



MICHAEL McQUEEN

Best-selling author of
Momentum

**HOW TO
PREPARE
NOW FOR
WHAT'S
NEXT**

**A GUIDE TO
THRIVING
IN AN
AGE OF
DISRUPTION**

WILEY

CONTENTS

<i>About the author</i>	<i>xiii</i>
<i>Introduction</i>	<i>xv</i>
Part I: The Four Key Disruptions	1
1. Widescale Automation	5
2. Empowered Consumers	33
3. Unconventional Competition	47
4. Emerging Generations	63
Part II: 9 Keys to Thriving in An Age of Disruption	81
5. Dig the Well Before You Get Thirsty	83
6. Fail Fast, Frequently and Frugally	99
7. Don't Pave the Cattle Track	115
8. Foster Healthy Paranoia	129
9. Focus on Friction	147
10. Be Different, Not Better	163
11. Spare No Sacred Cows	179
12. Adopt a Posture of Curiosity	195
13. Think Like a Startup	217
<i>Conclusion</i>	<i>233</i>
<i>Appendix A: The Disruptibility Index</i>	<i>235</i>
<i>Appendix B: The Societal Implications of Automation</i>	<i>239</i>
<i>Acknowledgements</i>	<i>257</i>
<i>References</i>	<i>259</i>
<i>Index</i>	<i>285</i>

INTRODUCTION

As I walked out the doors of my grandmother's nursing home on a sunny autumn day a few months ago, my mind was still processing the four hours I had spent with her that morning.

At the ripe old age of 93, my grandmother isn't showing any hint of slowing down. She's sharp as a tack and disarmingly irreverent. That day I had cleared my schedule to sit down with her and capture elements of her life story and my family heritage. As we sifted through scores of brown leather journals filled with beautiful handwritten script, dusty photo albums and countless loose documents, many of the names and stories I had heard throughout my childhood came to life.

My grandmother reflected on her career as a nurse and welled up when she recounted the day soldiers returned from war, maimed and broken. 'Shells of men' was the way she remembered them.

She recalled how as a young girl she'd watched the Sydney Harbour Bridge take shape over many months and wondered how cars would ever be powerful enough to drive up its steep arches — unaware that the arches were little more than a scaffold for the suspended road plate below.

As I drove home through the very suburbs in which many of the stories I had heard that morning had played out, I tried to imagine how the same city looked, sounded and smelled in my grandmother's early days.

My train of thought was interrupted by a phone call from my publisher, Lucy Raymond. I had left a message on Lucy's voicemail the previous day mentioning I had an idea for a new book.

'I'm excited to hear about this new book,' she said. 'What have you got in mind?'

In a flash, my thoughts were jolted from imagining how the street I was driving down would have looked in the 1930s to pitching the premise for the book you now hold in your hand. As I described my vision for a book that would help leaders and organisations navigate disruptions ranging from artificial intelligence to driverless cars and nanotechnology, the contrast with the morning I'd just spent with my grandmother couldn't have been more stark.

STUNNED BY THE PACE OF PROGRESS

I'm sure you know the feeling. Every now and again most of us catch ourselves reeling at the nature and pace of change around us.

As someone who has spent well over a decade studying trends and forecasting disruption, I still find myself amazed when I reflect on the things I take for granted today — things that would have been utterly inconceivable a few short decades, much less centuries, ago.

To this point, celebrated blogger and TED speaker Tim Urban offered a great little thought experiment in a 2015 blog post where he encouraged readers to imagine teleporting a person from the nineteenth century to the modern day.

As Urban suggests:

It's impossible for us to understand what it would be like for him to see shiny capsules racing by on a highway, talk to people who had been on the other side of the ocean earlier in the day, watch sports that were being played 1,000 miles away ... This is all before you show him the Internet or explain things like the International Space Station, the Large Hadron Collider, nuclear weapons, or general relativity. This experience for him wouldn't be surprising or shocking or even mind-blowing—those words aren't big enough. He might actually die.¹

And so while the modern day is extraordinary enough, much of my time is dedicated to forecasting the trends and changes that would spin our minds were we able to travel even a few decades forward in time.

