

## Disruptive Innovation

‘Disruptive Innovation’ creates a new market and value proposition that displaces established market leading firms, products, or services. Disruption and innovation are terms that are used a lot in business. However, *true disruptive innovation* is a dynamic force reshaping industries and challenging traditional business models. It's not just about incremental improvements but rather a radical transformation that introduces novel approaches, often rendering existing products or services obsolete. To harness the power of disruptive innovation, businesses must think and act strategically.

At its core, disruptive innovation is about meeting unmet needs or reaching underserved markets. Identifying these gaps requires a keen understanding of customer behaviours and a willingness to explore unconventional solutions.

Successful integration of disruptive innovation involves fostering a culture of agility and adaptability. Firms must be nimble in responding to market shifts and embrace change as an opportunity for growth rather than a threat.

Continuous investment in research and development is paramount. Pioneering ideas often emerge from dedicated exploration of new technologies and approaches.

Businesses that prioritise innovation as a core value are better positioned to lead in developing new approaches that can disrupt existing markets.

Collaboration plays a pivotal role. Partnering with innovative startups or industry experts can inject fresh perspectives and accelerate the integration of disruptive elements.

A good example of disruptive innovation is Netflix. They started out as a DVD rental service that mailed rental films directly to people's homes. Netflix recognised the shift to online media consumption early on and pivoted their business model to online streaming. At the time, online streaming was in its infancy. Netflix wasn't the biggest DVD rental company but its innovative shift to subscription based online streaming services was hugely disruptive and made the firm a market leader in the media and entertainment industry.



Netflix's success serves as a prime example of how a business embraced disruptive innovation, took the time to understand evolving consumer preferences and transitioned from a traditional model to developing a new market where it became an established leader. Ultimately, disruptive innovation demands a mindset shift. Firms that embrace uncertainty, encourage experimentation, and adapt their business model to emerging trends, can leap ahead of competitors.