BUSINESS DISRUPTION: TECHNOLOGICAL INNOVATION
AND THE TRANSFORMATION OF CONSUMER
PREFERENCES

by

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BUSINESS DISRUPTION: TECHNOLOGICAL INNOVATION
AND ITS APPEAL TO CONSUMER PREFERENCES

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ABSTRACT

The article discusses the threat of startups to large existing corporations. Specifically, the article analyzes how consumer preferences are progressively changing and influencing the industries they interact with. The article specifically identifies examples of recent companies that have disrupted their respective industries, including Uber, Dollar Shave Club and more. The author then analyzes how technology is allowing these disruptions to take place. Finally, the author offers the implications this will have on previously successful businesses and how to not be disrupted in a quickly changing world with many competitive threats.
Introduction

Retail businesses have driven the United States’ economy over the previous century. Local Mom and Pop shops have given way to major corporations that have spread to all corners of the country. These corporations have been erected and expanded due to their appeal of efficiency and convenience. Wal-Mart, the world’s largest retailer, has reached over $350 billion dollars of annual sales in the United States alone (“National Retail Federation” 2015). In total, the annual sales of the top 20 brick-and-mortar retailers in the country are in excess of $1 trillion dollars (“Securities and Exchange Commission” 2016). This number does not include Amazon, which reached the $100 billion dollar mark for the first time, based on their 2016 annual report. Retailers are used to purchase countless types of products including groceries, apparel, technology, toys, household essentials, and many more. Over the years, it has been customary to walk into a physical store, search for a desired product on one of hundreds of freestanding shelves, physically select a choice of product, purchase the product, and bring it home from the store. The element of being “hands on” is on a downward trend when it comes to the retail experience. In recent years, individuals’ lives have become more interconnected as the introduction of smart homes and smart devices have gained traction. This
interconnectivity has enabled consumers of all ages to make purchases in an entirely new manner.

Over the course of the last five years, the brick-and-mortar standard has been challenged by a variety of alternative purchasing methods including: online shopping, subscribe-and-save models that allow consumers to save by choosing to automatically renew product purchases, Amazon Dash Buttons, and aspects of the smart home, including the Amazon Echo. My thesis aims to analyze these methods and how they affect and change consumer purchasing habits and behaviors. The research question I seek to answer is the following: How do technological advancements in the area of purchasing affect consumer buying habits, and how are companies reacting to these changes?

While research is increasingly being conducted regarding this topic, I want to focus not only on the advancements made to simplify the purchasing process, but also how these advancements influence the American consumer’s approach to making purchases. Companies are going to need to react quickly to keep up with rapidly changing trends. Additionally, organizations may be negatively impacted if they believe they can approach sales in the same way they did 10 years ago. For this reason, leadership attitudes supporting corporate entrepreneurship will be critical to the survival and growth of well established corporations. Conversely, a stagnant and passive approach could be the ultimate downfall of companies that have proven to be successful for decades, while both new and existing innovative organizations
quickly increase market share. Through analyzing this topic, I hope to highlight businesses that have capitalized on new opportunities, as well as identify and make known the potential consequences of businesses not rapidly reacting to these transformational changes.

If corporations fail to act quickly and strategically, they will be surpassed by startups who may not have the established reputation, but are eager to take advantage of the rapidly transforming consumer market that is influenced by customer-centric technological changes. In this paper, I will begin by defining business disruption and give examples of recent disruption in various industries. Next, I will conduct a literature review of academic works that have touched on the idea of business disruption and technology. Following the literature review, I will discuss how these findings, along with my own personal assumptions, relate to and lead to an answer to my proposed question. Lastly, I will address the relevance of my findings to current businesses and relevant stakeholders, and steps they can take to capitalize on the opportunities discussed.

