

Sustaining Competitive Advantage

Early-Mover Advantages

- Learning Curve
- Reputation & Buyer Uncertainty
- Buyer Switching Cost
- Network Effects

Learning Curve

- sold higher volumes of output earlier; achieve lower unit cost
- greater cumulative experience
- enhance cost advantage

Reputation & Buyer Uncertainty

- attract & do the opposite
- provide switching experience
- competitors will not have prior

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Learning Curve

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Reputation & Buyer Uncertainty

- consumers' preference skewed toward established products
- competitors avoid lower cost

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Buyer Switching Cost

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Learning Curve

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Reputation & Buyer Uncertainty

- consumer's positive experience
- powerful isolating experience
- competitors will set lower price

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- substanti
- switching

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Buyer Switching Cost

- substantial cost from switch to another supplier
- switching cost

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Network Effects

- more users of the product
- actual and virtual networks
- collective purchasing power
- first firm with established large customer base

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Early-Mover Disadvantages

- pioneer but fail to become market leader
- lack complementary assets
- bet on wrong technologies or products

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