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THE 2011 INNOVATION LEAGUE TABLE

It has been an eventful two years since our previous innovation league table. John Tearle reveals the results of our 2011 study and considers the implications for brand owners...

The global recession has hit the UK hard in the last two years. Consumers have been feeling the recession with fewer jobs, increasing bills, tax changes and service cuts under the new Government. With this economic backdrop, you might imagine that innovation has taken a step back with consumers seeking value above all and the reassurance of tried and trusted brands. Will the drivers of innovation remain the same, or has trust and making lives easier continued to play an ever more important role as we saw in 2009? Are the technology giants still leading the way and are there any shifts as different technologies continue to develop at a monumental pace?

To answer some of these questions we carried out an online study among a representative sample of 1014 consumer between the ages of 18-65 years. We asked them to tell us which brands they thought were innovative and the reasons for their views.

Drivers of innovation

When we carried out our innovation research in 2008 we found six key drivers of innovative companies and brands. These are still relevant in 2011. Consumers think that an innovative brand must be a **pioneer**. It must be out there on the wild frontier, pushing the bounds of technology and science and seen as years ahead of its competitors. The innovative brand must give the consumer a genuine benefit – a product or service that makes life **easier**. An innovative brand must be the topic of conversation and have a **buzz** about it. It must have the seal of public **approval** – innovative brands are ones that people agree are a good buy. It must be **trusted** – a brand that consumers respect for themselves, no matter what others say. Finally, an innovative brand demonstrates **understanding** – it gets what is going on in consumers' lives and has a clear role to play.

New technologies and products can be very appealing to consumers, but it is important to launch the most relevant products that offer something new and useful – quality is more important than quantity

The core drivers of innovation remain the same as in previous years; being a pioneer years ahead of competitors is at the core of being a leading innovator for consumers. Buzz also continues to play a key role in enabling a brand to be a successful innovator; Apple is a great example of the role that effective marketing can play in driving an innovative market leader.

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Consumers said that having new products that make their lives easier was most important, however this is not quite as strongly associated with the leading innovators as it was in 2008 or 2009. New technologies and products can be very appealing to consumers, but it is important to launch the most relevant products that offer something new and useful– quality is more important than quantity in the world of innovation.

There have been increases in some negative traits as well. Consumers are feeling the pinch and leading innovators are increasingly being associated with being expensive. However given the sales and revenue growth of some of the world's biggest innovators we continue to see that consumers will pay; as long as the product is good. On the other hand, some companies which are lower down the innovation league are seen as releasing new products for the sake of it.

League Table top 10

Rank	2011	2009	2008
1	Apple	Apple	Sony
2	Sony	Sony	Apple
3	Microsoft	Microsoft	Microsoft
4	Dyson	Virgin	Virgin
5	Samsung	Dyson	Nokia
6	Virgin	Samsung	Dyson
7	Sky	Sky	Nintendo
8	Google	Google	Tesco
9	Amazon	Tesco	Sky
10	Nintendo	Nokia	Panasonic

Technology companies are leading innovation

Technology giants continue to dominate the top 10 positions. Compared to other sectors, technology stands out as being pioneering and with great buzz as it continues to retain consumer interest without getting boring. Interestingly, despite the technical nature of the products, the sector is not seen as complicated or difficult to use relative to the financial and automotive sectors.

The top 3 positions remain unchanged, however that is not to say the picture is the same. Apple not only continues to lead innovation, but has dramatically increased its lead. It is now top of mind as an innovation leader for over half of

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consumers; gaining more spontaneous mentions than Sony, Microsoft and Dyson combined. Leading in many aspects of innovation and seen as a pioneer, what most differentiates Apple is its incredibly successful marketing - it is seen as cool and talked about a lot by consumers. However it is also increasingly seen as expensive, and relative to other technology brands consumers perceive Apple to be launching something new for the sake of launching something new. Market leading products are driving innovation and giving Apple a huge lead in this respect, but it will be important to ensure that its annual launches deliver something new to consumers in order to maintain this position.

Amazon is a new entrant to the top 10 in 2011 with Nintendo making a re-appearance, as Tesco and Nokia drop their positions. Tesco remains the strongest FMCG brand, but compared to the technology leaders it cannot compete in terms of innovation. Compared to 2008 and 2009 Nokia has seen its perceptions as a pioneer with buzz decrease dramatically; no doubt hit by the rise of Apple and the other smart phone leaders.

Content matters, not hardware

There are other significant shifts within the technology sector. Outside of the top 10, and looking beyond top of mind mentions, we see that companies strongly focused on manufacturing and hardware are losing out in the face of those who are also focused on media content, the aggregation of information & products and providing a more social experience. Apple, Google and Microsoft all have content markets, Sky and

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Virgin are big UK content providers, Amazon is one of the world's leading internet retailers and Facebook is increasingly recognised as innovative as it pioneers global social connections. All of these brands are leading or improving on innovation in the eyes of the consumer. Conversely Nokia has failed to compete effectively with Apple and Google in the smart phone arena (despite retaining a leading footprint globally). Similarly, other companies more focused on manufacture such as Sony Ericsson, Dell and Philips have seen their perceptions as innovators weaken.

It is not just the manufacturers who are suffering; the big 4 mobile networks have dropped an average of 10 rank positions each since 2009. They are seen as boring, expensive, complicated and are not pioneers. They are failing to provide relevant innovations to consumers and compared to the rest of the technology sector are seen to be launching new products for the sake of it without ensuring they are the best products. Quantity does not rule over quality and a plethora of complicated tariff choices is not helping to drive innovations.Technological hardware and base infrastructures are becoming more familiar and transparent to the consumer. They are using many devices and systems every day and as such have now become accustomed to living with mobile phones, the internet and flat screen TVs. The hardware or infrastructure is becoming less of a focus in itself and instead an enabler of a whole new world of opportunities. Those companies that tap into the potential of this technology are the real innovation leaders in 2011.

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What about other sectors: finance, retail and fmcg?

Banks are not seen as innovators and have performed poorly across the board with very few top of mind mentions and the lowest innovation ratings and perceptions. FMCG and retail brands also do not feature highly in terms of the most innovative brands with only Tesco in the top 20. Few other FMCG brands get top of mind mentions in terms of innovation. Even when prompted, consumers talk more about technology and media brands, but some FMCG brands did get a mention with Innocent joining Tesco in the top 20 (16th and 15th respectively) and M&S just outside in 22nd. Innocent is driven by Buzz with perceptions of being ahead of competitors, on the way up and one of the few FMCG brands to over index on being cool.

Innovation in 2011 and beyond ...

We have seen that the technology sector continues to lead the innovation league tables. However it is those companies which utilise technology to enable a new and appealing consumer experience that are the true leaders. This gets at the heart of what it means to be innovative in 2011 and beyond; a true innovator must not only be pioneering with new and advanced products, but ensure that they are also relevant and appealing to consumers with a clear benefit over competitors.

This is just a taster of our results which also cover automotive as well as more detail on the sectors and brands discussed here. For more information please contact john.tearle@incite.ws

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