**Defining Business Disruption**

Businesses and industries have been disrupted over the course of history in different ways. New developments and advancements allow new ideas to take hold and change the norms to which people have become accustomed. Entrepreneurs and small startup companies have been able to drive these new ideas to overtake
companies and well-established practices. Business Disruption, also known as Disruptive Innovation, is defined as “a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses. Specifically, as incumbents focus on improving their products and services for their most demanding (and usually most profitable) customers, they exceed the needs of some segments and ignore the needs of others” (Harvard Business Review 2015). Silicon Valley entrepreneurs are currently looking to take advantage of opportunities in hundreds of industries.

What is fascinating about business disruption in the 21st Century is how dynamic and ever-changing the disruptive innovations are. Every day, month, and year, there are new developments surfacing that have never before been attempted. Consequently, there is a lack of published literature to guide corporations on reacting to new, disruptive innovations due to the fact that they are always changing and transforming. While they may not fully understand the challenges faced, companies that have found previous success must have systems in place to be able to counteract the attempts by entrepreneurs attempting to quickly steal market share. It should no longer be a surprise to corporations that disruptive innovations are occurring, and for this reason innovative corporate entrepreneurship is becoming imperative. Instead of relying on previous success, major corporations should be using their acquired capital to influence industry innovation. Many publicly held companies choose to maintain a reactive and defensive strategy,
allowing themselves to be influenced by other, often smaller, competitors. To further understand disruptions in recent years, I will briefly highlight two major disruptive innovations that have delighted consumers, while shaking up their respective industries.

**Examples of Recent Business Disruptions**

I. Uber

The most common example of recent business disruption is the introduction of the Uber ride sharing service. This service has plagued taxi services seemingly overnight by offering a convenient and inexpensive way to offer on-demand ride services in cities all over the United States and the rest of the world. In a recent study published in the Journal of Innovation Management, the question was raised as to whether Uber was a technological innovation, or an industry disruption. What is interesting about Uber and many other recent trendy companies; e.g. AirBnb, Favor, Dollar Shave Club, is that nothing about the product itself is drastically changing. However, it is the way that product is delivered to the end user. Because of this, Uber was considered to be an industry disruption, rather than a technological innovation (Laurel, Sandström 2016). The service itself is no different than a taxi service in the sense that customers are moving from a starting point to a destination. What changed drastically was convenience, and the ability to access a ride from a smart phone application in a matter of seconds, without ever having to
pull out the old phone book and locate the nearest taxi service, which is a process that takes significantly more time. Uber users were also often willing to pay premium price points for added convenience.

II. Dollar Shave Club

Another important disruption is the success of Dollar Shave Club, or DSC. Dollar Shave Club disrupted the most successful shaving brand in the country, Gillette, by swiping hundreds of millions of dollars of revenue through creative marketing and selling through a new channel: online. What is fascinating about Dollar Shave Club is how a start-up “could disrupt an industry not by improving the product or service but by altering its delivery structure and pricing (Fisher 2016).” The razors and blades were essentially the same as any other competitor’s razors; in fact, the blades were even slightly lower quality. Yet, Dollar Shave Club appealed to a new type of consumer, a consumer that values convenience, ease, and the ability to worry about one less monthly purchase and one less random trip to the store. Consumers are becoming more than willing to transition to a company that accomplishes these things, despite being considered “the little guy” in the industry (Johnson 2015).

Times are beginning to change, and it is not something that is going to begin and end with razors. To put Dollar Shave Club’s disruption and potential harm to

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1 According to the 2016 Procter & Gamble 10-K statement, Shave Care net sales decreased by 16% between 2014 and 2016. This is a change of over $1.2 billion dollars.
industry leaders in perspective, Procter & Gamble controls 60% of the grooming market in the commercial brick-and-mortar market. In the online market, however, they have a mere 20% of the pie. If startups begin attacking other sides of P&G’s product mix, this could affect billions of dollars per year (NG, Ziobro 2015).

For example, by taking a look at one of P&G largest brands, Tide, it is clear how critical it will be for them to adapt to a changing environment and changing consumer preferences. One of Procter & Gamble’s main values is a “passion of winning” (Procter & Gamble 2016). This includes winning with corporate customers, consumers, and employees. As listed on their website:

- “We are determined to be the best at doing what matters most.”
- “We have a healthy dissatisfaction with the status quo.”
- “We have a compelling desire to improve and to win in the marketplace.”

