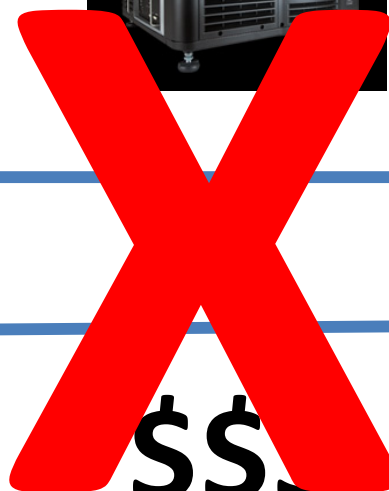


Understanding customers

CHRISTIE®

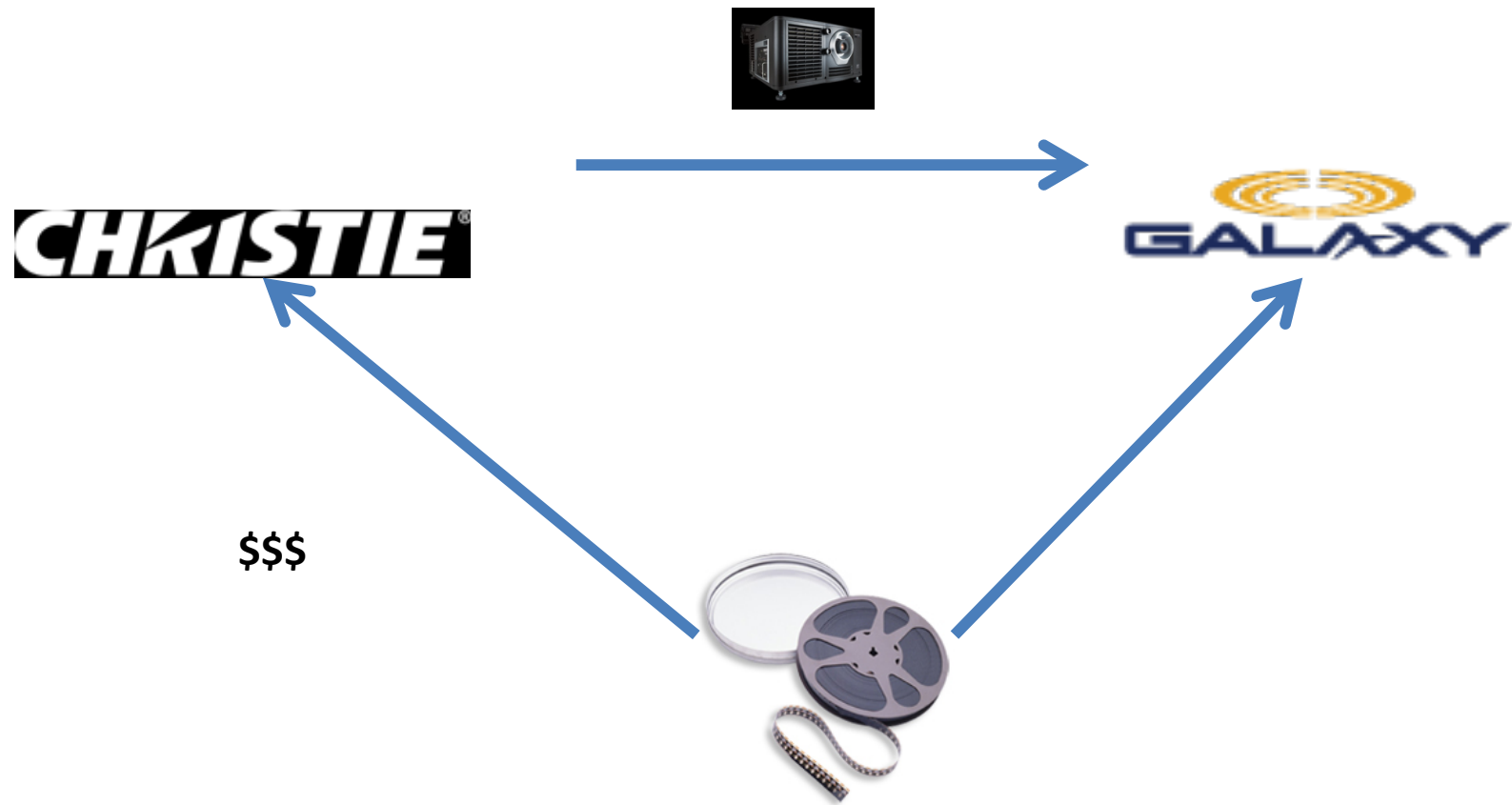



GALAXY



\$\$\$

<http://www.christiedigital.com/