

### **Is Uber really NOT a disruptive innovation?**

In 2015, Christensen argued that Uber is not a disruptive but sustaining innovation case, because it doesn't operate at the low-end or a new market foothold as specified by the theory of disruptive innovation. However, I think Uber is a disruptive innovation case which accordance with his theory. The following are the reasons from his two theoretical point of views, and rethink whether the disruptive innovation theory fitting in the platform economics in the final.

#### **Uber's Low-end foothold is relative**

Christensen mentioned, "it is difficult to claim that the company found a low-end opportunity. That would have meant taxi service providers had overshot the needs of a material number of customers by making cabs too plentiful, too easy to use, and too clean." It means that disruptive innovation should be from low-end to high-end, and he thought the existing taxi industry is not good enough, so Uber should be a sustaining innovation case.

I don't totally agree with his point, because how can we define "good enough"? It's hard for customers to feel fully satisfied with any of the existing products or services, otherwise we could not explain why most of the disk companies kept listening to the existing customers and led to fail?

Why can not a cheaper, better product or service possible to be a disruptive innovation? Additionally, the developing progress of Uber can be divided into two periods: While Uber founded in 2009, it is famous by its legacy black car service (Uber Select). It's more-luxurious and expensive than taxi, but cheaper than hiring a traditional limousine. As a consequence, I think Uber is a standard low-end foothold relative to the traditional limousine business during this period.

Actually, Christensen (2015) agree with this viewpoint as well, but he emphasized that Uber is NOT a disruptive case to the taxi business. Furthermore, in my opinion, I think Uber is also disruptive case to the taxi business because this company put more focus on 'Uber X' in 2012 which is more available, convenient and cheaper than most of the taxies. Moreover, Uber developed the ride sharing service, it's much cheaper than traditional taxies. In summary, Uber is a low-end foothold case to traditional limousine business at first, and then a disruptive case to taxi industry later.

## Uber's new market and the competitors' reactions

Christensen also argued that Uber was launched in San Francisco (a well-served taxi market), and Uber's customers were focus on the general people already in the habit of hiring rides. I agree with this point, but we have to notice that the service of ride sharing has already cheap enough, it may attract people who were not used to take a taxi. Although there is no precise statistics existing in the world, at least the Uber is accordance with low-end disruptive innovation.

Besides, Christensen considered that the disruption is a theory of competitive response. If there is a sustaining innovation business started up, competitors will generally try to eliminate it. But if there is a disruptive innovation business started up, most of the existing players in the business are likely to ignore or flee rather than fight. (2015) And that's why he defined Uber is a sustaining innovation case.

Unfortunately, I don't agree with this viewpoint, due to in hard disk industry, when a disruptive innovation happened, most of the existing companies chose to face it and catch up with it rather than to ignore or flee. Hence, I don't think it is a persuasive argument in this part. I list the above views as the following table:

	Customer	Market	Innovation Type
Christensen	High-end	Existing	Sustaining
Lyn Shen	Low-end (Uber Select vs. Limousine Uber X & ride sharing vs. Taxi)	Existing & new (ride sharing service)	Disruptive

## Rethink disruption in the platform economics

Christensen predicted that Apple won't succeed with iPhone in 2007, and then admitted that he didn't quite get the iPhone right, because he missed the trajectory that Apple was on. Originally, he thought iPhone is a sustaining innovation against Nokia, but he added iPhone was a disrupting to the laptop in 2015.

To err is human, but I think Christensen may still miss one thing, that is the rise of the Platform Economics. The reason why iPhone could beat other cellular phones was because iPhone has more apps, and iPhone had successfully become a platform to the third-party developers. Similarly, Uber is also a kind of the platform related business model and had given rise to a large number of on-Demand platforms.

The Platform business model is different from the traditional linear business model. Christensen's (1996) theory is based on disk-drive manufacturers which are the linear models. In the liner models, there are supply chain in one direction (Christensen, 1988), but the platform model is a network which allow users to create and consume values. Although Uber is just a case, it is still showing the lack of theory. It's hard to explain all the phenomena in one model with the changes of time, he also continued to improve the theory. No matter what kind of enterprises meet the definition, must be thinking of existing customers, potential customers and competitors' strategies.

**Reference:**

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