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Introduction

As far as competitive markets are concerned the concepts of pioneers and followers were introduced by Joseph Schumpeter. Pioneers is the first movers of new products, and therefore gain early market share, brand recognition and consumer loyalty, at significant costs and higher risk (Kotler & Armstrong, 2018). For Instance, The iPhone innovation from Apple made it a dominant force in the market (Bohnsack, Pinkse, & Kolk, 2014). Followers, such as Samsung, follow pioneers and use their trial and error, which reduces risks and provides better features at lower prices (Shapiro & Varian, 1999). Followers are then able to take market share without the expensive start-up costs (Gans, 2016). Leaders or followers is a mark of timing, originality, and market behaviour as well as the force that leads to success.

2. Key advantages of being a Pioneer Company

2.1 Discuss, Analyze and Critically Evaluate the Advantages

A market pioneer is the very first to bring a new product or technology to market, frequently setting the stage for an entire industry. There are some unique benefits to being a first mover that can prove decisive to a company's long-term prospects. The first-mover advantage — being a pioneer and claiming a significant share of the market — is one of the biggest benefits. Such an edge translates into being a market leader, increased brand visibility, consumer stickiness, and premium pricing power. One such example is the introduction of the iPhone by Apple in 2007, which disrupted the smartphone space and built a surrounding base with incredible positioning, even amidst increasing competition (Gans, 2016).

But pioneers also define what is expected from and in the market, often inventing new product categories. For example, Microsoft's early move into the personal computer segment enabled it to secure the position of default operating system with Windows (now virtually a synonym for operating system), setting consumer expectations and

pressuring competitors to accommodate to their steady like and use in the face of alternative providers (Porter, 1980). This enables pioneers to decide what features, functions, and characteristics other competitors are constrained to follow. Furthermore, having fewer competitors in the initial market release phase means pioneers can have higher profit margins as they are able to charge premium prices. Tesla, for example, capitalized on its first-mover advantage in the electric vehicle market to build a strong brand and command premium prices (Bohnsack, Pinkse, & Kolk 2014). Pioneers decrease per-unit costs over time through economies of scale as they invest early in production capacity and supply chain (Lieberman & Montgomery, 1988). Finally, their market leaderships shows strong customer loyalty as in case of apple loyal customers as a result of increasing profits over time despite competitive entrants into the market place (Choudhuri & Holbrook, 2001).

Amazon is a successful example of a pioneer company as it transformed e-commerce by being one of the first to offer online shopping and direct-to-consumer services at this scale. Amazon's innovation in leading the way for online retail provided it with a market saver and quickly allowed the company to set up at large scale and a shop for heavy investment in technology and infrastructure, and led to a diversification in numerous markets (Stone, 2013).

2.2 What are the Key Advantages of Being a Follower Company?

New entrants into a market typically establish themselves as follower companies after a pioneering company creates a new technology or product. Follower doesn't just lower risks, thus reducing costs for followers — they can learn from the mistakes and successes of pioneers. A major benefit is that the product can be improved using the R&D done by the pioneers. Pioneers pave the way for development, continually investing to break new ground, while followers build on this foundation, saving the expense of experimentation. Samsung, for instance, entered the smartphone market only after Apple and built on Apple's success by rolling out Android-based phones with features such as bigger screens and removable batteries, avoiding the need for creating an entirely new OS (Bremmer, 2012).

Followers also have lower marketing and consumer education costs. Because early adopters need to see the value of new products, pioneers wade through the market and spend a lot teaching (educating) the market about the benefits. Followers, on the other hand, come in after the market has been taught, so can focus on tuning the product and carving differentiation. Similarly, Coca-Cola came after Pepsi into the soft drink industry and didn't take expenditure with educating customers on soda but continued by its product variations such as Diet Coke (Kotler & Armstrong, 2018).

Moreover, they offer suggested enhancements to products based on customer input. Fruit only comes to market after demand has already been generated, so all of them can use consumer feedback to evolve and iterate on their products. Example: Samsung used customer feedback to improve Galaxy smartphones by extending battery life, improving camera quality and keeping software stable (Kotler & Keller, 2016).

2.3 Provide at Least Three to Five Examples for Each Pioneer and Follower Company

Pioneer Companies:

Apple – The entry of the iPhone changed the rules of the smartphone game and gave Apple the opportunity to dominate the market and establish the industry standard (Kotler & Armstrong, 2018)

The Search Engine Giant – Google was the first large search engine, with advanced search algorithms and the usual search engine usage dominating the search engine market (Varian, 2017).

Tesla – As pioneer into the market of electric vehicles, Tesla established itself as a market leader through mass-production of electric cars in combination with a brand image (Ansari et al., 2013).

Follower Companies:

Samsung – Introduced smartphones after Apple and improved the product and offered more customization options such as larger screens and removable batteries (Bremmer, 2012; Gans, 2016)

PepsiCo – was well behind Coca-Cola in terms of entry into the soft drink market, however, was able to carve out niches with variations on their products, that appealed to separate segments of consumers, for example, Diet Pepsi (Kotler & Armstrong, 2018).