THE PERILS OF PREDICTION

Now, to be clear, this is not a book about pie-in-the-sky futurism. As stimulating as it can be to gaze into crystal balls, predicting the future can be a pretty risky business. As I recently heard one business strategist suggest, when it comes to predicting the future, humility is a virtue.²

Consider how many bold predictions by intelligent people throughout history have proven to be just slightly off the mark:

- ∞ Ken Olsen, founder and chairman of computer giant DEC, said in 1977, ‘There is no reason anyone would want a computer in their home’.³
- ∞ The legendary American businessman and inventor Alex Lewyt predicted in the 1950s that ‘Nuclear powered vacuum cleaners will be a reality within 10 years’.⁴
- ∞ A Boeing engineer boasted ‘There will never be a bigger plane built’ when Boeing’s 10-seater Model 247 was launched in 1933.⁵
- ∞ Lord Kelvin predicted in 1883 that we would one day discover that x-rays were a hoax all along. (It bears mentioning that Lord Kelvin was no fool. In fact, he was instrumental in formulating the first and second laws of thermodynamics and devised the method for measuring temperature we still use today.)⁶
- ∞ Steve Jobs predicted the failure of Amazon’s Kindle ereader upon its release because, in his words, ‘It doesn’t matter how good or bad the product is, the fact is that people don’t read anymore’.⁷

If nothing else, this list underscores just how hard it can be to predict the future with any degree of certainty. In the words of legendary film producer Samuel Goldwyn, ‘Only a fool would make predictions — especially about the future’.⁸

And yet of all the sensational business predictions that have emerged in recent years, one stands out in my mind above the rest. In June 2015, the retiring CEO of Cisco, John Chambers, delivered his final keynote address. He left the audience in stunned silence (and panicked much of the business world) when he said, ‘40 per cent of businesses in this room, unfortunately, will not exist in a meaningful way in 10 years’.⁹

Now while you could dismiss this prediction as misguided hyperbole, the reality is that Chambers may well be spot on. After all, according to the work of Professor Richard Foster of Yale University, ‘the average

The coming decades will see many businesses and industries disrupted in ways they cannot imagine today.

lifespan of a major listed company has shrunk from 67 years in the 1920s to just 15 years today’.¹⁰

I have spent much of the Past decade interacting with and interviewing some of the brightest and most visionary thinkers on the planet and their consensus is that the coming decades will see many businesses

and industries disrupted in ways they cannot imagine today — and certainly are unprepared for.

My interest in this started back in 2011. As significant businesses crumbled in rapid succession (from Borders to Kodak, Saab and Nortel, then BlackBerry and Blockbuster), what started out as a blog post for my website turned into a three-year research project examining the dynamics of business demise. Over the course of those three years, I tracked 500 brands, organisations and institutions around the world in an effort to answer two questions:

1. Why do the mighty fall?
2. Why do the enduring prevail?

My goal was to try and discover the habits, culture and mindset that separated enduring brands from their endangered counterparts. Those three years of research culminated in a book called *Winning the Battle for Relevance*.

While that book proved helpful for leaders and organisations trying to stay at the cutting edge, I quickly discovered that the scope of my research had been too limited. After all, it only identified the factors that were driving obsolescence for organisations and brands in the present.

In the years since that book’s release, the scope of my research has shifted to what lies ahead and the specific trends and disruptions that are set to shake up the status quo in significant ways.

A UNIQUE TIME IN HISTORY

Having spent much of the past few years absorbed in the future, there is little doubt in my mind that we are standing at the precipice of the most significant change our world has known.

Historian and United States Senator Ben Sasse agrees:

When people say we're at a unique moment in history, the historian's job is to put things in perspective by pointing out that there is more continuity than discontinuity, that we are not special, that we think our moment is unique because we are narcissists and we're at this moment. But what we are going through now — the past 20 or 30 years, and the next 20 or 30 years — really is historically unique. It is arguably the largest economic disruption in recorded human history.¹¹

Political scientist and international relations expert David Rothkopf agrees that we are at a significant and historical moment. That said, in his excellent book *The Great Questions of Tomorrow*, Rothkopf does liken this current point in history to one experienced by our fourteenth-century forebears who had little idea of the sweeping societal changes that the Renaissance was about to usher in:

