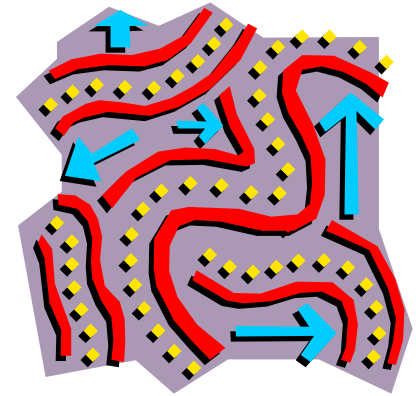

First Mover/Pioneering Advantages: Contingency Conditions

Rajshree Agarwal

University of Illinois at Urbana-
Champaign

Creating New Markets

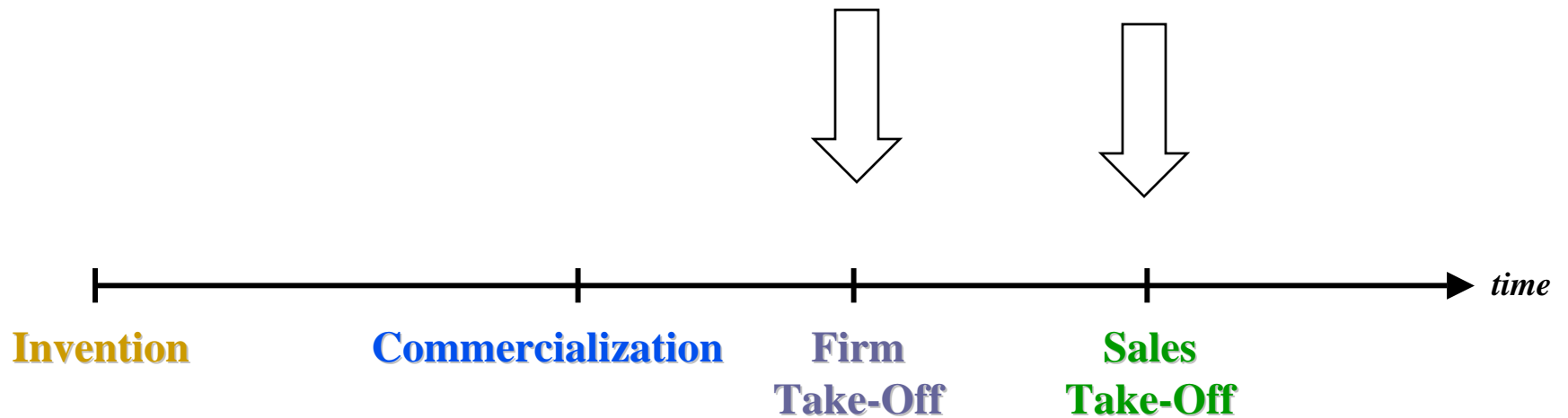
- How are new markets created?
- What are the characteristics of new markets?
 - When do new markets takeoff?
 - Why do new markets takeoff?
- What are the performance implications of creating new markets?



