

# VISION



## The innovation imperative: Incite's Innovation League

*Paul Thomas and Kathryn Collis look at whether innovation is important to consumers, which companies consumers admire for innovation and which are failing to impress in the innovation rankings*

This first issue of Vision 2008 deals with innovation. Contributions give our view of how to approach innovation, what it means to a brand, marketers and market research and how we can ensure that innovation is fostered within an organisation and delivered successfully to market. These views come from the perspective of brand owners and the marketing industry.

But what does the consumer think of all of this? Do they understand innovation? Do they respect the journey behind it? Do they care? In our headlong rush to innovate are we losing sight of the people we are innovating for?

### WINNERS AND LOSERS IN THE INNOVATION RACE

To answer this question we asked consumers what they think about innovation. Who are the most innovative companies, who are not - and what makes a company innovative? We did this in an on-line study amongst 474 consumers between the ages of 18 and 65 years. Then we did three focus groups with pre-family, family and post family demographic groups. We asked them to tell us spontaneously, which companies they thought were innovative and the reasons for their views. We kept the study wide reaching; allowing us to understand how brands rate against each other and to learn from the different brands and industries in order to build our view of the 'consumer innovation space'.

And so, the Incite Innovation League Table was born. Here are the Top 20 most innovative brands according to consumers:

<b>The Top 10</b>		<b>Positions 11-20</b>	
Sony	1	Honda	11
Apple	2	Samsung	12
Microsoft	3	Google	13
Virgin	4	Philips	14
Nokia	5	Dell	15
Dyson	6	Toyota	16
Nintendo	7	Ebay	17
Tesco	8	Amazon	18
Sky	9	BT	19
Panasonic	10	Toshiba	20

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Unsurprisingly, technology companies dominate the Top 20. Indeed 11 of the Top 20 can potentially be classified as delivering technology based products and services to the market. When asked to talk about innovation, it is almost impossible to keep consumers off of the subject of technology. Three quarters of those we spoke to cited a technology product spontaneously as the best new product they have seen. (This increases to four out of five if you include those who also choose online services in this category.)

Given our experience, it is no surprise that Apple and Sony are at the top of the tree – to both the consumer and the wider marketing industry as a whole they are considered to have ‘certainly got it right’ in the product, brand and experience that they deliver.

But the ranking for Microsoft highlights the difference between how people within marketing see brands and innovation and how consumers see them. In a survey of people within the marketing community, the 2008 ‘brandjunkie’\* awards identified Apple as the most desirable brand whilst Microsoft was considered the brand that they would most want to rebrand and argue with. Marketers said “it’s gone from innovative and bold to stodgy and a follower.” Consumers clearly don’t agree. Although Apple wins in the cool stakes, Microsoft is a brand people trust to deliver really life changing products - placing it next to Apple in terms of innovation.

### WHAT IS AN INNOVATIVE BRAND?

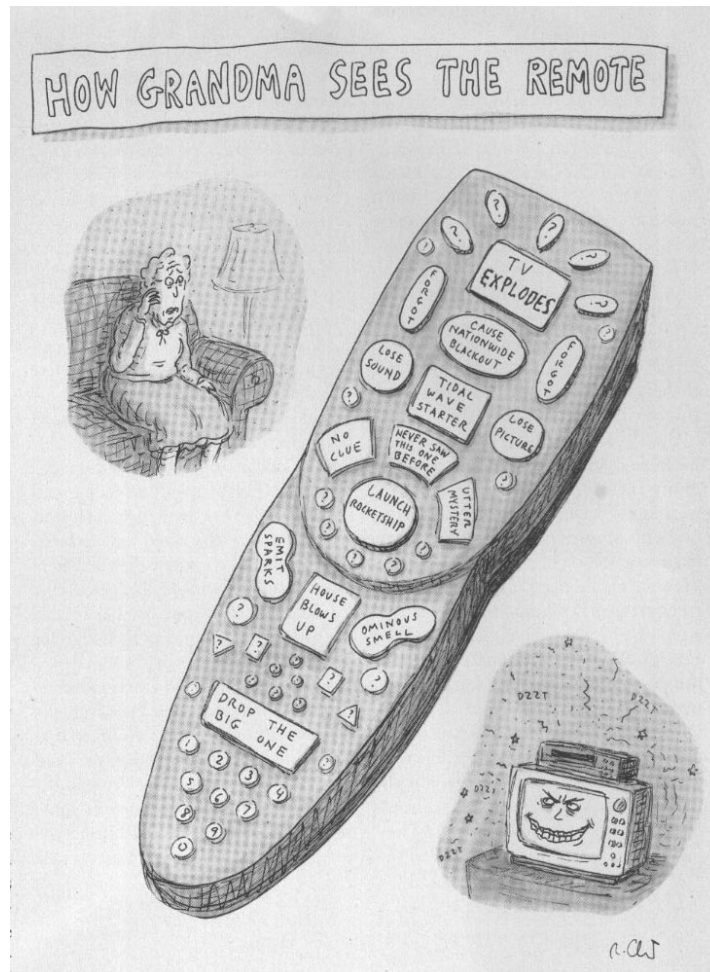
Other than technology, why do brands such as Virgin, Tesco, Sky, Honda and Toyota feature in our Top 20? Why are these brands innovative – and more importantly why do they fare better than Sainsbury’s, BMW or a host of other brands people mentioned fewer times? We need to understand just what constitutes an ‘innovative brand’.