en-us/cinema/Pages/default.aspx>

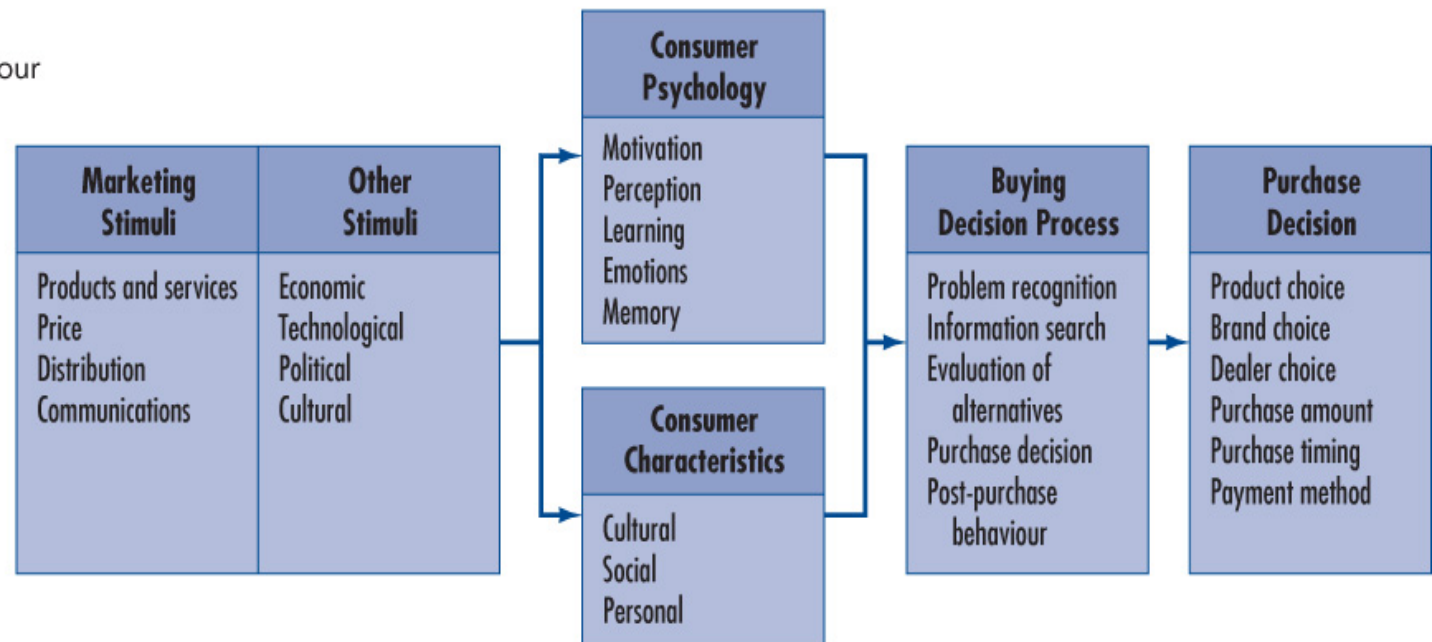


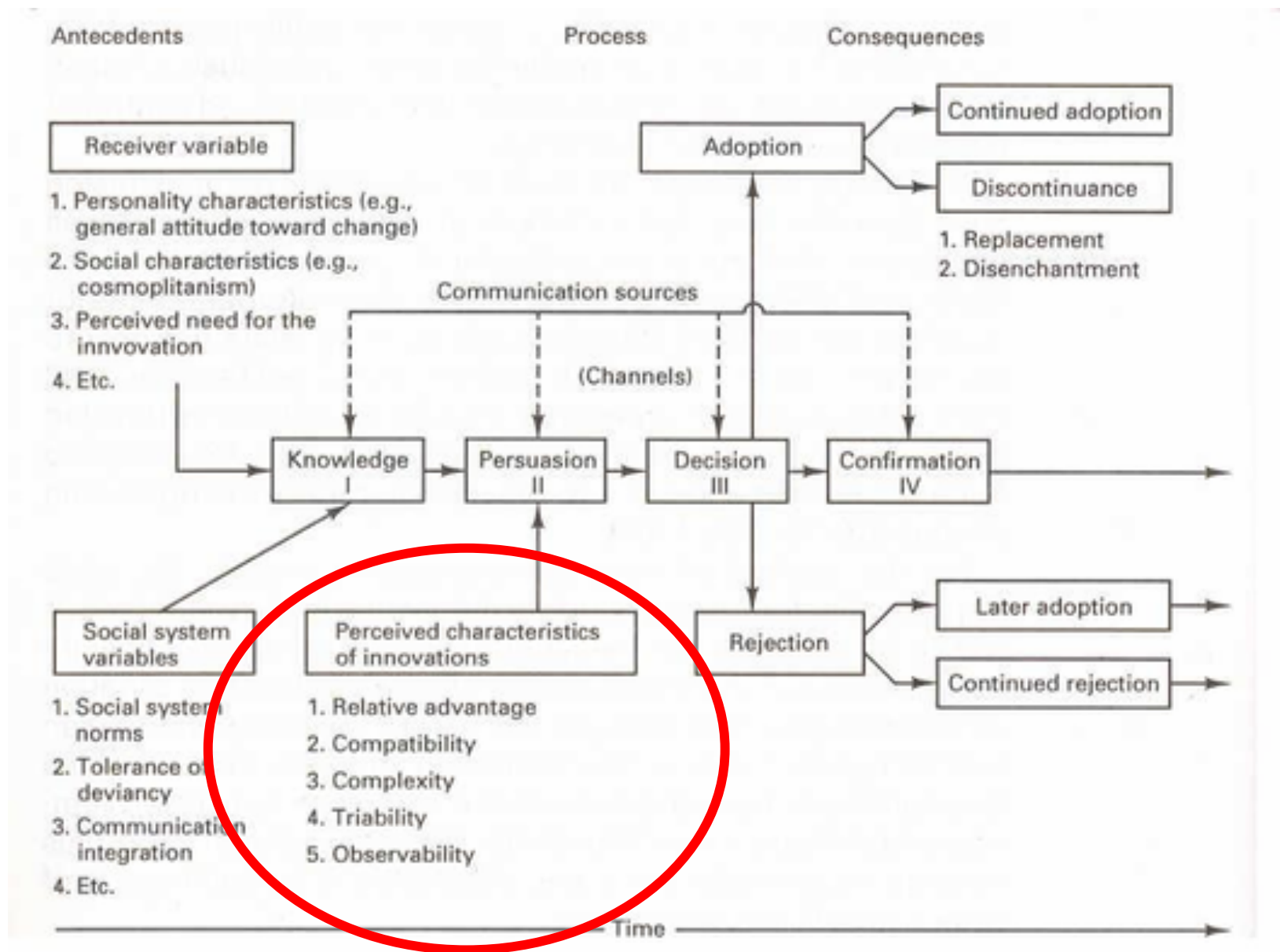
Product Adoption Lifecycle



FIGURE 6.1

