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British Brands
THE NEWSLETTER OF THE BRITISH BRANDS GROUP

The Lovemarks effect

Kevin Roberts, *Saatchi & Saatchi*

Brands were a fantastic idea when they were invented in the last century. For decades they transformed products, consumer choice, innovation and retail, and pumped the economy. But today, brands are struggling for relevance in a dramatically changing world.

The unrelenting pressure from smart and impatient consumers is just the beginning. We now have more choices to make in a single day than a caveman did in a lifetime. So we can add 'spoilt for choice' and 'price sensitive' to savvy and impatient.

Mega-competition is attacking every aspect of differentiation and comes to a head on the supermarket shelf. Meaningful, value-driven innovation is today's hot topic for good reason as it has enabled brands to maintain their premiums and keep their distance from own label.

Own label's surge in quality, innovation, range and volume is a growing challenge. The reality is that many own labels are stepping up to become successful brands, at the same time as the brand equity of the store itself is increasing. To surf through this perfect storm, you need a realistic new idea and you need it fast. That idea is Lovemarks.

Job number one for winning brands is to attract consumers with great ideas that are big, simple and sustainable enough to cut through the clutter. Most brands have become paralysed by process which demands analysis, information and data. The problem is that everyone has the same analysis, the same information and certainly the same data.

The closer you get to consumers, the more likely you are to succeed. Creating Lovemarks is all about consumers: the ability to understand their dreams, to know what they want and when they want it, and to create great experiences that make your brand a loved part of their lives.

The promise of Lovemarks

We're on a journey that has taken us from products to trademarks and then from trademarks to brands. Now we are headed from brands to Lovemarks. Only Lovemarks explain why some brands enjoy enduring emotional connections with consumers.

1 **Lovemarks are built on Love and Respect.** They rest on solid foundations of performance, reputation and honesty.
2 **The key ingredients are Mystery, Sensuality and Intimacy.** These are the qualities that matter most in any relationship.
3 **The emotional attraction of Lovemarks inspires Loyalty Beyond Reason.** That's loyalty beyond benefit, price, logo, attribute.
4 **Lovemarks are owned by the people who love them.** That means Inspirational Consumers, not companies.

The attraction economy

Information Economy, Attention Economy, Knowledge Economy, Experience Economy and more. Each concept was developed to crystallize what matters in the market. While each gives us useful insights, none has delivered long-term differentiation and sustainable value. The reason is simple. They are all creatures of mass production and mass marketing, a model that is collapsing.

Engagement. Consumers are not going to be interrupted and they will not be bludgeoned into submission.

Connection. The job now is to connect people with their options, not to direct them. Direction has failed and the role of director has failed along with it.

Many-to-one. The mass media model is dead. Instead of one story being pumped to thousands, we are selecting the story we want to watch when and where we want it.

Interactive. In the future all media will be interactive so the new art of brand building is connecting the amazing possibilities.

ROI. Marketers shouldn't think about ROI as Return on Investment. What matters now is Return on Involvement. How engaged are people by what we're saying?

Divergence. Consumers are not confused by technology – they just know they want everything. They don't want convergence onto one device if it limits their ability to choose.

Attention Economy	Attraction Economy
Interruption	Engagement
Direction	Connection
One-to-many	Many-to-one
Reactive	Interactive
Return On Investment	Return On Involvement
Convergence	Divergence

continued on page 8

inside:

From the Chairman
Buy-in for a successful brand
New product success in Europe
Vision for innovation

▶continued from page 1

Walt Freese, Chief Executive of Ben & Jerry's, has his own take on targeting. He suggests that most brands don't want to ruffle any feathers so they don't stand for anything. Ben & Jerry's comes from a different place. 'We don't need everyone to like us, just some people to love us – passionately. And they are the ones we take care of.'

Nine ideas to leap from brands to Lovemarks

Idea 1 – Get emotional

Lovemarks make one big claim: when it comes to making decisions, people think with their hearts. Emotion, intuition, long-term memories and unconscious motivations make up 80% of our decision-making processes, leaving just 20% for logic to battle over.

