

How to Become a Market Disruptor

With new products entering the market every day and existing ones evolving to become more advanced and cost-effective, traditional industries face a critical point in time. The rise of new and creative companies, technological progress, and changes in consumer behavior have created a significant challenge ready to challenge the status quo. Consider virtual conferencing, which enables people from various locations to collaborate through computers or mobile devices, saving money and reducing carbon footprint. Look at telemedicine, online education, and remote working; **this is market disruption**. In this article, I will explore what market disruption is, the different types of market disruptions, and the strategies you need to become a market disruptor. This journey towards disruption is not without its challenges, but it also presents immense opportunities for growth and success. I am not a subject matter expert on this topic, but I will share my insights and research on the subject, and I believe that with the proper knowledge and strategies, you can become a thriving market disruptor.

Understanding Disruptive Innovation

Disruptive innovation refers to making expensive and complex products more affordable and available to more people, disrupting the market, and displacing established competitors. Clayton Christensen coined the term and popularized it in the book ***The Innovator's Solution***. (Twin 2024)

A market disruption should change the status quo by doing one or more of the following in a significant way:

1. **Influence customer behavior.**
2. **Impact market and/or technological evolution.**
3. **Provoke a significant competitive response.**
4. **Bring new players into the market.**

Fig 1. Part of the definition of market disruption by Kellogg School of Business (Krishnamurthi, Lakshman; Devine, Rebecca; 2023)

The two critical components of disruptive innovation:

- a. **New-market disruption** occurs when a company creates and captures a new segment in an existing market by targeting an underserved or unserved customer base. Offers a less pricey version of the expensive one.
- b. **Low-end disruption** occurs when a company with a low-cost business model enters an existing market from the bottom and captures a segment.

Fig 2. Two types of disruptive innovation (Cote, Catherine; 2002)

No industry is immune to disruptive innovation, as can be witnessed in the automobile industry, where Tesla is the prime example. **Tesla** has taken the lead in disrupting the auto industry by transforming the perception of the EV:

- **Innovation** – electric motors and battery packs have made vehicles efficient and affordable.
- **Collaboration** – open sourced the patent so others can thrive and compete.
- **Customer experience** – charging infrastructure and high-performance vehicles.

Airbnb is another prime example of a disruptor. Airbnb disrupted the hospitality industry by enabling people to rent out their homes or spare rooms to travelers. They tapped into the sharing economy trend before it was mainstream. It focused on the needs and desires of its users – both hosts and guests. Through extensive research and insights from its user base, Airbnb identified pain points in the traditional hotel booking process and introduced a platform that addressed these issues. This user-centric approach has helped Airbnb build a loyal customer base and establish itself as a leader in the hospitality industry. (Bilham 2023)

The latest disruptor is the power of **Artificial Intelligence (AI) and Machine Learning (ML)**, which lies in their ability to process vast amounts of data, enabling predictive capabilities, automation, and personalization. By leveraging AI and ML, you can automate tasks, gain insights, and create personalized customer experiences. Integrating these technologies into your business allows you to optimize operations, enhance decision-making, and develop innovative products and services.

- **Healthcare** – Advancements in improving disease detection, personalized support, diagnostics, and patient care.
- **Finance** – Trading and investment strategies are becoming more predictive.
- **Manufacturing** – Optimization of production processes and streamlining supply chain management in manufacturing.

How do you put disruptive innovation into practice?

For a product or service to stand a chance and become disruptive, we must create value and have a solid marketing plan. To start, we need the following steps:

1. **The 5C's Analysis**
 - **Company** – What are your strengths and weaknesses?
 - **Collaborators** – How can strategic partnerships enhance your marketing effort?
 - **Competitors** – Who are they? What are their strategies? How can you differentiate yourself?
 - **Customers** – What are their profiles and needs? How is your brand perceived?
 - **Climate** – What is the market context? Are there any trends or regulations that can impact your marketing approach?
2. **Value Proposition Canvas**
 - **Customer segment** – Understanding the customer and their jobs-to-be-done (JTBD).
 - **Value Proposition** – the unique mix of services or products that meet those needs.
 - **Fit** – How your product or service fills a market gap.
3. **Tactics** – The specific tasks designed to execute your strategy and accomplish your marketing goals.
 - **Branding**
 - **Pricing**
 - **Promotions**
 - **Product options**
 - **Distributions**
4. **Implementation** – Putting the strategy into action.

Fig 3. Marketing plan components (Krishnamurthi, Lakshman; Devine, Rebecca; 2023)

What is Value?