We asked people to suggest brands they thought were, or were not innovative and ones they had no opinion of. We added some of our own. By correlating the consumers’ perceptions of these brands with where they came on the innovation scale we derived six key things that drive innovation.

The first is that the brand must be a pioneer. It must be out there on the wild frontier, pushing the bounds of technology and science, seen as years ahead of its competitors. The next key driver is that the brand must be a help-mate. It must give the consumer a genuine benefit – a product or service that makes life easier. The third key driver is contagion. An innovative brand must be the topic of conversation and have a buzz about it. Only in fourth place do we find the seal of public approval – innovative brands are ones that people agree are a good buy. The fifth key driver is trust – a brand that consumers respect for themselves, no matter what others say. And the final driver of innovation is understanding – brands that demonstrate they get what goes on in consumers lives and demonstrate they have a role to play.

Given the number one driver - pioneering - the technology phenomenon is no surprise. However, it does raise the spectre that innovation for innovation sake in the technology sphere just won’t cut it. Just because you can make it, you should think twice about whether you should. Put simply, will your new development really make a consumer’s life easier - or harder? How many manufacturers max out on a pioneering spirit at the detriment of delivering real life changing benefits? The New Yorker cartoon (below) of Grandma’s view of the remote shows how we all sometimes feel about technology – at times more choice or yet another button is the last thing we want!

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©The New Yorker, 2007

But our consumers were clear that winning in the innovation game isn't just about the pioneering nature of the product or service itself. There are two drivers that merit inspection. The first of these is the fundamental need for innovation to deliver a genuine improvement to a consumer's life. All singing, all dancing communications campaigns be warned! Before you stick another 'New and improved!' flash on your brand extension, think about the real customer benefits of your 'new' product. Consumers are not impressed by newness for the sake of it and are looking for genuine delivery. In the pursuit of new, we must not lose sight of the real need for improvement. Our research shows that 74% of consumers respect brands that are constantly moving forward BUT 85% want new products to make their lives easier and 60% don't believe in creating something new for the sake of it. Radical innovation might be easier to deliver for technology products but is also achievable in many other sectors – washing powder tablets, cafetière coffee jugs and wheels on suitcases are all excellent examples of hugely practical and helpful innovations that are arguably nothing to do with technology.

One of the things our research shows is how it is possible to have any brand image whilst being innovative. From young, cool and funky in the case of Apple to old, clever and geeky when it comes to Dyson - consumers are willing to respect and trust you and your products as long as you deliver products and solutions which make their lives easier.

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The other driver that merits closer inspection is the third most important driver; contagion. As we learned from Malcolm Gladwell in *The Tipping Point*<sup>\*\*</sup>, “ideas and products and messages and behaviors spread like viruses do”. Our research shows that consumers are aware of this and acknowledge it. Indeed they are tacit and at times active participants in the innovations that marketers introduce them to. You just need to look at the success of YouTube or social networking sites like Facebook to see how consumers enjoy participating in, creating and sharing the buzz around innovations. Over 60% of consumers who thought eBay and Facebook were innovative said that this was because they are a brand that everyone is talking about – they gave this as the No. 1 reason for defining them as innovative (above all other reasons). Indeed, with the new digital television age allowing consumers to watch less and less conventional TV advertising, YouTube is now the preferred media for creative, radical and innovative communications.

