

An Individual Essay

On

PLC STRATEGIES FOR PIONEER AND FOLLOWER COMPANIES

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Table of Contents

Introduction.....	4
The advantages of being a pioneer company	4
The advantages of being a follower company	6
PLC Strategies in the Growth and Maturity Stages	8
Conclusion	13
References.....	14

Introduction

In the competitive business environment, companies have a choice when it comes to being either the trailblazers introducing new products to the marketplace or riding the coattails of the first created product. Both approaches have their unique benefits. Innovative companies enjoy first-mover advantages like brand recognition, customer loyalty and control over market trends (Thomas and Cox, 2024). However, these opportunities also come with greater risks such as significant research and development expenses and uncertainty of market acceptance. In contrast, follower companies use pioneers' experiences to improve products, decrease risk, and execute more economically, frequently allowing them to capture market share based on better execution.

Successfully managing the product life cycle (PLC) is a common factor in both strategies. Companies also need to adapt their marketing plans per the different stages of the PLC—introduction, growth, maturity, and decline to remain profitable and competitive (Niehoff, 2022). As products undergo firm evolution, pioneers heavily invest in marketing and innovation to dominate the market, with followers adhering to cost focus, differentiation, or niche-mastery.

The advantages of being a pioneer company

A pioneer company is an organization that is first in a market or industry, introducing new or innovative products, services or business models. However, there are also many perils—as well as potential benefits—that come with being a pioneer (Hepp and Loosen, 2021). It is riddled with challenges too, like higher risk, a large amount of investment in research and development and a potential that competitors will build off the original concept.

Some advantages of being a Pioneer company are discussed below.

First-Mover Advantage: Pioneer companies often attain gatekeeper status in a market before the competition comes up behind. They can define industry standards, pricing

models and even customer preference (Gong *et al.* 2022). By entering the market early, they can capture a significant market share and build high levels of brand loyalty.

Brand Awareness and Customer Loyalty: It is the first player in an industry or product category that commands recall. Pioneering companies are associated with innovative, trusted and leadership qualities, which establishes a long-term relationship with customers.

Intellectual Property and Competitive Barriers: Pioneers stand to patent or copyright exclusive technologies that would make it very hard for tardy rivals to enter the field (Shafeeq Nimr Al-Maliki, Salehi and Kardan, 2023). These legal protections guarantee a sustained competitive edge.

Economies of Scale: The pioneer companies may scale-up production and take cost advantages ahead of competitors. As they improve their processes, they achieve cost advantages that new entrants find difficult to overcome.

Higher Profit Margins: Due to their novelty, early players typically get premium pricing. When pioneers do not face immediate competition, they can charge high rates and reap enormous profits until competition eventually bids them down.

Help Strengthen Supplier and Distributor Relationships: Having first-mover advantage allows pioneers to establish strong bonds with critical suppliers and distributors (Shafeeq Nimr Al-Maliki, Salehi and Kardan, 2023). Partnerships help secure better deals as well as exclusive contracts and provide a dependable supply chain.

Customer Data and Insights: First emerging companies obtain essential consumer information ahead of others (Gong *et al.* 2022). This initial information allows them to fine-tune products, increase marketing efforts, and augment customer experience.

Examples of some successful pioneer companies are mentioned in this section.

Amazon (E-Commerce & Cloud Computing): When Amazon opened its virtual doors in 1994 as the world's first online bookseller, it transformed the retail landscape.

Innovator to the core, it ventured into multiple product categories, announced fast delivery services and built the largest e-commerce platform in the world. Moreover, Amazon Web Services (AWS) has led cloud computing, which is now the cream of the crop. Amazon's first-mover advantage enabled it to establish customer trust, construct a vast logistics infrastructure and achieve a near-monopoly in both online retail and cloud computing.

Tesla (Electric Vehicles – EVs): Tesla revolutionized the car business by being the first to make electric cars viable at mass-market scale. While conventional automakers faltered on EV adoption, Tesla launched high-performance electric vehicles and built its global charging network. However, Tesla became synonymous with the revolutionization of electrical mobility and sustainable energy solutions by being first to market and owning the best branding experiences and creating milestones within EV technology.

