

Disruption – a state of mind?

New study reveals which consumers are attracted to disrupter brands and demonstrates their attraction across demographics

With the huge growth in so-called disrupter brands (companies which use technology to break the mould in terms of a new business model or approach to a category), this new research by Network Research reveals that their appeal crosses demographics. The study creates a segmentation of disrupter users. While it is clear that disrupter use declines with age and increases as income increases, the study reveals that this isn't the full story. If brand owners and marketers only aim disrupter brands at the young and techie, they would be missing out on swathes of consumers open to new propositions and ways of doing things.

The online study used a nationally representative sample of 1,500 adults aged 18+. It included a range of different sectors, (from financial services to healthcare, utilities to holidays), and a selection of some of the UK's top brands including newcomers like Ovo and Giffgaff as well as Airbnb and Uber (see full list of brands attached).

According to Ginny Monk, Network Research CEO, "with the rise in the disruptor phenomenon we saw a huge opportunity to understand the consumer mind-set with regards to change and the use of disruptor brands. We want to provide marketers with a clear view on attitudes that relate to the use (or lack of use) of disruptors and what it means for brands. But we also want to build on our thinking from last year, that relying on demographics alone will not deliver the insight you need to create relevant and appropriate customer-centric products, services or marketing".

Key findings include:

- Penetration is not yet overwhelming; over 40% of consumers hadn't used any of the disruptor brands covered in the study. However, 17% had used more than three.
- 42% of those aged 65+ had used one or more of the disruptor brands, and 27% of the segment most 'into' buying disruptor brands are over 55.
- The highest users of disruptors are in the 25-34 and 35 – 44 age groups, not the 18-24 year olds; 30% of 18-24 years olds had not used any of the disruptor brands.
- Households with an annual income of over £55K were key adopters with 74% of them using these brands.
- Although their use increases with income, the top reason for choosing a disrupter brand is value for money.
- 'Being a bit different' and being consumer-centric are the second most important reasons for choosing disruptors, with convenience and speed following.
- Sectors most ripe for disruption are holidays and travel, followed by consumer electronics and utilities.
- 35% of those aware of the holiday disruptor brands included in our study have used them however only 16-18% of those aware of Financial Services and healthcare disrupter brands had used them.

Disrupter adoption

It may sound alarming to potential disruptors that over 40% of consumers hadn't used any of the brands we covered in our study, but around 45% of consumers typically say they either don't like to consider alternative brands, don't have the time or energy to do so, or want to see brands being fully tried and tested before they give them a go. But this also means that three in five customers are potentially open to trying something new.

Attitudinal segmentation

The study asked consumers how much they'd agree with a variety of statements on society, the environment, use of technology, ways of choosing products and services, along with how they (and others) perceive themselves. Network Research's analysis of this produced five segments that paint a clear picture of how UK consumers sit on the disruptor landscape. The first group use disruptors least and the last are the heaviest users. There's a clear split, with Segments 1 and 2 being much more attitudinally closed, and 3, 4 and 5 being more open to disruptors, for various reasons. The two segments most interested in disruptors are outlined here:

Segment 5: Too cool for school

The segment most likely to use disruptors is 16% of the population. They are most likely to be early adopters, driven by fashion and to use brands as a statement or to say something about themselves. Less concerned about value for money than the rest of the segments, they are more likely to use paid for music, communications (like Whatsapp), and healthcare apps (?).

In terms of demographics, they are most likely of the segments to be in a relationship with children, over index more on 25-44 than 18-24 year olds, and as we have seen almost 20% are over 55. Compared to other segments they are more likely to be in social classes AB but their mean average annual income at £40K is not much different from segments 4 and 3.

Segment 4: Go getters

The segment next most likely to use disruptors is the most tech driven, and health conscious. They are less bothered by value for money and environmental concerns, and less likely to give advice about new products and services. This group heavily over index on all disruptors, but massively over index on using financial brands, Monzo, PensionBee, and Revolut. In terms of demographics this group is younger and has the highest number of 18-24 year olds, but still has 25-44 year olds as heavier users of disruptor brands. They are most likely to be single and least likely to have kids. Given 25% of this group earns over £55K a year it appears they have more disposable income and are a great target for new tech offers.

Virginia Monk, Network Research CEO, adds "it's becoming increasingly apparent that no company or business model is safe. Any current model can, and should, be replaced on an ongoing basis if it means creating value for the consumer. Above all, you need to look at an industry from the consumer's viewpoint and to do that you must integrate their attitudes with demographics to really understand their needs. This research and the these profiles provide marketers with a wealth of information about where it is best to spend your marketing budget and the types of messages you want to get out there".

-Ends-

Appendix

What is a disrupter?

For the purposes of the survey, a disruptor was defined as a company that uses technology to change the way people do things, enabling them to do something new, or something old in a radically different way. Some may argue that the likes of Ovo or GiffGaff are not disruptors – but they, and similar others, have been named as disruptors on the ‘ones to watch’ lists (for example from The Times and Marketing Week), and will thus fit the broad consumer view.

The brands (disruptors in red)

Holidays

Airbnb

Thomson

cottages4u / cottages.com

Skyscanner

Health

23andMe

Push Doctor

Bupa

Vitality

Phones

Apple

giffgaff

O2

OnePlus

Three (3)

Vodafone

EE

Utilities

British Gas

E.ON

First Utility

Ovo

Ecotricity

EDF

SSE

Scottish Power

Groceries

HelloFresh

Ocado

Sainsbury's

Tesco

Other

Uber

Deliveroo

Financial Services

Atom Bank

Lloyds

MetroBank

Monzo

PensionBee

Scottish Widows

TSB

First Direct

Revolut

John Lewis Finance

Crowdcube

Transferwise

Nutmeg

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