### **COMBINING THE DRIVERS TO CREATE PATHS TO INNOVATION**

With such a diverse range of drivers it is natural that different paths will emerge for different categories. So we find that a lot of technology companies such as Apple, Sony, Nokia, SonyEricsson, or Samsung, make their innovation through big leaps, through the pioneering supply push approach, pushing the boundaries of product creation.

But what is interesting is that the most successful of these innovative companies combine the pioneering approach with other key drivers, such as being a help-mate and creating contagion. Nokia not only plays in the pioneering innovation area, it also has a strong heritage of ease of use for its products. Virgin and Sky are also seen as innovative – cool brands, always delivering pioneering new products but backed up with innovative communications and ‘packaging’ – so creating contagion.

Indeed, you don’t have to be pioneering to be seen as innovative. Our research shows that it is just as possible to be innovative by making small, incremental improvements to products and services – the help-mate approach to making our lives easier. A lot of the most successful web-based brands such as eBay, Amazon, Facebook and Google are not delivering totally new concepts – their innovation lies in making something easier than before. It’s not the first player to market that often has the success but those who make the idea work really well. And the same can be said for Tesco – a supermarket is not exactly a new idea but it has an image of taking incremental steps to make consumers’ lives easier and is effectively communicating this via its ‘every little helps’ campaigns. So, by making our lives easier, these brands are also creating contagion which further cements these companies as being innovative in the consumer’s mind.

Finally, there are brands such as Toyota and Honda that innovate by developing new propositions and communications, using contagion as a lead driver, such that they feature in the league table more highly than arch technological pioneer BMW. Toyota and Honda are using contagion to appear more innovative, but they are also being genuine help-mates – if they were just communicating in an innovative way and not delivering hybrid cars for example, consumers would see through it in an instant. BMW on the other hand, is single-mindedly focused on being a pioneer and is not combining that with the other important drivers, so is seen as creating technological innovation for the sake of it – remember the i-drive?

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So, why do Apple, Microsoft and Sony top the table? ...because they have ubiquitous innovation: they deliver across all of the key drivers– not only pushing the boundaries of the product but ensuring that this delivers products that are easy to use, fun to talk about, gain peer approval and can be trusted.

### **WHY ARE SOME COMPANIES BEING LEFT BEHIND?**

It is worth sparing a thought for some of the brands that don't perform so well.

It seems that there are some sectors where innovation is perceived to be lacking. Like in technology, where simply being a technology company means consumers perceive you as innovative. There seems to be a negative halo effect for the financial services industry and also the "service" industry as a whole. Big brands such as Barclays, HSBC, Royal Mail, or British Airways are more likely to be seen as boring and dull than innovative. Have these organisations lost sight of the key dimensions that drive innovation? For example, who thinks that the financial industry is a huge minefield of complex terminology and products which are not genuinely going to help people improve their lives? Or faced with the T5 debacle, BA's great new innovation means the brand doesn't seem so great to consumers now.

### **WHAT DOES THIS ALL MEAN?**

Our research shows that consumers do value innovation highly and indeed, care deeply about it. They respect companies and brands which they see as pioneering and striving to improve their world. They have little time for companies and brands that don't deliver genuine innovation and in fact will participate heavily in creating buzz around an innovation they love, which in turn makes it seem more innovative. So there is an innovation virtuous circle, which several companies and brands are exploiting to their advantage, while others often through no fault of their own, seem to be on a downward spiral in the consumers' minds.

Above all, our advice would be don't chase innovation for innovation sake – if it won't make life easier and provide a benefit then 'bin it'. In such a fast changing environment, with innovation so important to both consumers and business, it will be interesting to see how the league table moves in the coming years.

### **REFERENCES**

\*[www.brandchannel.com](http://www.brandchannel.com)

\*\* Gladwell, Malcolm (2000), *The Tipping Point: How Little Things Can Make a Big Difference*.

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