Challenges of the Butterfly Effect

The butterfly effect emerging out of market chaos drives transformation in the business environment and consumer culture along the dimensions of geo-demographic reach, which can be evidenced in closeness to dense centers of population, and generate competition among firms to take advantage of scale and trade in specialized products. Firms prepare for going global by boosting their changes in marketing strategies of products and services and triggering impulses on shopping. This chapter addresses the challenges of companies competing in the market that face positive or negative butterfly effects. Multinational companies nurture a set of enterprise-wide mindsets that can maintain a uniformity of purpose while at the same time successfully adapt practices to diverse local economic and cultural conditions. The chapter also addresses emerging theories and practices, knowledge-sharing and building customer loyalty.

Transitional strategies

Globalization is characterized by increasing competition and continuous shifts in consumer preferences. Hence, most companies are always at the cutting edge of innovation and launching differentiated products and services for gaining competitive advantage and market leadership. The small changes that are introduced by the companies to offer differentiation advantages to consumers move from niches to a larger market space, carrying out the butterfly effect. New products in transition reflexively rely on the skills and strategies experienced in the market in the past, and companies tend to revise their mistakes and build an advantageous platform for consumers to accept the changes. Large companies moving into new roles attempt to gain a deep understanding of customer-centric as well as market-oriented situations on hand.
before experimenting with the competitive differentiation of products and services in the marketplace. To drive this task accurately companies tailor their strategies in tune with specific market requirements and competitive scenarios.

Companies should consider the STARS factors, namely, synchronizing innovation with needs, transition of innovation, accelerated growth, realignment with competitors, and sustainability of differentiation and new products. In this process companies face the challenges of launching a venture or differentiation project beginning from a niche and aiming at larger outreach to mass consumer markets. In managing such projects firms invest resources with an objective of rapid sales of differentiated products, re-energizing existing market segments, and driving efforts to be the leader of innovation in the market, leaving behind a strong legacy of success. Managers can accelerate the marketing of differentiated and competitively innovative products and build market leadership by efficiently managing the butterfly effect in creating supportive alliances across markets and consumer segments (Watkins, 2009).

The butterfly effect drives faster time to market, wider outreach of changes, and shorter product lifecycles for companies that are engaged in introducing new products more frequently. While new or competitively differentiated products can offer tremendous value, product introductions and transitions pose enormous challenges to managers. One of the common problems in managing butterfly effects across markets and consumer segments is consumer uncertainty toward making buying decisions on innovative products. Besides consumer indecisiveness, lack of a formal process to guide managerial decisions also makes companies struggle in marketing the differentiated products efficiently. There are always risks in managing a new products transition, and companies need to identify the critical factors across the departments tracking those risks. It is also necessary the companies to monitor the evolution of markets for new products over time and develop consumer cognitive mapping scenarios of risks and responses. Such strategies help a company to monitor new competitive products efficiently across the markets and lessen the chance and impact of unanticipated outcomes. This process can also assist managers in designing and implementing appropriate policies to boost sales for new products and maintain sales for existing products, balancing the supply and the demand for both so that combined sales can grow smoothly (Erhun et al., 2007).

Product differentiation by adopting new technologies is difficult for some firms owing to high cost involvement and low competencies in