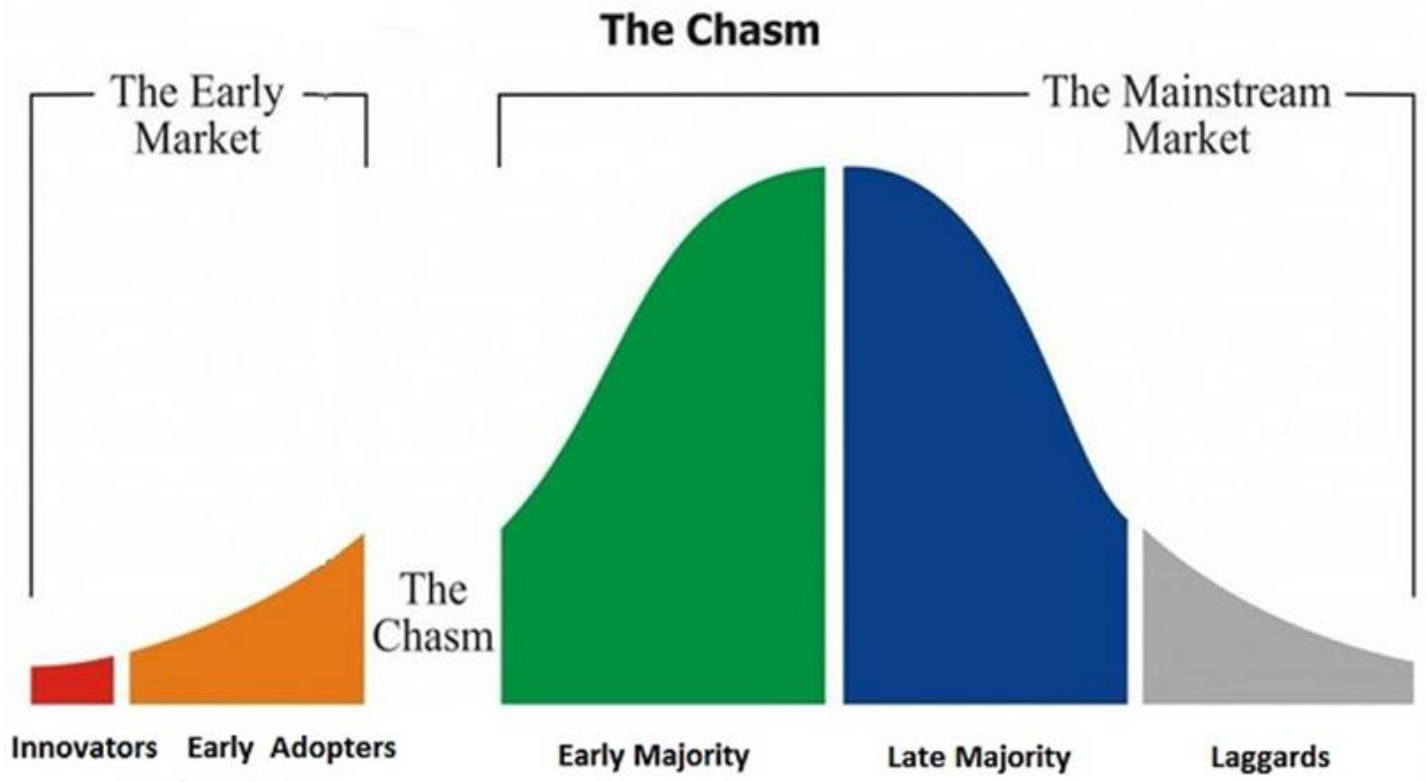
- Individuals in this category are the last to adopt an innovation.
- Individuals in this category show little to no opinion leadership.
- They tend to be advanced in age.
- Laggards typically tend to be focused on “traditions”
- They are very skeptical of change and are the hardest group to bring on board.




# Exercise

- Which innovation adopters group describes you best?
- Your answer may change for different types of products.

# The CHASM


The Chasm
The Early Market
The Mainstream Market
The Chasm
Innovators
Early Adopters
Early Majority
Late Majority
Laggards

# The CHASM

- To capture the “early majority”, a “word of mouth” or “refer a friend” strategy is the main mechanism for growth.
- Once the early majority has been convinced, the late majority tends to be more convinced by the **opinion of a number of  individuals** or other social groupings.
- The internet has helped to accelerate this in recent years with social media platforms. Example, applications that allow people to group themselves together in areas of common interest like Facebook, LinkedIn or Twitter

# Key Lessons

The key is to shoot for the innovators and early adopters when you go to market.

Your messaging should not be the same as for the mass market.

