

Market Makers: strategies that disrupt markets and discover new growth

Peter Fisk describes a better approach to business strategy, finding your space in crowded markets, focusing on the best opportunities for growth, in an extract from his new book “Gamechangers: Creating innovative strategies for business and brands.”



Gamechangers seek to out-think and out-play their competitors by changing the game ... they envision and articulate their market, then change the dynamics of competition, with new expectations and impacts ... shaping markets in their own vision.

Finding the new opportunities for growth

In 1940 Henry Ford famously said “Mark my word, a combination of airplane and motorcar is coming. You may smile but it will come.”

When I was launching Gamechangers in Central Europe, I asked business leaders across the region to nominate the brands and businesses who they thought were most shaking up the region’s markets. Some amazing concepts were nominated – from Rimac’s million-dollar supercars in Croatia, to the incredible Ukrainian digital gloves that turn sign language into spoken words – but I was not expecting a winner like Aeromobil.

Stefan Klein grew up in Bratislava, the beautiful capital of Slovakia, just a 30 minute drive across the border from the much larger metropolis of Vienna. His father and grandfather had infused in him a love of flying small planes, but his career had taken him to the car

industry, becoming the head of research for Volkswagen and BMW. But for the last 20 years, the academic and artist, had pursued his dream to create a flying car.

Three days earlier in Montreal, Canada, Klein had been showcasing his new Aeromobil flying car prototype to Boeing and NASA. He drove it through the city, a stylish looking sports car, but when it reached the airport, it sped straight past the car park and onto the airfield. The wings spread out, a propeller emerges, and it's all James Bond. Down the runway he gathers speed, and lifts off. Incredible.

On hearing that he had won, Stefan called me from 400 km away. He wanted to be there to share his vision, to meet the audience. Within a few hours he arrived, a quite unassuming guy, but bursting with pride and ambition. "To be called a gamechanger in my home country is a very special moment" he told me. Still awaiting certification, but with a top speed of 200 km/h and range of 700 km, and some help in scaling and commercialising the design, Aeromobil really could change the game.

The definition of markets is constantly evolving. Time Warner recently declared itself a media rather than technology company, whilst Virgin Media shifted from communication to entertainment, and Disney declared itself to be about experience rather than entertainment. Whilst some of these statements are for financial gain, the premium the stock market places on media companies being much greater than technology companies for example, it is also about convergence and customer thinking.

You can define markets however you want – nobody controls the boundaries or words you use – start with possibilities, explore a wide range of ideas and insights, and then focus down on the best opportunities for you. This becomes your space, defined on your terms, and to our advantage.

Disrupting the old models

Paulo Miguel Pereira da Silva thinks that toilet paper is the most boring product in the world. So he decided to change it. "Why shouldn't your bathroom be colourful and sensual? It is one of the most intimate places you spend time" he says. His company, Renova, makes toilet paper in pink, fuchsia, black, lime. Anything but white.

Creating a new game typically involves breaking the "rules" of one game, to set the rules of a new game. "Rules" might be accepted ways of working, established business processes and customer practices, setting expectations of service and perceptions of value. "Rules" might also be legal regulations or ethical practices, which have been set based on one way of working, and may need to be evolved or redefined.

A disruptive innovation changes the possibilities for people, enabling them to achieve more, often in a different way. The change is dramatic and unexpected, it creates a new market, addresses a new customer segment and displaces competitors – low-cost airlines, car-sharing clubs, modular clothing. Prof Clay Christensen is most associated with the concept of disruption, using the example of how floppy disks were disrupted by CDs (and subsequently by USBs, external hard drives and clouds).

Disruption dis'rupʃn
 noun
 disturbance or problems which interrupt an event, activity, or process.

In contrast a “sustaining” innovation is incremental, does not create a new market, is mainly about better products or services often through technology improvements, and on beating competitors. Early cars were innovative but not disruptive, because most people continued with horse and carts. However Ford’s mass produced Model T was disruptive because it prompted the end of horses. It was not just the technology, but the business model which made it powerful and profitable.