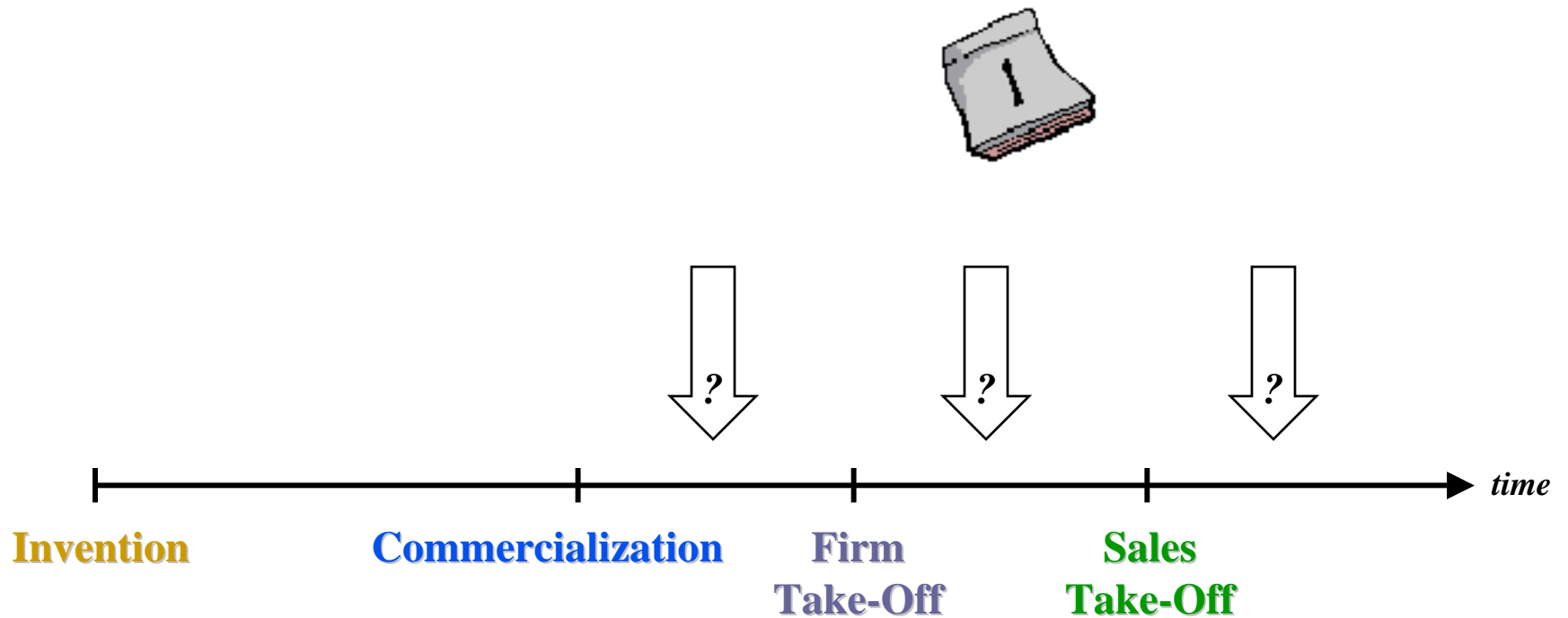
Prior Research (Industry level)