Idea 2 – Transform respect

Brands have analysed Respect for decades, but it keeps slipping through their fingers. Consumers keep changing. Quality, efficiency, speed, effectiveness, performance, convenience and price are important but they no longer differentiate. Look at public alarm over global warming, pollution, obesity. Responding to these concerns with information and resolutions has not alleviated them. Emotion has kicked in and what is important is how people feel, not what they might do.

Idea 3 – Unleash inspirational consumers

Traditional marketers call them influencers, evangelists, fans. Lovemarks know them as Inspirational Consumers. They are the advocates, trendsetters, shopping guides and unhidden persuaders. Listen to what they have to say.

Idea 4 – Reinvent innovation

Innovation guru Clayton Christensen reckons that more than 90% of new products fail. The challenge now is to take the lead. We need to start valuing ideas and innovation above process. Dreams inspire meaningful innovation, not gaps to be filled in the market. Breakthrough innovation demands emotion and passion, curiosity and the willingness to fail first and fast.

Idea 5 – Welcome the screen age

The number of screens in our lives keeps growing. On mobile phones, computers, PDAs, digital billboards, games machines, music players and television. As we buy bigger and bigger screens for our homes, we focus in on tiny screens on our phones. We rely on them more and more for information, entertainment, communication, transactions and engagement. They connect consumers directly with brands and bring scale, speed and accessibility to the brand's promise and experience.

Idea 6 – Connect with Sisomo

New worlds demand new words. Sisomo: Sight, Sound and Motion. The three most powerful elements of compelling communication on screen. Sisomo made movies and television the centre of our entertainment world and it is critical to the reinvention of brands because of how it brings together emotion and connectivity and makes that connection available to consumers on demand.

Idea 7 – Get close to your retail partners

The consolidation of retail has created a whole new industry. Retailers and manufacturers are in this together. It's all about shoppers – where and what they buy. Retailers know whether products have failed or succeeded at the shelf, but often don't know why. They have the technology and the data but data-driven insights are aced every time by emotional insights. Retailers are still the information experts on shoppers, but they look to brands to be the emotional connectors.The huge job of making emotional connections with consumers cannot be done alone by retailers or by manufacturers.

Idea 8 – Inspire a theatre of dreams

People still love to shop and savvy stores are starting to turn shopping into an entertainment experience. To make real emotional connections in-store we will need to turn even the biggest box from a functional distribution point into a Theatre of Dreams.

We know that a shopper takes 21 minutes to do her shopping. In those 21 minutes she buys on average 18 of the 35,000 products available. How does she do it? She is guided by her emotional responses and this means the store is full of potential for Lovemarks. 80% of shopper decisions and 50% of switching happen in the store. Decisions on what to purchase are very emotional and shaped by sensual displays and packaging, events and experiences to spark our curiosity.

Idea 9 – Make the world a better place

Lovemarks have shown us that people want to be part of something bigger than themselves. They'll buy from you, but to create a sustainable better world, they have to love what you want to do. For companies to inspire love, they have to be lovable. Start with a Dream and set out to change the world. Simply take responsibility for how your decisions affect the quality of life of people everywhere.

This is the new reality. The challenge is to operate transparently every day across four areas of sustainability:

- Economically – by building on the sustained premiums and long-term growth that Lovemark status delivers
- Environmentally – by demanding long-term vision as well as everyday common sense
- Socially – by creating and maintaining fruitful connections between people, to the benefit of all
- Culturally – by understanding and responding to the changing realities of culture and language. In a world where the most popular first name is Mohammed and in five years more web pages will be in Chinese than in English, culture is central to transformation and sustainable enterprise.

Lovemarks winners will be sustainable enterprises with big dreams, profound values, astonishing innovation and fully inclusive practices.

