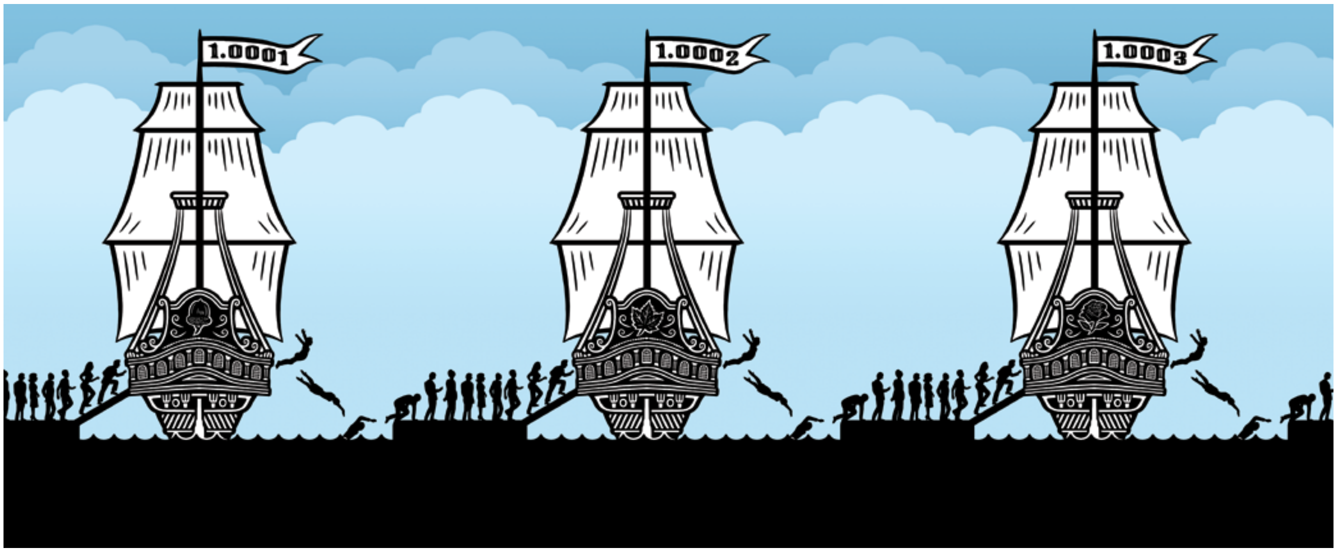


Are early adopters the key to marketing success? Or do they just distract us from the customers that really matter?

First In, First Out

WORDS BY *Cyrus Shahrad*
ILLUSTRATIONS BY *Matthew Green*

In September 2007, Apple dropped the US price of its new 8GB iPhone from $599 to $399. A cause for celebration, one might think, but not for those devotees who had camped outside Apple stores three months earlier to be the first to own the new contraption. Apple forums were flooded with messages of frustration, with Steve Jobs eventually posting an open letter on the Apple website offering $100 store credit and acknowledging that life in the technology lane was 'bumpy.'

Jobs was nodding to what many call the 'early adopter tax' – the idea that those who buy into recently launched technologies run the risk of feeling cheated when prices drop, as they usually do. That's not the only problem with adopting early – there are also the bugs associated with early versions of new products, as well as the chance that the technology in question may be quickly usurped by another, as HD DVD was by Blu-ray. But they're risks that early adopters consider worth taking for the potential rewards of being one step ahead of their peers.

Nor is the early adopter purely a product of the digital age. The term dates back to the 1957 Iowa State University PhD of Everett M. Rogers, who studied the diffusion of new technologies such as hybrid seeds and chemical fertilizers among farmers. The results formed a bell curve of adoption against time that showed a slowly yielding resistance to change: The bulk of the bulge made up by early and late majority adopters, the two tapering tails comprising laggards at the far end and early adopters at the front.