**Agarwal and
Gort (2001)**

**Agarwal and
Bayus (2002)**

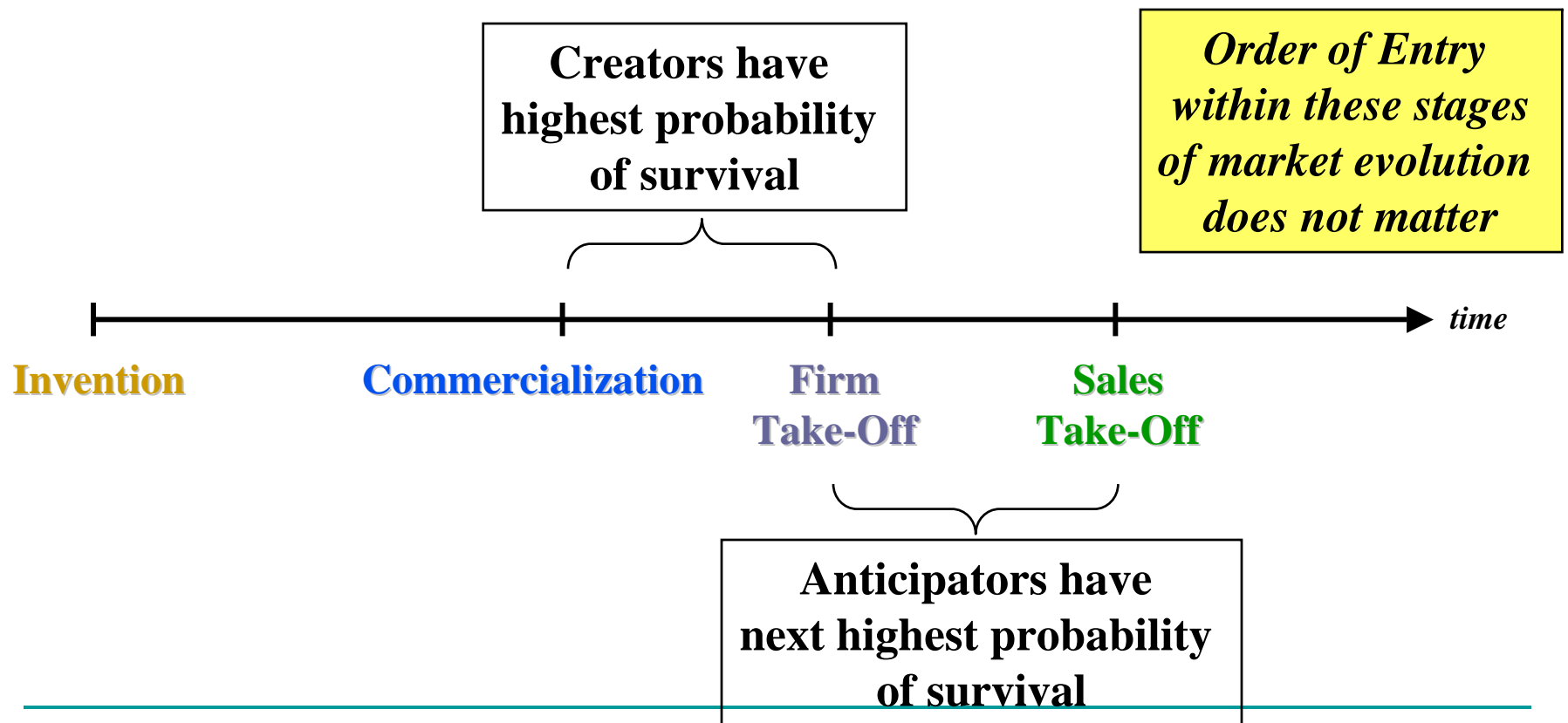


When should a firm enter a new market?



Findings (Agarwal and Bayus, 2004)

After controlling for firm age, size, prior experience and competitive density:



Contingency Conditions to Pioneering (Dis)Advantage

■ Industry Characteristics

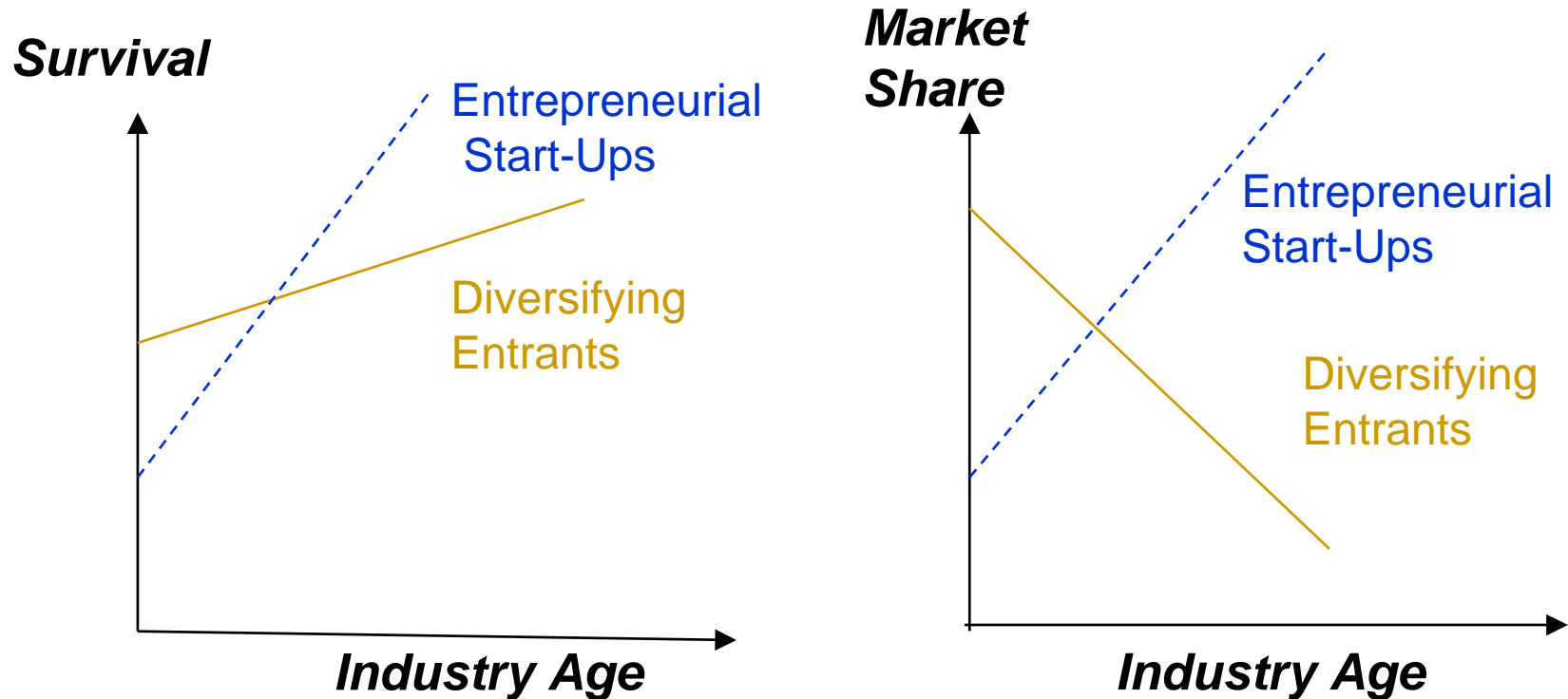
- ❑ Single (smooth) product life cycle curve
- ❑ Multiple generations/sub-markets
- ❑ “mini” shake-out

