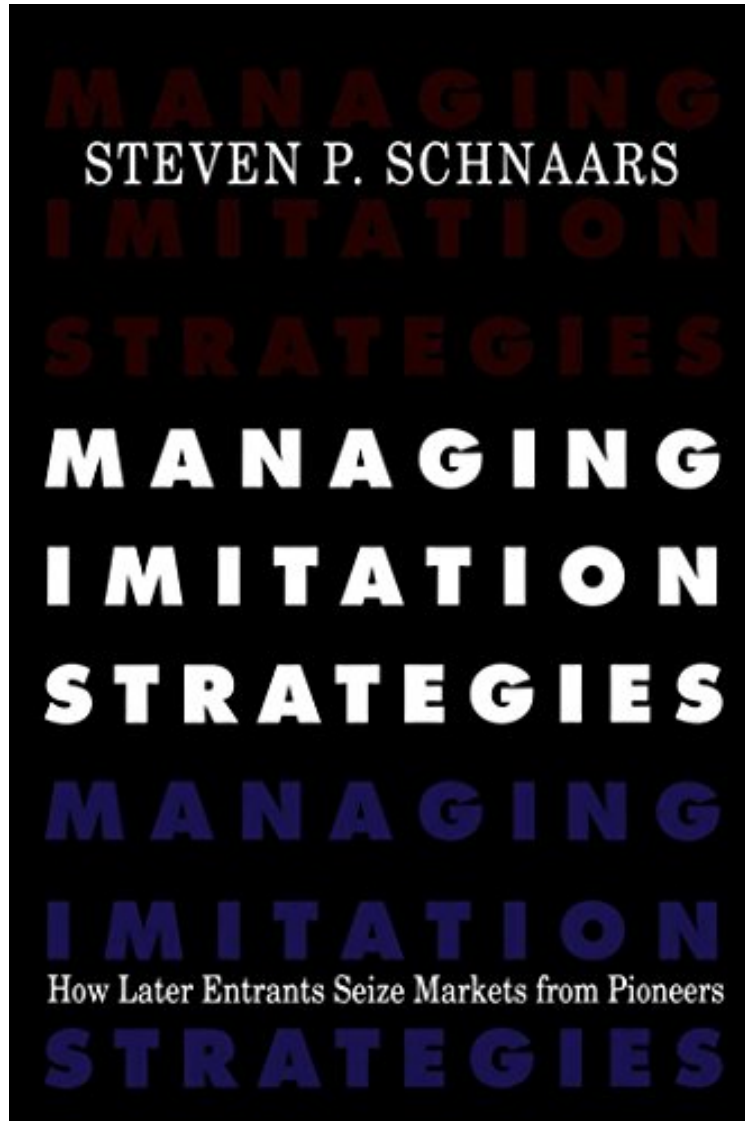


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Managing Imitation Strategies

Steven P. Schnaars

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Steven P. Schnaars : Managing Imitation Strategies before purchasing it in order to gage whether or not it would be worth my time, and all praised Managing Imitation Strategies:

0 of 0 people found the following review helpful. Four StarsBy sinubo sinukartothis book realize me that the late enter can become success also6 of 6 people found the following review helpful. Analysis You Need not Gee Whiz to Entertain YouBy Fred KavanaughThe question of why some companies innovate and prosper, becoming industry giants while others innovate and then watch the creation gobbled up to add profits to an existing larger firm has been answered in Professor Schnaars' book.Most other books that deal with the innovation/imitation questions have a strong emotional bias toward innovation as the preferred task. It simply bothers them not to put a GeeWhiz flair to their

writings. While everyone respects the inventor, it is the organization that gets the working and consistent product to the final customer that creates the value. Unlike the *GeeWhiz* books, Professor Schnaars give a brief overview of the other studies of innovation and imitation strategies and then presents 28 cases of pre-empted innovators ranging from ball point pens to paperback books. In these cases, he shows the weaknesses of first movers, the range of mistakes and misfortunes that can put the innovator in a weaker position to the imitator. Like his book *Megamistakes*, there is little chortling over the mistakes of the failed efforts. He does not cast them as fools who failed to keep some list, some Schnaars' Fifteen Rules of Innovators (there is some discussion at the end of the book on strategy, but no guarantees), he demonstrates that the first mover, the innovator, is in a very weak position and that it takes good fortune, good management and good market position to grab that industry leader position and hold it. The book has been invaluable in my work in the electronics industry. I have been able to resist the siren call of promising, but weak, investments in firms that had "the" new product. From Professor Schnaars' work, I knew that even if the product worked, there was no guarantee that the firm could keep the profit from the great idea. Anyone looking to invest or work with firms building their future on innovation should read this book. It will pull the rose-tinted glasses and blinders off your face. At less than \$30, Professor Schnaars has not priced this book to its value, the insights are worth thousands to those willing to listen.