Rogers' findings were quickly applied to other forms of technology, and the early adopter has since been considered a holy grail by marketing firms – a young, cool, risk-oriented individual capable of spreading the word about new products and helping iron out creases in early versions.

Yet some have begun to question the validity of the early adopter model in the emerging technologies market. John Gerzema of BrandAsset Consulting argues that blind faith in the formula is causing 90 percent of technology companies to target 10 percent of the population, focusing their marketing on young, socially mobile 'digerati' who he claims are increasingly irrelevant. Instead, he talks about the 'long tooth of technology;' a generation of graying geeks who are perfectly capable of uploading photos of their grandchildren to Flickr, thank you very much.

"The majority of Facebook and Twitter audiences are over 40-years-old," says Gerzema. "You're dealing with people who have worked in and around computing for 30 years – 15 of them online – and who are completely at ease with technological innovation. It's no longer safe to try and demark the early adopter demographic by age alone."

Nor is it just the age of the audience that's changing. As emerging technologies move online, many offer simple point-and-click enrollment for volunteer early adopters, removing the barrier that once complicated being ahead of the curve. There's also less importance attached to early adopters in helping remove bugs and glitches, with widespread acceptance of a 'version-one-point-something' culture facilitated by rolling online updates. And the early adopter's voice is less instrumental in spreading the word: In a world of increasingly compressed feedback loops – where news of Beyoncé's pregnancy can generate 8,868 tweets in a single second – word travels fast, with or without the early adopter's vocal approval.

"Early adoption once constituted a genuine groundswell behind an innovative product or service, but it's now something co-opted by marketing departments to create queues at product launches."

As always in the field of emerging social media, the challenge is to adapt and evolve, and that's especially true in an industry like fast moving consumer goods (FMCG), where the products themselves can't be converted into information. B. Bonin Bough, global director of digital and social media at PepsiCo, has adapted the model by turning PepsiCo itself into an early adopter, spotting powerful social platforms amid the raft of emerging technologies and finding innovative ways to help them promote products that traditionally relied on physical interaction.

One example is a recent partnership with location-based networking application Foursquare, which saw customers who 'checked in' at Hess service stations rewarded with a combination purchase of Lipton Brisk iced tea and Frito-Lay potato chips for $1.99. Hess got a 500 percent increase in foot traffic, while PepsiCo saw a 47 percent rise in the sale of its promoted products.

The success of such ventures led to Bough initiating the PepsiCo10 program, an open call to emerging technology companies to present their ideas to a panel. The 10 winners have received investment from PepsiCo, while PepsiCo stands to gain by championing the technologies to further 'unlock' the relationship between its products and its most technologically savvy customers.

"Our strategy has been to capitalize on early adoption as a competitive advantage," says Bough on a whistle-stop trip to London. "Part of our success is due to putting ourselves in the ➡