As was the case during the fourteenth century, we too are living in what might be described as the day before the Renaissance. The epochal change is coming, a transformational tsunami is on the horizon, and most of our leaders and many of us have our backs to it.¹²

Rothkopf suggests that this lack of awareness of and preparedness for what lies ahead is a function of our very human nature. As humans, we operate with a range of biases and we expect the world to confirm them. As a result, we mishear, misread and misinterpret events around us. We live in a world where 85 per cent of the time today's weather is the same as yesterday's weather; people tend to let the immediate past shape their expectations of the future.¹³

And yet the future is going to be very different from what any of us have known.

As humans, we operate with a range of biases and we expect the world to confirm them.

We are sailing into uncharted waters. We are at an inflection point where we cannot discern what the future will hold by looking to the past.

And that's the purpose of this book — to get a clear sense of what's next so we can start preparing now.

In part I, we're going to look at what the future holds and how to identify the trends and disruptions that are going to radically redefine the status quo.

In part II, I am going to outline a plan for navigating the turbulent times that lie ahead.

So strap in: things are about to get a bit bumpy. But my commitment is to give you the insights and strategies necessary to thrive in an age of disruption.

BE DIFFERENT, NOT BETTER

At a real estate industry conference I presented at a few years ago, the dominant theme focused on how to combat many of the disruptions explored in chapter 3. Traditional real estate agents were seeing their commissions slashed as new technology players were coming into the market offering low- or no-fee transactions. ‘If we aren’t careful,’ the speaker before me suggested,

we’re going to find ourselves in a race to the bottom on price. The consumer may feel like they’re winning as prices drop but in the end, we’ll see a hollowing out of the industry and everyone will lose from that in the long run.

He continued, ‘If we are going to remain vital and viable as a profession, it’s all about the unique value we can add as real estate agents’. He wrapped up his presentation paraphrasing Simon Sinek: ‘If we do not become remarkable, we will become invisible and irrelevant’.

I was struck by the brutal honesty of this real estate agent’s insights and reflected on how many other industries they applied to.

In so many sectors right now, unprecedented levels of competition (especially of the unconventional variety) mean that being clear on your differentiated value proposition is absolutely critical. As the old marketing adage goes, ‘It’s better to be different than better’.

When I am working with clients who are facing strong competitive headwinds, I remind them that they essentially have three choices:

1. go big
2. go boutique
3. go broke.

It goes without saying that the third option is far from a winning strategy. By the same token, achieving economies of scale and leverage by going big in order to dominate the market is rarely feasible or financially possible. And so you are left with only the second option—go boutique. Be different. Find a point of remarkableness and leverage that uniqueness to gain a competitive upper hand.

Perhaps there is no sector that needs to do this more than retail right now.

THE REMARKABLE RETAILER

As we have already discussed, online threats from the likes of Amazon have significantly undermined the value proposition of retailing. On price, Amazon will almost always win. On range, it's much the same. When it comes to the transaction, Amazon's seamless purchasing experience is hard to beat even with the most convenient in-store point-of-sale systems. And then there's convenience, with the ability to order an item on your smartphone and have it delivered within a few hours or days depending on your location. This is always going to be an appealing prospect with time-poor consumers.

Is it any wonder that Amazon accounts for one-quarter of total retail sales growth and 50 per cent of all US online sales at the time of writing? Amazon's dominance across multiple sectors is nothing short of extraordinary. They are the second largest retailer of consumer electronics in the world, and are close to becoming the largest apparel retailer in the United States, having overtaken traditional chains such as Saks, Nordstrom and Macy's in recent years.¹

In an indication of the growing power Amazon wield, even Nike have reversed their long-held commitment to not sell through the online retailer. According to one Nike insider, it had become clear that they could 'no longer afford to ignore the online retailing behemoth' that is Amazon.²

In May 2017, Warren Buffett predicted that the face of retailing will look entirely different in 10 years' time. 'There will be a few things along the way that surprise us,' he said. 'The world has evolved, and it's going to keep evolving, but the speed is increasing.'

