

## Video Transcript: "Sustaining vs. Disruptive Innovation"

<https://youtu.be/vF9jLDyp7cE>

**FEMALE\_1:** Innovation is critical to succeeding in any industry. Harnessing it can enable your company to fulfill customers needs, achieve differentiation in the market and outperform competitors. Innovation can be sustaining or disruptive. Sustaining innovation improves existing products. It involves developing better versions of your company's top tier offerings to sell for higher profits to your best customers. This type of innovation is beneficial if your business is already established in its industry. By gaining insight into your most profitable customers you can design and deliver superior products.

Disruptive innovation occurs when your company has fewer resources than incumbent businesses and moves up market to challenge and disrupt them. There are two types of disruption, low-end [00:01:00] and new-market. Low-end disruption involves entering the bottom of an existing market with a satisfactory product that's less expensive than incumbents offerings. Because there's no profit incentive in that market segment incumbents focus on more lucrative areas and don't compete for it allowing you to claim it.

New-market disruption occurs when your business creates a market segment to reach an underserved customer base. You can achieve it by turning an expensive, unattainable product into one that's affordable and accessible to a larger population. By understanding innovation's different types, you can develop effective strategies and position your business for growth. If you work at an established company you can preserve its competitive advantage and avoid disruption by improving its offerings. If you're at an emerging company you can help it create new products or market segments and maintain a disruptive [00:02:00] scope as it evolves.