Tide has been sold as a cleaning product since as early as 1946. While the product formula, packaging, and forms have changed throughout the years, the way it has been sold and used has remained the same. However, while Millennials are increasingly valuing convenience and free time, laundry services have sprung up in metropolitan areas throughout the US. Smaller private companies are attempting to snatch up Procter & Gamble’s previously secured market share by appealing to convenience. These services, such as Fly Cleaners, Kool Wash, and Cleanly have allowed busy consumers to free up multiple hours per week spend washing clothes, as well as having freed up space in small apartments where a washer and dryer once
were. By paying a small premium, consumers have laundry service companies pick up, wash, and fold their clothes every week. According to recent surveys, many people are willing to spend more money to have more available time to do the things they enjoy and value. These economic microcosms, known as service economies, are beginning to spring up in many industries, leaving many major corporations worried. In response to changes in the industry and the consumer, a new service is now being offered by Procter & Gamble: Tide Spin. They are hoping that between customer loyalty and a premium cleaning product, their response to other laundry services will prove successful. But what if it doesn’t? What if P&G loses a multi billion dollar brand to the hands of persistent entrepreneurs? This shows how important it is for entrepreneurship to be present within corporate cultures.

**Stagnancy: A Company Who Failed to React**

i. **Blockbuster**

Blockbuster is a prime example of a corporation that failed to react to the rapidly changing industry around it. While not every new small competitor deserves massive attention due to the amount of capital expenditures necessary to do so, it is important to identify the new competitors and their potential future competitive advantages. When Netflix came on the scene delivering movies through the mail, Blockbuster did not recognize Netflix’s immense growth potential. When
Blockbuster chose to not acquire Netflix for $50 million dollars in the year 2000, they could have decided to utilize their brand equity in the development of a strategy that included aspects of Netflix’s successful business model. Today, Netflix has a market capitalization of $62 billion dollars (Yahoo Finance 2016). For this value 15 years later, $50 million in 2000 would have been a small price to pay for seemingly infinite return opportunity. “The prize for embracing disruptive change should make it worthwhile (James 2016).” The prize of success is so great that not even considering to adapt is a failure that lead a company to find itself at the end of its life. Today, old Blockbuster VHS tapes collect dust while Netflix is home to over 93 million subscribers worldwide.

**The Internet: A Consumer’s Best Friend & a Retailer’s Worst Nightmare**

There are numerous ways the internet is changing the way consumers purchase products and services. This is reflected in impressive sales growth rates of companies like Amazon (approx. 31% CAGR)\(^2\). While brick and mortar retail sales are still over 90% of all United States retail, the trend to online shopping is one that should not be ignored. In a world of rapidly changing technology, total online sales should continue to surge despite offline sales’ historical success (U.S. Census 2016). It is important to highlight a few of the reasons why ecommerce is projected to continue to maintain success and drive further growth.

\(^2\) Calculated from recent Financial Statements released by Amazon
i. Expanding Selection

One noticeable difference between shopping in a brick and mortar store versus shopping online is the amount of products and brands available. When shopping at a store like Wal-Mart, Target, or even Best Buy, it would be unrealistic to expect to browse through a selection of every wireless Bluetooth speaker on the market, a number of over a thousand separate products (Amazon 2016). However, when shopping online, it is as easy as a simple search and the click of the mouse to have all available options at the user’s fingertips. The Bluetooth speaker example can be applied to almost every product category from electronics, to toys, to furniture, and even food. Amazon does not have to aesthetically align available products on a shelf for the target consumer. Instead, they are able to play a game of life-size “Tetris”, by strategically packing in products in massive warehouses in ways that would likely make no sense to the average consumer (Wohlsen 2014). This is because the customer only sees the product at two points throughout the buying experience: a digital picture when shopping online, and also when the package arrives at their doorstep. By packing products into super-warehouses across the country, Amazon is able to offer an exponentially larger selection of products than its largest competitors.
ii. Speed and Convenience