Whilst it might feel like a disruptive world, few large companies dare to be so bold. The need to reduce risks and ensure short-term returns typically work against more radical pioneering ideas. Christensen said at a Thinkers 50 seminar that “Japan is a perfect example of disruptions that made it great, and then the lack of them which led to its decline”. Entrepreneurs and long-term private owners are more motivated by the future, and are likely to make better disruptors.

Imagining a better place

Bill Gates often says “We overestimate the amount of change that will happen in the next 1 or 2 years, but underestimate the huge change that will happen in the subsequent 3 to 10 years.” The future is exponential, non-linear, and not predictable.

“**Futurising**” lies at the heart of what gamechangers do. It doesn’t require big documents or long presentations, it requires stretch vision and clear choices, often so simple yet compelling that they take the form of the famed “napkin diagram”, or a digital doodle. What emerges is a strategy, a **market strategy**, a gameplan to change the world.

Most markets converge to sameness. They are defined by the needs of the average customer, and the solutions of the average competitor. Most brands target everyone. Whether they admit it or not, they hate to narrow their focus, to boldly state who they are for, and not for. Most market research tells us about average trends and aspirations, specific and potentially relevant to nobody.

Add to this, most companies don’t want to change the market, they want to fit in. To win by playing the existing game slightly better. Given the speed of imitation, this usually results in a price contest, a spiral to lowest cost, and profitability through efficiency rather than innovation.

Business **vision** is about having a clear view of the future, or at least the possible futures, and how you want to play in it. It is typically set 10 years ahead, maybe longer in some industries like energy and pharma where decisions are made over a 20-30 year frame. It should be a creative process, engaging participants in the scale of ambiguity and choices they will need to make. The value is as much in the discussions, understanding the drivers and likely disruptors, as it is in creating a perfectly formed, but impossibly perfect outcome.

Whilst scenario planning is a powerful technique to understand how your market might evolve, the likely drivers of change, and inflection points on the way, and thereby create a range of possible scenarios for which you can prepare, a vision is of your making. It is the world you want to see. Most likely it is a better world –maybe where disease or poverty have been eradicated, where carbon emissions are zero, or cars are driverless. It shows what companies and people do, and the benefits to them. It is a better place.

Once you have clarity of your desired future world, you can engage other people in this. It makes purpose more real. It demonstrates in black and white the difference you seek to make, compared to today. It inspires employees to say “Yes, I want to work there!”, and customers to say “Yes, I want to be there!”.

Strategy is then about setting a course to get there.

It is easy to get confused about purpose, vision and mission, values and culture, strategy and priorities, goals and metrics, all fit together. Purpose is the most enduring aspect, a north star giving an organisation direction as it evolves and innovates. Strategy is more agile, making choices for the future, but being flexible about how to get there.

Developing a winning strategy

AG Lafley is fond of describing strategy as a game. “It’s about playing to win, it’s all about making better choices” he said on his return to P&G as CEO in 2013. Whilst some companies use strategy to make sense of what they currently do, or to justify a financial budget, the best strategies are creative, directional and transforming.

What strikes me about the gamechangers, is how focused they are. They know where they are going, what they are trying to achieve, and will give everything to get there. They have an intensity, clarity and energy, driving them forwards.

Strategy is not in vogue. It requires choices, making sense of complexity and uncertainty. It requires focus, deciding what to do and what not. It requires commitment, to allocate resources and reputations in some directions, but not others. It means letting go of the past. Too many people prefer to keep their options open, to mitigate the risks, to hang on to fading success, and avoid big decisions. And to close their eyes to their future.

There are 5 big questions to answer in developing a winning strategy, and the choices we need to explicitly make:

- Why are we here? ... our inspiring purpose about how we make life better, supported by a vision of what it will be like, and our role in this future.
- Where will we play? ... our target markets, in terms of sectors and categories, as well as geographies and customer segments.
- What will we do? ... our primary activities, the brands we will build, products and services, experiences and support.
- How will we win? ... our choice of business model, including competitive advantages, costs and revenues, how we will create and share value.
- What will it take? ... our essential resources to make this happen, people and partners, assets and investments, and the business operating system.

