
DISRUPTOR OR DISRUPTED? HOW TO STAY ON TOP IN AN ERA OF TIERED TRANSFORMATION

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At points along the timeline of the business that was once Blockbuster, it must have felt unbeatable.

One was when Blockbuster founder David Cook first recognized the inefficiencies of local video stores and launched his business in 1985 based on computer inventory tracking that provided insights and the ability to optimize stock both for customers and profit (a practice that was the first for Blockbuster's industry). Then there were the golden years of 1987 to 1994, when new owner Wayne Huizenga grew the business from 19 stores to a dominant retail chain of 3,000 outlets. But Blockbuster failed to embrace constant change – a necessity for businesses that want to avoid being disrupted.

Netflix Disrupts Blockbuster

Few companies are ever blindsided. They're never killed by something they didn't see coming; and so it was with Blockbuster. When Huizenga eventually sold to Viacom in 1994 for \$8.4 billion, he recognized that developing technology would be a material threat to his bricks-and-mortar business, which lacked the expertise to tackle that challenge head on.

Four years later, Netflix launched. According to legend, Netflix founder Reed Hastings seized upon the idea of rental-by-mail after being hit by a \$40 video store fine for returning *Apollo 13* late.

It would be easy to say that the rest is history, but it isn't. History isn't an excuse; it's a process. Blockbuster's fate wasn't written on that April day in Los Angeles when Netflix opened for business with just 30 staff and a radically different business model. What killed Blockbuster was its failure to recognize the constancy of change, an inability to see that disruptive businesses can and will be disrupted, and an addiction to its own business model.

The Blockbuster-Netflix struggle is not an isolated one. The power shift from Kodak to Instagram, Sears to Target and Research in Motion to Apple's iPhone are all equally telling incidents of once-disruptive brands that have been toppled by newer, more nimble disruptors. History tends to recount these industry regicides as sudden and heroic upheavals, but the reality is that the new leaders possess the cultural and commercial traits that are more suited to, and sometimes indistinguishable from, the new paradigms of their respective markets.

Embrace Constant Reinvention

One of the catalysts for organizations today to embrace constant reinvention is that the business you are in is changing constantly. Change is not a new phenomenon; it has no starting point or end date. It may feel as though we are experiencing rapid and dramatic change brought about by disruptive technologies. But what we have experienced before is no barometer of the scale and pace of change in future.

Brands only stay on top when they're smart and brave enough to recognize that success today does not guarantee success tomorrow; that they only represent the future for as long as they are future-thinking. Transformation is happening, every day. Organizations can stand still and let that transformation happen to them, or they can move forward with it and transform themselves.

Change happens in incremental, "tiered" fashion. What went before doesn't disappear; it just gets built upon. Blockbuster failed to transform, while Netflix constructed its business on the best aspects of the model that Blockbuster had previously laid down. Tellingly, Netflix has a transformational culture; it moved seamlessly from rental-by-mail to streaming, and through investment in original content such as *House of Cards* (which is the first web-only series to win at the Emmys) is also challenging the broadcasting paradigm. For as long as Netflix can maintain that culture of change, the company can keep other disruptors at bay.

Disruptor or Disrupted?

How can other brands mirror this success? How do we become, and remain, the disruptors rather than fall into the role of the disrupted? When the scale and pace of change is dramatic and disorienting, asking some existential questions can mean the difference between being the top layer or bottom layer of tiered transformation. Those questions include fundamental ones, such as:

- *Why am I here?*
- *What is my purpose?*
- *What is the nature of my relationship with people?*

Questions such as those can help organizations to regroup, focus and disrupt. By comparison, organizations set themselves up to be disrupted when they ask, simply, how do I sell more of my products?

An existential understanding of purpose helps us to make sense of a disorienting world, in which the spaces where brands meet consumers are being rapidly redefined and converged by digital – which is the power behind connected, always-on consumers. When we know our purpose, we begin to have a sense of our brand narrative – the story that allows us and others to define what our brands represent and why they are relevant.

The Power of the Narrative

The best narratives come from a place of belief and sincerity, of knowing what we stand for and having a clear vision of what we are trying to convey. A narrative based on purpose allows us to imagine different futures for our organizations and markets; it is not fixed in time or place, but instead is the means by which we survive and prosper as tiered transformation continues apace. A strong, purposeful narrative fuels the disruptor and fells the disrupted.