Model of Consumer Behaviour

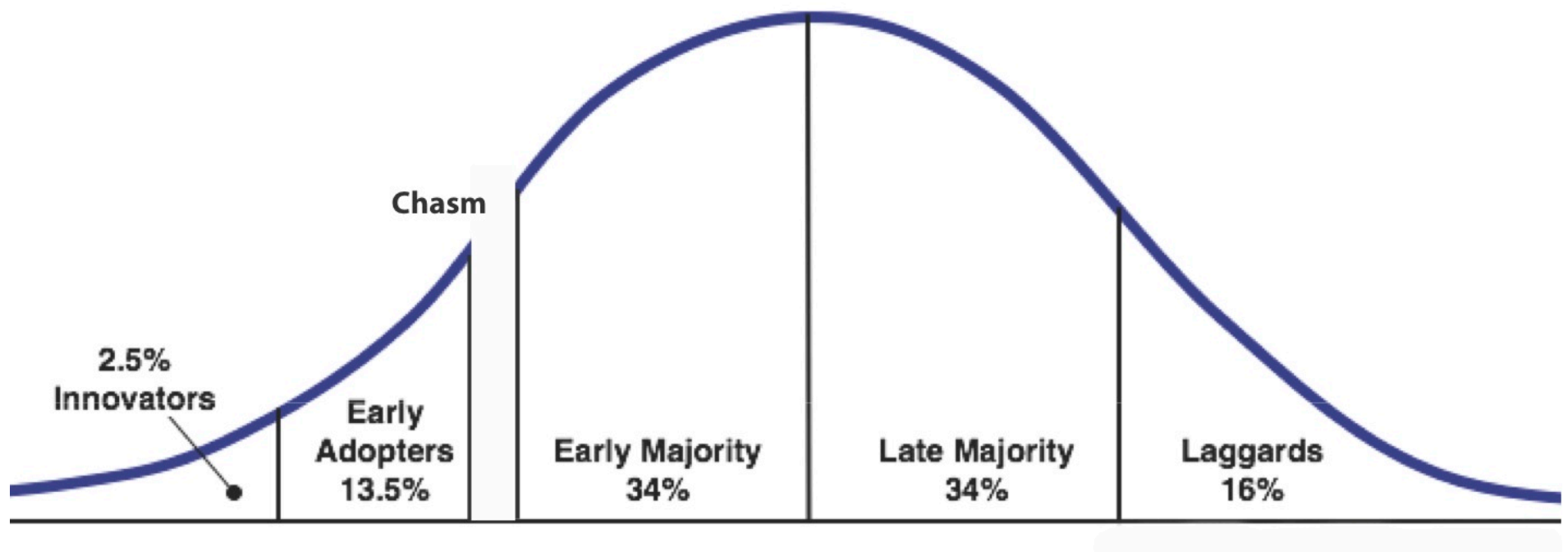




(Perceived) characteristics of innovations that affect the rate of adoption

1. Relative advantage
2. Compatibility