Buffett's business partner Charlie Munger went a step further in his analysis. 'It would certainly be unpleasant if we were in the department store business,' he said. Both Buffett's and Munger's comments came on the back of Berkshire Hathaway's sale of \$900 million of Walmart stock—giving some indication of the billionaire investors' lack of confidence in the retail sector. 'I think retailing is just too tough for me,' Buffett admitted.³

Validating Buffett's concerns, recent history paints a fairly sobering picture with retailers in the United States closing stores and filing for bankruptcy at rates not seen since the recession of 2007–08.

THE DISAPPEARING DEPARTMENT STORE

Brick-and-mortar retailers in the United States announced more than 3200 store closures in the first six months of 2017, and Credit Suisse analysts forecasted that number to grow to more than 8600 for the full calendar year. By comparison, 6163 stores shut down in 2008, which had previously held the record as the retail sector's worst year. It is department stores that are feeling the pinch most, with the likes of Macy's, Sears, and JCPenney having shed nearly half a million jobs between 2001 and 2017.⁴ Australian retailers are experiencing the same pressures.

Looking at the flow-on effect of this trend, analysts are predicting that 40 per cent of major shopping malls in the United States will close by the early 2020s, despite the attempts of these malls to make up for lost retail tenancies with food, entertainment and services such as doctors' surgeries and gyms.⁵

Against this rather melancholy backdrop, I believe there is hope for retailers who don't want to find themselves going broke in the coming years. The answer isn't in trying to go big and compete with the major players on price and scale. Rather, it is about finding a boutique, differentiated and remarkable value proposition.

In the case of retailing, this may mean a boutique:

- ∞ service experience
- ∞ product range.

Boutique service experiences

Retail customer service will need to go beyond simply satisfying shoppers' needs, answering their questions and executing a transaction. Retailers will need to create a multisensory experience that is worth raving about. This will mean making customers feel valued, loved and special. As highlighted in chapter 2, a customer's most recent exceptional experience will become their new expectation of normal—so delivering a remarkable service experience will be a never-ending pursuit.

Beyond enhancing the customer experience, retailers will likely see the notion of customer interaction change. Rather than having stores packed with inventory, retailers in the years to come will have shopfronts that may have only one item of each style and size for customers to try on. Once shoppers have made a purchasing decision, the item will be dispatched from a third-party location and delivered to their home or office within hours. Thus, the store becomes a showroom rather than a storeroom on display.

Nordstrom's new-format store, which opened in October 2017, gives some indication of what this will look like. The Nordstrom Local store in West Hollywood contains dressing rooms where personal stylists will help shoppers put together a new look using a 'style board' app. The store won't actually stock inventory of the items customers try on. Instead, orders will be delivered to a shopper's home. The new concept stores will also offer manicures and an in-store bar.⁶

A boutique product range

Smart retailers are recognising that simply stocking third-party brands that everyone else sells will leave you especially exposed to price wars. Having unique private-label products will allow you to compete on features and benefits rather than just price.

According to BigCommerce's CTO, Brian Dhatt, Amazon is a serious threat to a certain type of retailer. Specifically, multibrand retailers such as department stores, and 'big box' outlets. The bankruptcy of Toys 'R' Us is a case in point. These businesses 'are in the most dangerous position, they have other people's products, and they can only compete on price. People who own their brand are crushing it,' he says.⁷

Third-party brands that everyone else sells will leave you especially exposed to price wars.

THREE WAYS TO BE REMARKABLE

Looking beyond the world of retail, organisations and brands across every sector will do well to find a point of differentiation or remarkableness through the following three approaches:

- i. unique positioning
- ii. remarkable marketing
- iii. extraordinary experiences.

i. Unique positioning

The first way to differentiate in any crowded market is to position your business in a way that others aren't. Often, this will be by adopting formats that are unusual, creative or cutting edge.

Take the example of Air New Zealand, who have established themselves as a unique brand in an industry that is often considered very beige and conservative.

Air New Zealand's unique positioning is evident from the moment you board a plane and the airline safety video begins. Rather than simply rolling through the steps necessary 'in the unlikely event of an emergency', Air New Zealand's safety demonstration videos are full-scale productions. They are quirky, irreverent and fun. But most of all, they're memorable.