It entered the digital camera space after Canon and Nikon, but honed that technology to technology to deliver higher resolutions, greater speed in processing and better user interfaces (Kotler & Armstrong, 2018).

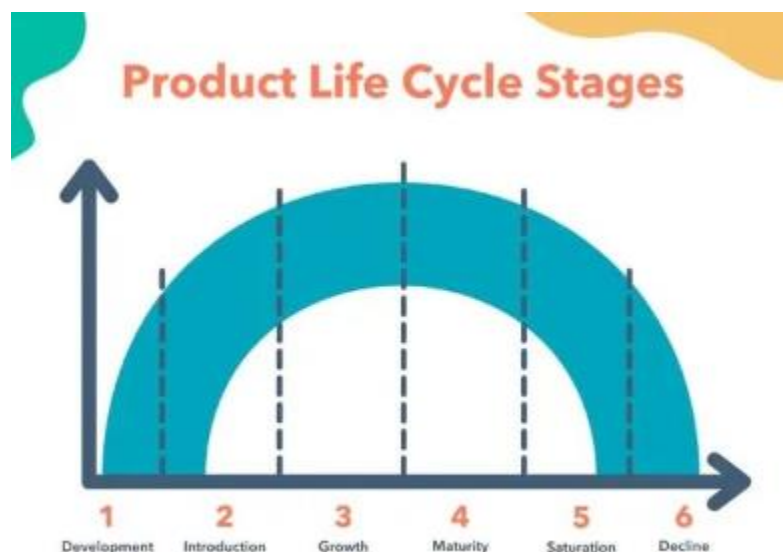
Pioneer and Follower Company Advantages		
Company Type	Company	Advantages
Pioneer	Apple	First-mover advantage with high customer loyalty, brand recognition, and premium pricing (iPhone launch) (Kotler & Armstrong, 2018; Gans, 2016)
Pioneer	Google	Established market dominance in the search engine sector with advanced search algorithms and a strong brand (Varian, 2017)
Pioneer	Tesla	First-mover in the electric vehicle market, creating mass production capabilities and a strong brand identity (Bohnsack, Pinkse, & Kolk, 2014)
Follower	Samsung	Improved product customization, larger screens, Android-based operating system, and more flexibility (Bremmer, 2012; Gans, 2016)
Follower	PepsiCo	Created niche segments such as Diet Pepsi, appealing to health-conscious consumers (Kotler & Armstrong, 2018)
Follower	Sony	Improved digital camera technology with higher resolutions, faster processing, and better user interfaces (Kotler & Armstrong, 2018)

3. Product Life Cycle (PLC) Strategies for Pioneers and Followers

3.1 Discuss, Analyse and Critically Evaluate the Growth and Maturity Stages of the PLC for Pioneers

The Product Life Cycle (PLC) is a marketing theory that outlines the stages a product goes through from when it is first introduced until it eventually declines. In the PLC, pioneers are often faced with unique challenges and opportunities during the growth and maturity stage. Though it can be beneficial to be a pioneer when it comes to the launch of a new product, the first company to introduce a product must adopt certain techniques to preserve its advantages and retain its position.

In the growth phase, innovators such as Apple which launched the iPhone enjoy aggressive market growth. Early adopters of such business models can capture a large market share quickly. To maintain this growth, there are two common strategies that these pioneers pursue: penetration, through which pioneers prioritize price reduction and/or increased distribution to achieve additional market share. For example, Apple keeps renewing its product with better cameras, faster processors, and new software functions, by which customers keep interested and loyal (Kotler & Armstrong, 2018). It keeps pioneers dominating and protects them from late-mover competitors.



The life cycle of a product goes through four stages—introduction pioneering, growth, maturity and decline. To offset this, pioneers employ extended use strategies —product line diversification or entry into new markets. For instance, one of the most successful examples was the launch of the Apple Watch — a new product category that Apple introduced when sales of smartphones plateaued (date) (Shapiro & Varian, 1999). Furthermore, pioneers must grapple with the need to control costs and defend profitability as competition escalates. Tesla’s business model expansion into energy products, such as solar panel systems, illustrates how innovators can broaden the horizons of their business model to establish long-term market presence (Ansari et al., 2013).

3.2 Discuss, Analyse and Critically Evaluate the Growth and Maturity Stages of the PLC for Followers

A follower in the Product Life Cycle (PLC) enters the market after a pioneer creates demand for a given product. Followers build on work of others and expand existing consumer enthusiasm. Followers within the growth stage want to differentiate their products in order to entrench market share. They entice consumers who might search for alternatives to the pioneer’s product by providing new features, higher quality or more appealing prices. For instance, Samsung distinguished itself in its smartphones by providing larger screens, interchangeable batteries, and customizable software features, addressing a wider market segment than the innovator (Bremmer, 2012).