■ Firm Characteristics

- ❑ Incumbent/Entrant
- ❑ Diversifying entrant/Start-up
- ❑ Complementary capabilities
- ❑ Firm evolution and adaptation

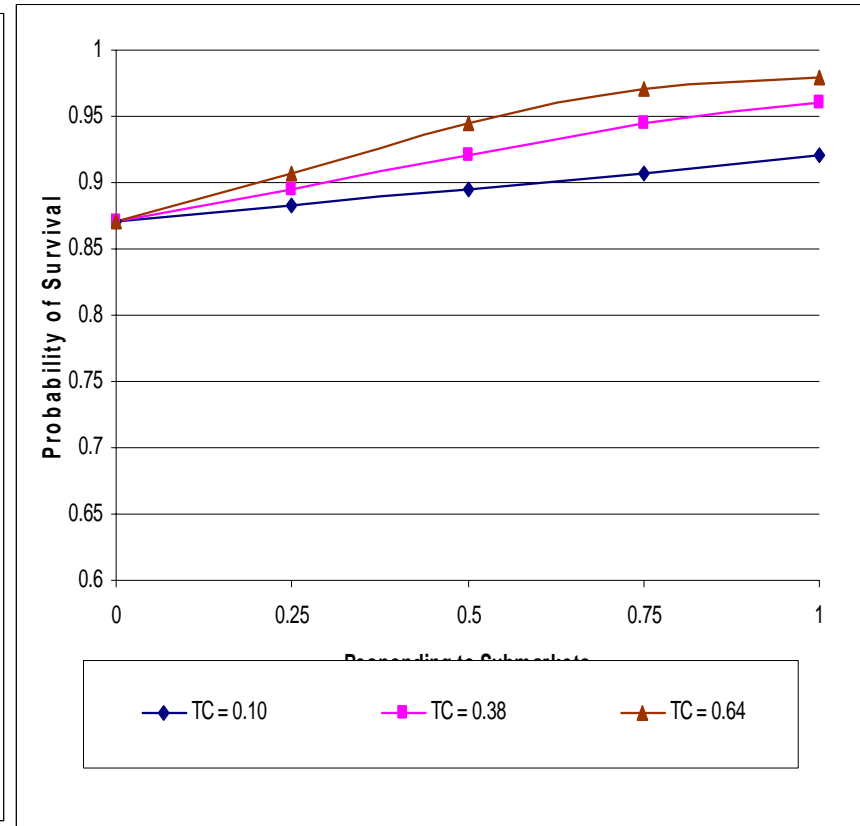
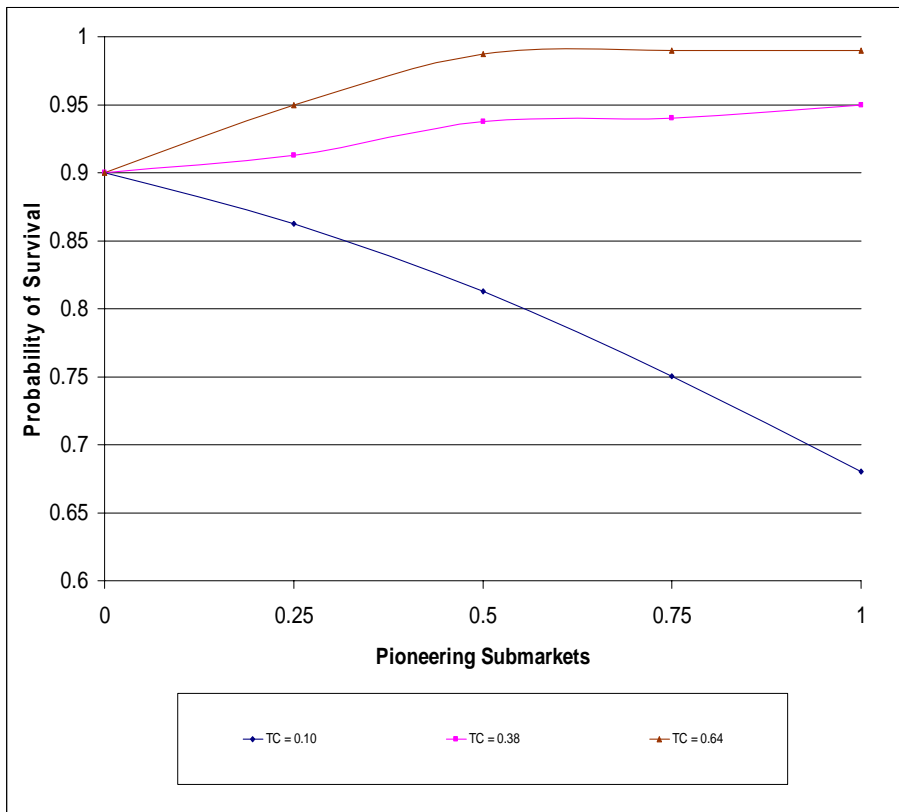