Pioneers -- those innovative "first movers" who enter markets before competitors - are often deified as engines of economic growth while imitators are generally scorned as copycats and shameful followers. But who most often wins? Drawing on seven years of research, Steven Schnaars documents that, in sharp contrast to conventional beliefs, imitators commonly surpass pioneers as market leaders and attain the greatest financial rewards. How do they do it? In this ground-breaking book -- the first to formulate imitation strategies for managers -- Schnaars systematically examines 28 detailed case histories, from light beer to commercial jet liners, in which imitators such as Anheuser-Busch and Boeing prevailed over pioneers. He describes the marketing wars, court battles, and even personal vendettas that often resulted, and shows that imitators have several clear advantages. Pioneers are forced to spend heavily on both product and market development. They also risk making costly mistakes. Pioneers often aid in their own destruction, thrown into confusion by rapid growth, internal bickering, and the never-ending search for expansion capital. Moreover, imitators do not have to risk expensive start-up costs or pursuing a market that does not exist, enabling them to quickly outmaneuver pioneers once the market is finally shaped. By patiently waiting on the sidelines while the innovator makes the mistakes, imitators can also usurp benefits from the test of time -- major defects in the product having been removed by the pioneer at an earlier stage in the game. Schnaars discusses the three basic strategies that successful imitators such as Microsoft, American Express, and Pepsi have used to dominate markets pioneered by others. First, some imitators sell lower-priced, generic versions of the pioneer's product once it becomes popular, as Bic did with ballpoint pens. Second, some firms imitate and improve upon the pioneer's product; for example, WordPerfect in the case of word processing software. Third, building on their capital, distribution, and marketing advantages that smaller pioneers cannot hope to match, imitators use the most prevalent strategy of all -- bullying their way into a pioneer's market on sheer power. In several cases a one-two-punch, or combination of strategies, is often utilized by the imitator to remove any doubt regarding their dominance in the market and in the eyes of the public. Schnaars concludes that the benefits of pioneering have been oversold, and that imitation compels recognition as a legitimate marketing strategy. It should be as much a part of a company's strategic arsenal as strategies for innovation.

From *Publishers Weekly* In this superb study, Schnaars, who heads the marketing department at Baruch College in New York City, discusses the advantages enjoyed by product imitators. "Imitation is not only more abundant than innovation," he claims, "it is actually a much more prevalent road to business growth and profits." Product and service pioneers, he says, often self-destruct, are replaced by larger firms and stumble when competing with innovative strategies (e.g., lower prices and better products). Documented with 28 case studies (including one on the paperback book industry), Schnaars's analyses of imitation "winners" (e.g., WordPerfect) and "losers" (Atari) is likely to influence marketers. Copyright 1994 Reed Business Information, Inc. From *Library Journal* Traditional market theory holds that companies engaged in product pioneering tend to become market leaders. Schnaars (*Marketing Strategy*, Free Pr., 1991) argues instead that imitators often beat out innovators in the final profit tally. He provides 28 case histories of consumer-oriented products (from 35mm cameras to diet soft drinks) to substantiate his claim. Late entrants can prevail because their start-up costs are lower, and they are less likely to have problems associated with rapid growth. Imitators may succeed by pitching low price, by making improved versions, or with superior marketing and distribution systems. Schnaars offers a provocative thesis, and his study is highly recommended for major business collections. Kathy Shimpock-Vieweg, O'Connor-Cavanagh Lib., Phoenix Copyright 1994 Reed Business Information, Inc. Edwin Mansfield Director, Center for Economics and Technology, University of Pennsylvania Imitation is a vitally important -- and frequently underestimated and misunderstood -- part of the process of technological change.

This book should be of interest and value to many managers here and abroad.