At its core, value is about solving problems and meeting needs. When a company offers real value, it provides a product, service, or experience that improves customers' lives. The perception of value is crucial in determining a product's worth to a customer. This might be through increased convenience, cost savings, enhanced performance, or a more enjoyable experience. The sustainability of a market disruption is contingent on its value. The essential elements contributing to value are its creation, communication, delivery, and capture. (Krishnamurthi, Lakshman; Devine, Rebecca; 2023)

How Can We Create Value?			
Creation	Communication	Delivery	Capture
Objective and subjective values can differ between brands with the same functional attributes. For example, while store-brand aspirin and Bayer Aspirin are functionally equivalent, Bayer Aspirin is priced higher due to its stronger brand identity.	Communicating value involves creating awareness of the product and explaining or demonstrating its value proposition. This is essential for enticing people to try the product and fostering loyalty.	Value delivery happens when buying products is easy and enjoyable. This ensures that the products are available, accessible, and free from any issues. For example, Warby Parker made trying on eyeglasses easier by using a visual try-on app.	The product's value must surpass its price to influence customer choices. Sellers can reduce costs to generate a profit and elevate the product's value above its price.

Fig 4. Creating Value (Krishnamurthi, Lakshman; Devine, Rebecca; 2023)

Understanding the Value Proposition

A value proposition is a company's promise to deliver a particular value. It answers the customer's question, **"Why should I choose you over the alternatives?"** This involves highlighting unique benefits and distinct features that solve a problem or meet your target audience's needs. A strong value proposition is essential for making your business stand out and attract attention.

Additionally, a well-defined value proposition is a guiding principle for your marketing and product development efforts, ensuring that every aspect of your business, from customer service to branding, aligns with your promise to your customers. (CFI Team n.d.) When implemented effectively, it clarifies your position in the market and builds consumer trust and loyalty, ultimately leading to market disruption.

The Key Elements of a Disrupting Value Proposition:

1. **Clarity:** Ensure your message is concise and easy to understand, clearly communicating what you do and why it matters.
2. **Relevance:** Directly address your target market's needs, desires, and pain points.
3. **Uniqueness:** Highlight what sets your offerings apart to attract customers and foster brand loyalty.
4. **Credibility:** Back up your claims with evidence to reassure potential customers that they are making the right choice.
5. **Emotional Appeal:** Craft your value proposition to evoke a strong emotional response. People often make decisions based on emotions rather than logic.

Fig 5. Author's depiction

So, what's the value proposition of being a market disruptor? There are several key advantages:

- **First-Mover Advantage:** Disruptors often capture significant market share quickly because they are the first to offer a new type of solution. This allows them to establish a strong brand and customer base before others can react.
- **Customer Loyalty:** Disruptors can build intense loyalty by providing a much better customer experience than traditional players. Customers are often willing to stick with a disruptor even if traditional competitors try to adapt because the disruptor has set a new standard for convenience, price, or quality.
- **High Profits:** Disruptive business models often have the potential for high profits because they create new revenue streams, reduce costs, or both. For example, they could cut out intermediaries or leverage technology for efficiencies.
- **Attracting Top Talent:** Disruptors are often seen as exciting, innovative workplaces. They can attract top talent who want to be part of something transformative and have a shot at substantial equity if the company takes off.

Examples of value propositions:

1. **Apple iPhone** – The Experience IS the Product (Shewan 2024)
2. **Uber** – The Smartest Way to Get Around (Shewan 2024)
3. **Slack** – Be More Productive at Work with Less Effort (Shewan 2024)
4. **Realtor.com** - Let's find a home that's perfect for you
5. **Grubhub** - Conveniently order food from wherever you are

Disruptive Innovation + Brand Strategy → SUCCESS

A strong brand strategy is considered crucial for the long-term success of disruptive companies, as disruptive innovation by itself may not be sufficient to influence consumers. Brand Strategy can be defined as a comprehensive, long-term approach to creating recognition and favorability and shaping the perception of customers and potential customers.

The following are the 10 key elements of a Brand Strategy:

Brand Purpose	“Why does the brand exist beyond the money?”
Brand Vision	“Where does the brand want to go, and what does it aspire to be?”
Brand Mission	“Where is the brand going and committing TODAY?”
Brand Values	“What’s important to the brand as they conduct business?”
Brand Positioning	“To specify a unique point-of-difference that sets the brand apart.”
Brand Personality	“To make the brand sound and feel human rather than an entity.”
Brand Voice	“The personality your brand takes on in all of its communications.”
Brand Story	“Creating associations and delivering engaging and relevant messages.”
Brand Heritage	“To create associations of traditions and longevity.”
Tagline	“Memorable phrase that captures your brand in the minds of customers.”

Table 1. 10 Key Elements of a brand strategy (Houraghan 2022)

Innovation in branding extends to customer experiences, with companies using cutting-edge technologies like augmented reality and artificial intelligence to create immersive brand encounters. For example, IKEA's app allows customers to visualize furniture in their spaces using augmented reality, enhancing user engagement and reinforcing the brand's commitment to innovation and customer satisfaction. Innovative companies offer many lessons for those eager to redefine their branding and market leadership approach. These trailblazers understand that standing out requires more than a unique product; it demands a bold vision that resonates deeply with consumers.