A full copy of *The Lovemarks Effect*, which was given as the sixth Brands Lecture, is available in hard copy free from the British Brands Group or can be downloaded from www.britishbrandsgroup.org.uk.

British Brands Group

The British Brands Group represents the interests of brand manufacturers in the UK. Membership comprises companies of all sizes across a wide range of product sectors.

The role of the Group is to build in Britain the optimum climate for brands to deliver choice and value to consumers, through constant innovation and fair competition.

The Group is the UK representative of AIM, the European Brands Association based in Brussels.

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From the Chairman

John Bebbington, *Chairman, British Brands Group*

It is with great pleasure that I write my first foreword to *British Brands* as Chairman, following my election at the end of last year. My predecessor Andrew Redpath developed the Group from a young organisation concerned primarily with a single issue to a mature, authoritative voice for brand manufacturers addressing a wide range of brand-relevant concerns. It is a legacy I will find a challenge to match and both the Group and brand manufacturers owe him a huge debt of gratitude.

I take over the chairmanship at a time when the need for an effective coherent voice for brand manufacturers has never been stronger. We are in the midst of a major Competition Commission investigation into the UK grocery market, for the second time in seven years, the consequences of which we will all be living with for many years to come. Separately, we face an opportunity, through the Unfair Commercial Practices Directive, to address a long-running sore for UK brand manufacturers – the ineffective UK measures to tackle misleading packaging. I cover both in more detail below. Finally there is an ever-increasing focus of policymakers on national competitiveness, a challenge to which branding has much to contribute. A strong industry voice is essential to any dialogue with consumers and Government on these matters.

The current grocery market investigation is of great significance to brand manufacturers serving the grocery market but is likely to have implications for companies in other sectors, as well as for those in grocery markets beyond the UK; it is also of crucial importance to all of our consumers.

It is essential that, in drawing its conclusions on competition in this market, the Commission's analysis is thorough and accurate. This may seem obvious until one considers the challenge in getting under the skin of this market when most suppliers will not speak openly. This is the situation in the UK grocery market, which the Commission struggles to understand.

In such a climate it falls on trade associations such as the British Brands Group to step forward to inform the Commission of how this market works. The necessity for such input became clear with the publication of the Commission's *Emerging Thinking* in January 2007 which struck many as superficial in its analysis and, in some areas, even incorrect. It is for the Competition Commission to determine whether this market is or is not working well for consumers but it is crucial for all those involved to ensure that it has the information it needs to provide an accurate analysis. We will be living with the consequences for years to come if they get it wrong!

Moving on, regular readers of *British Brands* know all too well of the gap in UK law which allows misleading packaging to persist unchallenged. The designers of such packaging skilfully design around registered intellectual property rights, leaving companies with the law of passing off to seek redress, a law which the Gowers Review on Intellectual Property last year considered 'does not go far enough to protect many brands and designs from misappropriation.' The prospect of a more effective remedy is presented by the Unfair Commercial Practices Directive which includes provisions against such misleading practices and which is due to be implemented in member states by December 2007 (although the UK is likely to be late).

By the time this newsletter is published we will know the shape of the Government's Statutory Instrument that will implement the Directive into UK law but, from our discussions to date, it is certain that enforcement will be limited to such organisations as the Office of Fair Trading and Trading Standards Officers, and not companies. Simply put, this means the Directive will not be enforced against packaging that misleads consumers. Consumers tend not to complain, either because the unit price of the items tends to be low or they remain blissfully unaware they have been duped, so the OFT and Trading Standards will not consider the problem a priority and therefore will not act.

To see such a great opportunity slip through the Government's fingers, by failing to give companies powers of enforcement as the Directive allows, is immensely frustrating and calls into question the extent of the Government's desire to see consumers empowered to make informed purchasing decisions. Is this only a goal when bureaucratically convenient? In the meantime consumers seem destined to face deceptive packaging for many more years while companies, whose reputations are being hijacked, will remain powerless to act.