Even the seat formats of Air New Zealand give an indication of how committed the company is to positioning themselves in a unique way. When Air New Zealand introduced the Skycouch a few years ago, I wondered why it hadn't been thought of earlier. This seat format allows couples travelling together to purchase three consecutive seats for a price only marginally higher than the two they are travelling in. In Air New Zealand's own words, this configuration 'creates a flexible space for whatever you want it to be—an area to relax and stretch out in, or for the kids to use as a play space. It's like having your very own couch on the plane'.

Looking at another simple but genius example of unique positioning, consider Downsize Fitness, the gym tailored to obese customers. Recognising that many overweight people are intimidated by the culture and tone of traditional gyms, Downsize Fitness limits its membership to only those who are suffering from weight loss problems. The company's positioning is that they are the gym for people who would find walking into a traditional gym confronting or embarrassing.⁸

Pursuing a point of uniqueness in the very opposite way, clothing brand Diesel have opted not to ever produce jeans for larger than a size 34 waist—compared to competitors such as Levi's who produce jeans up to size 46. Diesel's positioning is clear: they don't want to be the jeans brand for overweight middle-aged men.⁹ Discriminatory? Yes. Differentiated? Absolutely.

In the ultra-competitive hotel industry, unique positioning is proving to be far more effective than competing on price alone. Consider these inventive attempts at unique positioning by hotels around the world:

- ∞ At London's Hub hotel by Premier Inn, guests use a hotel app to control the TV, temperature and lighting. Every room also features a local-area map that offers suggestions for meals and activities. Simply hold your smartphone camera over a location on the map and instant suggestions or recommendations will appear on your phone.¹⁰
- ∞ At the other end of the spectrum, guest rooms at Villa Stephanie in Germany's Black Forest feature a switch that will activate copper wires in the room's walls that block all radio waves and wi-fi signals (which supposedly leads to a more refreshing sleep).¹¹
- ∞ Disney recently unveiled plans for an immersive Star Wars hotel in Los Angeles's CBD. All guests at the hotel will be given a storyline from the movie series, which they will 'live out' throughout their stay. The hotel will be modelled as a spaceship with windows looking out to 'space' and all staff will be 'cast members' in costume designed to make your stay as authentic and immersive as possible.¹²

In the technology world, Samsung's recent release of the Frame television is an elegant rethink of how TVs form part of our home's décor. Unlike traditional TV sets, the Frame is a device that is designed to look like a large artwork when it is turned off. Customers can even choose the picture on display in their frame to match their taste.¹³

Choosing to zig when the rest of the market zags, music technology stalwart Sony announced plans in June 2017 to begin producing vinyl records for the first time in three decades. Recognising a trend in young consumers' growing preference for the tactile, warm and vivid sound offered by vinyl, Sony is looking to capitalise on the renaissance of this retro music format. As a telling sign of how significant the vinyl trend has become, sales of vinyl records in the UK surpassed digital downloads in 2016 and in the United States they increased for the eleventh year in a row. In addition to returning to the production of vinyl records, Sony has also released a turntable that not only plays records, but also allows users to store the music as high-resolution digital files.¹⁴

The competitive advantage of being cooperative

Although seeking out or creating a unique position is powerful, sometimes the key is to identify the point of differentiation that you *already* possess and may never have leveraged.

Sometimes the key is to identify the point of differentiation that you *already* possess and may never have leveraged.

The many mutual or cooperative businesses operating around the world are great examples of this. Although the notion of modern cooperatives and mutuals can be traced back to the mid 1800s, the reality is that many consumers still don't understand the model or recognise its value.

In a cooperative or mutual model, the entity is owned and democratically operated by members. Common cooperatives include roadside assistance businesses, mutual banks, credit unions, industry

superannuation funds, insurers and a plethora of consumer buying groups.

Although eight in 10 consumers are members of mutuals or cooperatives, only 16 per cent realise they are. In fact, scarcely 30 per cent of consumers can name a single cooperative.

The reason for this is clear: many consumers simply see the name of their insurer, superannuation provider or roadside assistance company and have no idea of the business model behind it. This is especially the case for younger consumers, with 61 per cent of the under 35s reporting they've never heard of a cooperative or mutual.¹⁵

In my work with cooperatives and mutuals over the years, my encouragement to them has been that they in fact already have a powerful and unique positioning—it's just that often they and their members don't recognise it.

