

TMC Vocabulary

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Team process for product and market strategy development is grounded in a common vocabulary. The vocabulary helps frame the questions that must be answered and the decisions that must be made.

Adjacent Markets:

Adjacent Market segments share common characteristics in application requirements and ecosystem, or Community, relationships. These shared characteristics and relationships can be mapped in two-dimensional space, sometimes called a proximity map. One popular form of a proximity map is to depict adjacent market segments as bowling pins, and to discuss market penetration strategy in terms of knocking over successive pins by taking advantage of adoption order as well as commonality of requirements or relationships.

Adoption Curve:

The Adoption Curve plots the relative speed at which an innovation is accepted in a Community – or groups of related communities – over time. When the number of individuals adopting a new idea is plotted on a frequency basis over time, the result is an S-shaped curve. Adoption rate is measured by the length of time required for a certain percentage of the Community to adopt the innovation.

Innovations with greater relative advantage versus current methods, less complexity and compatibility issues, more visible reference use, and less perceived risk experience a faster rate of adoption.

Augmented Product :

Augmented Product elements are, by definition, unique to a particular supplier in the technology category. As the category matures, Augmented Product elements of the offering are services which dramatically reduce customer cycle times and cost of use. Since Augmented Product elements are only available from one supplier, their value is expressed as the cost to the customer (or a competitor) to duplicate the service. Augmenting elements allow the supplier to command a price premium, but as soon as an augmentation becomes available from a competitive supplier, it is becoming an Expected Product element.

Chasm:

The Chasm refers to stark differences in buying behavior, reference sources, access to technical resources, and willingness to take on perceived risk between Early Adopter customers and those in the mainstream, or Early Majority, group of customers. Distinctly different Positioning messages and solutions must be assembled for customers on either side of this divide – differences in solution elements include integration and channel support, technical advice, compliance to standards, delivery and quality performance, and overall packaging of a complete product offering.

Community:

The reason innovations take off, the reason there is a “tipping point”, is attributed to the power of Opinion Leader influence among a network of connected members of a Community. Networks of Opinion Leaders and their peers are social systems providing trusted, credible learning and shared experience that fosters technology adoption – the tighter the bonds between members of a Community, the faster the rate of adoption. For mainstream customers the only credible source of new technology information is another Community member.

Defensive Strategy:

Defensive Strategy is a competitive option available to the Market Leader, the player with the largest share in a particular market. Key strategy elements include the willingness to push Generic Product technology advances into the market, even at the peril of cannibalization of current solution sales, in order to maintain share incumbency. Another hallmark of Defensive Strategy is the discipline to be, at one and the same time, vigilant and aggressive in competitive pursuit, but unwilling to name a competitor in any public setting, thereby granting legitimacy to the competitor.

Differentiation:

Differentiation refers to customer's perception that a solution does not have a perfect competitive substitute. Therefore Differentiation suggests some dimension of unique capability; that the solution is better for certain uses or in certain circumstances than competitive alternatives. The purpose of Differentiation is to justify a price premium versus alternative solutions. Successful Differentiation is based on Market Segmentation, and is achieved only when customers actually perceive a difference based on technology, support, distribution, or other solution attributes (see Positioning).

Early Adopters:

Early Adopters, representing 10-13% of Community membership, are integrated into the social system of the market. Early Adopters tend to be influential because they are first to fully deploy new technology in an effort to get a jump on the competition. Early Adopters are capable of first deployment because they are big enough to have access to technology evaluation and integration resources. However visionary, Early Adopters are not always Opinion Leaders – Early Adopters exert the most influence when all the members of the Community or segment tend toward early adoption.

Early Majority:

The Early Majority of adopters, about 30% of a market, are the pragmatist individuals or organizations that will not disrupt productive operations to adopt new technology. They adopt just as the innovation is fully standardized and a readily accessible trained skill pool is available to support technology integration and use. Although Early Majority adopters are not Opinion Leaders, they do interact frequently with other adopter groups providing a crucial link between visionaries and the more conservative members of the Community.

