



Episode 9: What does disruption mean?

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Welcome to the Smart Startup English Podcast, episode 9!

I'm Mickey, I'm your host, and in this episode, we're talking about a word that's very common in the startup world. The word is: **disruption**.

What do you think it means? What kind of products do you consider disruptive?

Here's what the business school theory says.

According to Clay Christensen, the Harvard professor who coined the term disruptive innovation, there are two types of disruptive products.

The first type is a product that can serve a market that wasn't served before (also known as a new-market disruption) - basically, discovering a new type of customer.

The second type of product offers a cheaper or an easier alternative to an existing product (this is called a low-end disruption).

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So we said that Christensen coined this term - disruptive innovation. To coin a word, or to coin a term, means to invent a new word or expression, or to use a word that already exists, but with a different meaning.

For a product to be considered disruptive, it needs to pose a threat to the big players in the industry. If something poses a threat, that means that it's creating a difficult or challenging situation. The big players in an industry are established, big companies that have a large market share in that industry. So for example, you could say that Booking.com is a big player in the online travel reservations industry.

Keeping that definition of disruption in mind, let me ask you another question: Do you think that the invention of cars, way back in the 1880s, can be considered disruptive?

Talking about the invention of cars is the classic business school example of what is and isn't considered disruption.

We can't really consider the first cars as disruptive innovation. Back in the 1880s, when the first cars came on the market, they didn't pose a threat to producers of horse-drawn vehicles.

Because the cars were so expensive, it was impossible for them to steal customers away from the incumbents, the existing businesses selling horses and carriages. An incumbent is someone who is already holding a position or holding office. You may recognize this term from a political context.

However, when the Ford Model T was released, it quickly became an affordable option and more and more people gave up their horses in favor of a Model T.

By offering an affordable transportation option, the Model T shifted market demand - what people wanted to buy at that particular point in time. People were no longer demanding horses, but cars. So even though cars were an excellent example of innovation, the Ford Model T is an excellent example of **disruptive** innovation.

Some argue that the same thing is happening nowadays with the rise of electric car manufacturer Tesla. Even though Teslas are no doubt a great example of innovation, their price is still too prohibitive to be disruptive. If a price is prohibitive, that means that it's too high; it's not affordable. Also, big industry players aren't finding it very difficult to enter the market themselves.

But let's get back to present day innovation. Can you think of a product that you're using every day that could be considered disruptive?

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A good example is a service that a lot of us might even subscribe to. And that is Netflix.

Their first business model relied on sending movie DVDs via mail. But soon, Netflix saw the writing on the wall - they saw that digital video streaming was gaining more popularity. To see the writing on the wall means to notice the obvious signs that something is about to change. This expression is usually used in a negative context, when something is about to end.

That's when Netflix decided to drop their old business model and start a streaming business of their own. In the process, they disrupted the video rental market and were the first major player in the movie streaming market.

Now, Netflix is starting to produce its own movies and TV shows, seeing the potential to disrupt the showbiz market. You could say that Netflix is very adept at disrupting its industry. To be adept at something means to be very skilled at doing something.

That's it for today about disruptive innovation.

Before we move on to your speaking assignment, let's review the new words we've learned in this episode.

First, we talked about the expression **to coin a word or to coin a term** - that is to come up with a new word, to invent a new word, or even a new meaning for a word that already exists. In our case, we could say that Clay Christensen coined the term "disruptive innovation"

We also talked about **posing a threat**, which means to create a difficult, challenging, and sometimes even dangerous situation.

The big players in an industry refers to the established, big companies that have a large market share in that industry.

An incumbent is someone who is already holding a position or holding office.

Market demand refers to what people in a particular market want to buy at that particular point in time.

If a **price is prohibitive**, that means that it's too high; it's not affordable.

To see the writing on the wall means to notice the obvious signs that something is about to change. This expression is usually used in a negative context, when something is about to end.

To be adept at something means to be very skilled at doing something.

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Finally, here's your speaking practice question for this episode:

Can you think of an industry that needs a little bit of disruptive innovation? An industry that could do with some new services or new products?

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