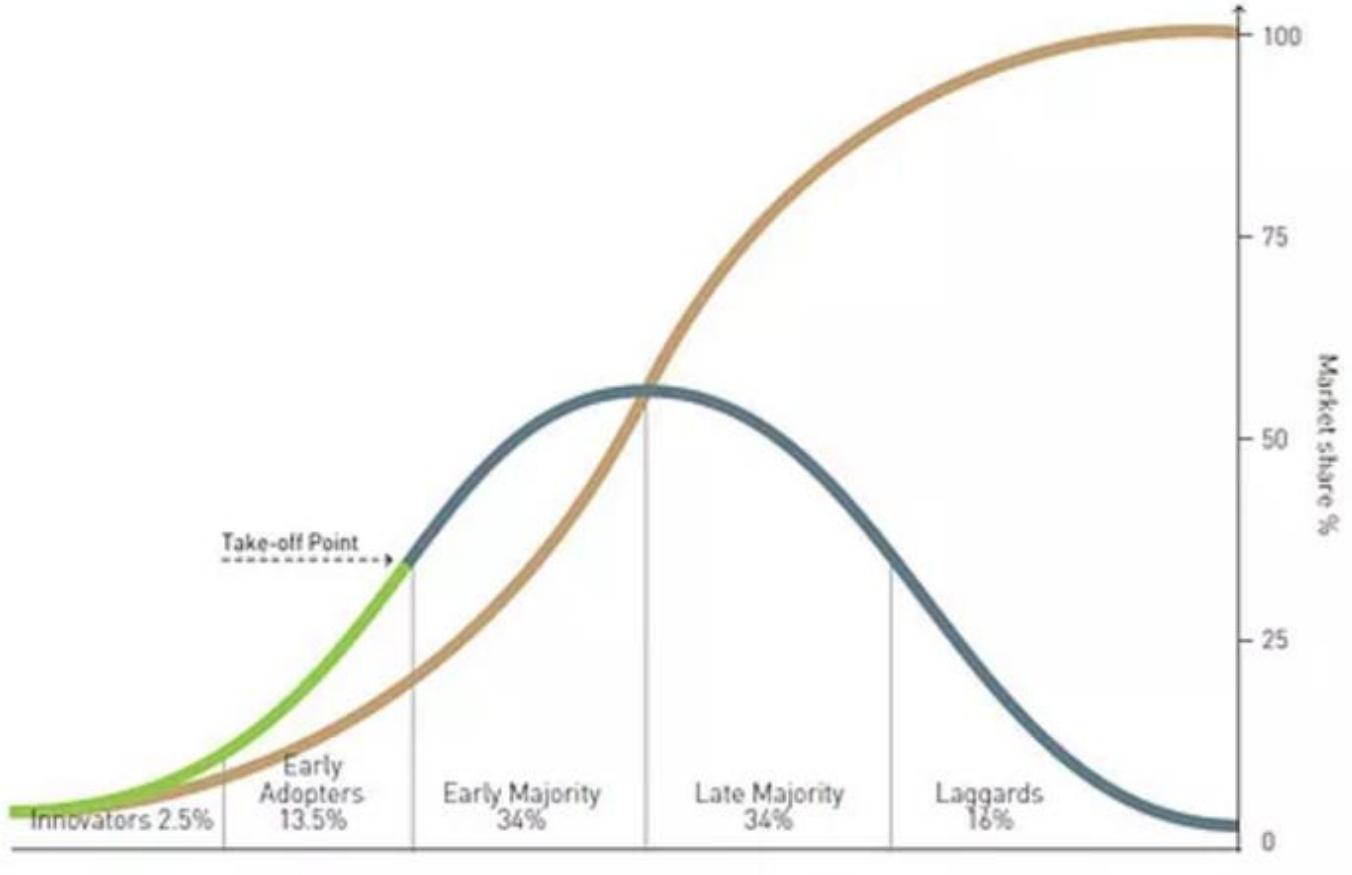
# Key Lessons

Individuals do not always line up as “Innovators” in all areas of their decision-making processes.

A person may adopt cutting-edge green technologies for their home with solar heating and yet not belong to an online social network or own a smartphone.

# S-Curves

- Where **blue** represents the groups of consumer adopting a new technology and **yellow** is the market share which obviously reaches 100% following complete adoption.



# Factors that Influence Adoption of Innovation

- There are five main factors that influence adoption of an innovation and each of these factors is at play to a different extent in the five adopter categories.
    1. Relative advantage
    2. Compatibility
    3. Complexity
    4. Trialability
    5. Observability

# 1. Relative Advantage

- Is an observation of the advantages and benefits of adopting a specific innovation.
- Improvement over something already existing
- The potential adopter must first calculate its relative strengths.
  - What is the advantage of the iPad over a MacBook?
  - What improvements does it hold?
  - What other benefits in terms of mobility, ease-of-use, additional software packages, etc. does the innovation present?
- If someone finds an advantage in this new technology, the individual will be more likely to adopt it.

# 2. Compatibility

- How well does the innovation fit into a person's needs, usage patterns and/or current value system?
- How consistent the innovation is with the values, experiences, and needs of the potential adopters.
- An innovation that is more compatible with a person's lifestyle and cognitive characteristics is more likely to be assimilated into an individual's life.

# 3. Complexity

- Refers to the level of difficulty that the potential adopters encounter with the innovation.
- How difficult the innovation is to understand and/or use.
- The more complex or the more difficult an innovation is to understand, the less likely it will be adopted, and its diffusion will occur more slowly.

# 4. Trialability

- Is another characteristic that determines the rate of diffusion.
- The extent to which the innovation can be tested or experimented with before a commitment to adopt is made.
- Being able to test an innovation or try it out will facilitate the rate of adoption.
- If it can be experimented with or taken out for a ‘test drive,” it is more likely to be utilized.

# 5. Observability

- The extent to which the innovation provides tangible results.
- An innovation will likely spread through the target population faster if the benefits are visible.
- The easier it is to see the advantages of an innovation, the faster it will diffuse throughout society.