3. Complexity
4. Triability
5. Observability

Technology Adoption Life Cycle

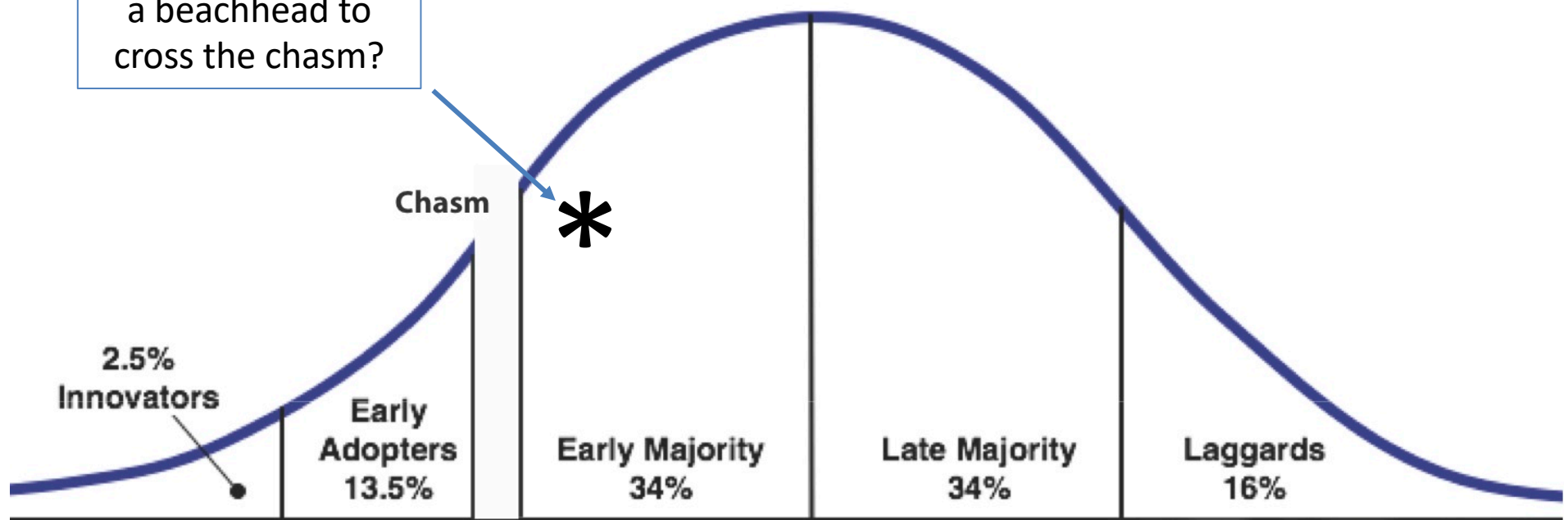


Why does the chasm exist?

How do we cross it?