The biggest challenge to strategy is to make it agile. Strategy doesn't require 100 pages of dense text, it requires one page of definitive clarity. Strategy is increasingly a frame in which to operate, defined by its boundaries – where to focus, and where not – rather than the detail within. Strategies typically have a 1, 3 and 5 year time frame, constantly evolving to keep pace – or rather ahead – of relentless market change.

Framing your distinctive space

Framing is about defining the space in which you want to play.

It's about you articulating what market you are in, or want to be in. This might be a standard definition, or it might be entirely your own creation.

The labels of industry sectors are entirely arbitrary. No customer lives entirely within one sector. Few businesses cover an entire sector. Consider yourself a telecoms brand, you could equally "reframe" yourself in the worlds of communication, entertainment, media, publishing, technology. It's your choice.

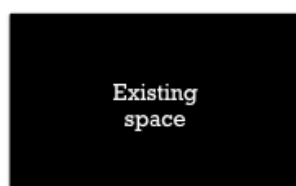
Framing is about establishing context, and positioning, in people's minds.

It's about establishing the way in which you want your brand to be considered, the benefit it seeks to address, the competitors – or alternatives – which you want customers to consider, and the perceived value which you want them to associate you.

It's also about finding a better way to stand out. In the torrent of mass markets, the noise of competitors, its about finding a distinctive place from which to be seen differently and heard more clearly.

Whilst "blue ocean strategy" was all about finding new whitespaces, moving beyond the competitive "red oceans" to find uncontested markets, there was one problem: there were very few customers there.

Framing is instead about defining your space in existing or new markets.



Defined by industrial category, products and technology

Established market boundaries, practices, rules and prices

Most innovation is incremental, imitated and commoditised

Customers buy, investors invest based on comparison

Easy to explain, accepted and regulated, and fits in

Examples: Gillette next gen blades, Ford diesel cars



Defined by your imagination, customers and aspirations

Create the ways of working, and price points, on your own terms

Most innovation is transformational, disruptive and differentiated

Customers buy, investors invest based on vision and concept

Need to educate people, encourage trial, and make established

Examples: Virgin Galactic defining space tourism, Tesla electric cars

Finding your own space

It is often about becoming more focused within a category, like sportswear for yoga, or about merging two categories together, like functional foods, or about redefining your space on customer terms, like meeting people.

We see reframes in every walk of life. Cost cutting is reframed as improved efficiency, anti-abortion is relabelled pro-life. In business, the “personal computer” was a reframe of the computer market, iPod was a branded reframe of the MP3 market, and “wellness” is about prevention rather than cure in the pharmacy market.

The most effective way to “reframe” is to think like a customer. Instead of occupying a narrow market space defined by your functional product, it is about capturing the space defined by the customer’s benefit, or even better by the benefit they derive from the product’s application.

An airline, for example might functionally be about schedule and service, but to the business traveller it might be much more about making new connections, finding new opportunities, or accelerating business growth. The challenge is to find relevance but also focus, so that you can occupy your reframed “space” with authority and demand.

Writing the new rules of the game

Having found your space, you then have an opportunity to shape it to your advantage.

Any, or every, aspect of market and business activity could be changed to achieve this – the why, who, what and how.

When Dyson launched its bagless vacuum cleaner, it used design to express youth and modernity, it used selected retailers to establish a certain type of audience, it even used carefully chosen images and typography to be associated with a desired peer group. All of this communicated who it was for, and supported the desired premium price.

As Virgin Galactic set out today to shape the market for consumer space travel, it searches for ways to frame its new market. If a one-day flight into space is a once in a lifetime experience, what does it compare to? Maybe scaling Mount Everest, which on a guided tour might cost around \$50k. That establishes a context for the experience. Shaping the rules go beyond this, maybe it should require one day training, include the costs of insurance, and customised spacewear.

If you can shape your market to your advantage - in a way that makes it much more difficult for others to imitate – then you can establish customer behaviours and expectations - which are potentially difficult for others, and so a barrier to their entry.