Expected Product :

Expected Product includes service and product attributes which reduce total cost and cycle time associated with use of the Generic Product. Expected elements reflect concessions in the cost of doing business typically available from all suppliers in the category. Benchmark metrics for Expected Product performance are set by the category's best-in-class supplier, and are typically associated with investments in manufacturing, delivery and support infrastructure. Failure of the supplier to perform to benchmark metrics will result in loss of market share, product margin, or both.

Flanking Strategy:

Flanking Strategy, the most innovative maneuver available to fight a marketing war, must be executed in an emerging market without an established Market Leader. The success of a flanking maneuver is dependant upon the traditional market share leader's reluctance to acknowledge and invest in the emerging market, and upon the rate of emerging market growth. Since success depends on the capture of new growth opportunity against an established competitor, the element of stealth, and then surprise, are critical to Flanking Strategy success.

Generic Product:

Generic Product includes elements that deliver the inherent value of the technology category upon which your products or services are based. Technology category benefits are expressed as measures of price/performance value versus alternative methods and technologies. As the technology category matures, benchmarks for Generic Product price/performance measures advance, forcing continuous investment in the core technology. However large these continuous investments by suppliers may be, Generic Product elements are just "table stakes" to be considered a viable supplier in the category.

Guerrilla Strategy:

Guerrilla Strategy is appropriate for competitors with small relative share in a market dominated by larger share owners. The key to success with Guerrilla Strategy is the discipline to focus on customer or segment targets that are high growth, but small enough to defend. All effective guerrilla marketing and sales tactics are stealth – non public – even after dominant share has been taken in the target market. The best Guerrilla Strategy competitors cede ground when confronted with an all out attack from the dominant players, conserving resources to return as larger players lose their focus.

Innovators:

Innovators represent those 1-3% of individuals or organizations in a Community who are the most venture-some, and are first to try an innovation or new technology. This all-encompassing interest in new ideas actually isolates Innovators from peer networks. While Innovators are a tight clique among themselves, they do not communicate frequently with other, later adopters, in the Community. Innovators are rash, technically savvy risk-takers more than astute business people, enthusiastic about technical innovation simply for its own sake.

Laggards :

As the most conservative and isolated individuals or organizations, Laggards are the last 15% of the Community to embrace an innovation. Laggards possess few technical resources and do not allocate resources to change of any sort. They value and protect the past, feeling no pressure to attribute value to technology for its own sake. Laggards inspire suppliers to cloak technology in familiarity to the point of making it completely transparent, virtually risk-free and demanding no purchase or use cost premium of any kind.

Late Majority:

These are the much more skeptical adopters making up about 30% of the Community. The Late Majority possess scant resources to integrate technology, and do so only when it is more costly and competitively dangerous to ignore innovation than it is to adopt. Late Majority adopters are highly susceptible to peer pressure, particularly from adopters with identical characteristics (like application requirements, cost basis, etc.) Because of this drive to mimic narrowly defined peer groups, the Late Majority market tends to be fragmented.

Market Leader:

The Market Leaders articulate vocabulary, vision, and standards of performance among suppliers for a technology category. Market Leaders take responsibility for defining the category and growing the market, to the benefit of all suppliers and related ecosystem partners in the category. Dominant market share is the hallmark of a Market Leader, although not all market share leaders are willing or able to take on the role of Market Leader. Mainstream customers will not adopt new technology until a Market Leader emerges because leadership solidifies the technology roadmap and thereby lowers the risk of both third party participation and customer purchase.

Market Segmentation:

Market Segmentation promotes a commanding, and therefore more profitable, position in the market by using the principle of divide-and-conquer. Technology market strategies based on taking a small percentage of a large market fail because this thinking acts against delivery of unique customer value and creation of effective competitive barriers. Segmentation strategy consists of dividing the market into clusters of customers with similar technical requirements, buying environments and Community relationships. Product, support, and promotional efforts can then be prioritized and tailored to an ordered list of target segments. Segmented, targeted programs tend to yield higher absolute profits.