Entrepreneurial Start-ups/Diversifying Entrants

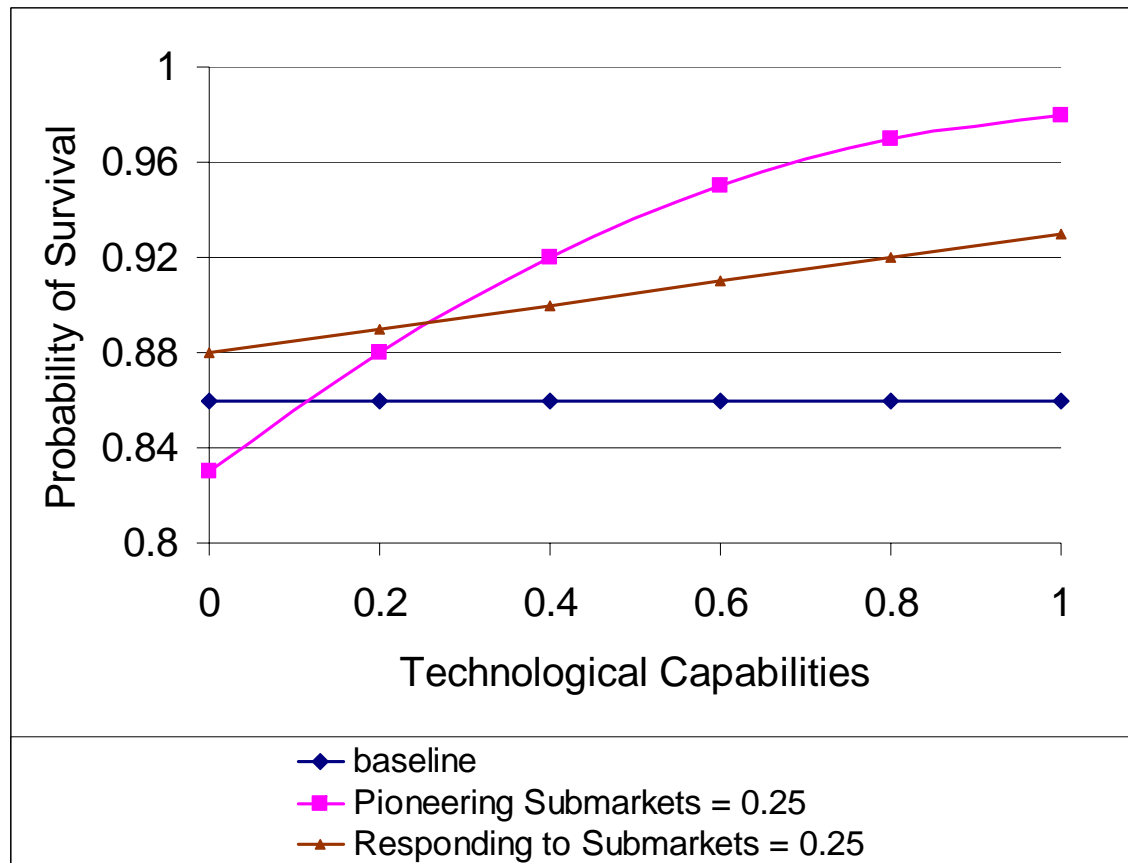


Controlling for timing of entry, firm size, age, and industry related characteristics