Apple (Smartphones - iPhone): Apple did not create the mobile phone, but it was the first to engineer the modern smartphone, having brought out the first iPhone in 2007. The iPhone transformed the market with its multi-touch display, app store, and holistic design. Having been a first mover in the smartphone revolution, Apple also cultivated strong customer loyalty, built a robust ecosystem, and retained premium pricing, cementing a dominant market position.

In addition to their competitive advantages, they enjoy the top position in the market, recognize their brand, and can build barriers to their competitors. Although it needs innovation, continuous improvement and risk management. Innovative strategies often lead to long-term success and mastery, and we see companies like Amazon, Tesla, and Apple as good examples for this.

The advantages of being a follower company

In business strategy, companies are often categorized as either first movers (innovators that introduce new products or services) or followers (companies that enter a new market after the pioneers do, improving upon existing products or strategies). Although

first movers enjoy first-mover advantages like early market share and brand recognition, second movers are often better positioned to learn from the mistakes of first movers and optimize existing innovations (Anh, Tien and Anh, 2021).

The Benefits of Being a Follower Company are discussed below.

Lower Risk and Costs: Follower companies save on the expenses of research and development (R&D) that it takes to be the first to market with a new product or service. They can iterate upon already existing products based on customer feedback rather than dedicating significant resources into a trial-and-error method (Tien *et al.* 2021). For example, Apple was not the first company to produce a smartphone, but they entered the market late and became the best by improving aspects like the quality of the screen and the battery life.

Scope to Improve upon Innovation: Follower companies can build better products by breaking down the offerings in the market and analyzing the advantages and disadvantages of the first movers. They harness consumer insights, drive efficiency, and unlock better pricing or capabilities (Tien *et al.* 2021). For instance, Google was not the first search engine, but it perfected the search algorithm better than its rivals Yahoo and AltaVista, therefore, dominating the industry.

Established Market Demand: The first movers often face some challenges with customer adoption because they bring a new concept, whereas followers come into an existing market with validated demand. This also lessens uncertainty and enables them to concentrate on differentiation (Huang *et al.* 2021). Such as, Facebook entered social networking after Myspace and Friendster but ended up beating them with a more user-friendly interface and better privacy controls.

Learning from Competitor Failures: Early adopters often face operational and technological hurdles. When they notice these blunders, followers take on strategies that bypass these hazards and scale at an increased rate, and better (Huang *et al.* 2021). For example, though not the first online retailer, Amazon beat its competitors by

relentlessly pursuing policies that put customers first and by mastering logistics and cloud computing services.

Building a Strong Brand Position by Standing Out: Followers can pick up market opportunities not filled by first movers. They hone their business models and branding strategies to woo consumers who were unsatisfied with early entrants (Huang *et al.* 2021). For example, new players like Tesla entered the electric vehicle market after early innovators, but they succeeded through superior battery technology and branding.

Examples of successful following companies are noted below.

Samsung (Smartphones & Electronics): Samsung entered the smartphone market after Apple, but now they own half the world, thanks to such features as foldable screens, styluses, and high-end camera tech. It made use of Android's ecosystem and used aggressive marketing strategies to go toe to toe with Apple.

Google (Search Engines & Software): Google was a relative latecomer to the search engine sector, but transformed it with improved algorithms, faster response times, and ad-driven revenue models. It branched out into cloud computing, AI, and mobile OS (Android) and became an industry giant.

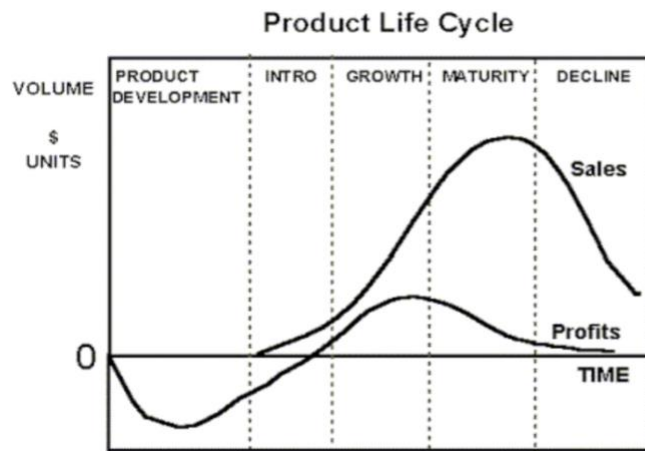
Facebook (social media): Facebook, which was not the first social media, created a better user and advertising experience that outperformed Myspace. Its purchase of Instagram and WhatsApp helped seal its supremacy.