Yeni Reki is the classic brand of Turkey’s traditional drink – a strong, aniseed-flavoured alcohol. In Turkey there are many imitators, but only one dominant brand. It sells not the drink but the culture of the drink. It is about slowing down, enjoying the intimacy of friends, eating traditional foods, enjoying Turkish music. It is a unique ritual.

When the Turkish brand, owned by Diageo, started to sell in new markets, like the US, it needed to find its own space, amidst the hundreds of vodka, gin and other spirit brands. It focused on selling a cultural experience, not the drink. Creating branded glasses, for example, exclusive to certain restaurants. Introducing key words, associating with

certain food brands and music through channel cross-promotions, events and incentives. It shaped how, when and where people would experience the brand.

Moving from mediocrity to magic

In reframing, a brand often can see where it wants to get to, but have impatience, or uncertainty as to how to get there. It needs to find some way to make the transition, and better, to do it fast and painlessly. This is what pivots do, like in engineering, they allow you to turn in a new direction, fast and easily.

Digital businesses have been most effective as pivoting, executing a sudden shift in strategy that turns hundreds of followers into millions of fans, an evolving idea into a billion-dollar company.

Pinterest started life as Tote, helping people to explore online retailers and sending them updates about prices and availability. It realised users were mainly using the site to build and share ideas lists, and soon shifted course to focus on “pinning”. Groupon began as a platform for social action called The Point, before reinventing itself in the crowd-based local coupon business. Ushahida started as an African elections monitoring service, before growing into a crowdsourced new aggregator. Twitter emerged out of a mediocre podcasting concept called Odeo that was outshone by iTunes.

The ability to pivot, be it a subtle shift in direction, or a radical reinvention, is essential to scaling start-ups into commercial businesses.

Fail early and cheaply is a start-up mantra. Use prototypes to learn from customers, such as a paper-based process before investing in detailed coding, a Powerpoint before a website, testing with Google Adword before spending more. And keep learning from customers - insights about why some customers don't currently get or want your idea, or exploring their real problems and aspirations more deeply.

Find well established partners to co-brand with, reaching out to their audiences, transferring equity from their brand, or maybe creating a better solution. Watch emergent behaviour, particularly people who adapt products for other uses, like engineer codes that become texting, or scarves that become snoods. And above all, stay passionate. If you aren't truly excited about a concept, it's unlikely your customers will ever be. Find what really excites you, and the people who will be excited by you.

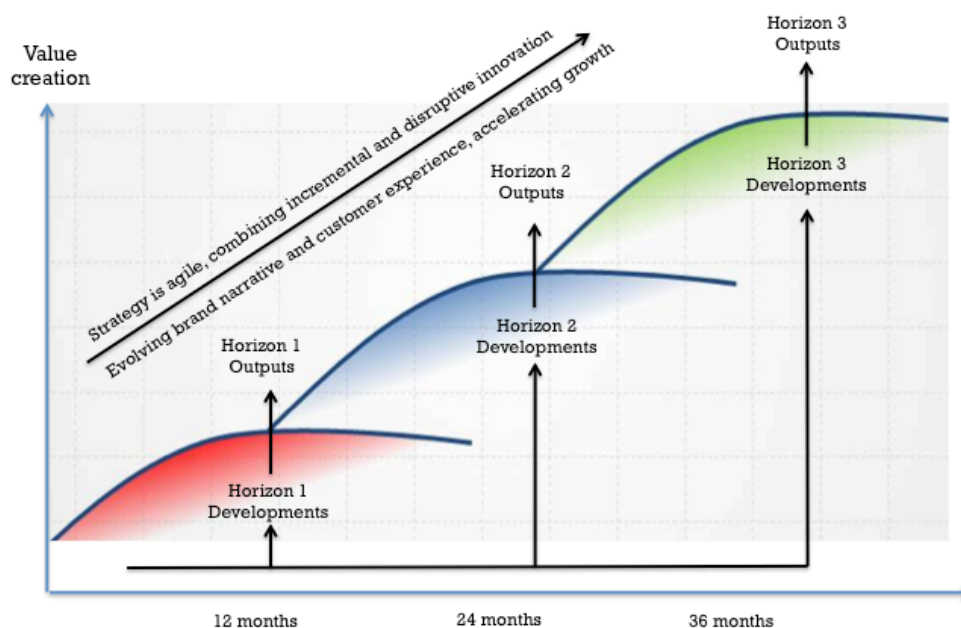
Even the classic brands of today had to pivot to where they are today. Wrigley' gave away free gum whilst selling soap and baking powder, but found people liked their incentive more than the product. Avon has a similar history, a door to door bookseller, that gave away perfume samples to attract women. HP focused on industrial solutions before finding consumers. Starbucks focused on selling coffee beans until Howard Shultz visited the coffee houses of Italy, and came back inspired to create his “third place”.