During my tenure as Chairman I wish to see the Group continue to grow its authority in speaking out on behalf of brand manufacturers and the consumers they serve. To do this I wish to see brand manufacturers of all sizes and across a wider range of product categories engaged actively in the Group's work, for even greater focus to be placed on the contribution of branding to national competitiveness and for greater levels of transparency in the work we do. I am delighted to announce one step along this road – a fully redesigned and more interactive website at www.britishbrandsgroup.org.uk. This explains more fully the work of the Group and the value of branding. I encourage you to visit it and please let us know what you think.

Buy-in for a successful brand

Thomas Burke, *Dave*

'Many large organisations have the knack of taking in enthusiastic, committed and hopeful people and turning them, unwittingly and over time into hostile, cynical and hopeless people'
Source: Leadership in the knowledge age, *RSA Journal*

A recent survey by Gallup in the UK concluded that an average of only 16% of employees are truly engaged with their jobs and the companies they work for. This minority are the loyal and the psychologically connected. These are the people who want the company to succeed and are most likely to deliver the best service to customers. This means a massive 84% are disengaged. Of these, 24% are categorised as actively disengaged. These are the people who are physically present but psychologically absent. They are unhappy with their work situation and insist on sharing this unhappiness with colleagues and invariably with customers through poor service and bad attitude.

This behaviour obviously damages the company brand and reputation but more importantly for shareholders it impacts the bottom line as customers choose to walk away. The traditional approach to addressing this problem is what is termed 'employee branding' or 'internal branding'. These programmes are designed to 'sheep-dip' the employees in vision and values workshops, the measure of success being how accurately employees can recite the appropriate words or phrases. But saying it is not enough. Take Enron whose employees were schooled in the company values including integrity – 'we work with customers and prospects, openly, honestly and sincerely' – and we all know what a difference that made.

A new approach is needed that fundamentally changes attitudes and behaviours and not just vocabularies. It is called buy-in. Buy-in is when all employees understand what the company is trying to achieve, believes and acts on it in everything they do. Companies with buy-in are more successful.

The *Sunday Times* publishes annually a list of the 100 Best Places to Work. The high profile of this survey and its participants such as Barclays, Vodafone and KPMG signals that for successful companies buy-in from employees is not just a 'nice to have' but a 'must have'. The best people want to work in the best workplaces. The best workplaces retain the best people. The best people deliver the best results both for the brand and the company. In fact an analysis of the financial performance of the 100 Best Places to Work showed that they outperformed the FTSE 100 listed companies by an average of 40% over a five-year period.

But this positive picture hides an important issue. Although there has been some progress, buy-in is still seen as an issue for HR or Marketing to resolve. It does not merit the attention of the CEO and the board. It is not seen as a business imperative. This means that budgets for buy-in related initiatives are insufficient and a small fraction of what most companies will spend externally on advertising. Leaders will say that 'people are our most important asset' but they are unwilling to invest in engaging them with the company strategy and direction. All this needs to change if companies and their employees are to truly and consistently deliver what their brands promise to their customers.

But some companies are already leading the way in buy-in. First Direct has had the most satisfied customers of any bank in the UK for the past 13 years. 36% of new customers join as a direct result of personal recommendation. So it's unsurprising to find that their call centres have significantly lower staff turnover than the industry average and that they regularly feature in the *Sunday Times* 100 Best Places to Work list. At Prêt à Manger the recruitment, induction and training of staff are designed to ensure that staff understand and deliver the Prêt 'passion for food' promise to customers. The usual ultra-high staff attrition rates of the sector and the inherent costs are less of a problem at Prêt where over 60% of managers began life on the shop floor. Even new joiners at head office must spend their first two weeks working in one of the shops to immerse themselves in the brand and culture.

