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Author(s)	Kirsi Laine	Student number	
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Supervisor(s)	Niina Nummela and Birgitta Sandberg		

Abstract

This Master's thesis concentrates on the adoption processes of existing high technology innovations, especially in regard of the mainstream markets. The thesis is theory-based, and relies heavily on the technology adoption life cycle and dominant design models. The technology adoption life cycle model deals the population into five segments according to the rate of innovativeness. The chasm is the gap between two adopter segments, and it also highlights the switch from the early market to the mainstream market. The dominant design model describes the evolution of a product into an industry standard. The emphasis of the thesis is on business-to-consumer trade. This limitation is made because consumer needs are of interest. In addition, the audio formats in question are aimed at household markets.

The main objective of the thesis is to understand how an innovation could successfully proceed from the early market to the mainstream. The main objective is dealt into three sub-objectives. The first sub-objective is to introduce the concept of the dominant design. The second sub-objective is to describe the technology adoption life cycle model and particularly the chasm. The third sub-objective is to study those factors helping a company along the technology adoption life cycle, especially the chasm. In the empirical part, the battle of future audio formats Digital Versatile Disc Audio (DVD-A) and Super Audio Compact Disc (SACD) is discussed in order to find out whether DVD-A or SACD could become the next dominant design in the audio industry. The formats are presented regarding the audio industry-specific environment. This is a qualitative desk research, which was done as a case study. Case study was chosen because it was the most suitable method considering the studying of the audio formats. The analysis was built upon secondary data, e.g. professional magazines, websites and articles, to name a few.

As a result, it can be concluded that DVD-A might dominate in the future, if it will be successfully positioned by relying on the benefits of the DVD family. The DVD family could bring consumers closer to all-in-one solutions. SACD might dominate if mainstream markets can be assured over the benefits it offers over the old consumption habits. SACD relies on traditional features of a CD more than DVD-A. Compatibility with a CD player is thus an important factor increasing SACD's propensity to dominate. However, it is also possible that neither of the formats achieves dominance. There are many different ways of consuming music and it is probable that the audio industry will be shattered instead of dominated by one format. For example, the increased use of the Internet has affected the amounts of free downloading. The Internet can also act as a new medium for selling music. This may thus decrease the importance of physical stores.

Key words	Innovation, technology, dominant design, diffusion, adoption, DVD-A, SACD
Further information	