This allows follower companies to enjoy strategic benefits such as lower costs, better innovation, and learning from their competitors' mistakes. Samsung, Google, and Facebook are examples of follower-catchers that have leapfrogged early pioneers by way of superior execution, innovation, and market delivery.

PLC Strategies in the Growth and Maturity Stages

The Product Life Cycle (PLC) is divided into four stages such as introduction, growth, maturity and decline. Each is part of a different moment in the evolution of the

successful transition and calls for different strategies to guarantee success and sustainability.



2. Product Life Cycles – Adopted from Kotler, Philip & Keller, Kevin Lane (2009)

Introduction Stage: This stage sees the product launched and placed into the market at a high price and low sales as users are unaware of the product. For establishing a presence in the market, companies spend on marketing, product development and distribution (Vendrell-Herrero *et al.* 2022). These strategies include market penetration pricing (charging low prices to capture market share) or price skimming (charging high prices to appeal to first adopters).

Growth Stage and Strategies: The growth stage is characterized by increasing sales, rising profits, and growing market demand. Companies make their version of market share, more brand awareness and a better product. The key strategies include:

Pioneer Companies' Strategies: Pioneer companies develop new products and create market demand (Piila *et al.* 2022). They have put strategies in place, emphasizing innovation, market education and brand loyalty.

Fortress strategies of pioneer: When pioneers speed up their operations, they're able to lower production costs, which makes it tough for competitors to keep up on price (Grant, 2023). These pioneers can also quickly move into new areas or markets, leaving less room for followers to get a foothold. Up next are some strategies that could help pioneers leverage their lead over those trying to catch up.

Market Development and Innovation: Innovators invest significantly in Research and Development (R&D) to launch innovative products. They leverage patents and first-mover edges to remain ahead of the curve.

Brand Building and Customer Loyalty: They adopt marketing and early adopter incentives to create strong brand recognition. Shift from functional benefits to emotional connections with customers. Leverage social proof through industry leaders or satisfied customers.

Pricing Strategies: Skimming pricing (high price at beginning) helps return costs of R&D while penetration pricing (low price at beginning) attracts mass adoption (Kaipainen and Aarikka-Stenroos, 2022). Use lower production costs to reduce prices, creating a barrier for late entrants (Jobber & Ellis-Chadwick, 2019)

Market Expansion and Segmentation: Companies focus on reaching new segments of customers or open into new geographic markets to expand their consumers Influence.

Product Development: To meet specific customer needs, businesses develop new features, improve quality, or create variations of existing products (Iveson, Hultman and Davvetas, 2022). Introduce better features, improved quality, or new variations to differentiate from emerging competitors.

Strategic Partnerships and Distribution Expansion: Companies partner with retailers or online platforms to improve accessibility and reach a larger audience. Partner with complementary brands to tap into new markets.

Examples of successful pioneer companies are mentioned below.

Apple (Smartphones & Tablets): Apple broke into the modern smartphone market with the introduction of the iPhone in 2007. With innovative hardware and software mixed with constant updates and an ecosystem of devices and brand loyalty at its beckoning, it was a force to be reckoned with.

Tesla (Electric Vehicles/EVs): Tesla pioneered the EV space with premium electric vehicles, battery and charge infrastructure. Its first-mover advantage allowed it to cement brand dominance before legacy automakers fully entered the marketplace.

Netflix (Streaming Services): Netflix transformed from DVD rentals into streaming, leading the way for consumers to get their entertainment on demand. Ongoing content investment and personalization algorithms kept its competitive edge.