In today's digital landscape, technology is more than just a tool—it's a catalyst for innovative branding that can set your company apart. Leveraging technology effectively allows brands to create memorable experiences, engage with customers in real-time, and foster deeper connections that resonate long after purchase.

One key lesson is the importance of authenticity. Brands like Patagonia and Tesla have built their reputations by staying true to their core values and mission. Patagonia's commitment to environmental sustainability isn't just a marketing gimmick; it informs every decision they make, from sourcing materials to their famous "Don't Buy This Jacket" campaign. This authenticity fosters trust and loyalty, encouraging consumers to align with brands that reflect their values.

Another lesson is the power of storytelling. Innovative companies excel at creating narratives that captivate their audience. Apple, for instance, doesn't just sell technology; it sells a lifestyle rooted in creativity and innovation. Their marketing campaigns evoke emotion and inspire, making customers feel like part of a community rather than mere consumers. This approach transforms the customer experience into a journey, inviting them to participate in something more significant than the product itself.

Pushing the Boundaries of Design Thinking and Market Disruption

Last year, I wrote a paper on Design Thinking and Tesla's adoption of the innovation process. I believe it's relevant to revisit it now, as design thinking helps push boundaries in innovative market disruptions. Design thinking is a problem-solving approach that emphasizes understanding users'

needs and desires, encouraging collaboration, iteration, and learning from failure. It fosters empathy, collaboration, and iterative problem-solving, leading to innovative products and experiences that resonate with the audience. (Aydin 2023)

Tesla, a leading electric vehicle and clean energy company, attributes much of its success to its design-centric approach and commitment to design thinking. By prioritizing the user experience in its product development process, Tesla has created groundbreaking electric vehicles that have transformed the automotive industry and influenced other sectors. Tesla's design philosophy focuses on seamlessly blending form and function to create exceptional user experiences, evident in every aspect of its meticulously thought-out designs. (Aydin 2023)

Tesla's design approach involves putting customers at the forefront and utilizing their feedback to develop user-friendly, innovative products. The company's emphasis on design simplicity and elegance ensures ease of use and sophistication. By constantly challenging norms and seeking new ways to innovate, Tesla has introduced groundbreaking features that are revolutionizing the automotive industry. The overarching goal of Tesla's design strategy is to create cutting-edge, sustainable, and user-centered products that inspire new ways of thinking. (Aydin 2023)

The Tesla Model S, Tesla's leading sedan, has undergone many design changes. The design team at Tesla focused on making the exterior look sleek and aerodynamic, with clean lines and a minimalist approach. They also made the interior simple and functional, with a big touchscreen display controlling different vehicle functions. This design improves the driving experience and sets a new standard for car interiors. (Aydin 2023)

Tesla's success is a powerful example of how design thinking can lead to groundbreaking innovation. By challenging traditional assumptions and pushing boundaries, Tesla has reimagined what is possible in the automotive industry. As other sectors continue to evolve, embracing design thinking can catalyze transformative change.

Conclusion

In conclusion, embracing change and fostering innovation is vital for success in today's fast-paced business environment. By implementing strategies such as digital transformation, cultivating a culture of experimentation, harnessing data analytics, and developing a robust value proposition centered on understanding the target audience and adaptability, businesses can position themselves for market disruption. Organizations need to be proactive, anticipate change, challenge assumptions, and prioritize continuous learning and improvement to thrive in this dynamic landscape. Embracing change as an opportunity, actively listening to customers, and leveraging technology and creativity to deliver innovative solutions are all essential for establishing a brand as a leader in the market rather than merely a participant.

References

Aydin, Nuhro. 2023. *Design Thinking at Tesla*. Paper, Emerson: LinkedIn (On own LinkedIn page).

Bilham, Jasmine. 2023. raw. March 10. Accessed December 29, 2023.
<https://raw.studio/blog/data-analytics-airbnb-netflix-amazon-spotify/>.

CFI Team. n.d. *Corporate Finance Institute*. Accessed July 19, 2024.
<https://corporatefinanceinstitute.com/resources/management/value-proposition/>.

Cote, Catherine. 2002. *HBS Online*. January 6. Accessed July 13, 2024.
<https://online.hbs.edu/blog/post/new-market-disruption>.

Houraghan, Stephen. 2022. *Brand Master Academy Podcast (YouTube)*. Accessed July 25, 2024.
<https://www.youtube.com/watch?v=On2K52lcM3c>.

Krishnamurthi, Lakshman; Devine, Rebecca. 2023. "Creating Value to Disrupt Markets (Chapter 4)." In *Kellogg on Marketing*, by The Marketing Faculty of the Kellogg School of Management, 53-57. Evanston: John Wiley & Sons, Inc.

Shewan, Dan. 2024. *WordStream*. April 19. Accessed July 18, 2024.
<https://www.wordstream.com/blog/ws/2016/04/27/value-proposition-examples>.

Twin, Alexandra. 2024. *Investopedia*. June 20. Accessed July 13, 2024.
<https://www.investopedia.com/terms/d/disruptive-innovation.asp>.