

6 misconceptions about challenger brands

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Small, scrappy underdogs, right? Disruptors? Challengers? Aren't they the same thing? With "challenger brand" returning 120 million results from Google this morning, it's no surprise that some myths and misunderstandings surround the topic. As a consultancy specialising in this subject, we've compiled a list of six of the most common we've encountered, and our experience of the reality.

Misconception #1: Challengers are always startups

Capitec has given the traditional banking leaders in South Africa a run for their money. The bank has been named as one of the world's leading banks, and the number one banking brand in South Africa. While many perceive Capitec as a newcomer, the bank was actually started in 2001.

Businesses can successfully re-launch themselves as challengers, regardless of age. The key is breaking free from the habits and baggage that time wields, and instead looking, and continuing to look, at the category with fresh eyes. As the late Aaliyah once sang: 'Age ain't nothing but a number'.

Misconception #2: Challengers are always small, 'underdog' brands

Safaricom is the largest telecommunications provider in Kenya, yet is still a challenger brand. They have succeeded, not by challenging a direct competitor, but by challenging a broader convention or dimension of their category, enabling them to completely redefine their industry, and how it's experienced.

Think of their M-Pesa proposition which allows users to deposit, withdraw, transfer money and pay for goods and services easily with a mobile device. It's a fundamentally different proposition that challenged both traditional telecommunications and financial services.

Misconception #3: Challengers are primarily youth-focused brands, focused on creating an 'edgy', attitudinal difference

While there are some challengers who are indeed specifically youth-focused (Modus Vivendii, for example, whose mission is to amplify youth culture in Nigeria, or Wafflesncream), others, such as Maxhosa by Laduma, have succeeded by capturing a very different audience, through their approach and tone of voice.

Challengers that do offer edgy, attitudinal differences are characterised as 'Irreverent Maverick' or 'Feisty Underdog' challengers in the book 'Overthrow II'. The book identifies ten popular approaches that challenger brands take in challenging their market, with media advice for each approach. We'll look into this more in our future articles.

Misconception #4: Challengers are broadly the same as disruptors – they are just different words for the same thing

True Disruptors – to take a simplified view of Clayton Christensen's definition of the concept – are companies that create products or services historically only available to a few and make them widely accessible. It's an innovation that swiftly creates a significant change in both buying preference and loyalty.

Challengers may operate in categories where such product innovations are near impossible to create (Uganda's Eagle Lager, for example), yet still need to change the criteria for choice in their favour.

Challengers must lead then as much with why they are doing what they are doing – the ethos and culture behind their new offer – as with the nature of the difference itself.

Misconception #5: Challengers all have founders – so you can't really be a challenger within a corporate environment

While many do start their lives as independent companies with charismatic owner-drivers pushing them forward, there are many who don't. MTN or Telkom in South Africa, for example, are large organisations, which with closely aligned teams, and a galvanising purpose, have redefined their categories.

Leading a challenger brand is most significantly about the people, and a collective will for change – not necessarily about having a founder.

Misconception #6: Being a challenger brand is simply a 'business stage' one passes through – if one is successful, the right thing to do is then to become a 'leader brand'

Nando's was started by Robbie Brozin and Darnando Duarte in 1987 and has grown dramatically, with a presence in over 20 countries. From its very inception, the team's intention was for Nando's to be about more than just the chicken and making money; they worked with the mantra, "Have fun and then make money." This mantra permeates everything that Nando's does – from its humorous and often controversial advertising, to its community projects in Mozambique.

They might now be a global player, but this hasn't stopped Nando's from continuing to think and act like a challenger, asking questions of themselves, before a competitor asks questions of them. "Maintaining a sense of that fun and irreverence - that's my job in a way," Mr Brozin says. "I'm looking at it and saying, how do we maintain this bigger group - getting to 2,000 restaurants, but the guy that opens the 2,000th restaurant still feels the passion and the purpose of the guy that opened the 1,000th?" The Nando's goal to 'change people's lives, one chicken at a time' is certainly not just a phase.

We've found that what it means to be a challenger can often get reduced to a simplistic 'David vs Goliath' cliché. In reality, it is a much more powerful and nuanced series of strategies than that.

A shallow understanding of what it means to be a challenger helps no one. If you need to be that challenger, it will prevent you unlocking your real potential. And if you're a market leader, it will stop you seeing the challenger that is about to eat your lunch.

eatbigfish. is a strategic brand consultancy whose unique focus is challenger thinking and behaviour. Our expertise is grounded in The Challenger Project - our study of how Challenger Brands succeed by doing more with less.

We act as catalysts rather than consultants and, through our collaborative approach, we provide inspiration and frameworks which enable 'would be' challengers to deliver breakthrough solutions for their teams and brand.



Overthrow II, by eatbigfish. & PHD, explores 10 of the most powerful strategies and mindsets used by today's challengers to disrupt their markets. Get your copy at overthrow2.com

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