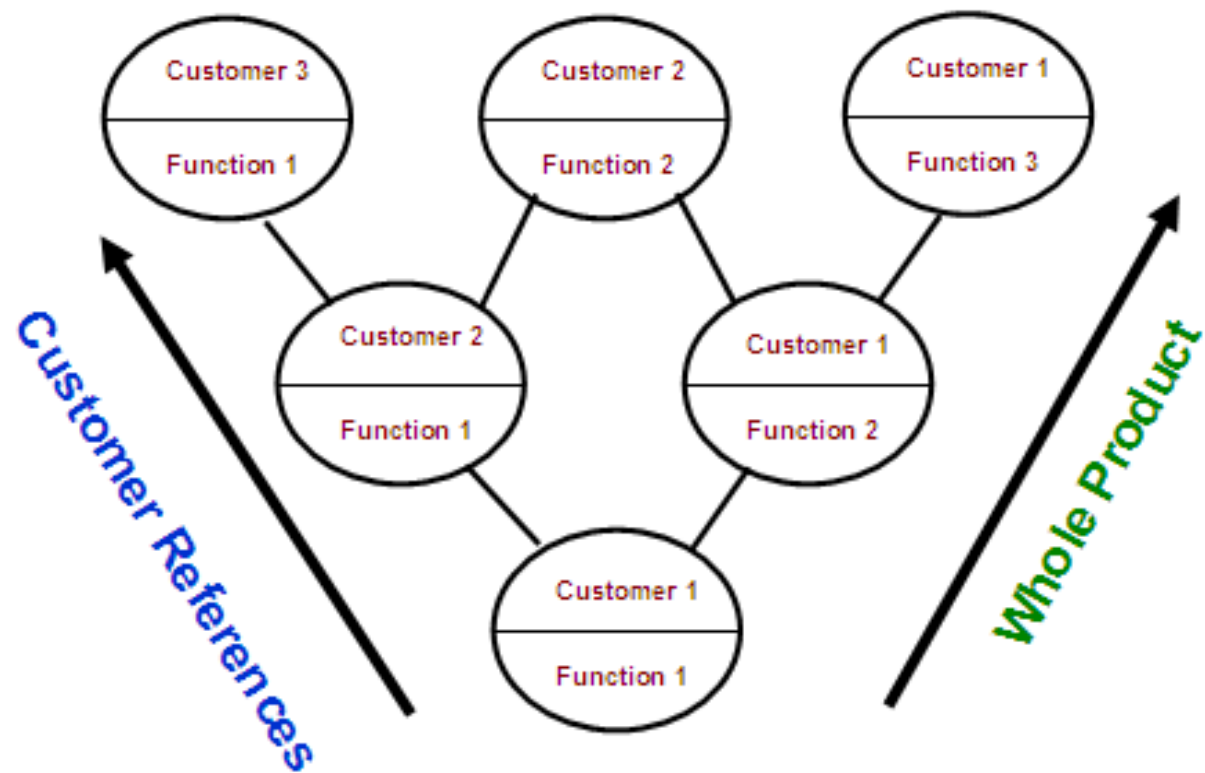
Technology Adoption Life Cycle

How do you create
a beachhead to
cross the chasm?



- You need a 'whole product' that solves a very specific problem for a specific group of customers.
- Someone has to go first.

Bowling Alley Market Development



Is “crossing the chasm” still relevant?

What about Facebook, Instagram etc.?

Where was the chasm?

Moore says:

- The chasm is always relevant for B2B, enterprise IT
- Move from enterprise IT to consumer IT has created huge opportunities
- Adoption (of consumer innovations) has become disconnected from monetization
- Adoption is still a chasm problem but not at all like B2B chasms
- Monetization is still a chasm problem