The rise of corporate governance and the resulting emphasis on transparency and accountability has put buy-in unexpectedly on the CEO agenda. Now the company strategy and what the company stands for (and therefore its brand) need, more than ever before, to be clearly articulated and communicated to all stakeholders, including employees. This is the first step in achieving buy-in: employees being in no doubt about what they are buying-in to. This clarity and focus, from the CEO, is delivering benefit not just to employees but also to shareholders. A survey of financial analysts by Hill & Knowlton found that 66% thought that the CEO's ability to communicate effectively with employees was important or extremely important when considering the non-financial aspects of company valuation. This figure is 60% for the CEO's ability to motivate employees. The real value being assigned by analysts to these buy-in indices such as communication, motivation and leadership could mean that buy-in becomes a boardroom issue in the same way that brand did in the 1990s.

Does your company have buy-in? Dave has a booklet *The Buy-In Challenge* to help you decide. Contact Thomas.Burke@dave.biz for your free copy.

New product success in Europe

Tim Eales, *IRI European Division*

It has long been accepted that successful new products are the lifeblood of a dynamic FMCG category but, not only does new product development (NPD) bring variety and technological advances, it is also critical for price maintenance in an environment of everyday price deflation.

Due to High Street competition, growth of discounters and the increased dependence on trade promotions, the price paid for many established, everyday goods is falling, and has been for some time in Great Britain, as well as other European countries. If this were the only influence on the overall average price trend exhibited at the category level then we would be seeing far greater topline deflation than has already been seen. However, two other influences are at work. These are trading up and NPD, both of which usually contribute to the gradual premiumisation of a category. Figure 1 below, shows these three factors at work and how they can combine to create low-level inflation as has often been exhibited by many fmcg categories in the past. This process is as evident, and probably more important, at the manufacturer level as well as at the category level, for value growth to be achieved. The process of trading up is driven by the consumer's willingness to part with more money for a more expensive product as their aspirations/needs increase and they have the disposable income available. Many people, all over Europe, are better off now than they have ever been, and so trading up can occur.

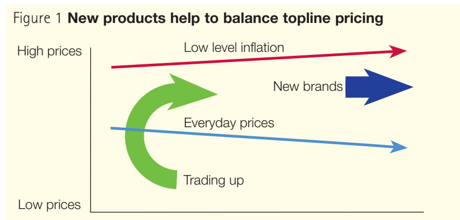
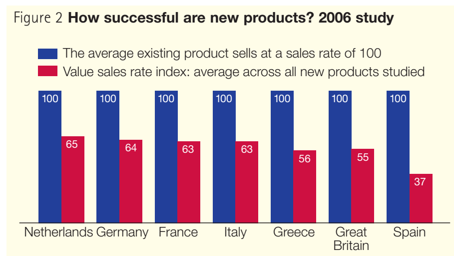


Figure 1 **New products help to balance topline pricing**

The final element – NPD – is, however, the most critical element in stemming the tide of falling everyday prices as it offers the manufacturer the opportunity to launch at a premium price. With media and promotional support consumers can be attracted to the higher price point as well as the premium end of the category. However, this rather presupposes that consumers will buy the new products and that they will be successful in the marketplace. Actually, on average across Europe, only a relatively small number of new products are successful, just two out of ten, with the other 80%, in effect, failing. For the purposes of this statement 'success' has been defined as having a value sales rate at least as good as 20% lower than the average value sales rate in the category. The latest IRI study *New Product Success in Europe* explains:

'Approximately 4000 new FMCG products were included in the study with sales to date of between one and two years. These were from the seven European countries that feature in the chart below. Remarkably the average new product in Europe, across a wide range of food and non-food categories, underperforms the value sales rate of the average item in their category by more than 40%.'

Figure 2 **How successful are new products? 2006 study**



However, as Figure 2 clearly shows, success rate varies widely across countries with the Netherlands, Germany, France and Italy, some way ahead of Greece and Great Britian, and last by some margin comes Spain where new products underachieve the category average by a massive 63%. The sales rate analysis takes into account variations in distribution between the products and between the countries, variations which can be extreme, and different countries tend to exhibit typical distribution patterns.