Owing to their democratic structure, cooperatives and mutuals are highly transparent and extremely accountable. Added to this, they make an enormous contribution to the community, with an average of 22 per cent of their income donated to charitable organisations. Best of all, their entire purpose of existence is to benefit members.

The value of this market positioning couldn't be any more potent in a climate where 90 per cent of consumers believe businesses are more interested in shareholder profits than customers and a similar proportion believe corporate executives are overpaid. The reality is that cooperatives and mutuals offer an alternative that most consumers would be very interested in—if only they knew what was on offer.¹⁶

What business are you really in?

When I am helping clients discern their unique positioning, I always begin with the all-important question 'What business are you really in?'

The power of this question is that if you engage with it thoughtfully you'll arrive at the point of your true value proposition. In my book *Winning the Battle for Relevance*, I recounted an experience of when

this question significantly helped a group of business owners get their thinking unstuck.

I was presenting at a bar licensee's conference and asked the group to reflect on the business they were in. Unsurprisingly, the majority of responses centred on products and services—'We are in the food and beverage business'. Although I understood why audience members responded the way they did, I challenged their assumptions and suggested that they were, rather, in the 'atmosphere and experience' business.

Seeing the puzzled expressions, I explained that when a customer enters a bar or restaurant and orders a glass of wine, they are aware that the price they're paying for one glass is what they'd otherwise pay for an entire bottle of the same wine at the liquor store down the road. 'So why do they willingly pay the premium?' I asked. 'Why not just buy the bottle and drink it at home?' Answering my own question, I explained that it was a bar's atmosphere and experience that added value to customers—that's what they were paying for.

This 'What business are you really in?' question has revealed some other fascinating insights with clients in recent years. I remember working with the top brass of a state police department and posing the same question to them. After some discussion, it became clear that as police officers they were in the business of 'perceived safety'.

I found the inclusion of the term 'perceived' an interesting one, but the group pointed to the fact that if the public don't *feel* safe, the work of the police isn't done. They can deal with crime and ensure community order but absolute safety is only half the battle won. From the public's perspective, a perception that they and their loved ones can feel safe going about their day and sleep well at night is where the value really lies.

In recent years this very question has set tyre giant Michelin on the path to literally reinventing the wheel. In 2014 Michelin released the world's first airless tyre, called the Tweel. Michelin North America Chairman Pete Selleck acknowledges that the new design will cost more than traditional pneumatic tyres, but that eventually it will become a dominant technology. 'Our customers don't really buy tires. What they

really want to do is maintain the mobility of their vehicles'. In other words, Michelin isn't in the tyre business, they're in the 'staying on the road business'—an insight that has enabled them to be first to market with this innovative new product.¹⁷

The key in differentiating your market position is not to become fixated on the specific products or services you have offered in the past. Rather, by defining yourself in terms of the unique value you add, you avoid the trap of becoming a hostage of your own success and locked into business models that may have reached the end of their natural life.

Regardless of whether you are seeking to establish a point of difference in the market or leveraging one that already exists, unique positioning is a powerful way to be different, not better, in an age of disruption.

**By defining yourself
in terms of the
unique value you
add, you avoid the
trap of becoming
a hostage of your
own success.**

ii. Remarkable marketing

There's nothing like thinking outside the box in order to stand out and get attention. Take the creative marketing campaign in January 2017 where AirFrance's low-cost airline, HOP!, partnered with Adidas and sports retailer Citadium to promote the airline's youth discount card. The campaign was called 'Run to Mum' and offered a €49 discount card whenever young customers purchased a pair of Adidas sneakers online. The catch was that one shoe was sent to the customer and the other shoe to their parents. The idea was to encourage customers to book a discounted flight home to collect their second shoe. (And visit their parents, of course!)¹⁸

In a very different example of remarkable marketing, cosmetics giant Sephora recently turned a Singapore shopping centre billboard into an unusual vending machine. Passers-by could press a button to receive a free product sample along with a coupon card allowing them to redeem another complimentary sample in a store nearby. Naturally, once the customers were in the store to pick up their second free sample, they tended to purchase other products.¹⁹

Or consider Spotify's advertising campaign in late 2016 designed to 'summarise' how its users had consumed music throughout the year.