Online product ordering allows users to have more time to spend on things they value, instead of having to commute to a local store. As a result, the concept of free and fast shipping is an appeal for consumers of all ages. Recently, Amazon has been offering a PrimeNow service, which offers two hour free shipping in large metropolitan areas (Kell 2016). Using local public transportation, as well as developing high-rise makeshift warehouses, Amazon is reaching an urban consumer with convenience in a way that no other retailer has ever attempted. Consumers, and Millennials especially, are increasingly building their daily schedules in ways that are different than ever before. It appears that this demographic, particularly urban Millennials, are willing to pay a premium for a service that will give them an extra hour or two in their days. For example, meal delivery services like Favor have allowed increased convenience at a premium price. It has been proven that many consumers are willing to pay $5 dollars extra to have a take-out meal from a restaurant delivered to them, as opposed to having to pick the meal up themselves. Also, startups like Blue Apron and HelloFresh are now delivering fresh ingredients to buyers’ doorsteps and including recipes that can be made with the delivered ingredients. For a person who enjoys cooking, but does not enjoy grocery shopping, these companies have tailored their product and service offerings to meet developing consumer preferences.
iii. Changing the role of the Salesman

Retail sales power is no longer placed in the hands of the human salesman, but rather in the hands of the online reviewer. Even when shopping in stores, many consumers make decisions based on reviews they read online (Elwalda 2016). Because customer reviews often carry with them less of a bias than a salesman working for a retailer, they are heavily trusted by a Millennial generation that thrives off of collaboration and information sharing. The convenience of reading honest customer reviews and making a purchase on the same internet screen, all without leaving the comfort of the home, is an appeal for the technologically conscious consumer.

The Rise of the Shared Economy

The phrase ‘sharing economy’ has grown to become an umbrella term for a wide range of non-ownership forms of consumption activities such as swapping, bartering, trading, renting, sharing, and exchanging (Habibi 2017). Much of this has been made possible by the development and implementation of advanced technical applications. Websites and smartphone ‘apps’ have allowed the accessibility of information to become nearly instantaneous. Sharing economies have taken the world by storm following the financial crisis that began in 2008. Consumers have been and still are looking to save money and cut costs in their day-to-day lives.
This combined with advancing technological capabilities has “created a synergy prompting firms and consumers to find creative ways to consume through pooling and sharing resources that would otherwise be left idle (Habibi 2017).” For example, Zipcar, a multinational car sharing service, has been one of the stable companies regarding the sharing economy. Zipcar has a clear appeal due to the costly commitment that comes from car ownership. Not only do cars lose value over the lifetime of ownership, many require extensive and expensive maintenance and repairs. Zipcar, a company with over 10,000 cars in its fleet, and operations in the US, U.K., Canada, and Turkey, allows consumers a ‘pay as you go’ model without the commitment (Davidson 2017). By the end of 2015, the sharing economy was worth about $15 billion and is estimated to grow to $335 billion within 10 years (Pricewaterhouse Coopers 2015).

**Company Reactions: Incremental Innovation vs. Business Model Transformation**

One area where companies will be able to capitalize is how they react to new trends and technological advancements as well as consumer expectations in their respective industries. While some companies may opt for product line extensions, acquisitions, or human capital restructuring, this is often merely a temporary solution. Corporations that choose to forgo their old, proven business models may find more success in today’s rapidly changing environment (Owyang 2016). This
may mean spending more capital up front in order to receive significantly long-run returns. Innovation has become something that is not just thought about during employees’ free time, but many companies now place it at the epicenter of their most important daily endeavors. Many companies, including MasterCard, Procter & Gamble, Hallmark, and BMW all have developed core innovation teams, who solely focus on corporate innovation and being the ‘first to act’ in their industries.

Companies are also further encouraging the implementation of cross-functional teams to share ideas, experiences, and opportunities in order to develop future innovation goals.

