
Three Tools/Tips for Disruptive Innovation in Business -How To Stay Relevant?

Circus Industry was in a terminal decline for some time. Scope for growth was limited. Alternative forms of entertainment have pushed the industry into a dark corner. Children were comfortable to play video games or watch movies than visiting the circus. Animal rights groups were very active in restricting the use of animals in circuses. Bigger brands have started to scale down their business and many have closed down due to dwindling audience. In this scenario, rose Cirque du Soleil, whose production was seen by more than 150 million people in over 100 cities around the world. They achieved the revenues that took bigger brands more than 100 years to attain. How did they Reinvent the circus?

Commoditization of products, Shrinking profit margins, Increasing price wars, falling brand loyalty has pushed manufacturers to think about ways of disrupting the market, by innovating product or service.

Any innovation meant for existing customers in an existing market is a sustainable innovation, which other competitors would also copy soon. It aims to extract as much as the value of the existing market. Disruptive Innovation is to create a new market, a category where competition is irrelevant.

How to create Disruptive Innovations?

EXTREMES AND OUTLIERS

As a designer, we cover extreme users and outliers along with mainstream users during the research phase. Breakthrough ideas emerge from studying them. Clayton Christensen calls them “Non-Customers”.

Focusing on existing customers will break the existing market into finer segments, forcing us to tailor the offerings further, and reducing the market further. To break away from this, the first step is to shift your focus from “Customers” to “Non-Customers”

W.Chan Kim and Renee Mauborgne, in their “Blue Ocean Strategy”, divide those “Non-Customers” into three tiers.

- First Tier—“Soon-to-be” non-customers who are on the edge of your market,
- The second tier—“Refusing” customers who consciously choose your market
- The third type—unexplored non-customers who are in markets distant from others.

When you are creating a new market, you are no more fighting any incumbent or your present competitor, you are fighting against “Non-Consumption”.

In 1982, **Maggi Noodles** were launched in India, targeting the working women. Maggi had first mover advantage in Instant Noodles category. Unfortunately, Nestle faced with difficulty in selling after the initial phase. They were unable to enter minds of Indian Consumers as Rice and Roti have occupied a strong position. Maggi was not competing against any competitor products, but against consumer’s “Non-Consumption” due to their traditional behaviors

Callaway golf clubs are the most advanced golf clubs you can use on a golf course. Callaway looked at people who were shying away from Golf. They found out that

- Hitting golf ball felt burdensome
- The small size of the golf club head demanded enormous hand-eye co-ordination
- Took time to master
- Required concentration

Solution—*Big Bertha*, a golf club with a big head-easier to hit the golf ball.



This innovation converted the “non-customers” of the industry into “Customers”. This product pleased existing golf customers too, pulling them into Callaway’s market.

Black and Decker— Prior to 1960, Handheld electric tools were heavy,

rugged, designed for professionals — It was very expensive too and not meant for typical users. Black & Decker, then looked at “Non-Customers” and came out products like Do It Yourself kits, made up of cheaper plastic, aesthetically pleasing colours, having motors that will last for only 30 hours, — meant for customers who drill few holes per month. This way, they brought down the product cost from \$150 to \$20.

Canon Countertop printers — Disrupted the market held by Huge Xerox machines. To use Xerox machines, you needed to be a technician. The product was complicated, needed frequent servicing. Not many people could afford Xerox. Canon disrupted the market.

MEANINGS

What can you think of a lamp for home? Yes, it has to be beautiful, modern sculpture, fit into my living rooms, good illumination.....wait, those are all common attributes now in every lamp. We need to beyond that and create a different meaning for the product. If you have to make your non-customers buy the product, you need to change the meaning.

Can you change the colour, temperature of the atmosphere by emitted light? Can it be controlled according to owner’s mood? Can it influence psychological state and social interaction? Can it make the user feel better? Can the light simulate daylight, seasons whenever needed? Can the light encourage the user to dream, relax, be creative, have love? How can the light provide a different experience to a living room, bedroom, drawing room?

As Clayton Christensen mentions in one of his books, shift your focus from users to Jobs and Circumstances.

Nintendo was the leader in game consoles in the late 1980s and early 1990s. With the launch of Sony’s PlayStation and Microsoft’s Xbox, Nintendo lost its leadership and plunged into tough times. Sony and Microsoft were moving ahead with their latest consoles offering high-definition images, powerful graphics, and more complex games. Nintendo realised that it is tough to fight with Sony or PlayStation along with the lines of processor speed, graphics etc...

The games were so complex, that user had to spend a Considerable time to master the game. The cost of the products was high due to high-end processors, and the graphics. The game was accessible only to niche

users and experts. Gaming programmers were getting frustrated with changes in hardware with every launch, as they needed to spend time again to relearn.

Nintendo targeted non-customers. In November 2006, the company launched the Wii, a game console with motion-sensitive controllers that allows people to play games by moving their bodies. Up to that moment, the game consoles were considered as passive, entertainment gadgets. People could play tennis by circling their arms overhead, play golf by swinging, and engage in a combat. The Wii transformed the virtual game into an actual physical workout.



Wii was way less expensive than its competitors because the Wii was equipped with less powerful components than its competitors. They did not need high definition images, high-end processors or heavy graphical interface. The Wii attracted game developers who could create games much more quickly due to less complex graphics. By looking at non-customers, creating a new meaning for the product, Nintendo's innovation had implications for the entire industry ecosystem.

TASKS OPTIMIZATION

SaeHan information systems launched the first MP3 player, MPMan(Walkman?) in 1997. By 2000, MP3 player was flooded with many brands including Compaq's jukebox, which had 6GB storage space. All these products were projected as a substitute for CD or Cassettes. Their core functionality was to allow users to listen to songs away from home.

If you break the tasks of how to use those products -

- Switch on the computer,
- Open the browser

- Search for a song, locate after sometime
- Listen to the song on the computer, if facility available
- If the song is bad, start the search cycle again
- If the song is good, search again from where to download (Oh! Piracy....Not many are comfortable)
- After searching for some time, finally, download the song.
- Spend hours collecting songs.
- Connect the MP3 player to the computer
- Transfer the songs to the MP3 player, disconnect
- Organising music collections impossible
- Try to listen to the songs in MP3 player...(Oh..horrible interface, not easy to use)

I've given a just a small list of tasks. It is an essential step to understanding what tasks are involved in our proposed solution so that we can optimize them. It is important to identify pain points and eliminate them.

Enter the iPod- changed the meaning of the product. It's not simply a portable music player — allowed users to make their own music. The iTunes Store, the iTunes software application, the business model of selling the music at an affordable price provided a seamless experience. They could search easily, listen and buy songs at one place. They made it easy to store, organize the music albums. They had unique sleek styling and unique functionalities(Oh...ya...the cool scroll wheel). The success of the iPod was not just due to the device alone, but iPod's other related components like iTunes, iTunes store and the related business model. These components have cut down a lot of tasks, made some of the tasks easier.

Similarly, in Nintendo's Wii, it not only made the user's tasks easier but also made the gaming programmer's job easier. *"The Wii attracted game developers who could create games much more quickly due to less complex graphics"*. Users found it easy to learn and use the Wii.

If you analyze tasks correctly and optimize them, you will hear a lot of "Vows" from customers.

CONCLUSION

For disruptive innovation, we need to look at non-customers, create a different meaning for the product. Once you arrived at a solution, analyze the tasks, optimize them, eliminate some, and provide a wonderful experience to the users. Remember, Users, pay a premium price for innovations and low price for commodities.

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