Figure 3 **The 'best' group of new products is gaining distribution quickly but often falls short of the maximum possible**

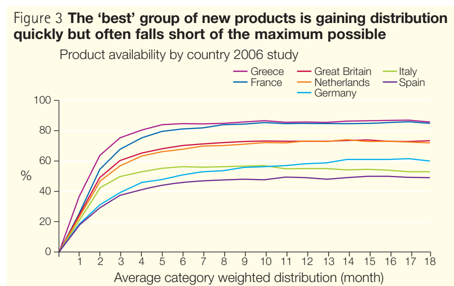


Figure 3 shows the distribution levels achieved over the first 18 months by the best performing new products and they vary enormously. This is largely a function of the retail infrastructure in the different countries and is critical to the progress of new product launches. For example, the British retail trade is highly concentrated and well organised, with a small number of retailers accounting for the vast majority of sales. So, with a few major agreements in place, a new product can find itself stocked in the majority of the trade in just a few weeks. In contrast, in Italy, the trade is highly fragmented with 11 retailer groups operating some 28 separate store chains to deal with. Distribution is therefore slow to build and on average, even after 12 months, is no higher than the 60 per cent that new products attain in Great Britain after 12 weeks.

In the Netherlands and in France, there is also a concentrated trade structure with a small number of key retail groups operating the majority of the grocery business. New products gain distribution quickly, very much as they do in Great Britain but at a slightly lower level in the Netherlands and faster in France.

The situation is different in Germany where distribution builds slowly and on average begins to fall even before the end of the first year. Poorly performing new products are weeded out quickly in Germany and, overall, new products in Germany can often achieve relatively low levels of settled distribution.

The lowest level of all, however, is seen in Spain. On average, the distribution in Spain, for best performing new products, is still less than 50% after 18 months. The Spanish retail trade, as is the case in Italy, is still fragmented across a large number of retail groups and store fascias. Another consideration in assessing the distribution information is store size, as there is clearly always pressure on shelf space and smaller stores inevitably offer a reduced range. Although the Spanish trade is well endowed with large grocery outlets, it has a significant number of small supermarkets. The Italian information clearly shows how the number of separate agreements required to achieve full distribution for your new product take time to negotiate and

so Italian distribution, whilst not the lowest, is gradually increasing for the longest time.

Having gained distribution, the objective of a new product is to maintain or increase that level over time. It was clear from this study that some brands have difficulty doing this and that this correlates with a poor sales performance either in terms of absolute sales or growth trend. Those products performing less well will typically begin to lose distribution after nine to 12 months from launch, presumably to make space for the next round of new products.

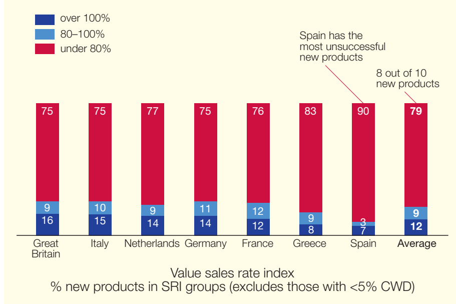


Figure 4 **How successful are new products? 2006 study**

Overall, across Europe, as shown in Figure 4, only 12%, one in eight new products actually exceed the average value sales rate of all category items. This figure alone shows just how difficult it can be to change consumers' habits and attract them to something new and this varies from 16% in Great Britian to just 7% in Spain. But in order to enjoy a reasonable degree of success in the market it is not always necessary to exceed the category average sales rate. Analysis shows that the average sales rate across all individual items often falls in a band from 60% to 80% of the category average (this phenomenon is caused by the upweighting effect on the category average of the faster selling items which are few in number and high in sales).

Therefore, when looking for success rates, anything above an index of 80 can be considered successful. Taking this additional layer of new products into account increases the success rate in Great Britain to 25%, or one in four. This is not dissimilar to Italy, Netherlands, Germany and France but well ahead of Greece and Spain. Clearly, with Great Britain only featuring in sixth place on the overall league table of success, those in the under 80 bracket are generally performing much worse than in the five countries above Great Britain.

