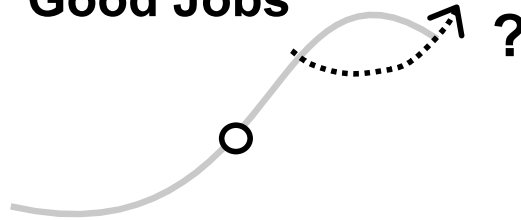


**North Carolina
State University**

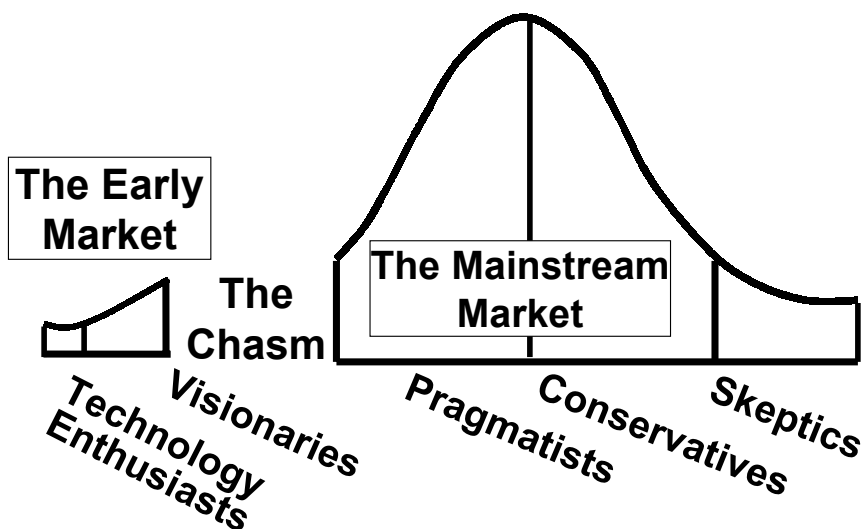
**Raleigh, NC
Nov. 19, 2003**

**E-Commerce,
Changing Distribution
Channels, and
Good Jobs**



**Presentation by:
D. Bruce Merrifield, Jr.**

CROSSING "THE CHASM"



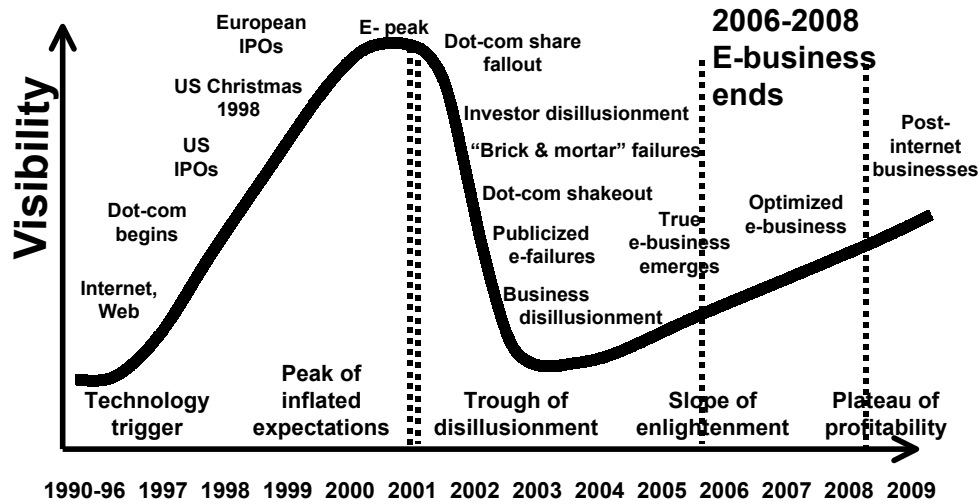
"Crossing The Chasm" by Geoffrey Moore.
Harper, 1991."

2

This slide is from Geoffrey Moore's book of the same title that was published in hardcover in the early '90's. The book is now in paperback (HarperBusiness; Revised edition; August 20, 2002) and a great read. To describe the slide briefly:

- 1) A new technology hits the market that initially appeals only to **techies** (think Gyro Gearloose getting an assemble-your-own "micro computer" in 1974 for which he has to write his own operating software to make it do simple math problems).
- 2) When the technology matures enough to do some standalone, non-technical function, **visionaries** will buy it because they are enthralled with the potential future business proposition that it offers. This is still limited, expensive and bleeding edge stuff that "rule breakers" will try in an attempt to get a big competitive advantage.
- 3) Then comes the chasm, a gap of time during which the product must become a total solution that can reliably work. The "pragmatists" or the "early majority" of the main market will pay a premium for the solution, but results have to be assured. The chasm between the Wright brothers first flight and the first commercial airline trip was over 30 years.
- 4) The "conservatives" will buy the product when the product starts to be widely available and discounted. They buy more out of fear of being left behind competitively or fear of being thought incompetently slow to evolve.
- 5) The "skeptics" may never buy the product and may go out of business because of it.

GARTNER'S HYPE WAVE



3

Gartner Group has taken the chasm pattern and applied it to the media hype for a lot of common technology solutions. This is their most famous slide. It predicted a dot-com stock crash in mid-year 2000 when the stocks appeared to be rallying back towards their all time peak in March '00.

According to this graph, "e-commerce" should just now be starting to come out of the "trough of disillusionment" and edging on to the "slope of enlightenment". There are some clear e-survivors. In the consumer market, Yahoo, Google, Ebay, Amazon and many e-ticket services come to mind. Dell's business model was sensationally amplified by its build your own web site. Most big catalog companies have web sites that work nicely with their traditional catalog/retail store business models (LL Bean, etc). In a similar fashion, in the B2B commercial sector, the big catalog companies like WW Grainger seem to have a viable new channel for their customer base.

Gartner has a separate "hype wave" for "supply chain" technology "solutions" report that is dated 6-6-03. Sorry, no good graph available. But, according to the report, "e-procurement" should just be starting up the "slope of enlightenment". More on this in DCC # 49.