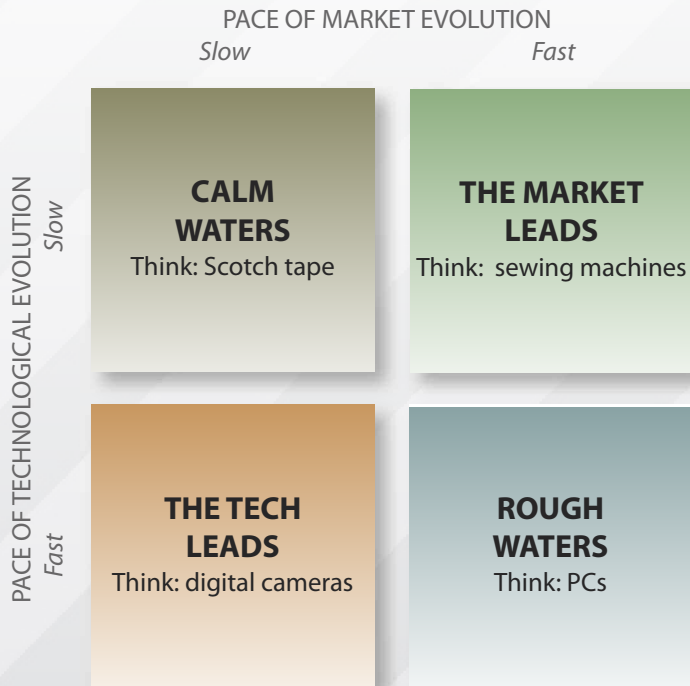


First mover advantage? Maybe not...

Gradual changes in both technology and markets are ideal situations to create a first-mover advantage. But what happens when markets or tech don't cooperate?

Two variables (market evolution and technology evolution) lead to four scenarios:

- **Calm waters** are those product and service areas where the technology and the market are evolving gradually.
- **The market leads** when the technology is evolving rapidly but the overall market evolves slowly.
- **The technology leads** when performance improves faster than the market evolves.
- **Rough waters** are volatile product and service areas where both the technology and the market are in a state of rapid flux.



Situation Your Company Faces	Short-Term First-Mover Advantage	Durable First-Mover Advantage	Key Resources Required
Calm Waters	Unlikely Even if attainable, advantage is not large.	Very likely Moving first will almost certainly pay off.	Brand awareness helpful, but resources less crucial here
The Market Leads	Very likely Even if you can't dominate the category, you should be able to hold onto your customer base.	Likely Make sure you have the resources to address all market segments as they emerge.	Large-scale marketing, distribution and production capacity
The Technology Leads	Very unlikely A fast-changing technology in a slow-growing market is the enemy for short-term gains.	Unlikely Fast technological change will give later entrants lots of weapons for attacking you.	Strong R&D and new product development, deep pockets
Rough Waters	Likely A quick-in, quick-out strategy may make good sense here, unless your resources are awesome.	Very unlikely There's little chance of long-term success, even if you are a good swimmer. These conditions are the worst.	Large-scale marketing, distribution, production, and strong R&D (all at once)