Acquisition, however, may have the ability to allow large corporations to take advantage of successful startup ideas and make them their own. While it may take a heavy capital investment, (i.e. Unilever’s acquisition of Dollar Shave Club for $1.1 billion dollars) the corresponding cash flows and market penetration may make acquisition a successful strategy. However, developing the innovation internally through the use of corporate intrapreneurship appears to be the most lucrative and least capital intensive approach. The challenge faced by many corporations with this idea is the lack of fostering innovative thinking in the workplace due to cultures that often involve repetition over forward thinking.
Omni-Channel Marketing

Omni-channel marketing is a newly developed concept that focuses on reaching target audiences through multiple platforms. As a definition, omni-channel marketing “seeks to provide the customer with a seamless shopping experience whether the customer is shopping online from a desktop or mobile device, by telephone or in a bricks and mortar store (Rouse 2014).” The American Marketing Association talked with seven top marketing experts about omni-channel marketing and came away with some main takeaways:

- **What:** Marketers are now operating in an omni-channel world, which presents unique challenges.

- **So what:** Customers expect brands to be as connected as they are across a variety of platforms and media.

- **Now what:** Brands that don’t connect the dots of the customer journey and experience will be left in the dust. (Marketing News 2016)

An example of omni-channel utilization would be a shopper browsing a Wal-Mart store, but then being able to make their purchase online or through a customer service representative. Combining all of these processes is a challenge, but it is proving to become one of the most user-friendly ways of shopping. By tracking purchase history, Amazon is able to make future recommendations for products, as well as offer subscription packages that cut costs for the price-conscious customer
The Internet of Things, a hot topic over previous years, is changing technology, big data, and data collection. By focusing on comingling technology and human capital, companies will be able to know their customers on a deeper and more strategic level. Knowing customers will lead to a more interconnected buyer and seller experience, boosting both company sales and customer satisfaction.

**Strategic Business Solutions: Internal Think Tank Vs. External Creative Consulting Services**

In reacting to recent innovations in their given industries, businesses have two types of sources from which they can choose to develop strategic ideas and plans. Strategic planning can either come from an internal think tank made up of current employees, or it can come from an externally hired consulting group. While it is undisputed that quick reaction speed is crucial when addressing outside innovations, choosing how to address future issues can be difficult for businesses, as both approaches carry their own benefits as well as shortcomings (Boston Consulting Group 2016). By using an internal think tank, a company is utilizing current employees who are particularly knowledgeable about their products and the overall industry. However, their knowledge of the industry and time spent as an employee at their respective company could lead them to be somewhat unaware of how the common consumer looks at the industry. It is critical that an internal
consultant maintain an image of objectivity as they approach a strategic problem (Bianco 1985). It may be natural to assume that the general public has knowledge or opinions regarding the industry, causing current employees to overlook critical factors affecting their strategic planning. Additionally, spending time on a creative innovation team may take away from employees’ current responsibilities, and ultimately hurt firm performance.

Hiring strategic consulting services also carry their benefits as well as challenges. External consultants can bring in a fresh perspective, one that is more reflective of the common, uninformed consumer. External consultants can often bring ideas that are overlooked by current employees at the company. However, business consultants brought into a corporation to help solve problems can lead to negativity amongst current employees. When consultants are brought in to offer creative solutions, employees may become discouraged under the assumption that management does not believe their ideas are sufficient. This can lead to negative groupthink, and possible loss of cohesiveness in the office between employees and management.