These companies had the focus to find their space, the boldness to shift from their existing world to the better world, and then shaped the market in their own vision.

Developing a roadmap to a better future

Strategic implementation is a journey, with many horizons.

Whilst defining a new direction, and potential destination is relatively easy, getting there is harder. It takes time and resources. It requires a migration from old to new worlds, changing people and actions inside and outside. Horizon-based planning is a more effective way to plan the phases of implementation in a way they are progressive, reducing time and risk, but also in having more impact in each phase, not just at the end.



Horizons for making strategy happen

The horizons are progressive, in the sense that they build towards the completion of the strategy. They are similar to “S-curves” in some models. However the coherence of the progression is mostly external, finding a narrative that builds over time, offers more to the customer at each phase, with specific “icons” that capture attention and imagination. These icons might be new product releases, additional parts to a bigger solution, or additional “gestures” in terms of service or relationship.

At the same time, there is an internal coherence to get right. This is about building and evolving platforms, establishing the base for a new business or experience, and then building on it over time. It also requires time-based thinking. Some developments, particularly complex technology-based innovations will take more time. There being able to develop future horizons in parallel with delivering initial horizons is important. The outside-in sequencing of horizons also drives new revenue streams that can either fund, or reduce the risk, of later horizons.

As an example, in rebranding a boutique Asian hotel chain, we explored the horizons for implementation. Some executives were keen to launch the new name quickly, and then improve the hotels and service levels later. What made more sense was develop interior design first, which then inspired staff to deliver better service, which then led to the moment to relaunch the brand, when we could actually deliver on heightened expectations.

Similarly with a brand extension strategy for a food brand, they wanted to deliver radical innovations in new categories, but as a first horizon we chose to extend in more related categories, creating a bridge in the consumer’s mind, so that the authority and meaning of the brand can gradually shift from its origins to a wider meaning, rather than what might appear like a random and untrusted leap.