Some of the more notable billboards included:

- ∞ Dear person who played 'Sorry' 42 times on Valentines Day—what did you do?
- ∞ Dear person in [New York's] Theatre District who listened to the 'Hamilton' soundtrack 5,376 times this year—can you get us tickets?

More than being irreverent and fun, this simple campaign powerfully humanised a digital brand that could otherwise easily seem devoid of any personality.²⁰

Volvo sheds its conservative image

Automaker Volvo has also done a superb job of adopting remarkable marketing campaigns in recent years that have asserted the car maker as a leader in quality and innovation. The 2017 campaign slogan 'Shake the World Gently' is a perfect blend of the automaker's traditional roots of safety and reliability with a nod to the disruptive and cutting-edge technology fuelling its recent models.

This recasting of Volvo's brand began in haste with the release of the S40 model in the mid 2000s. For decades, Volvo had been known for producing solid, sturdy and reliable cars. What Volvo lacked in style or coolness, it more than made up for in safety and 'understated sensibleness'. The company had essentially positioned its cars as the automobile for 'professionals who don't need to demonstrate how successful they are by the car they drive, but who value being known for their good judgment'.²¹

With the release of the S40, Volvo set out to overhaul its image and connect with a younger demographic. As this new model exuded speed, performance, youthfulness and excitement, it needed a campaign to match.²² In an effort to ensure that this new release hit the mark with younger car buyers, one of Volvo's TV commercials for the S40 was in the style of an Xbox video game. Another advertisement featured rap star LL Cool J promoting the car in music-video style. In

addition, Volvo even developed an online mockumentary, *The Mystery of Dalarna*, which attracted more than one million hits and led to a 105 per cent jump in S40 sales within months.²³

Naturally, marketing and brand positioning efforts such as these are a good place to start in creating a sense of differentiation but they are rarely enough on their own. It's the customer experience where the rubber really hits the road.

iii. Extraordinary experiences

Returning to the retail sector, a brilliant example of a physical retail outlet that has perfected the boutique customer experience is leather-goods store Mon Purse. Based in Sydney's upmarket eastern suburbs, Mon Purse represents what one analyst called 'the future of retail'.²⁴

From the moment you walk into the Mon Purse store, the tactile experience hits you with the luxurious smell of quality leather. The uncluttered store is a stark white and features a number of desktop computers and iPads that guide customers through Mon Purse's proprietary 'bag builder' software. At each step of the process, customers can design the perfect bespoke handbag as they flick through swatches of imported calf leather in 30 colours and varying textures. They can design bags down to the finest detail using a wide array of buttons, zips, clips and clasps.

Mon Purse's bags don't come cheap and that's just the point. The positioning and marketing of the brand is deliberately exclusive. Added to this, once the bag is created, it can take up to four weeks to be built—a delay that could otherwise be seen as inconvenient but adds to the bespoke sense of craftsmanship Mon Purse is famous for.

Mon Purse's founder and chief executive, Lana Hopkins, describes the atmosphere of the store as being one of 'indulgence of fun'. But even the word 'store' doesn't sit well with Hopkins—it's designed to be more like an art gallery, she suggests.²⁵

It is this visceral, multisensory and high-emotion retail experience combined with high-end technology that offers the most exciting possibilities for brick-and-mortar retail.

The Rebel sports store just down the road from Mon Purse is seeking to create a similarly visceral yet entirely different customer experience. They have designed their store to replicate a stadium, complete with wire fencing, bench seating and line markings.