- Differentiate
- Neutralize
- optimize

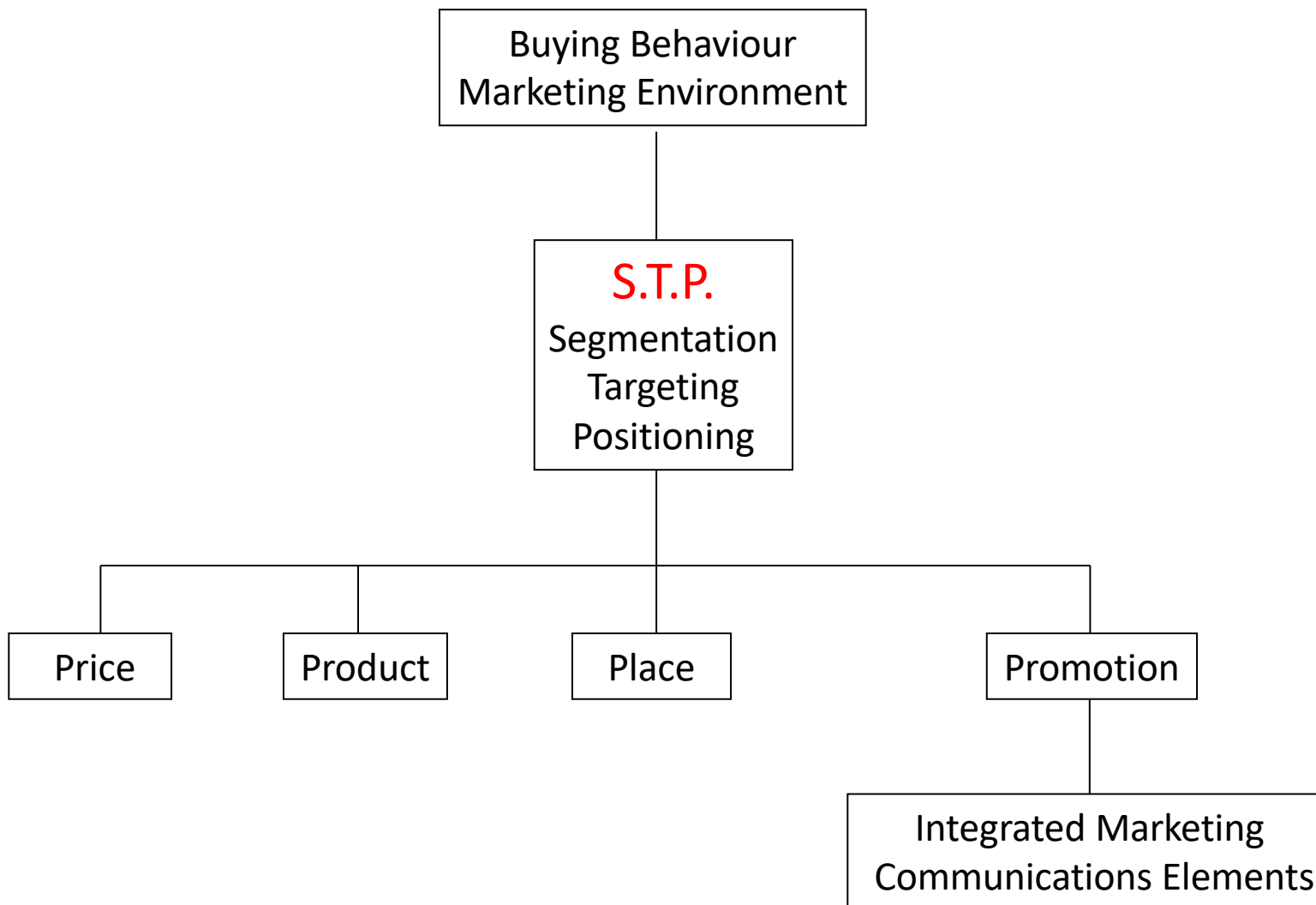
Technological superiority alone no longer guarantees success or even a position in the race.

Good devices will not sell themselves....Increasingly, marketing will determine the fate of companies.

- The difference between marketing and selling

Marketing: We identify the target customer and ask “What do you need?”

Selling: We have a valuable product that will fill the customer’s need, so we ask, “Do you want to buy it?”



Five- Stage Model of the Consumer Buying Process



The Buying Centre

- Initiators
- Users
- Influencers
- Deciders
- Approvers
- Buyers
- Gatekeepers

Of concern to marketers:

- Who are the major decision participants?
- What decisions do they influence?
- What is their level of influence?
- What evaluation criteria do they use?

