

# The Disruptor Playbook

Five strategies to help incumbent companies survive and thrive in the face of disruption

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# The Disruptor Playbook

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## ► Abstract

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Disruptor brands threaten to unseat incumbent leaders in every industry through agility and focus. Having worked with companies large and small across every scale and level of maturity, we have seen that many disruptor brands are using discrete customer experience strategies from a common playbook. We're presenting that playbook to you, the incumbent leader executive, so you can understand the motivations of the disruptor and be prepared not just to respond, but to transform into a disruptor yourself. The future of your business may depend on it.

# The Age of Ultimate Disruption

## ► Introduction

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We all know that change is hard. It can often take a burning platform to get us to jump, metaphorically speaking, but taking a risk is necessary in order to grow and adapt. When we originally wrote this playbook, it was early in 2020, and our goal was to help incumbent companies understand how challenger brands were able to achieve market disruption by outlining a few simple plays. The goal was to convince business leaders that they, too, could transform their brands into challengers.

But today, the disruption of a global pandemic has provided us all with the ultimate burning platform: we all must adapt in order to survive. Whether we want to or not—it's time to jump.

## ► What we talk about when we talk about “disruption”.

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There are many avenues for a company to achieve disruption; you can become the Uber of your industry, you can upend supply chains or operations, you can enter an entirely new industry or category. But the most meaningful transformation strategies lead with experience disruption in that they change the paradigm for how customers interact with and relate to a brand. Today more than ever, experience is brand, brand is experience. The brands that could not continue to offer experiences amid the new restrictions from our current healthcare crisis cease to exist in consumers' minds. But those who are able to show up in new and inventive ways are able to reset customer expectations for how every other brand in that category should interact with and relate to their customers.

Let's take a look at the library—yes, your local public library—as the ultimate self-disruptor. This public institution has somehow managed to continually evolve throughout what could have been some very devastating blows. From the information boom at the dawn of the internet to the golden age of smartphones where people can search and find almost anything they need in mere seconds, the library has managed to find ways to continue offering services that are relevant to their audiences. According to recent surveys conducted by the [Pew Research Center](https://www.pewresearch.org/), a majority of people not only have increased trust in libraries and librarians to help them locate unbiased information, but they also feel that the library provides a safe place to work and relax. The fact that libraries and librarians “empower people to lead with cutting-edge technologies and [provide] paths to lifelong learning and responsiveness to social issues,” proves that the library has evolved from the mere transactional function of book lending to a purpose-led institution where anyone can learn and stay connected to their community and the world at large.

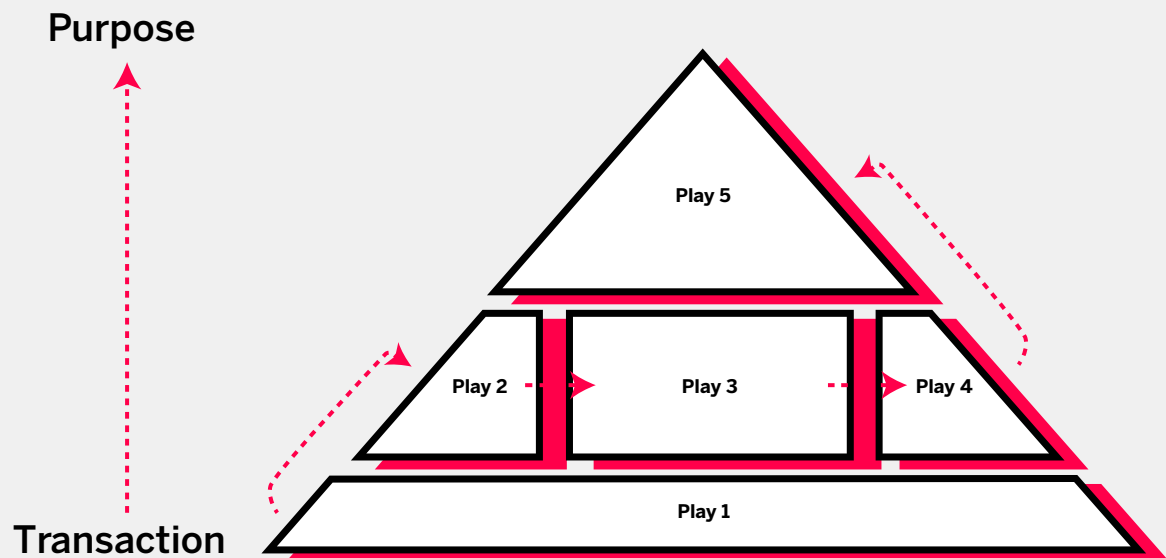
The library initially adapted to compete, but now it's equipped to survive. What was once a nice-to-have (accessing books and media online) is now the only way as entire communities are stuck indoors.

