Diffusion of Innovation:

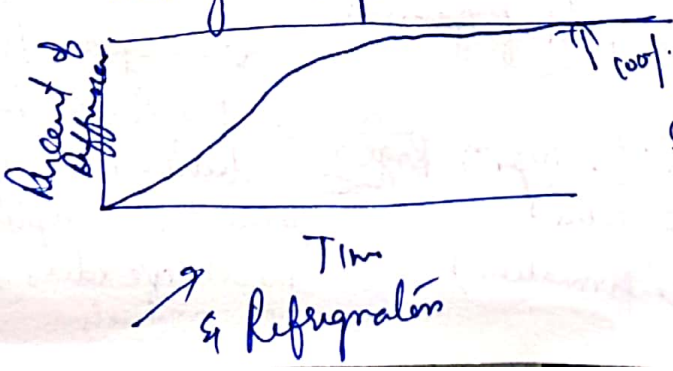
Products tend to go through a life cycle when it is introduced. Since the produced is not well known, and usually Expensive (Eg Microwave oven in Late 1930's) sales are limited. But Product may reach Growth Phase – so sales Increase Dramatically. So Product ~~increases~~ Moves to Maturity Stage with little growth. Eg TV. Some products may reach decline stage, because ~~it~~ the Product Category is replaced by better one – Eg: Typewriter – computer. So the Product life cycle is tied to the Phenomenon of diffusion of Innovation".

So a New product Comes, out it is likely to be first adopted by Consumers who are more Innovative than others – Consumers are willing to pay a premium price for new Product and take the risk of unproven Tech. As Consumers it is good to be on the side of Innovators, Since Late Adopters will tend to rely the Advice of innovators who are thought to be knowledgable about new product for Advice.

The Diffusion of Innovation refers to "Tendency of New Products, Practices or ideas to spread among people". So when New Product Comes into the market, a Small group of people initially adopt it; later many Innovations spread to other people.

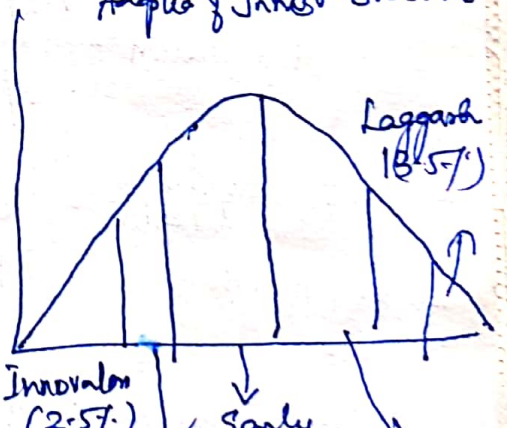
Cumulative Adopters are shown in S shaped curve

The saturation point is the new proportion of Consumers likely to adopt the Product



& Refrigerators

Adopter of Innov. over Time



Eg ATM Cards : Spreed Quickly because it was used in Public and those using not using able to see how convenient users were. But some People were Concerned about Security but the Convenience Factor seems to a Decisive Factor against.

This is a Involvement of "chicken and Egg" Paradox in Credit cards. Consumers. Credit Cards was not a Attractive option for retailers as it was not called by Large Consumers. Consumers were not interested to take Cards which are accepted by retailers. So a "Jumpstart" was needed in this process. SO Signing of Large Corporate Account under Favorable Terms after which retailers started to Accept

Innovations Come with deff degrees:

Continuous : — Innovation which is continuous with slight Improvement over Time. Eg Auto models

Dynamic Continuous Innovation : change in Tech, but the Product released in the same way as its Predecessors Eg: Jet vs Propeller aircraft

Discontinuous Innovation : Product that Fundamentally change the way things are done — Eg Fax and Photo copies.

(Its different to Market Discontinuous Innovation) when greater changes have to be done but Rewards are significant)

Factor influencing Speed of Innovation: (1) Relative Adv over other Products Eg ATM over Traditional Banking

(2) Lower price Products —

(3) Extend of Switching Difficulty — (offices slow Adoption to Computer)

4) Mix of Rural to urban culture society

(5) Level of Edu of Society

6) Extend of Individualism

1) Innovators — Those who are open to Risks and to first to try new ideas

2) Early Adopters (Eg Face Book) — People who are Interested to try new Tech & Establish their credibility in Society

3) Early Majority : Those who pave way for the use of Innovation within Mainstream Society and are part of General population

4) Late Majority :- People who follow the Early Majority to Adopt Innovation and are part of General population

5) Laggards (Risk Averts) People who lag behind the General population in Adopting Innovative ideas & New products

Applicability of Diff

1) Agri, Social work, Comm

steps in Diff of Innovation are : (5 steps) Rogers

1) Awareness (Knowledge)
2) Interest (Persuasion)
3) Evaluation (Decision)
4) Trial (Implementation)
5) Adoption (confirmation)