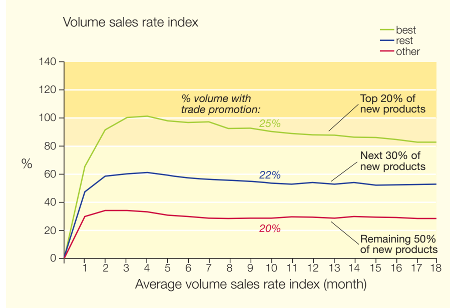


Figure 5 **Achieved by the new FMCG products in Europe**

Tracking the value sales rate index over time as in Figure 5, shows how much higher the sales rate is for the best performing new products, even from the very first sales period and that with so much new product activity in the market today, even the best can often find their sales rate deteriorating over time. Trade promotion, whilst much more popular in some countries (notably Great Britain) than in others, is not in itself a key discriminator of success. The lowest performing group of new products was trade promoted almost as much as those in the group of best performers.

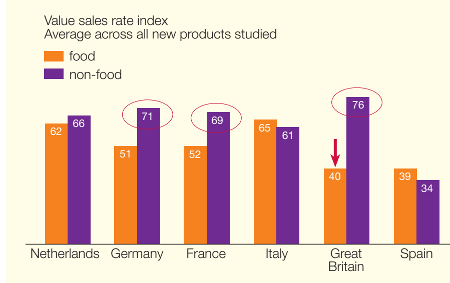


Figure 6 **How successful are new products? 2006 study**
Food versus non-food – value sales rate index

Splitting the 4000 new products in the study into food versus non-food reveals some dynamic differences. Figure 6 shows that, overall, new products in the non-food categories perform better than their counterparts in the food categories. This may demonstrate the shopper's greater willingness to try out new non-foods more readily than new foods. But maybe there is more room for 'real innovation' in non-food, or possibly less consumer 'risk' as more purchases would be for personal rather than family use, or maybe to keep up with new fashion trends or to clean new types of surface or fabrics. Whatever it is, it's generally easier to get consumers to buy new non-foods than foods in Great Britain, Germany, France and the Netherlands.

In Italy, new food products scored the highest for foods across all countries, just above the Netherlands, so maybe these two countries are most adventurous in their acceptance of new food ideas. Spain however scores low on both food and non-food, with the lowest overall success score of all the countries and the lowest distribution. Certainly this is the hardest country in the study in which to launch a successful new product, and by some margin.

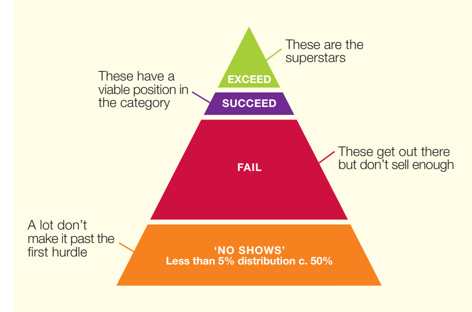


Figure 7 **If we look at all new products**

In summary, Figure 7 shows how only 10% of new launches exceed the category average sales rate in value and are, therefore, the true superstars. Another 10% succeed, with a viable position in the category, performing at least as well as most items in the category. The remaining 80%, that achieve more than 5% distribution, generally fail based on a low sales rate and ultimately lose their distribution as more new products take their place. But it's those one in five successes that, at a premium price, add back value to the category and manufacturer sales that is so necessary to maintain or establish growth on the bottom line in times of everyday price deflation.

New Product Success in Europe has been compiled by Tim Eales, Industry Insight Director for IRI, European Division.

Vision for innovation

Dr Pam Henderson, *NewEdge Inc*
Paul Stead, *The Brewery*

Innovation is both an imperative and an ongoing challenge for brand manufacturers, with disruptive innovation providing the potential to redefine markets and establish market leadership by meeting consumer needs in totally new and better ways. Achieving such a shift however is not straightforward. In this article NewEdge and The Brewery present their insight on how companies can organize themselves to be truly innovative.

