

# Is E-commerce A Disruptive Innovation?

## An Analysis of the Belgian Fashion Retail Industry

The aim is to examine whether or not E-commerce can be categorized as a disruptive innovation according to the theory popularized by Christensen (1997) within the Belgian fashion retail industry and what the impact has been of its incumbent firms.

### Focus on Sustained Innovation

Due to difficulties to focus an established organization on what is required for the existing business to run efficiently and what might need to be developed for possible changes and new businesses in the future.

### Incumbents' Reaction

The incumbents reacted by also implementing an E-commerce channel as they saw it as an opportunity to cater to the changing need of its customers while also staying up-to-date. However, this reaction came late, mainly due to external factors.

### Overlooked Market Segement

The needs of Belgian technical savvy customers, customers that do not enjoy shopping or, those that do not have time to go during the opening hours of the traditional shops were unfulfilled with the current offer of traditional brick-and-mortar shops. As a result, pure online entrants were able to gain a foothold in the low-end market of the industry.

### The Disruption

As the industry has fundamentally changed, and customers have accepted E-commerce as a new standard, and it can be stated that disruption has occurred.

### Impact on Firm-Level

E-commerce has offered fashion retailers the possibility to add an online sales channel leading to a multi-channel approach. This had a disruptive effect on the business model of the firm as to another type of organization with different logistics, digital workforce, and reallocation of financial resources was needed.

### Impact on Industry-Level

E-commerce also affected the industry as market conditions changed and competition intensified. Pure online players are competing aggressively on price and convenience. The shopping culture has undergone a shift as online shopping became unimaginable in the eyes of the consumers.

### E-commerce is Disruptive

E-commerce changed the Belgian fashion retail industry composition as its incumbents are losing market share to the disruptive entrants.