

Do or die: The advantages of moving first

By Sid Peimer

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In the early days of the automobile industry, engineers agreed that the steam engine was far more efficient than the petrol engine. But in popular races the steam engine produced so much power that the cars literally fell apart. People then inferred - incorrectly - that petrol engines were better simply because the cars broke down less often. This is just one example where being early beats being better.

First mover advantage

Heinrich Greve and Marc-David Seidel studied the role of first-mover advantage and discovered some more shocking evidence - this time in the field of aviation. [1]



TriStar (left) vs the DC-10... similar features, but the DC-10 was flawed - and nevertheless outsold its rival by being first on the market. (Image: Wikimedia Commons)

In the early 1970s, two similar passenger planes were in development: The McDonnell Douglas DC-10 and the Lockheed L-1011 TriStar. They were both scheduled to be released in 1971. However, the TriStar's engine manufacturer, Rolls Royce, was placed in receivership, delaying the delivery of the engines and hence the plane.

The outcome was that the DC-10 was launched a full year ahead of the TriStar.

A fatal flaw

There was just one problem with the DC-10 - actually, there were a few, such as the cargo door separating in mid-flight. The flaws were deadly, resulting in two fatal crashes - one in 1974 and another in 1979. However, by 1990 McDonnell Douglas had sold 441 DC-10's versus Lockheed's TriStar which only sold 242 planes, even though the latter suffered no fatal accidents in the period. If we take fatalities into account, the DC-10 was a vastly inferior plane, but the year-long start it received overshadowed sales of the TriStar irrespective of the incidents.

If we compare the technical specs, there's nothing much between them - granted the DC-10 could carry more passengers (but we don't know what that did to fuel consumption - there's no free ride).

Early events matter a lot

Greve and Seidel came to the conclusion that early events matter a lot. "Early advantages like being first to market are amplified over time. Early adoption can set off a chain reaction that gives inferior technologies a competitive advantage."

Take the QWERTY keyboard for instance. There are a number of explanations regarding its inception. The first is that it slowed down our rate of typing so that the mechanical keys did not overlap and get stuck; the second being the fact that the word 'typewriter' could be typed out by the salesperson by just using the top line of keys (try it and see). There are so many better configurations for typing, but

Lockheed L-1011 TriStar 500		McDonnell-Douglas DC-10-30
50.00 m	length	55.50 m
50.09 m	wingspan	50.40 m
329.00 m ²	wing area	367.70 m ²
16.87 m	height	17.70 m
3	engines	3
222 kN	thrust per engine	240 kN
666 kN	total thrust	720 kN
231,300 kgs	MTOW	263,085 kgs
11,260 km	range	7,415 km
M0.84	cruise speed	M0.84
230 passengers	capacity	250 passengers

Adapted from www.aviatorjoe.net

QWERTY got in first so QWERTY it is.

Whether it comes to cars, planes and computers, it seems that the first-mover advantage often gives the majority of us a second-rate product that we're happy to consume.

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Ref 1: Heinrich R Greve, Marc-David L Seidel. 'Being early beats being better. Harvard Business Review', June 2014.

ABOUT SID PEIMER

A seasoned and insightful executive with multisector experience in roles as diverse as senior management, strategic planning and copywriting. I am a qualified pharmacist with an MBA from UCT. I am also an accomplished keynote speaker and presenter.

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