The new entrants at the maturity stage of the PLC have to deal with intense competition to protect their market share. In an effort to keep their place, they often use penetration strategies like offering a wide selection of product options across different price ranges, in order to target both the high-end, as well as more price-conscious consumers. As an example, Samsung offers different series of smartphones from premium to budget which enables the company to target a larger segment of customers (Kotler & Keller, 2016).

Extensive use is also an option for followers, which expands their product lines into peripheral categories to maintain consumer interest. For instance, the company expanded into smart watches and tablets in order to remain competitive and take advantage of new trends in technology (Chandramouli & Zhai, 2015). Moreover, in the maturity stage it is important for followers to cut costs, achieve economies of scale, and develop low-priced goods to stay competitive and avoid death in a mature environment.

3.3 Provide Examples for Pioneers and Followers and Analyse How Each Stage Provides Strong Competitive Advantage

Pioneer Examples:

Apple: Apple is the original smartphone powerhouse who managed to balance through the growth and maturity phases of the product life cycle by constantly innovating and iterating on its existing offerings. It was the growth stage when Apple started bringing features like Face ID and better camera capabilities. It utilized brand loyalty and product and services ecosystem to maintain market leaders in the maturity stage (Kotler & Armstrong, 2018).

Tesla: The leader of the world on the electric vehicle market, Tesla went through the growth stage when it improved its car models, and also expanded the charging infrastructure. Tesla has transitioned from the growth phase to the maturity stage and diversified their product suit for their energy products (solar panel and battery storage) to defend and still up and running (Ansari et al., 2013).

Follower Examples:

Samsung: Jumping in the smartphone space behind Apple and presenting its products with various screen sizes and Android operating systems. Samsung exploited a growing trend towards a more personalized mobile phone experience during the growth stage. During the maturity phase, Samsung was able to maintain its competitive advantage because it had a wider range of smartphones ranging in price (Gans, 2016).

Pepsi-Pepsico followed Coca-Cola into the soft drink space but one-upped it with new flavors and lighter versions. This entry into a healthy drink category, then a relatively new category at the time, was later made by Pepsico to help consumers develop a taste for new products (Kotler & Armstrong, 2018) and also was a move to remain relevant in a mature stage.

3.4 Critically Analyse and Compare the Growth and Maturity Stages for Pioneer and Follower Companies

Lavie (2006) suggests that while pioneers and followers strategize differently to preserve a sustained competitive advantage during the growth and maturity stages of the PLC. Early growth is always vigorous in the case of pioneers that develop new market space, while followers enjoy the stability of a credible demand curve; meaning that entering a market is often easier for the latter. In the maturity phase, however, pioneers need to distinguish their brands, hold onto customers, and manage costs to defend their market position. Conversely, followers have to depend on product differentiation, cost leadership and a slice of market segmentation to get a hold in an increasingly saturated marketplace.

For innovators like Apple or Tesla, the pressure to constantly innovate to create the next great product is intense; for imitators like Samsung or Pepsi, perfection is the goal, often by narrowing in on one consumer need and splitting product lines to serve each niche rather than relying on a differentiator among multiple segments, like Coca-Cola use the same product to serve multiple niches. Pioneers benefit, however, from setting standards and securing substantial market shares first, while followers often can leverage extensive lessons of pioneers and avoid many of the risks of being the pioneer.

Conclusion

In conclusion, the pioneer-follower approach first set forth by Joseph Schumpeter provides insight into the process of competition resulting in economic structure. First movers gain initial market share, brand awareness, and consumer loyalty through the introduction of innovative products or technologies—Apple led the industry with its iPhone, Microsoft leads in OS technology with Windows, and Tesla in the electric vehicle market with premium pricing and economies of scale—the list goes on. Fostering innovation, however, carries significant risk along with high initial expenses — in research, development, market education, and industrial standards. On the other hand, follower companies build upon the foundation laid by pioneers, entering the space at reduced risks and costs whilst reaping the rewards of trial and error and are able to iterate and build upon existing offerings offering better value propositions or superior features at a more competitive price. Follower companies that have successfully followed this route such as Samsung and PepsiCo among many have implemented this playbook by offering customization, product variants and innovation consistent with changing consumer tastes without bearing the high fixed costs pioneered by first movers. During these stages of the Product Life Cycle (PLC), both pioneers and followers implements contrasting strategies: pioneers need to keep innovating to stay ahead of the market and to protect itself from intensifying competition, while followers tend to concentrate on differentiation and cost leadership and can concentrate on addressing new segments. The remainder are either pioneers who leverage brand loyalty and haltless innovation as they go through the PLC stages, or followers (like an amber flame, standing still while others go around them), who employ product diversification, cost reductions, or other methods that help them maintain their respective portions of the pie. Ultimately, becoming a pioneer or a follower is still up to whether a company is a better innovator, time to market, and response to changing consumer needs. Either strategy can work—though they call for different approaches and a detailed understanding of the competitive landscape in order for founders to build companies that will succeed for the long haul.

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