

# Pro-“Disruption” as a Business Model

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Coined by *The Innovator's Dilemma* by Clayton Christensen, disruption is

**a product that creates a new market, disrupts an existing market, and replaces an existing product**

Some examples are...

- Uber
- Airbnb
- Amazon
- Tesla
- Spotify



Spotify®

Uber

amazon

**What do all of these have in common?**

Just like the definition of disruption as a business model states, they all introduced a new concept into their respective fields and disrupted the status quo, and as a result, **are wildly successful.**

# Benefits of Using “Disruption” as a Business Model

- Can force innovation to occur as competing companies must adapt to keep up
  - E.g. Spotify’s “Spotify Wrapped” influenced the same practice in other digital companies like Apple Music, Depop, and Netflix
- Lowers prices and makes the product more accessible to the general public
  - E.g. Amazon having books for lower prices than Barnes & Nobles
- Influences how the competing companies operate, in turn advancing the field as a whole
  - E.g. Uber raising the hygiene and reliability standards for the taxi industry
- Typically increases the prioritization of the customer over profits
  - E.g. Back when Netflix’s primary business was renting DVDs, they allowed customers to purchase DVDs online for them to be dropped off at their homes

# Refutations to Counterarguments

## **1. Unpredictability**

If we craft with the goal of predictability in mind, unique innovation will never truly occur and the same companies will remain dominant in the industry.

## **2. Competition**

Although it is true that some of the examples of disruptive companies eliminate their competitors, the theory of disruption as a business model encourages other companies to eventually disrupt these companies as well, continuing the cycle. We can already see this happening with Tesla as other EV companies like Rivian and Xiaomi are quickly growing.

# Refutations to Counterarguments (cont.)

## **3. Moral implications**

Although companies utilize the disruptive business model as a means to come to success, other companies should be able to, in theory, utilize this model as well to prevent monopolies from occurring and the minority from being exploited. While this isn't always the case, it can be something that society works towards in the coming years.

**Thank You!**

**Q&A**