Deciding who is going to lead strategic planning is a difficult task that must be decided by trusted top managers. It is possible that using aspects of both internal and external consulting will lead to the greatest results. It is important to know the costs that go into both options, and make a decision that seems to be the best fit for the company and its employees.
Discussion

After looking at the various factors that are influencing the typical consumer, it is important to reach an overall understanding of what this all means for consumerism and capitalism. An important question to ask is this: Are consumers’ changing needs and desires leading to rapid innovations? Or is the dilemma the opposite; are improving technological capabilities and advanced strategic thinking leading to new products and services that ultimately influence the consumers’ way of life? This ‘chicken-and-egg’ type question is important for companies to think about and answer for themselves. If consumer preferences are what is driving innovative changes, then companies must commit to relentlessly pursuing a full understanding of their target market. However, if the other proves to be true, where consumers are in fact most influenced by the technical and strategic changes in the marketplace, then companies may have the ability to mold and shape consumer preferences and desires for new and unique products and services. Along with this, companies may also be able to target new geographical areas, age groups, and genders through targeted advertising and promotion. So, what should companies do? Should they give the customers what they want? Or, should they give the
customers what they DID NOT KNOW that they wanted, but actually desired all along?

I personally believe that the answer to the question falls somewhere in the middle. The issue is by no means a black or white answer, where either consumers or companies have all the power, leaving the other with no choice but to conform. Instead, I feel that both happen simultaneously, mutually working together to spur transformation and innovation at a faster rate than ever possible by one single entity. By understanding customer wants and needs, along with focusing relentlessly on innovation and forward-thinking, companies have the ability to transform consumerism. They have the ability to change the way we think and the way we see the world. They will allow us to throw out practices and traditions that have been in place.

One of my greatest findings through this literary exploration was the fact that there is no ideal answer to the innovation dilemma. This is an exciting, unique, and perplexing period. Different industries and companies have their own unique ways to both influence and adjust to innovative change. It is critical that corporations recognize opportunities immediately in order to position themselves for future success. Regarding consumers, one important takeaway is that not all people are the same. All cultures are made up of early adopters, early and late majorities, and laggards. Because of this, it is imperative that companies identify their target markets and the changing buying habits that come with them (or lack
thereof). For example, you will not be finding an Apple or Instagram advertisement in your local phonebook. Strategic advertising along with advanced knowledge of their target consumer market is one of the first steps to continued success and future transformations.

One way in which this paper is limited is in the lack of collection of primary evidence. For this paper, I chose to synthesize current available literature and statistical data to form a subjective conclusion. However, by collecting primary data, readers will be able to have a greater understanding of American consumers, as well as corporate leadership. For future study, I would recommend a comprehensive study/survey that identifies the most common ways in which consumers prefer to shop (i.e. online, in store, subscription, etc.) along with the demographic trends in which they can be categorized (age, gender, marital status, race, etc.). Another important question to ask subjects would be what favorite new businesses they have begun to use over the course of the past decade. Lastly, I would recommend interviewing executives from various industries about what they believe are the most pressing future challenges and opportunities. By analyzing all of the factors previously listed, conclusions will be able to be drawn regarding where the future of consumerism lies.
Implications

The transformation of retail and consumerism is extremely important to recognize because it is ongoing and will not stopping anytime soon. For those choosing to ignore, the consequence could be irrelevance at best, or bankruptcy at worst. Since beginning this paper, it has been announced that more than 4,000 retail stores will be closing in the upcoming months. These stores are household names and carry brands that are recognizable, including JC Penny, Macy’s, Sears, Kmart, Crocs, BCBG, Abercrombie & Fitch, Radioshack, Staples, CVS, American Apparel, Payless, and many more (Business Insider 2017). Names that you do not see on this list all have something very unique in common: they do not operate brick & mortar properties. While it is unfair to assume that all physical stores across the country are doomed and will cease operations forever, it is imperative that surviving businesses recognize, address, and adjust to these new realities. This not only applies to corporations and privately-owned companies, but also national, state, and local governments. As shopping malls across the nation are abandoned, what is a city to do with all the empty retail space? Additionally, what laws and regulations will need to be implemented as new concepts like ZipCar, Airbnb, and Uber are rolled out into consumer markets. Should condo owners be okay with random strangers walking around inside their building because they rented an Airbnb down the hall? These are all questions that should be not just ANSWERED, but more importantly, ANTICIPATED.
Not long ago, a family trip to the local mall was considered a national pastime. Today, however, it is often looked at as an inconvenience. What has changed, and what are people doing instead? In a 2014 report, it was discovered that Americans are much less focused on “things”, and instead are seeking out “experiences” (Holbrooks 2016). While going to a shopping mall is an experience in itself, it is not necessarily the most memorable. Current and future generations are increasingly fixated on their social presence. Much of this individual social presence is developed through online social media. For instance, a 16-year-old high school socialite, let’s call him Jimmy, is trying to maximize “likes” on his new Instagram picture. To do so, do you think Jimmy would rather post a picture of himself standing outside of a Macy’s or kayaking down his local river? In today’s social environment, this kind of example can be applied to many ages, social groups, and hobbies. But it all comes back to one theme: experiential living. It appears that traditional spending practices are beginning to change. People are willing to spend less money on physical items and instead are paying for added convenience (i.e. Uber, TideSpin, Amazon Fresh) that allows them to maximize their personal experiences. Why go grocery shopping when you can have everything you need delivered to your door within two hours? Considering the opportunity costs of driving and spending two hours at the grocery store, the minor delivery fee will appear trivial. The world we live in is swiftly changing, and many people are welcoming these changes. Innovation and ideation resemble a moving
train. Anyone can choose to get onboard, but those who don't will likely be left behind.

