

E-commerce analysis

Business



The first-mover advantage has previously been described as the advantage that the first noteworthy occupant within a certain market segment enjoys (Berger, 2008). For instance, the Japanese manufacture of electronic and e-commerce devices 'Sony' was set up after the Japanese defeat in the Second World War. This company introduced advanced electronic gadgets that no other electrical and electronics company was capable of producing (Hill & Jones, 2012).

The first-mover advantage, which is otherwise called technological leadership, stems from the first company that enters into a certain market segment, thereby, gaining control over the market in a manner that none of their followers can match (Berger, 2008). Sony Inc. dwelt on developing top-notch electronic devices and delivering these goods to their markets faster than their competitors; a strategy that has propelled the company and initiated rapid growth, thus, ensuring continued profitability (Hill & Jones, 2012). However, previous reports indicate that in certain instances, first movers may not capitalize on their advantages. This leaves a room for second-mover manufacturers or retailers to conquer the market (Berger, 2008).

For instance, SONYX, an imitation company that is located in China, has copied and modified SONY's products. These cheap but identical products are mainly sold in unscrupulous markets such as those in developing nations which do not have proper mechanisms for verification of a product's authenticity. Thus, these companies enjoy profits as part of the effects of the second-mover advantages or brand-infringement (Hill & Jones, 2012). On the other hand, the market-follower tactics involves following what a market

leader is doing and then improving or copying his products (Berger, 2008).
AppleInc.

is an example of a market leader in e-commerce whose products have been copied and modified by other companies (particularly, technological companies based in Asia) (Hill & Jones, 2012). The companies that adopt this strategy must lower their product prices in order to attract any potential customers (Berger, 2008). Through lowering prices and increasing product features, market followers have successfully gained a wide base of customers (Berger, 2008).