



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Master of Business Administration

Title : Advantages of Pioneer and follower and product life cycle strategies used by them.

Student Name: payal thakor

Student Number: 2418464

Course Name: Marketing Management (LCMB7024)

Lecturer Name: Laila Maazouz

Term: Febuary 2025

Word count: 2537 words

Submission deadline: 28st March 2025

Table of Contents

Introduction	3
1. Advantages of Being a pioneer and follower	3
Advantages of Being a Pioneer:	3
Advantages of Being a Follower:	4
2. The product life cycle (PLC) strategy used by pioneers and follower.	6
Pioneer Companies and Product Life Cycle Strategies	6
1. Introduction Stage: Focus on Innovation and Market Education	6
2. Growth Stage: Expanding Distribution and Building Brand Loyalty	6
3. Maturity Stage: Differentiation and Cost Leadership	7
Follower Companies and Product Life Cycle Strategies	7
1. Introduction Stage: Fast Imitation and Market Entry	7
2. Growth Stage: Feature Differentiation and Competitive Pricing.....	7
3. Maturity Stage: Cost Leadership and Market Penetration	8
Conclusion	8
References	9

Introduction

In today's competitive marketplace, companies must carefully choose between adopting a pioneering or follower strategy to succeed. Both approaches offer distinct advantages and challenges, especially throughout the stages of the Product Life Cycle (PLC). Pioneers are often the first to introduce innovative products, capturing early market share and brand loyalty, while followers benefit from learning from the pioneers' successes and mistakes, reducing risk and cost. This response will explore the advantages and strategies of both pioneer and follower companies, illustrating how each navigates the PLC stages and highlighting examples of successful companies in these roles.

1. Advantages of Being a pioneer and follower

Being a pioneer or a follower in the marketplace involves different strategic approaches, each with its unique advantages and challenges. Understanding these roles is crucial for companies when determining their market entry strategies and overall business positioning. This response will explore the advantages of being a pioneer and a follower in business, providing examples of successful pioneer and follower companies to illustrate the concepts. References will also be included to support these insights.

Advantages of Being a Pioneer:

1. **First-Mover Advantage:** One of the most significant advantages of being a pioneer is the ability to establish a first-mover advantage. Pioneers are the first to introduce a new product or service to the market, which allows them to capture early market share, build brand recognition, and potentially dominate the market before competitors have a chance to establish themselves (Lieberman & Montgomery, 1988). This initial lead can be critical in industries where market leadership is important, such as technology or consumer electronics.

For instance, Netflix gained a first-mover advantage by transitioning from DVD rentals to streaming in the early 2000s, becoming a leader in digital entertainment. By offering convenience, a vast content library, and original shows, it built a strong brand before competitors like Amazon Prime and Hulu could catch up, securing its position as the dominant streaming platform (Hulu, 2021; Netflix, 2023).

2. **Brand Loyalty and Customer Trust:** Pioneers often benefit from increased brand loyalty and customer trust, as they are seen as the innovators and trendsetters in their respective industries (Golder & Tellis, 1993). When a company is the first to market, it becomes associated with the innovation itself, creating a strong connection with customers who are eager to adopt new technologies or products. Over time, this leads to a loyal customer base, which can be particularly advantageous for securing long-term profits (Chavez and Chen, 2022).

Tesla is an example of a successful pioneer in the electric vehicle (EV) market. Tesla was one of the first companies to develop high-performance electric vehicles that were also aesthetically appealing and practical for everyday use. By being a pioneer in this market, Tesla was able to build strong brand loyalty among consumers who were passionate about sustainability and innovation (Vance, 2015).

- 3. Control Over Market and Distribution Channels:** Pioneers also often secure better control over distribution channels. As the first to introduce a new product or service, pioneers have the opportunity to form exclusive partnerships with retailers or online platforms (Nishida, 2016). This is particularly beneficial in industries where distribution plays a key role in market success, such as consumer electronics or fashion (Lieberman & Montgomery, 1988). In this way, pioneers can establish significant market presence and influence before competitors have the chance to enter. Sony secured control over market and distribution channels with the launch of the PlayStation in 1994. Exclusive agreements with retailers and game developers helped Sony dominate the gaming market, giving it a strong presence and a robust game library (Herz, 1997).
- 4. Intellectual Property and Competitive Barriers:** Pioneers often develop new technologies or products that are protected by patents and intellectual property (IP) rights. This protection creates significant barriers for competitors trying to imitate or improve upon the product. By holding patents, pioneers can maintain a competitive edge for an extended period, as competitors may be restricted from using the same technologies (Rosenbloom, 2012).
An example of pioneers using intellectual property to create competitive barriers is Pharmaceutical companies such as Pfizer with its Viagra drug. Pfizer patented the formulation of Viagra, which protected its innovative technology and product design. This intellectual property protection prevented competitors from creating generic versions for several years, allowing Pfizer to maintain a strong market position and command high prices until the patent expired (Rosenbloom, 2012; Pathak and Muralidharan, 2020).