The practical application of a brand's narrative can power permanent disruption – the effective marketer's response to tiered transformation. It's what allows Netflix to unseat Blockbuster, Apple to revolutionize the music and mobile phone markets, Google to pursue "moon shots" such as Google Glass and driverless cars, and Nike seamlessly to enter the realm of wearable technology.



RBS enabled customers to get cash from an ATM without their card. The "Get Cash" mobile app won a Gold Mobile Lion at Cannes in 2013.

A strong brand narrative allows an organization to make sense of the converged spaces where we find today's connected consumers – where attraction and transaction happen all at once.

In the brand and marketing space, "time" used to be under the control of the advertiser – the storyteller (or more appositely, the story-yeller). Advertisers traditionally told the consumer when to do what and how to engage in a story. Today, consumers make those decisions. They determine when, how and where they want to engage with a brand. Time, in the broadcast media sense, has been disrupted. Recent research from the Internet Advertising Bureau found that the British check their smartphones or tablets up to 34 times a day. Sixty-two percent of people aged 18 to 30 use downtime to check their devices. When these cumulative eyeball-hours add up to more viewer hours than the Super Bowl, boredom is the new prime time. Disruptors see this aspect of the new media paradigm as an opportunity. The disrupted see a threat.

Experience is another space that has been transformed, as connected consumers' expectations of what a product should be and do have shifted irrevocably. Across industry sectors, there is opportunity to add relevance and value by redefining "product" entirely. Royal Bank of Scotland (RBS) says that its business is "Here For You" – a brand promise that has evolved beyond enhanced current accounts and more user-friendly High Street banks. "Here For You" is exemplified and experienced in "Get Cash," a mobile app that allows customers to withdraw funds from an ATM in moments of need when they find themselves without their bank cards. In automotive, Audi is witnessing a drift away from product attributes that used to determine car choice, such as performance and reliability, and toward telematics. Consumers want a driving experience that connects with their digital lives. That shift in expectations is reflected in the Audi

Configurator, which allows customers to design and equip their car, save the configuration and link directly online to the Audi Carstore.

The commerce space has been redefined by experience and transaction becoming blurred in the hands of connected consumers wielding connected devices that can be used concurrently to communicate, research and purchase. For consumers, there is no divide, in time or space, between attraction and transaction. The blurring of lines raises fundamental questions about the role and purpose of the 30-second ad and of last-click attribution. A brand with the desire to address this disruption will meet people with an interactive, non-linear experience that is relevant to their chosen time, place, channel and need-state. Such a brand will spend its marketing dollars to blur, not reinforce, the lines between the “beginning” of a brand’s story, a reprise of that theme and an “end” where the consumer makes their purchase.

The Importance of a Storyscaping Approach

Brand and marketing, experience, commerce – all are disrupted, all converged and all, more than ever, dependent on clarity of purpose and a strong narrative. The Storyscaping methodology (a way of thinking explored more fully elsewhere in this book) is about threading a narrative through every single or linked interaction that we have with a customer. A Storyscape – a ubiquitous, evolving brand narrative – is the territory of the disruptor who encourages the consumer to roam free across its spaces. But the Storyscaping process is a hostile land to the disrupted, whose walled-garden mentality will eventually, invariably be torn down.

Conclusion

As innovation cycles become faster and smaller, the risks to more sedentary businesses become ever greater. And the greatest innovator is as susceptible to risk as anyone else. Change is constant. So the need to stay ahead of that change is constant, too. Whether you become a Netflix or a Blockbuster depends on your ability to recognize the sometimes uncomfortable reality of needing to constantly stay ahead of change. Being a successful disruptor means being humble and courageous, self-aware and visionary.

CHARACTERISTICS THAT DISTINGUISH DISRUPTORS AND THE DISRUPTED

Disruptors are paranoid. They constantly question their validity and relevance to their customers. They ask not whether to transform their businesses, but when and how.

The disrupted pour scorn on the garage start-up. The disrupted doubt consumers will ever embrace “that new technology.” They’re always skeptical, and they get found out.

Disruptors understand that the purpose and definition of their brand is how it fits into and enhances the consumer’s life. Disruptors understand that branding is about how the brand is used, how it helps and what it can be.

The disrupted know what they make and make what they know. They’re blinkered by their product, what it does and how to get it into people’s lives.

Disruptors think about seamless brand stories that encompass the entire gamut of the consumer’s experience. It’s an honest and connected approach where what they are, do and say is in sync.

The disrupted still think in terms of distinct media channels and fail to acknowledge that the 30-second spot has fragmented, leaving broader emotional needs.