► **Change is hard. But it doesn't have to be.**

What's an incumbent to do in the face of not only challenger brands resetting customer expectations, but a global event restructuring entire communities and economies along with customer needs and behaviors? Incumbent brands have to self-disrupt—they need to evolve and transform, which can be achieved by using the same playbook as disruptor brands. In times of crisis, we are often forced to become reactive, making quick decisions in order to survive. But it's also in the face of such adversity and uncertainty that innovation is forced to flourish.

Today, we're all faced with the same set of challenges because the world as we know it has changed. For some, this may mean a temporary business pivot or a change in the way you provide experiences. Startups like **Alto** are doing this at breakneck speeds, having been built for this kind of agility, leaving legacy players—especially those in regulated industries like healthcare—scrambling to catch up.

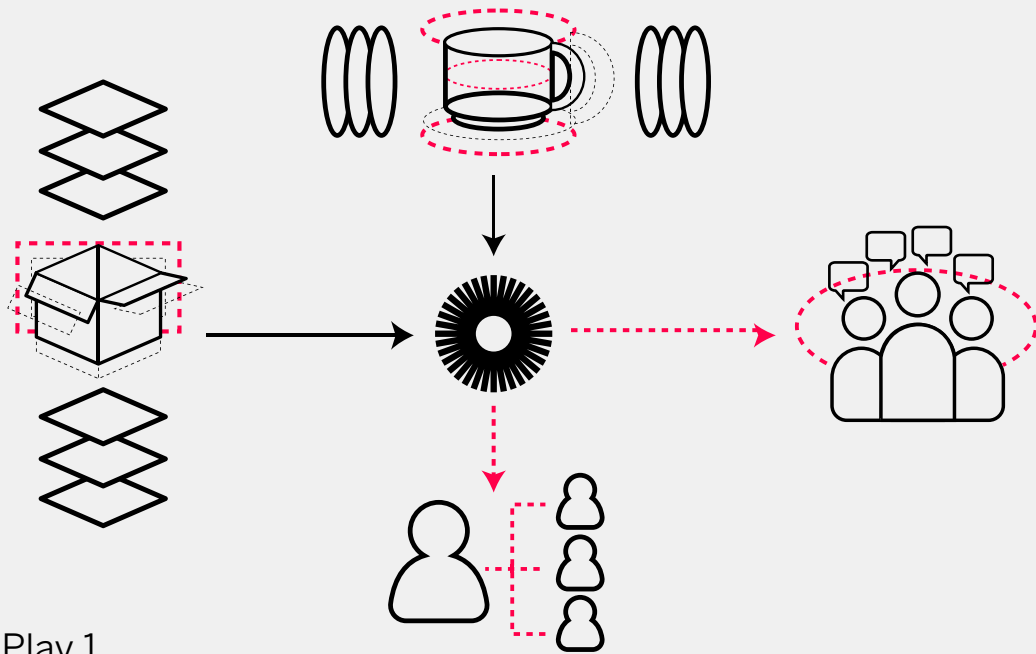
We know that almost every business and organization is either having to make these pivots without a blueprint, or looking down a vat. Instead, use our five ready-made strategies to help get proactive about making change in order to continue providing real value to the people that matter most: your customers and users.



# Five Disruptor Strategies

Transform your company from transactional exchanges to purposeful relationships

- |        |                                                  |
|--------|--------------------------------------------------|
| Play 1 | Product is Service,<br>Service is Product        |
| Play 2 | Differentiate<br>on Experience                   |
| Play 3 | Customer Purpose<br>as Brand Offering            |
| Play 4 | Unbundle the Journey<br>for Optimized Experience |
| Play 5 | Hyper-Targeted Brands                            |



## Play 1

# Product is Service, Service is Product

### ► How does Spotify have 113M paid subscribers and 31% YOY Growth?

The answer is that they deliver multiple high-value products within a low, single-fee cost structure. They provide the feeling of ownership to more music than one would ever feasibly own. It's an example of the global move towards "subscription life" that changed the industry from songs to music (and now on to media). We continue to see this shift in customer expectations causing ripples into other industries as well. For example, Volvo provocatively states in a recent advertisement for its subscription car program: "You used to buy music too. Volvo: The car you can subscribe to."