A successful pioneer company example is Amazon in the e-commerce industry. Founded in 1994, Amazon was one of the first companies to create a comprehensive online marketplace, initially focusing on books and later expanding to various product categories. By pioneering the concept of online shopping, Amazon built a strong brand, developed customer loyalty, and reshaped retail. The company introduced innovative features such as customer reviews, personalized recommendations, and efficient delivery systems. These innovations allowed Amazon to dominate the e-commerce space and achieve massive growth, setting a high standard for competitors in the online retail market (Stone, 2013).

Advantages of Being a Follower:

- 1. Reduced Risk and Cost:** One of the most notable advantages of being a follower is the ability to learn from the pioneers' successes and failures. Followers can observe the performance of pioneering companies, study consumer feedback, and identify potential issues before launching their own product or service. This reduces the overall risk and cost associated with entering a new market, as the follower can adopt best practices and avoid common mistakes (Mitra, 1999).

For example, Samsung is a prominent follower in the smartphone market. While Apple pioneered the touchscreen smartphone, Samsung followed with its Android-based devices. Samsung leveraged the innovations of Apple and other early smartphone manufacturers, refining the product design, adding features such as larger screens and multi-lens cameras, and improving battery life (Keller, 2013). By doing so, Samsung was able to enter the market with a more polished and competitive product, learning from the challenges Apple faced early on.

2. **Market Validation:** Followers enter a market that has already been validated by the pioneer's success or failure. The initial risk and uncertainty of introducing a new product are borne by the pioneer, while followers can benefit from knowing that there is already consumer demand for the product or service. This reduces the need for market education and consumer awareness campaigns, which are often costly (Golder & Tellis, 1993).

Microsoft is a great example of a follower that benefited from market validation. Microsoft's Windows operating system was not the first operating system on the market, but it succeeded by improving upon earlier systems, such as IBM's OS/2, and offering a user-friendly interface. The initial market demand for operating systems had been validated by early competitors, and Microsoft was able to quickly gain market share by making incremental improvements (Boddy, 2008).

3. **Faster Technological Advancements:** Followers often benefit from the ability to adopt more advanced technologies that have been tested and improved by pioneers. As pioneers invest in the development of new technologies, followers can adopt these advancements once they have been proven and refined, thus avoiding the need to invest heavily in R&D (Mitra, 1999).

For example, Google was not the first search engine, but it was able to capitalize on the experience of earlier search engines like Yahoo! and AltaVista. By refining the search algorithm and offering better user experiences, Google was able to leapfrog its competitors and dominate the search engine market (Vise, 2006).

4. **Lower Marketing Costs:** By the time a follower enters a market, much of the marketing effort required to raise consumer awareness has already been done by the pioneer. This allows followers to capitalize on the market presence created by the pioneer, reducing the costs associated with advertising and consumer education (Golder & Tellis, 1993). Followers can position themselves as a credible alternative or offer improvements that address unmet needs, thus benefiting from the market's existing awareness and demand.

Samsung, as a follower in the smartphone market, benefited from Apple's pioneering efforts by reducing marketing costs. With widespread consumer awareness already established, Samsung focused on differentiating its products with features like larger screens and better cameras (Keller, 2013).

Toyota is a successful follower company in the automobile industry. While Ford and General Motors were pioneers in mass automobile production, Toyota entered the market by focusing on efficiency and quality control. Through the implementation of lean manufacturing and the Toyota Production System, the company was able to produce reliable vehicles at lower costs, gaining a competitive advantage. Toyota also capitalized on fuel-efficient cars, like the Corolla and later the Prius, appealing to consumers during times of rising fuel prices. Toyota's strategy helped it become one of the largest car manufacturers globally (Porter, 1980).

2. The product life cycle (PLC) strategy used by pioneers and follower.

The product life cycle (PLC) outlines the stages a product goes through—introduction, growth, maturity, and decline. Pioneer and follower companies adopt different strategies at each stage to drive growth and stay competitive. This response will explore how these strategies vary across the PLC stages, using examples of successful companies to illustrate their approaches.