Offensive Strategy:

Offensive Strategy is available to market players holding second or third market share position, but should only be implemented if the supplier is strong enough to sustain an attack against the Market Leader. Offensive Strategy requires good, unbiased information about the Leader's strengths and weaknesses so that the weakness inherent in the strength may be identified and exploited. Another key tactic of Offensive Strategy is to provoke the Leader into public acknowledgement and direct comparison: the leader's public acknowledgement provides crucial credibility to the offensive competitor.

Opinion Leaders :

An Opinion Leader is an individual or organization in a Community that is able to influence the attitudes and behaviors of others. Opinion leadership is based on technical competence, social accessibility and conformity to Community norms. An Opinion Leader is "just like me only better." In technology business terms, "better" almost always refers to majority market share, or fastest growing market share, in the segment of influence. Opinion Leaders may, as in early adopting segments, or may not be Early Adopters

Positioning:

Positioning is a perception created in the minds of a certain segment of customers about the unique aspect of a supplier's offering relative to competitive alternatives. A supplier's position evolves in the minds of customers whether or not company management is proactive about the positioning process. But a company can positively influence the perceptions through enlightened strategic actions. The outcome of the Positioning process is the supplier's acquisition of mindshare, which can be measured using a variety of quantitative tools such as conjoint analysis or multi-dimensional scaling.

Potential Product :

Augmented Product elements will eventually be matched by competitors, thereby evolving once-unique value to a customer expectation of all suppliers in the category. Potential Product refers to all of the possible unique elements that have yet to be added to the product offering. The source of Potential Product elements is both innovation in technology, and the constant effort by the supplier to identify opportunities to help customers respond to change, compete and reduce their cost structure.

Product Platform :

A Product Platform defines a set of sub-systems and their interfaces forming a common architecture from which a stream of derivative products or services can be developed over a period of time. High tech firms increasingly consider platform-based approaches to reduce complexity and better leverage investments in design, manufacturing and marketing. Platform strategies address the defined needs of some number of Adjacent Market segments, and may have to be extended in order to cover additional target markets.

Solution Drivers:

Solution Drivers, and their metrics, are defined by what is important to customers, thus they correspond to and support the customer's own driving business metrics.

For customer satisfaction purposes suppliers prioritize Solution Drivers and then rate their performance to metrics versus competitive alternatives. For more strategic product planning effect, driving metrics can be applied to core technology, or Generic Product, elements; to customer satisfaction, or Expected Product, elements; and, most importantly, to customer-partnering, or Augmented Product, elements providing the basis for the supplier's Vector of Differentiation.

Vector of Differentiation :

Unlike tactical continuous development of Augmented Product elements, defining a Vector of Differentiation commits the firm to deliver a specific benefit to customers, and to continuously differentiate along this benefit vector or value proposition over time. The vector is chosen from among the customer's Solution Drivers, and once determined, the vector focuses Augmented Product priorities and improvements. The most effective vector is one that offers a means of solution Differentiation across several target markets within phases of the Adoption Curve, for some extended, but finite, period of time.

Voice of the Customer (VOC):

Voice of the Customer is a structured market research technique implemented by product and market development teams. VOC methods involve a series of in-depth interviews with distinct segments of customers, focused on their experiences with current products or alternatives. This technique utilizes open-ended questioning to produce a description of needs and Solution Drivers based on the customer's response to environmental trends. Formal documentation of customer conversations allows the business team to synthesize commonalities and differences in customer problems and to derive a Vector of Differentiation.

Whole Product:

Whole Product is a term denoting a complete solution offering, one that includes core technology, thought of as the "product", and all of the accompanying services, relationships and complementary products necessary to completely solve an important customer problem. The objective of offering a Whole Product is to make the technology easier to buy, thus expediting sales, easier to use and maintain, thus reducing support costs, and easier to differentiate, thus fending off potential competition.

Word-of-Mouth:

Word-of-Mouth includes spoken (and unspoken but visible) means of communication among members of a Community, and between Adjacent Market communities. Word-of-mouth is the most powerful form of market communication because it involves a reference source that confers credibility on information, thereby making it more persuasive in creating both positive and negative perception. The credibility of this phenomenon is invaluable to marketing and sales efforts aimed at establishing solution Differentiation and favorable Positioning in the minds of target customers.