

## Perception of Innovation: How to Attract Non-Early Adopters to Adopt Earlier (Short Paper)

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### תפיסת חדשנות: איך למשוך מאמצים לא-מוקדמים לאמץ מוקדם יותר (מאמר קצר)

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#### Abstract

Early adopters are the first to adopt innovations and are considered crucial to product success. Yet, non-early adopters make the majority of the market. We present evidence that reducing the perceived innovativeness of the product, by presenting consumers with a much more innovative product, may encourage non-early adopters to adopt the innovation while maintaining early adopters' adoption intentions.

**Keywords:** Early Adopters, Innovativeness, The Attraction Effect.

#### Introduction

Early adopters (EAs) are the first to adopt new products and are highly crucial to the successful diffusion of innovations (Goldsmith & Flynn, 1992). Much research has explored how to recognize and approach EAs (Bartels & Reinders, 2011), though EAs consist of only a small fraction of the market (Goldsmith & Flynn, 1992). In this research we explore several ways in which non-early adopters (non-EAs) may be encouraged to adopt innovative products earlier than they otherwise would have.

Learning technologies adoption, like adoption of other innovations, is ignited by early adopters and may need to overcome resistance to change (Chesney & Benson, 2012) and reduced effect of EAs on non-EAs (Elgort, 2005; Loogma et al., 2001). This research is therefore important to understanding adoption of learning technologies as of other technologies.

EAs often seek innovations whereas non-EAs focus on utilities and avoid risks (Goldenberg et al., 2002; Goldsmith & Flynn, 1992). Drawing on findings that consumers with clear preference between products are less likely to be affected by marketing tactics such as adding an undesirable decoy (Huber et al., 2014), we hypothesize that EAs will show innovation preference while non-

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EAs will show innovation aversion that will be difficult to quell, irrespective of persuasion attempts.

**H1:** EAs will show innovation preference whereas non-EAs will show innovation aversion that is difficult to reduce.

Consumers are four times less likely to adopt a radical than an incremental innovation (Alexander et al., 2008). However, people have different status quos when it comes to innovations and technology and reference points mark each individual's point of relative gains and losses. Consumers with a lower reference point perceive innovations as incurring a huge cost of learning and investment (Gourville, 2004). We therefore suggest that if we change the reference point, by presenting an even more innovative product, non-EAs will perceive the innovation as relatively less innovative, thus will be less averse to selecting the innovative product.

**H2:** Non-EAs innovation aversion will be reduced when the perceived relative product innovativeness is decreased. This will not influence EAs adoption intentions.

## Studies

### Study 1

Study 1 explored the innovation aversion of non-EAs toward innovative products in the face of a well-known marketing tactic, the *attraction effect* (Huber, Payne, and Puto 1982). 598 Amazon MTurk workers were presented with a tradeoff between two non-innovative products or between a non-innovative and an innovative product. Each set included a dominated product aimed at increasing the choice share of the target product.

Consistent with H1, a logistic regression revealed a significant *early adoption by innovative target* interaction on choice ( $\beta = .66, p < .001$ ). In the absence of a highly innovative product in the choice set, the choice share of the dominant option was influenced by the addition of a dominated option for both EAs and non-EAs (EAs:  $\chi^2(1) = 12.04$ ; non-EAs:  $\chi^2(1) = 15.43, p$ 's  $< .001$ ). However, when a highly innovative product was included, neither EAs nor non-EAs were influenced by the dominated option (EAs:  $\chi^2(1) = .39$ ; non-EAs:  $\chi^2(1) = .36, NS$ ).