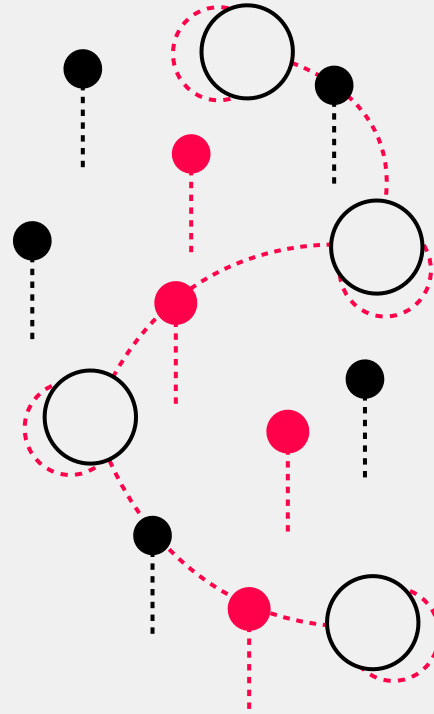
#### The Play

Deliver discrete products via a more compelling, dynamic service exchange, and ensure that those service experiences deliver the immediate value that a product interaction would.

#### Ask Yourself

In the brave new world of subscription everything, what is actually gained by owning your product vs. just accessing it?





# Differentiate on Experience

- How does a new entrant like Alto differentiate within the crowded, highly competitive space of rideshare or ride hail apps?

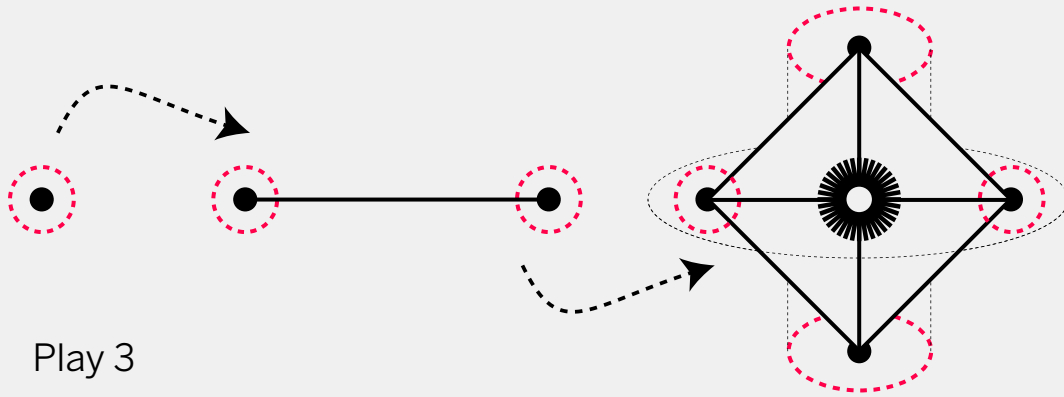
Many new entrants to the ride-hailing space adopt the same experience assumptions as Uber and Lyft: Riders want on-demand convenience and a seamless transaction at the end of the ride. Alto entered the market by baking in additional experience assumptions: There is a market for riders who care not only about convenience and a seamless transaction, but also want consistency, dependability and safety. By developing a new model that employs a fleet of cars and drivers and allows customers control over lighting, music, and the vibe of their ride, Alto is able to create a degree of brand loyalty beyond typical customer expectations.

## The Play

It's not enough to just care about experience, you have to notably differentiate for your target customers.

## Ask Yourself

Are you operating under outdated or false assumptions that could upend your industry? What untapped customer experience needs and opportunities are just under the surface?



### Play 3

## Customer Purpose as Brand Offering

### ► Why does CVS choose to leave \$2 Billion in easy money on the table each year?

In 2014, CVS stopped selling cigarettes and lost a reported \$2B in revenue as a result. Several months later, they changed their name from CVS Caremark to **CVS Health**, signaling a shift from being a convenience store with a pharmacy attached to “being a leader in the healthcare community.” CVS’s MinuteClinic allows them to offer accessible health services in coordination with their products. Similarly, their acquisition of major health insurer Aetna represents their commitment to supporting customers’ whole health journey. CVS is now a brand that bundles together and fulfills all things health, which made it easy for them to spring to action with a COVID-19 response center that offers comprehensive resources on testing, information and free prescription delivery.

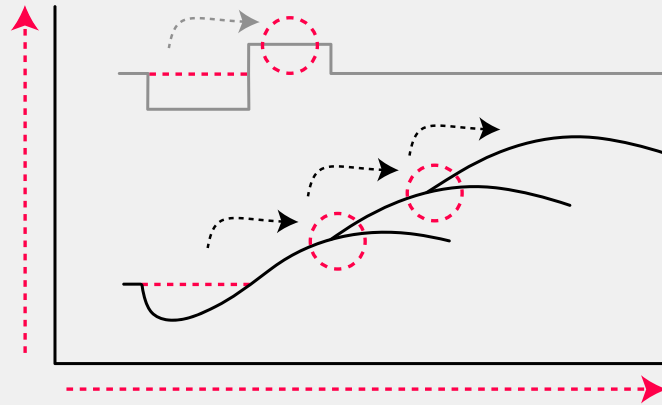
Airbnb is a disruptor hospitality brand that disrupted itself and its industry by aligning their brand offering to what customers were trying to do. Customers were looking for a place to stay the night, yes, but that was just one element within the larger context of the entire travel experience. “When we realized the product was the trip, we started to see Airbnb as a lifestyle company that could believably extend into more aspects of the trip, like Airbnb Experiences,” said former head of user experience in a [Forbes interview](#). Bundling together all things travel has generated a new revenue stream (and brand position) for Airbnb, while requiring incumbent hospitality providers to race to keep up.