Pioneer Companies and Product Life Cycle Strategies

Pioneers have unique opportunities and challenges at each stage of the product life cycle. Their strategies are typically focused on establishing market leadership, creating brand awareness, and differentiating their products from potential competitors.

1. Introduction Stage: Focus on Innovation and Market Education

During the introduction stage of the PLC, pioneer companies face the challenge of educating the market about the existence and benefits of their new product. To increase growth and build a strong competitive advantage, pioneers often focus on innovation, product differentiation, and market education.

- **Innovation:** Pioneer companies must invest in R&D and continually improve their products to establish their brand as the market leader. For example, Apple's introduction of the iPhone in 2007 revolutionized the mobile phone market. At this stage, Apple focused heavily on product innovation by incorporating a user-friendly touchscreen interface, a sleek design, and the introduction of the App Store (Isaacson, 2011). By doing so, Apple differentiated itself from the competition and attracted early adopters.
- **Market Education:** Successful pioneers engage in educational marketing campaigns to inform consumers about the benefits and uses of their new product. Tesla, for instance, spent significant resources during its early years educating consumers about electric vehicles (EVs) and their environmental benefits, particularly focusing on performance and range (Vance, 2015). Tesla's focus on educating the market helped overcome skepticism about EVs and positioned the brand as a leader in sustainable automotive technology.

2. Growth Stage: Expanding Distribution and Building Brand Loyalty

Once the product gains traction, pioneers move into the growth stage, where the goal is to increase market share, expand distribution channels, and build customer loyalty. At this stage, pioneers often use strategies that reinforce their position in the market and fend off emerging competitors.

- **Expansion of Distribution Channels:** Successful pioneers work to increase their product's availability by expanding distribution channels. Apple, for example, rapidly expanded its retail presence globally after the launch of the iPhone, ensuring that customers had easy access to the product through both online and offline channels (Isaacson, 2011).
- **Brand Loyalty:** In the growth stage, pioneers focus on building a loyal customer base to secure long-term profitability. Tesla, in the growth stage of its product life cycle, enhanced its brand loyalty by focusing on superior customer service and creating a community of like-minded EV

enthusiasts. Tesla's owners often feel emotionally connected to the brand due to its environmental values and innovative technology (Vance, 2015).

3. Maturity Stage: Differentiation and Cost Leadership

As the product enters the maturity stage, competition increases, and growth slows. Pioneers must adapt their strategies to maintain market leadership. They often focus on differentiation and cost leadership to sustain their competitive advantage.

- **Differentiation:** To maintain a competitive edge, pioneers continue to differentiate their products by adding new features or improving existing ones. For instance, Apple regularly updates its iPhone models with new technologies, such as improved cameras and processors, ensuring that the product remains attractive to consumers even as competition intensifies (Keller, 2013).
- **Cost Leadership:** Some pioneers adopt cost-reduction strategies to maintain profitability as their products mature. For example, Tesla has continued to innovate in manufacturing, including the development of its Gigafactories, which are designed to reduce the cost of battery production and ultimately make EVs more affordable for the mass market (Vance, 2015).

Follower Companies and Product Life Cycle Strategies

Follower's strategies focus on learning from the pioneers, improving upon existing offerings, and capitalizing on the market that the pioneers have created.

1. Introduction Stage: Fast Imitation and Market Entry

At the introduction stage, follower companies typically focus on imitating the pioneer's product and entering the market quickly to capture early market share.

- **Fast Imitation:** Successful followers often adopt a strategy of rapid imitation, taking the products pioneered by other companies and making slight improvements (Min and Kim, 2023). For instance, **Samsung** quickly entered the smartphone market after Apple introduced the iPhone, offering Android-based smartphones that were similar but included features like larger screens and removable batteries (Keller, 2013). Samsung's ability to imitate and improve upon Apple's design allowed it to quickly gain market share and challenge Apple's dominance.

2. Growth Stage: Feature Differentiation and Competitive Pricing

As the product moves into the growth stage, follower companies often implement strategies that focus on differentiation and competitive pricing to capture more of the market share.