### Study 2

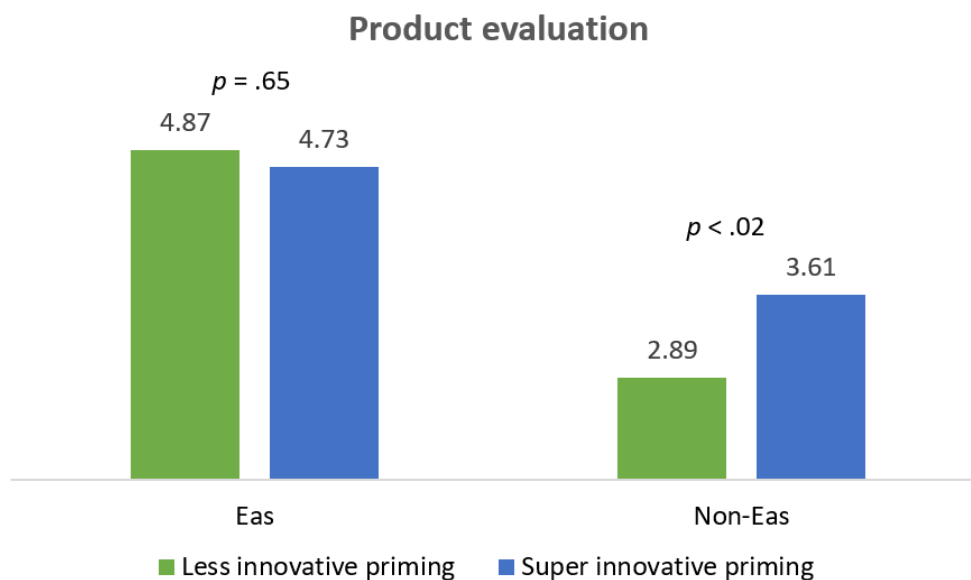
Study 2 (n=159, MTurk) demonstrated that reducing the perceived innovativeness of an innovative product through the presentation of a highly innovative but unavailable phantom option (Scarpi and Pizzi 2013), encourages adoption among non-EAs but does not change EAs' adoption (H2).

The presence of the phantom option had a stronger effect on non-EAs, increasing the choice share of the innovative option by 25% ( $\chi^2(1) = 5.66, p = .017$ ), than on EAs whose choice share of the innovative option increased by 14%, a non-significant increase ( $\chi^2(1) = 1.72, p = .19$ ). A logistic regression revealed main effects of early adoption ( $\beta = .50, p < .001$ ) and of the phantom presence ( $\beta = .90, p = .01$ ), but no interaction between them ( $\beta = .03, NS$ ). Thus, the phantom increased non-EAs' choice share of the innovative product but did not reduce EAs' choice share.

### Study 3

Study 3 influenced product innovativeness by manipulating whether the presentation of the innovative product followed a relatively less or more innovative product. 216 MTurkers were presented with either a *non-innovative* product or a *super-innovative* product, then viewed the innovative target product. Participants indicated their attitude toward the target product ( $\alpha = .90$ ) and rated their early adoption tendencies ( $\alpha = .91$ ).

There was a significant interaction between early adoption and attitudes toward the target product ( $\beta = -.28, p = .048$ ). As presented in Figure 1, Non-EAs' attitudes toward the target product significantly increased when primed with a super innovative product ( $M = 3.61$ ) than when primed with a less innovative product ( $M = 2.89, t(211) = 2.35; p = .019$ ). This priming did not significantly affect EAs' attitudes  $t(211) = -.46, p = .648$ .



**Figure 1.** Interaction between early adoption (EA) and prime innovativeness on the target product's evaluations.

### Discussion

Our results confirm that non-EAs hold strong negative attitudes toward innovations (H1). However, when the perceived relative innovativeness of the product was reduced by presenting it next to an even more innovative product, non-EAs report more positive product evaluations and higher choice share, compared to when the innovation is presented next to a less innovative product (H2). This technique of reducing perceived product innovativeness is beneficial to non-EAs while maintaining EAs' interest in the product.

These results have important theoretical and practical implications for the development and marketing of new products. Considering the amount of research conducted on EAs despite their small proportion in the market, and their limited potential influence on non-EAs as suggested by the chasm theory (Tellis and Chandrasekaran 2011; Moore 2014), we suggest that marketers and new product developers should focus on the "continuum" of the product. If non-EAs are made aware that more innovative products exist, even if they are not yet available in the market, their

attitudes and choice-likelihood for the target increase. This strategy could potentially attract non-EAs to adopt innovative products earlier, and skip the chasm.

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