#### The Play

Find the greater purpose that your customers are trying to fulfill (e.g., health services or travel experience), and create offerings that meet those needs under one comprehensive brand ecosystem.

#### Ask Yourself

How can you expand the category to be defined by its purpose, filling in the adjacent customer needs and opportunity gaps with integrated, amplified offerings?



## Play 4

# Unbundle the Journey for Optimized Experience

### ► How is it that **Starbucks** actively holds more of customers' unspent cash than many banks?

Customers are willing to pay on Starbucks' terms (e.g., to place a mobile order, customers are required to reload their Starbucks card vs. putting each transaction on a credit card) because of the exponential experience upsides received each and every time they desire a coffee or snack. The result is that nearly 5 million of their customers are keeping a collective \$1.9B of committed sales on Starbucks' balance sheet.

Starbucks has achieved this by emphasizing the moment of value delivery and unbundling all other necessary but undesired supporting steps that don't immediately create value for the customer. Starbucks has recently expanded their experience optimization into new store formats by opening a pickup-only store in Manhattan.

Furthermore, in this unprecedented time, these "additional" ways of accessing goods or services have become the only ways. And those who don't own the entire experience are losing out to pain points along the way. For instance, Dominoes used to be an anomaly because it built and used its own delivery service. Now, they're winning out over competition as traffic is overwhelming third-party delivery.

### The Play

By dissociating the transaction from the brand experience, you're "unbundling" the customer journey steps into modular steps, so that one low-threshold, upfront initiation moment becomes a gateway to a potentially infinite number of more desirable experiences.

### Ask Yourself

How many steps do you require your customers to take before you deliver value to them? Can you unbundle those steps and leverage them for greater gains? How easily could a disruptor brand offer unbundled value to your customers?



Play 5

## Hyper-Targeted Brands

- **Why would a creative agency that specializes in crafting and launching disruptor brands pivot to instead create their own multiple, direct-to-consumer lifestyle brands?**

Gin Lane started out as a boutique creative agency responsible for the brand identities of break out companies like Sweetgreen and Recess, but recently pivoted and relaunched as Pattern, a family of brands that cover many different user needs. This approach allows companies to reach the ever widening array of “tribes” or customer archetypes, without compromising with one middling offering. By targeting a smaller, more pointed audience with a clear purpose, these companies can actually create deeper relationships with more opportunities for mutual value exchange. One such value-add that Pattern offers is Text-a-Chef, a free service that lets users communicate via text with chefs to ask cooking questions, get advice on ingredients or receive new recipes to try. Such services allow the brand to continue engaging with customers even after they’ve bought a one-time purchase, like a pot or a pan, creating a more lasting relationship built on brand affinity.

This kind of brand affinity can also be a saving grace for times, such as these, when “business as usual” is no longer possible. For instance, many speciality food shops and restaurant groups have been forced to close or severely cut back service due to social distancing measures. But some have been able to pivot, selling food, wine, and even branded swag or products to their loyal supporters. This kind of engagement can keep small businesses afloat while they work to create longer-term solutions.

### The Play

The unifying entity (or parent brand) is founded around a social circle, cause, or purpose—not necessarily a product or a service. .

### Ask Yourself

How many different unique tribes of customers are you actually serving? How long do you think you can keep them united in one circle?

# Win with Purpose and Value

## ► Conclusion

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Once something's been built, it's natural human behavior to focus energy on protecting it—to play not to lose. Disruptor brands, on the other hand, are playing to win, and they are winning by playing by a different set of rules. But disruptor brands are not limited to new, technology-forward entrants; incumbent leaders across industries are capable of disrupting themselves by following the strategies from the Disruptor Playbook. The time is now to make the proactive decisions to help your company pivot and change—not just in reaction to the at-scale disruption we're experiencing amid the current global health crisis, but in order to stay agile, stay relevant and be prepared for what comes next—whatever that may be.



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To start a conversation about strategies for disruption,  
contact [frog.marketing@frogdesign.com](mailto:frog.marketing@frogdesign.com)

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