Steps in Market Segmentation, Targeting & Positioning

- **Market segmentation:**
 - dividing market into distinct groups with distinct needs, characteristics, or *behaviours*, who might require separate products or marketing mixes
- **Target marketing:**
 - choosing which group(s) to appeal to
- **Market positioning:**
 - creating a clear, distinctive, and desirable position in the target consumer's mind, relative to competition

Figure 9.1



Table 9.1 Major Segmentation Variables for Consumer Markets

Variable	Typical Breakdown
Geographic	
World region or country	North America, Western Europe, Middle East, Pacific Rim, China, India, Canada, Mexico
Region	Maritimes, Quebec, Ontario, Prairies, British Columbia, Northern Territories
City size	under 5000; 5000–20 000; 20 000–50 000; 50 000–100 000; 100 000–250 000; 250 000–500 000; 500 000–1 000 000; 1 000 000–4 000 000; 4 000 000 and over
Density	Urban, suburban, rural
Climate	Northern, Southern, Coastal, Prairie, Mountain
Demographic	
Age	under 6, 6–11, 12–19, 20–34, 35–49, 50–64, 65+
Gender	male, female
Family size	1–2, 3–4, 5+
Family life cycle	young, single; young, married, no children; young, married, youngest child under 6; young, married, youngest child 6 or over; older, married, with children; older, married, no children under 18; older, single; same-sex partners; unmarried partners, no children; unmarried partners, with children; other
Income	under \$10 000; \$10 000–15 000; \$15 000–20 000; \$20 000–30 000; \$30 000–50 000; \$50 000–75 000; \$75 000 and over
Occupation	professional and technical; managers, officials, and proprietors; clerical, sales; craftspeople, foremen; operatives; farmers; retired; students; homemakers; unemployed
Education	grade school or less; some high school; high school graduate; college; some university; university graduate; post-graduate
Religion	Catholic, Protestant, Jewish, Muslim, Hindu, other
Ethnic origin	British, French, German, Scandinavian, Italian, Latin American, Native Canadian, Middle Eastern, East Indian, Japanese, Chinese, African Canadian
Generation	Baby boomer, Generation X, Generation Y
Psychographic	
Social class	Lower lowers, upper lowers, working class, middle class, upper middles, lower uppers, upper uppers
Lifestyle	achievers, believers, strivers
Personality	compulsive, gregarious, authoritarian, ambitious
Behavioural	
Occasions	Regular occasion, special occasion
Benefits	Sought quality, service, economy
User status	Non-user, ex-user, potential user, first-time user, regular user
Usage rate	Light user, medium user, heavy user
Loyalty status	None, medium, strong, absolute
Readiness state	Unaware, aware, informed, interested, desirous, intending to buy
Attitude toward product	Enthusiastic, positive, negative, hostile

Business Markets Segmentation

- **Demographic:**

- Industry
- Company size
- Location

- **Operating variables:**

- Technology
- User/non-user status
- Customer capabilities

- **Situational factors:**

- Urgency
- Specific application
- Size of order

- **Purchasing approaches:**

- Purchasing organization
- Power structure
- Existing relationships
- General policies
- Purchasing criteria