More than simply employing gimmicks, Alistair Palmer of CBRE Retail Services Group suggests that retail stores will need to evolve to become 'immersive brand experience centres' offering personalised, value-added and after-sales services.²⁶

The power of virtual reality

Perhaps the trend that shows greatest promise in enhancing the customer experience is virtual reality, or VR. Used creatively, it can enhance a customer's experience and differentiate a brand. The high-speed Eurostar train service linking London with destinations in France and Belgium has developed specially designed headsets that transform the roof of the train into a glass ceiling revealing an underwater world of 'sea creatures, sunken treasures and mysterious sea-scapes' as customers cross under the English Channel. Eurostar's commercial director, Nick Mercer, suggests that the VR headsets are part of the company's strategy to enhance the travel experience and encourage families to choose the train over flying.²⁷

It's clear that virtual reality is here to stay and will transform the customer experience in some significant ways over the coming years. Finance companies such as Fidelity are already designing software to help you visualise your investments in 3D,²⁸ Yelp's Monocle feature allows users to peer through their smartphones and see information about businesses around them, and home improvement retailer Lowe's is using VR to provide do-it-yourself instruction.²⁹

Underscoring the significance and potential of VR, Mark Zuckerberg predicted in 2015 that immersive 3D content would be 'the obvious next thing after video'.³⁰ Going one step further, Tim Cook suggested that 'VR will represent a tech trend as fundamental and revolutionary as the smartphone'.³¹

With all the big tech players, including Apple, Google, Facebook, Sony and Microsoft, investing heavily in virtual reality, Goldman Sachs estimates that it will be bigger than the TV market by 2025.³²



Campbell Soup CEO Denise Morrison recently admitted that in the face of sustained pressure from increasingly fickle consumers, 'companies and brands [such as Campbell] must differentiate themselves or risk extinction'.³³

And she's right. As the waves of disruption continue to affect every industry and business, finding a point of difference will be critical. Whether this is through unique positioning, remarkable marketing or extraordinary experiences, in the coming years it will be more important than ever to be different rather than better.

Questions for reflection

- ∞ What are the key points of differentiation or uniqueness for your organisation, product or brand?
- ∞ What business are you really in?
- ∞ How could you use remarkable marketing to position your organisation uniquely?
- ∞ In what ways could you craft an extraordinary customer experience in order to stand out?
- ∞ How could VR technology enhance the customer experience in your context?

First published in 2018 by John Wiley & Sons Australia, Ltd
42 McDougall St, Milton Qld 4064
Office also in Melbourne

Typeset in 11.5/13.5pt ITC Cheltenham Std

© John Wiley & Sons Australia, Ltd 2018

The moral rights of the author have been asserted



A catalogue record for this
book is available from the
National Library of Australia

All rights reserved. Except as permitted under the *Australian Copyright Act 1968* (for example, a fair dealing for the purposes of study, research, criticism or review), no part of this book may be reproduced, stored in a retrieval system, communicated or transmitted in any form or by any means without prior written permission. All inquiries should be made to the publisher at the address above.

Cover design by Wiley

Cover image © o-che / Getty Images

Author image: © Toby Zerna

Printed in Singapore by C.O.S. Printers Pte Ltd

10 9 8 7 6 5 4 3 2 1

Disclaimer

The material in this publication is of the nature of general comment only, and does not represent professional advice. It is not intended to provide specific guidance for particular circumstances and it should not be relied on as the basis for any decision to take action or not take action on any matter which it covers. Readers should obtain professional advice where appropriate, before making any such decision. To the maximum extent permitted by law, the author and publisher disclaim all responsibility and liability to any person, arising directly or indirectly from any person taking or not taking action based on the information in this publication.

BE READY FOR THE FUTURE OR BE PART OF THE PAST

Disruption looms large on the horizon and no organisation, institution or individual will be immune.

How can you survive the upcoming storm and stay one step ahead of change?

This landmark book gives you deep insights into the trends and disruptions that lie ahead, along with a proven game plan for surviving and thriving in turbulent times.

'Michael does a superb job of simplifying the complex and provides leaders with a structured approach they can follow in order to stay one step ahead of disruption.'

— Mark Merritt, Associate Director, KPMG



MICHAEL McQUEEN is an award-winning speaker, business strategist and trend forecaster. He has helped many of the world's best-known brands maintain relevance and is the author of five best-selling books.

www.michaelmcqueen.net

Cover Design: Wiley

Cover Image: © o-che /Getty Images

Author Image: © Toby Zerna

BUSINESS

ISBN 978-0-730-34984-6
90000



9 780730 349846

WILEY



Also available
as an e-book