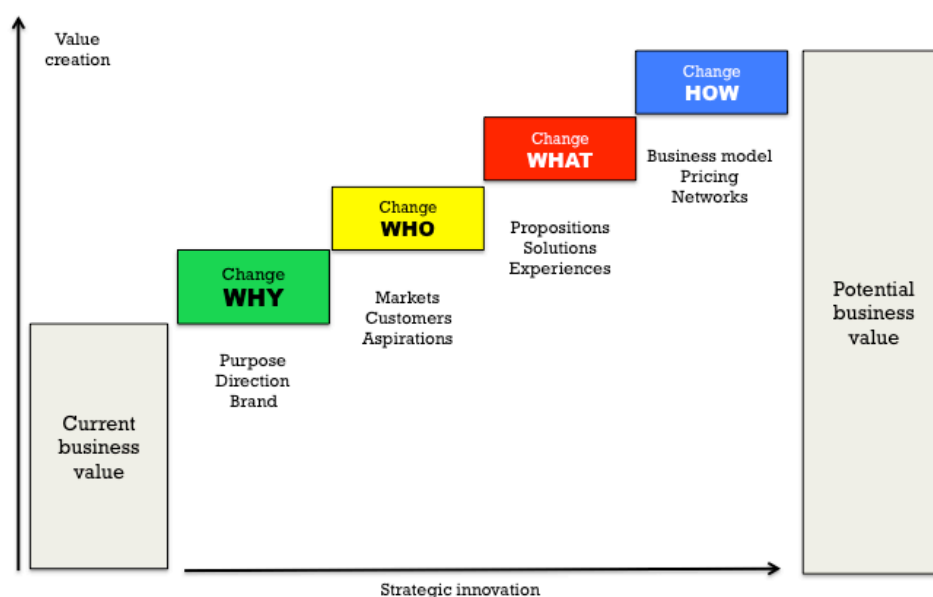
Being the Market Maker

Once you have found and shaped your space, it’s about winning the new game. This is about playing to your advantages. The way you have defined the market should work in your favour – because you have the best reputation, built an ecosystem of all the best partners to source, create, deliver and complement the proposition. As a market maker, you create barriers to others entering your space, because the way you have designed it makes it difficult for others.

Perhaps the best way to capture your space is to become the definition of the market. Dyson became the defacto name for bagless cleaners. Not only did competitors find it legally difficult to imitate the patented designs, but found that customers articulated their need through the brand, saying “I want a Dyson”. The same with Lego, the same with Nescafe, the same with iPod or iPad, and many other successful brands.

At the same time, owning your space is an ongoing challenge. There is no rest, even the best monopolies are temporary. Being a “thought leader” means you have to keep thinking, evolving and innovating, staying ahead of the pack, shaping the game again before others shape it. This becomes hard, as Apple has found in recent years.

In small companies, it is what entrepreneurs do. They thrive on change. As small becomes larger, subsequent managers seek to keep the founder’s spirit alive, seeking to sustain the disruptive nature of the innovation, rather than just harvest the established market until it runs dry. In big companies, it is typically the marketers who keep the fire burning – searching for new opportunities, making sense of change, evolving markets and driving innovation, translating new possibilities into advantage for customers.



The value impact of changing your game

GE's CMO, Beth Comstock, describes the role of marketing as "going to where the future is, innovating with customers, telling global stories with local accents, connecting people with machines ... To be an effective marketer, you have to go where things are, you have to see what's happening and be a translator. You have to immerse yourself and not be comfortable sometimes." She talks of rural doctors in China and farmers in Africa, where she sees GE making most difference, and money.

Connecting the dots is also about making sense of fast changing markets, looking for the patterns, the opportunities. She sees marketers as the people to do this, saying a great marketer "translates observations into insights that can move a business or product forwards". However that is not just about brand and communicating what exists, "Marketing is now about creating and developing new markets; not just identifying opportunities but also making them happen." ... In short, marketing is about market making. Be that strategic in the sense of finding and shaping new markets, or every day in terms of owning and evolving in real-time.

Market Makers are the brands and innovators who create and shape the markets of the future. They do this through imagination and vision, insights and connections, redefining how the markets work, what inspires and enables consumers to do more, and how brands and business can win commercially too. Underpinning this is new market strategies to business models, innovation and sustainability, social media and real-time marketing.

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Peter Fisk is a global thought leader in strategy, innovation and marketing. Starting his career as a nuclear physicist, he went on to work for and with many of the world's leading brands – from Concorde to Coca Cola, Red Bull and Santander, Virgin and Vodafone. He is founder and CEO of GeniusWorks, the London-based strategy and innovation consulting firm, and visiting professor at IE Business School in Madrid. He has authored 7 books including "Marketing Genius" which has been translated into 35 languages, and is included in the Thinkers 50 Guru Radar of the best business thinkers. He is an inspiring keynote speaker, highly experienced facilitator and practical coach. Find out more at www.theGeniusWorks.com



His new book "**Gamechangers: Creating Innovative Strategies for Business and Brands**" explores the world's 100 most disruptive innovators, and then interprets 10 paradigms for success in today's business world. From enlightened vision to finding new markets, bolder brands and innovative business models, new customer agendas and enabling experiences, realtime marketing and social movements, inspiring leadership to deliver more profitable growth. It includes 16 practical one page canvases, workshops and executive programs. Explore more about the book at www.Gamechangers.pro

