

British Brands

THE NEWSLETTER OF THE BRITISH BRANDS GROUP

innov8 Brands and the innovation imperative

The Brands Conference 2001

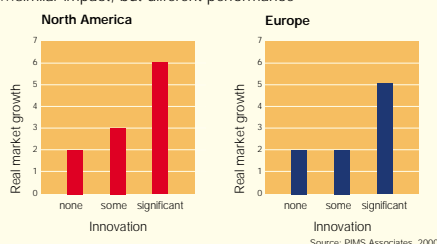
John Noble, *British Brands Group*

'Some people look at the world and ask why? I dream of things that have never been and ask why not!' *George Bernard Shaw*

The golden thread that runs through successful brands is that of innovation, a theme explored in the recent Innov8 conference organised by the British Brands Group. For the brand owner, it means being in a state of perpetual renewal, of maintaining constant energy to reinvent.

The USA leads Europe both in innovation and the resulting wealth creation. They have proportionally more businesses generating sales from new products and generate more GDP per capita. Hard evidence from the PIMS database shows that the impact on innovation on real market growth is similar on both sides of the Atlantic, but the relative performance differs.

The gap between USA and Europe:
Innovation is a key engine for growth in both...
...similar impact, but different performance



Why should this be so? Scale and a culture and mentality open to marketing and risk are potential explanations. While it is not just Europe that lags behind – the rest of the world is in the same boat – the UK can catch up, notably through long term investment in innovation.

This is the responsibility of companies more than government, although the conference identified a number of policy issues that would contribute directly to a genuinely innovation-led economy. Explicit support for the role of innovation (defined in terms of fulfilling customers' needs, not just new technology), recognition of the importance of communication in getting innovations to market, creation and policing of the real benefits of the single market, and reduced barriers to market access were quoted specifically.

There is an important distinction to be drawn between radical and incremental innovation. Radical innovations may be perceived as costly and risky but they have far greater potential to increase market share and enhance sales growth than incremental innovations if they make a real impact on consumer value. This is articulated by Procter & Gamble's Chris Start:

'Real innovation improves and/or simplifies consumers' lives in a meaningful way. Anything less than this is a minor change, which may be a worthwhile improvement in itself, but it does not fundamentally alter the consumer's view of the product.'

The high innovators that achieve higher consumer preference and franchise enjoy far greater returns on their investment than others and the conference identified seven best practices for effective innovation:

- Concentrate on quality, not quantity, of ideas;
- Focus on radical, 'breakthrough' innovation;
- Disseminate consumer insights effectively;
- Use these insights to filter ideas;
- Get to market first with defensible advantage;
- Communicate clearly the brand's consumer value proposition;
- Build strong team contributions.

Deep consumer understanding, on which successful innovation is founded, is becoming harder. Consumers may not know what they want anymore. Furthermore, the temptation is to serve articulated needs, while the real challenge is to meet unarticulated needs.

It is the nature of innovation that the more radical the innovation, the less likely the consumer has experienced it. As a result it is hard to obtain a clear consumer view from research because the consumer needs to experience the radical breakthrough product before they can express a view on it.

Successful brands require effective communication that explains the proposition and creates 'brand mindscape', whereby the brand images remain in the collective consciousness. This too requires new ways of thinking and the

conference proposed a number of guidelines for innovative communication:

- invest a percentage of above-the-line budgets to try out new means of communication;
- build an environment for creativity, learning through risk taking and ensuring those learnings are shared, not repeated;
- revisit the 'bin' of ideas from the past that may have been cast out due to old filtering systems;
- ask teams to consider what they would 'love to do' and unleash creative reserves.

Allan Leighton, chairman of lastminute.com and now of Consignia, concluded the conference by identifying the attributes of winning organisations. They possess a strong culture, a dominant brand, low resistance to change, a leading market position and an efficient low-cost structure. They are driven by value and employ outstanding people.

A report of the conference containing insights and practical suggestions on the theme of innovation is available from the British Brands Group, price £35 + VAT.

New publications

'Posh Spice and Persil' – a transcript of the recent Brands Lecture (free)

Innov8 – a report of the recent Brands Conference (£35 + vat)

'A Guide to Brand Protection' – advice on how to protect your brand (free)

All publications are available from the British Brands Group on 07020 934250 or info@britishbrandsgroup.com

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