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# The One Tip For Staying Relevant in Business -How to reinvent?

In 1960's when DEC launched **mini-computer**, IBM who was dominant in the digital world selling huge mainframe computers, termed it as irrelevant to his market and his customers. Gradually, mini-computers grabbed IBM's mainframe computers.

When **desktop personal computers** were launched, DEC announced that "*Desktop PC has limited applications and it will not affect its Mini Computers Market*". Unfortunately, Desktop PC came to rule the computer world and DEC lost its relevance in an important growing segment.

**Nokia** was a market leader in mobile phones in the early 2000s with a huge customer base and designs to meet customer needs. They had an efficient research and design team. Their designs were user-friendly and made after extensive research. Nokia thought they were keenly observing people, finding out opportunities and solving the problems. Unfortunately, they became irrelevant sooner than they could predict and respond. They were not as complacent as mentioned in some magazines.

**Polaroid**, the name synonymous with instant photography, controlled 100 percent of the instant photography market and it was always been a technology company. In fact, Polaroid had developed one of the best digital cameras, but lost its relevance to the market.

**Kodak**—created one of the best digital cameras ahead of its competition in the 1990s, but then lost the market and its meaning.

Xerox was a leader, but then lost relevance in Desktop printing, and lost its ground.

## Challenges in remaining Relevant

- Markets are continuously shifting
- New trends emerge
- Change in customer's behaviour, attitude
- Changing the rational and emotional needs of customers
- The market disruption, Competition

There are some brands—which consumer sees as honest, reliable, dependable, accessible, often innovative, but the same brands are

considered as Old-fashioned, out of touch and boring. This is called a “Graveyard Brand” — It’s not a good situation to be in.

### **How to make a brand Relevant to changing times and manage market dynamism?**

Samsung, Apple, Nike, and many other brands continue to reposition themselves to meet the needs of customers on their own terms. Nokia had also observed the users but then missed.

Clayton Christensen says, “Best firms succeeded because they listened responsibly to customers, invested aggressively in technology, manufacturing abilities, designed wonderful products to meet the next generation needs. Same best firms failed after some time, because they listened to SAME customers, invested again, designed again to meet NEXT GENERATION needs”

As a brand, it is true that you need to be obsessed with users. You need to listen to them, observe them and identify their hidden needs. But to be relevant in future, you need to focus on “**New generation or Next generation users**”.

If you are just focussing on existing users, you may soon become irrelevant. As the users are getting older, you need the cycle of new generation users.

## **MAXWELL COFFEE HOUSE**

Let me demonstrate with a simple example of the fall of the “Maxwell House”. In 1950s America was a nation hooked on coffee. In 1953, a loss in production capacity of good quality Arabica coffee beans had resulted in higher prices of coffee, which infuriated American consumers. American coffee companies discovered that Arabica trees, though expensive to raise, is highly unreliable and vulnerable to weather and parasites. They saw Robusta as a possible option, which is reliable, cheaper and they were plentiful. They also taste bad.

Maxwell house, to overcome the competition and consumer’s price sensitivity, decided to add a few robusta beans to existing coffee blend. The company ran sensory tests in which people tasted both maxwell’s coffee blend and robusta mixed coffee. Nobody could find a difference. The company launched the blend, and things were going well. Other coffee companies followed this method.

Demand for coffee was growing and the Arabica beans remained scarce.

To remain competitive, Maxwell House managers again added some more Robusta. The company ran another round of consumer tests. Consumers could not tell the difference between the slightly increases levels of Robusta and the previous blend.

Every year, the percentage of Robusta were increasing in coffee blends, as there was consistent pressure on profits. Every year, as consumer tests showed acceptable levels in coffee taste, as the blends are compared to their previous blend.

In 1964, coffee companies realized that sales were declining, though testing showed that long-time coffee drinkers were satisfied with the product.

The reason— Any consumer business needs to attract new generations of the customer to replace the old and become relevant to them. Otherwise, the brand will appear old-fashioned, out of touch and boring.

If a customer had been drinking coffee for a while, a cup of high Robusta blend would seem tolerable. But if you had never drunk a coffee in your life, a coffee with Robusta tasted horrible and it was intolerable.

**Starbucks** keeps it's brand relevant by continuously assessing the needs of the next generation, making subtle changes in the environment, artwork, aroma, interiors, blends, experience, menu boards etc...

**Nike's** culture remains young and it is not inspired by the founder's passion or culture. Nike's founder knew that he would grow older soon and the culture has to be independent of him or another founder. Nike's culture is an evolving culture based on the new requirements and aspirations of the next generation of athletes.

In a Nutshell, To Stay Relevant,

- Focus on the next generation of customers along with the existing line of customers
- Focus on cultural movements to predict the future trends (Shall cover in another blog)
- Focus on Non-Customers to create disruptive innovations
- Keep evolving the brand, and keep creating new categories
- If a new category is going to be completely different from your existing brand ethos, personality, create a sub-brand
- Make sure the Category communicates proper value to the customer

*References: The Innovator's Dilemma by Clayton Christensen, Wired to Care by Dev Patnaik, Designing for Growth by Tim Ogilvie and Jeanne Liedtka, What Great Brands do by Denise Lee, Brand Portfolio Strategy by David A. Aaker*

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