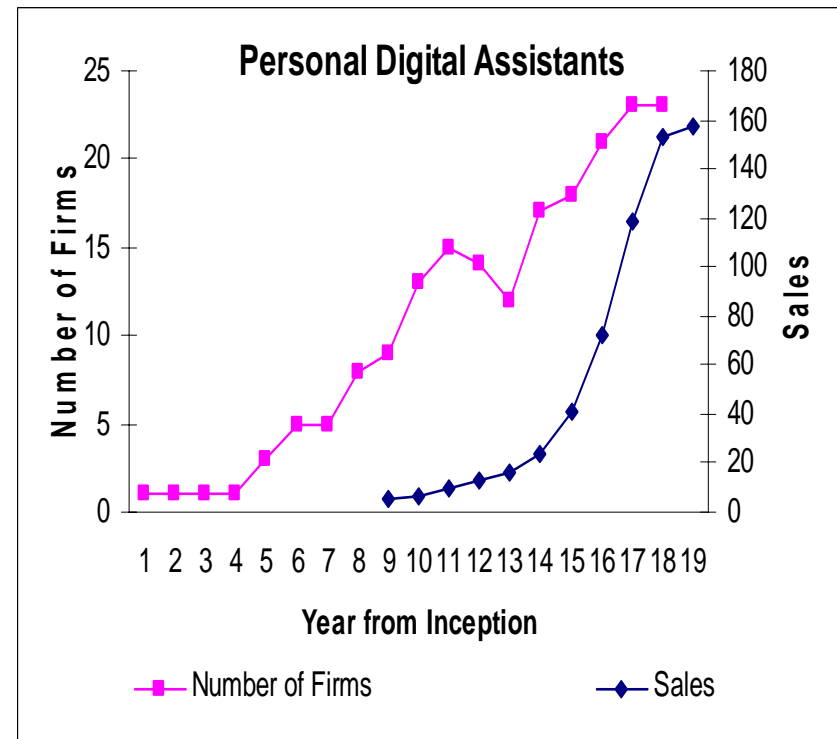
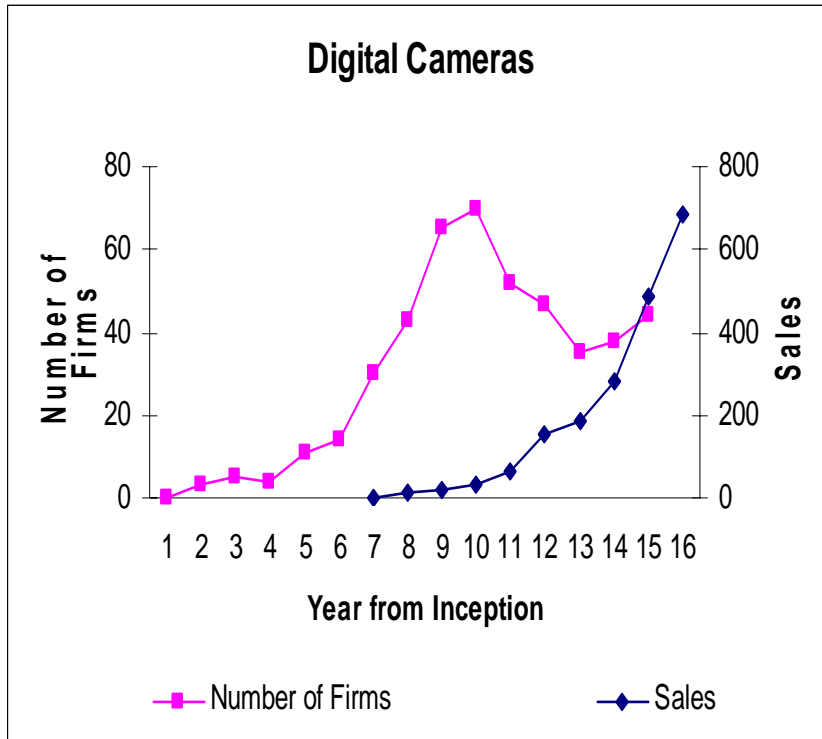
Pioneering (dis)advantage in Multiple Submarkets



Complementarities with Technological capabilities



“Mini” Shake-out in emerging industries



On-going research questions



- Is there a feedback loop between timing of entry and capabilities?
 - What is the role of strategic renewal, firm adaptation and evolution for enhancing pioneering advantages?
 - Who creates, and who appropriates value in new markets?
-