Strategies of Follower Companies: Follower firms enter the same markets as pioneers but use second-mover advantages to do better than the giants that led the charge. Their strategies harken back to cost leadership, differentiation and market growth.

Attack or aggressive strategies for follower: The follower launches multiple product variations, price points, or features to challenge the pioneer on several fronts (Grant, 2023). The follower expands into alternative markets, distribution channels, or disruptive technologies instead of competing in the pioneer's stronghold (Jobber & Ellis-Chadwick, 2019). The follower launches limited but aggressive marketing campaigns, price cuts, or promotions in select areas to weaken the pioneer.

Better Product Features: Pioneers pave the way; followers make the product better and cheaper to attract customers.

Cost Leadership and Efficiency: Lower production costs, economies of scale, and strategic pricing make products more accessible (Kehinde *et al.* 2024).

Fast Adaptation and Expansion: Scale quickly, the use of rapid market penetration, acquisitions, and global distribution (Ophilia and Hidayat, 2021).

Examples of successful follower companies are mentioned below.

Samsung (Smartphones): Apple brought the first smartphones to the market and then Samsung brought the Galaxy series of smart phones with several models, innovation in the form of foldable phones and affordable pricing which made Samsung one of the global leaders.

BYD (Electric Vehicles): Chinese car manufacturer BYD wasn't the first in the EV game like Tesla, but it found its stride quickly, releasing cost-effective, mass-market electric vehicles that now outsell Tesla as of 2023.

Maturity Stage and Strategies: Sales growth slows competition heats up, and price pressures rise as you approach maturity (Iveson, Hultman and Davvetas, 2022). Corporate organizations focus on sustaining market share, optimizing the cost and extending the product lifecycle.

Pioneer strategies during maturity stage:

Product Diversification and Innovation: Introduce variations, new models or supplementary services (e.g., warranties, subscriptions) to keep customers interested (Chen, Wang and Fu, 2022).

Brand Retention and Consumer Retention: Use of loyalty programs, personalized advertising, and other customer service strategies. Strengthen brand positioning through emotional connections, storytelling, and customer loyalty programs (Aaker, 2022).

Market Development and Global Expansion: Expansion into new markets, where demand is still high, and competition is lower (Chen, Wang and Fu, 2022).

For example, **Apple (iPhone):** Apple leads the mature smartphone market through regular upgrades, improved features, and a robust ecosystem of linked products and services. Apple succeeds in cross selling its iOS ecosystem and subscription services while also regularly upgrading its iPhone models.

Follower strategies during maturity stage: Use price discounts, promotions, and bundled deals to entice customers away from the pioneer. We can give customers a better deal by getting smarter about how we operate and taking advantage of bulk purchasing.

Examples of successful follower companies are mentioned below.

Disney+ (Streaming Services): Netflix created the category of streaming, but Disney+ harnessed its vast warehouse of content and its bundled services to grab millions of subscribers in a short window.

Decline Stage: In this phase, market demand wanes, often due to technological changes, shifts in consumer preferences, or new competition. Organizations retire, reposition or niche the product. Executing a decline management strategy through strategic exits, cost-cutting, and rebranding a product is a common path an organization may take.

With the correct strategies provided in the growth and maturity phases, companies will be able to uphold profitability and extend product prosperity in competitive fields.

Conclusion

Pioneers win by innovating, establishing brands, and grabbing early market share; followers win by making things better, keeping costs low, and scaling fast. If done correctly, both can lead to monopoly/oligopoly in the long run.

Pioneers and followers need to implement strategies based on the product life cycle to achieve profits and long-term sustainability. To bring a product to market, firms must change tactics at various life stages; introduction, growth, maturity and decline, with the need to vary price, marketing and time to market. Pioneers should concentrate on maintaining competitive advantages, while followers should pursue gaps in the market and economies of scale.

Ultimately, they will only be successful if they play their cards well and can adapt to the shifts in the market. With their product life cycle strategies in sync, these companies can thrive, ensuring growth, increasing competitiveness, and ultimately establishing themselves for slack times to come in the world of dynamic businesses, whether they are trailblazers or imitators.

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