- **Feature Differentiation:** Followers differentiate their products by adding unique features or improving product quality to stand out from competitors. Samsung not only imitated the iPhone but also introduced features like multi-lens cameras and larger screens, which appealed to consumers who wanted more from their smartphones (Keller, 2013).
- **Competitive Pricing:** Followers can also use competitive pricing strategies to attract price-sensitive customers. Microsoft, for example, capitalized on the success of the personal computer market by

offering Windows at a lower price compared to Apple's OS, thus attracting consumers who wanted affordable yet functional computing solutions (Boddy, 2008).

3. Maturity Stage: Cost Leadership and Market Penetration

In the maturity stage, follower companies often focus on cost leadership and aggressive market penetration to compete with established leaders and maintain profitability.

- **Cost Leadership:** Followers aim to reduce production costs and offer lower-priced alternatives to attract price-conscious customers. For example, Microsoft achieved dominance in the PC market through cost-effective production of its Windows operating system and aggressive licensing agreements with PC manufacturers (Boddy, 2008).
- **Aggressive Market Penetration:** At this stage, followers intensify their efforts to capture more market share through aggressive marketing campaigns and distribution strategies. Samsung's aggressive marketing campaigns for its Galaxy series and its partnerships with major telecom providers were instrumental in helping the company challenge Apple's dominance (McDermott, 2013).

Conclusion

In conclusion, both pioneering and following strategies offer unique advantages that can drive success in the marketplace. Pioneers gain early market share, brand recognition, and competitive barriers, while followers benefit from reduced risk, market validation, and cost-effective entry. Throughout the Product Life Cycle, pioneers focus on innovation and market leadership, while followers leverage advancements and differentiation to capture market share. Ultimately, the choice between being a pioneer or a follower depends on a company's resources, goals, and risk tolerance. By understanding these strategies, companies can better position themselves for growth and long-term success.

References

- Boddy, D. (2008) *Management: An Introduction*. 4th edn. Harlow: Pearson Education.
- Isaacson, W. (2011) *Steve Jobs*. New York: Simon & Schuster.
- Keller, K. L. (2013) *Strategic Brand Management: Building, Measuring, and Managing Brand Equity*. 4th edn. Upper Saddle River: Pearson Education.
- Vance, A. (2015) *Elon Musk: Tesla, SpaceX, and the Quest for a Fantastic Future*. New York: Ecco.
- Netflix. (2023). *Company timeline*. Retrieved from www.netflix.com/about
- Stone, B. (2013) *The Everything Store: Jeff Bezos and the Age of Amazon*. New York: Little, Brown and Company.
- Porter, M. E. (1980). *Competitive strategy: Techniques for analyzing industries and competitors*. Free Press.
- Golder, P. N. and Tellis, G. J. (1993) 'Pioneer Advantage: Marketing Logic or Marketing Legend?', *Journal of Marketing Research*, 30(2), pp. 158-170.
- Isaacson, W. (2011) *Steve Jobs*. New York: Simon & Schuster.
- Lieberman, M. B. and Montgomery, D. B. (1988) 'First-Mover Advantages', *Strategic Management Journal*, 9(S1), pp. 41-58.
- Mitra, S. (1999) 'The Dynamics of First-Mover and Follower Strategies in Competitive Markets', *Marketing Science*, 18(2), pp. 109-125.
- Rosenbloom, R. S. (2012) *Strategic Management: The Knowledge and Practice of Strategy*. 2nd edn. Oxford: Oxford University Press.
- Vise, D. A. (2006) *The Google Story: Inside the hottest business, media, and technology success of our time*. New York: Delta.
- Chavez, D.E. and Chen, H. (Allan) (2022) 'First-mover advantages and innovation success: a contingency approach', *The Journal of business & industrial marketing*, 37(6), pp. 1169–1181. Available at: <https://doi.org/10.1108/JBIM-03-2021-0165>.
- Nishida, M. (2016) 'First-Mover Advantage through Distribution: A Decomposition Approach', *IDEAS Working Paper Series from RePEc* [Preprint].
- Pathak, S. and Muralidharan, E. (2020) 'A Two-Staged Approach to Technology Entrepreneurship: Differential Effects of Intellectual Property Rights', *Technology innovation management review*, 10(6), pp. 5–13. Available at: <https://doi.org/10.22215/timreview/1364>.
- Min, S. and Kim, N. (2023) 'Competitive Imitation Strategy for New Product-Market Success', *Australasian marketing journal*, 31(2), pp. 112–123. Available at: <https://doi.org/10.1177/18393349211047929>.
- Mcdermott, J. (2013) 'Digital A-List 2013; SAMSUNG GALAXY', *Advertising Age*, 84(8), pp. 38-.