Who is to say that in twenty years Americans will still be using a toothbrush? Who is to say that paper or plastic currency will still exist? Who is to say that the job you are working today won’t be accomplished by a robot? The day is swiftly approaching where owning a car, shopping at a grocery store, and washing your own clothes may be considered “old school”. People and companies have two options: allow the world’s changes to come to them OR be the one who is creating the disruption. For several companies, this will have major implications, and present major opportunities. If a company chooses the former option, they could very well become the next Blockbuster. If they choose the latter, additional resources and a small capital investment could lead to a return worth of billions of dollars. People are increasingly demanding convenience. This does not happen randomly. For example, when Uber enters the scene, it provides a convenient service. Naturally people then begin to think about what convenience could mean in other aspects of their lives. This is the mindset that is driving constant business model disruption. Innovation, technology, entrepreneurship, and the mindset of the consumer will continue to change the world in which we live.
Conclusion

Business disruption is taking place across many industries, crossing cultural and geographic borders, and changing our physical environments. Technological innovations have enabled and made it easier for many of these disruptive forces to develop and thrive. However, it is the consumers’ changing preferences that is pushing and driving constant transformational change. This process can be thought of as a circular life cycle: technological innovation leading to business disruption which affects and ultimately transforms consumer preferences leading to new ideation which spurs more technological innovation. For this reason, many corporations are beginning to incorporate design thinking into their work environments and strategic plans. Businesses that are disrupting are quickly catching up to, and sometimes beating, businesses that aren’t. Conversely, businesses that are reactive, rather than proactive, may cease to exist. It is crucial that companies reward innovative thinking and remove obstacles to improving convenience, speed, and quality while keeping
their organizational values and principals intact. By focusing on industry disruption, rather than incremental innovation, businesses may be able to change and overcome what are likely monotonous and stagnant practices and move into the fast lane. Today, the “cool kids” are talking about the Amazons of the world rather than the Wal-Marts. While Amazon may only bring in a fraction of the revenue that Wal-Mart does, they are the ones actively disrupting consumer habits and behaviors. Six years ago, Amazon only brought approximately 8% of Wal-Mart’s total revenue. As of last year, that percentage is well over 20% and is rising rapidly (SEC 2016). It is safe to say that disruption wins and complacency begins the usually fatal march toward irrelevance.

Disruption is a word that should be spoken in all offices across America. While the average consumer may not be aware of the concept of disruption, they are actively enabling, demanding, and supporting thousands of disruptions daily. This is because disruptions, whether they know it or not, make their lives easier, more convenient, and productive. From a business perspective in a competitive, unforgiving, and constantly changing world, it can be summarized as simply as this: either disrupt now or you will be disrupted.
Bibliography