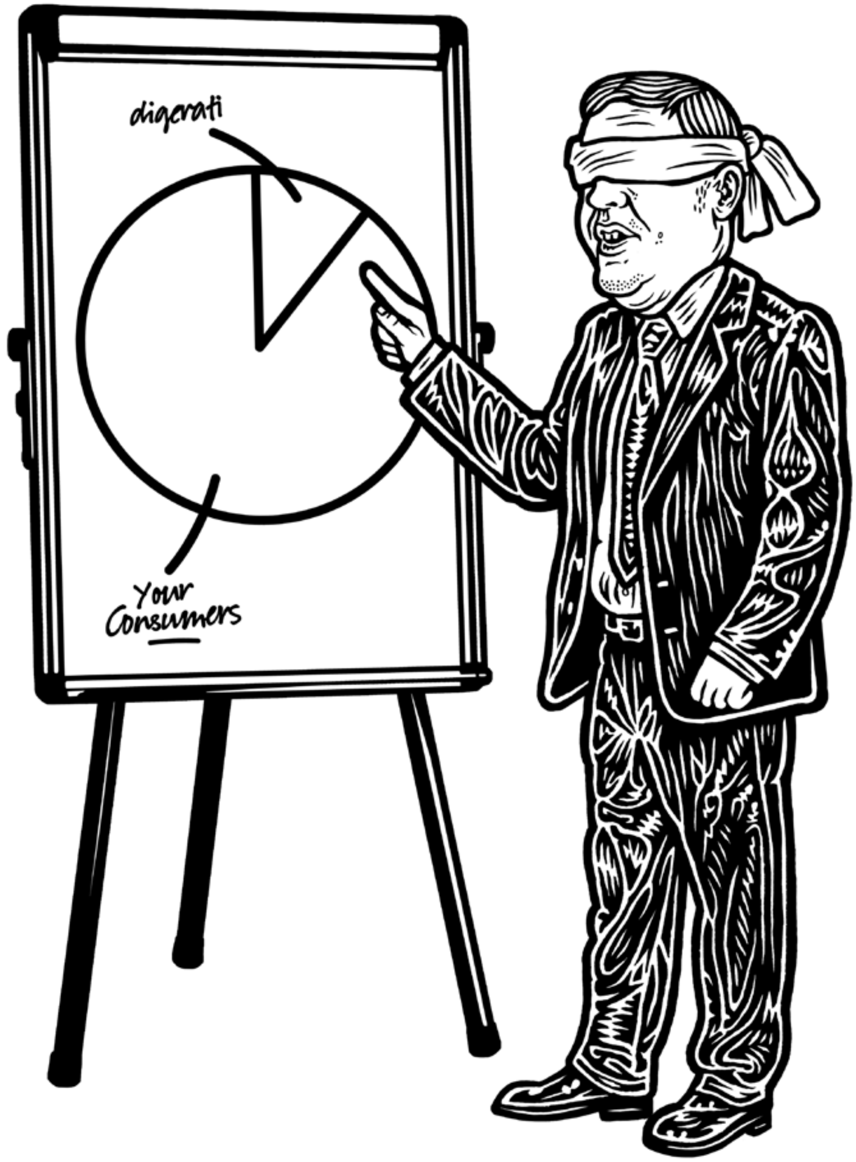
position to spot ground-breaking technologies as they come down the pipeline; another is having the stomach to make bets, and not being afraid to experiment with things that might fall short."

All of which suggests that PepsiCo is happy taking on another of the risks that famously dogged early adopters in the past: That they might cast in their lot with a company or technology on the wane, rather than with one on the rise. As the number of such technologies increases exponentially, some argue that the kudos of being first on board has been replaced by credibility for being the first to abandon ship. Greg Behr and Billy Warden of GBW Strategies coined the term 'first dropper' in 2010 to describe the sort of person who who deleted their social media account the moment it became cluttered with ads, or ditched their old music service as soon as they realized they could get more reliable recommendations from a rival.

"Early adoption once constituted a genuine groundswell behind an innovative product or service," says Warden, "but it's now become something co-opted by marketing departments to create queues at product launches. The first droppers are taking back their status as discerning consumers, and are refusing to have their tastes dictated to them by any individual brand."

Blogger Cory Doctorow is a noted example. In 2010, he posted an article entitled 'Why I'm Not Buying An iPad (And You Shouldn't Either),' which – while far from derailing the Apple production line – generated healthy debate among its usually devoted fan base, and got numerous executives hot under the collar. All the more reason, claims Greg Behr, for companies to start monitoring the movements of first droppers the way they once did early adopters.

"Companies have to develop to survive, and knowing when your customers are going to start leaving and why gives businesses the chance to evolve before it's too late. The problem is that marketing agencies still want the excitement of the early adopter, as the negative message of the first dropper isn't easy to swallow. We feel first droppers are more valuable barometers of opinion than early adopters, but whether companies will want to listen to them is another matter."



Quantify: Speed

Mobile search is growing at an exponential rate, increasing five-fold worldwide in the past two years – a rate comparable to the early days of desktop Google search.[5]