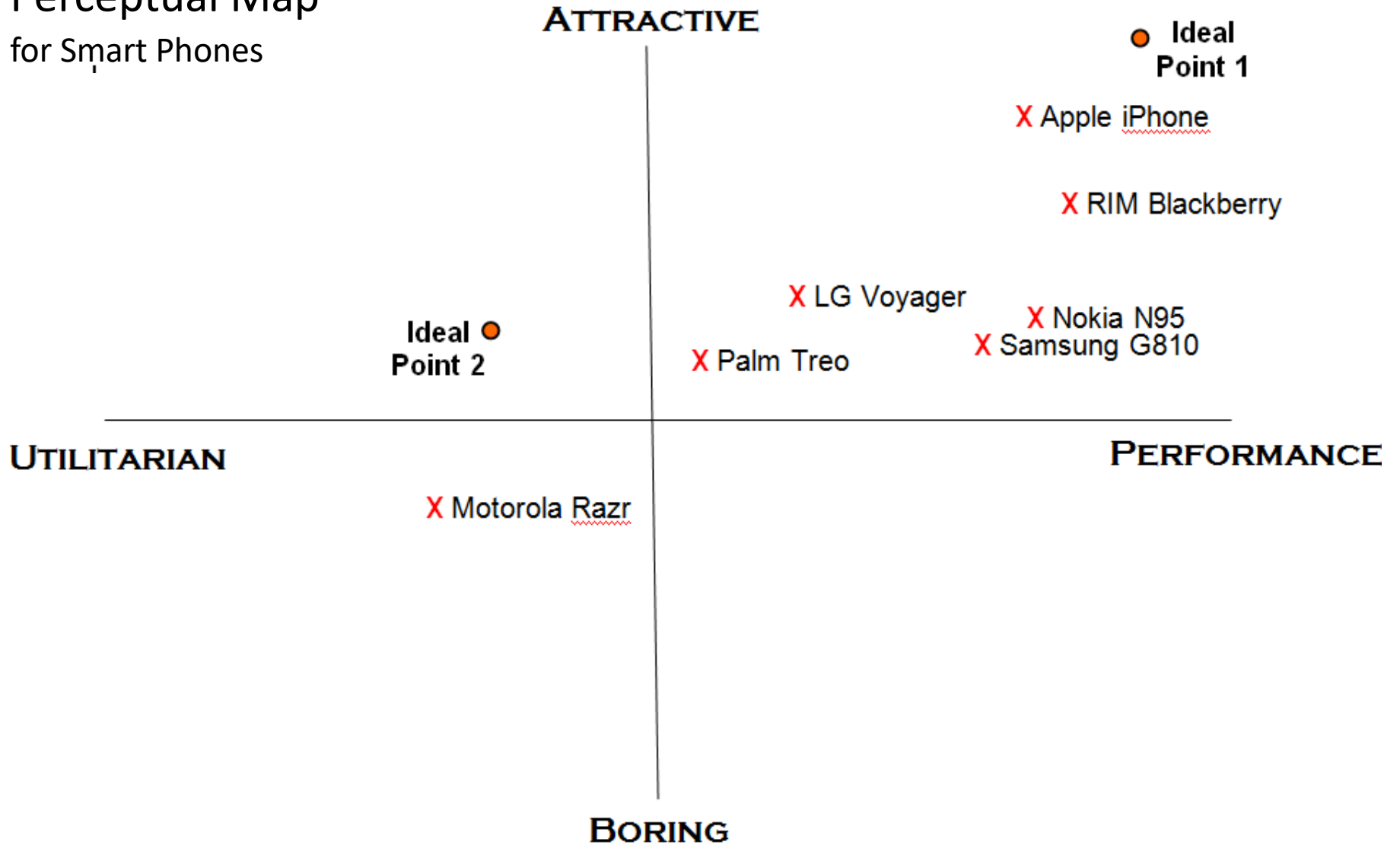
- **Personal characteristics:**

- Buyer-seller similarity
- Attitude towards risk
- Loyalty

Positioning

- The place our offering occupies in the consumer's mind, relative to competitors
- If we don't define that place, customers will do it for us

Perceptual Map for Smart Phones



A useful format for positioning statements

- ***For*** (target customer)
- ***Who*** (statement of need or opportunity)
- (Product name) ***is a*** (product category)
- ***That*** (statement of benefit)

- ***Unlike*** (primary competitive alternative)
- ***Our product*** (statement of primary differentiation)

A possible positioning statement for Tesla

- ***For*** wealthy individuals and car aficionados
- ***Who*** want an environmentally friendly and high-end car
- The Tesla S sedan ***is an*** electric vehicle
- ***That*** delivers unprecedented performance without damaging the environment
- ***Unlike*** Audis, BMWs and Lexus sedans
- ***Our product*** has fantastic mileage, unparalleled performance and no direct carbon emissions

Another possible positioning statement for Tesla

- **For** ~~(wealthy)~~ individuals ~~(and car aficionados)~~
- **Who** want an environmentally friendly ~~(and high end)~~ car
- The Tesla S sedan **is an** electric vehicle
- **That** delivers unprecedented performance without damaging the environment
- **Unlike** ~~(Audis, BMWs and Lexus sedans)~~ Nissan Leaf, Chevrolet Volt, RAV EV,
- **Our product** has ~~(fantastic mileage, unparalleled performance and no direct carbon emissions)~~ the style and features of a luxury sedan

		Price		
		More	The same	Less
Benefits	More	More for more	More for the same	More for less
	The same			The same for less
	Less			Less for much less

How to position your innovation in the marketplace

- Of the 6 possible positions, where do think Thermablades fit?
- What are the marketing implications for Thermablade?

Why great new products fail

- Companies generally focus primarily on creating value — without enough regard to whether customers will recognize this value
- The perceived benefit of searching for a better solution may not be the same as the actual benefit
- Some customers don't know they should look
- The cost of searching might be too high
- Some customers don't know which questions to ask

Technical innovation would not increase the chances of a sale to this customer, no matter how much value the innovation created

What hardware startups can learn from Pebble

- What recommendations do you have for North, previously Thalmic Labs?
- <https://venturebeat.com/2018/10/23/thalmic-labs-rebrands-as-north-launches-999-alexa-powered-holographic-glasses/>
- <https://www.bynorth.com/>