Traditional mission statements focus on what a company is. They answer questions about the company's unique purpose in its industry and in society as a whole, and they get down to the specifics of the products and services the company provides, and its strategic game plan. At the same time, they extend to less definable features of the corporate psyche, such as core values and organisational culture.

A vision statement, on the other hand, articulates what the organisation wants to become. It usually answers the same questions as a mission statement, but from the perspective of the future.

Leading businesses today take for granted the importance of their mission and vision statements, as a means of defining themselves and their goals, and giving direction to their activities. Clearly, these definitions are at the heart of branding, for a successful brand clearly articulates its promise to the customer, and then consistently meets that promise.

But as innovation takes centre stage before the global business community, brand owners are glimpsing the need for a new way to define themselves, in terms of their approach to innovation.

New game, different goalposts

All successful companies innovate as a matter of course. Knowledge increases, markets expand and become more sophisticated, competitors pose challenges, systems improve, and these and many other factors drive ongoing incremental innovation.

Within today's increasingly competitive markets, however, leaders are created and maintained through disruptive innovation. And sustained, effective disruptive innovation demands a clearly articulated vision and strategy.

Successful innovators have learned that innovation strategy and management operate under a whole different set of principles from the day-to-day business of a company. To do strategic innovation well, a company needs to adopt an innovation-focused set of activities, defined in a separate vision statement about what innovation looks like in the context of that company.

Strategic innovation has to do with changing the way a firm competes in its market. It is about offering new products and services, often delivering them in a whole new way. The change may call for a new business model, or design and brand enhancements.

Disruptive innovation is all that and more, in that it usually runs counter to the conventional wisdom of the market and industry. It sets out to meet needs the market may not yet have articulated or even recognised. The tool we use to accomplish that is the Innovation Vision Roadmap™.

Like a traditional vision statement, the Innovation Vision Roadmap™ addresses the key sources of uncertainty: organisational structure, resources, market, technology, and partnerships. However, it addresses these specifically in terms of how they will differ from standard operating procedures.

It is important to define and focus an organisation's innovation goals, building momentum through internal communication, commitment, setting of expectations, and attention to necessary organisational changes. As members of the team understand how the approach to innovation differs from standard approaches to operating a business or managing projects, mindsets shift throughout the organisation.

At all levels, a well-thought-out roadmap rouses the team's passion for innovation, creates expectations that underpin a culture of participation, and focuses attention on the long-term goal. At the same time, it reinforces the organisation's commitment to do what needs to be done to accomplish its innovation goal, and identifies the resources to be committed.

Creating a vision that works

To create a roadmap that works, organisations need to define and understand their Innovation Imperative – that is, their reasons for pursuing innovation. These reasons may be internal, such as stagnant growth or under-utilised intellectual property, or external, such as changing business conditions and stakeholders' expectations.

Equipped with this knowledge, an organisation can create an approach based on a full set of strategic visions, for brand, finance, portfolio growth, marketing, competition, organisational structure, technology, partnerships, resource allocation, and timing.

The **innovation brand vision** is a key element. The organisation must understand not only where innovation will take it, but also how innovation will influence the brand image and brand equity. In addition, it should consider how to leverage the current brand to create innovation opportunities. The innovation brand vision answers the question of what the brand will or may be if innovation is successful. The key here is that this does not merely graft a new piece of DNA – that is, 'we will be viewed as innovative' – into a restatement of the existing brand vision. Rather, the innovation brand vision makes a statement about how the brand will be perceived when innovation comes to fruition.

Another key element of the innovation vision is the financial vision, which encompasses what the organisation can accomplish financially by pursuing innovation. It is necessary to set financial goals, communicated clearly across the organisation, and then break them out across the portfolio of innovation opportunities.

The **portfolio vision** defines what the organisation is willing to do in terms of

innovating outside its current markets, technologies, assets, and business models. It compares the current portfolio with new markets, new technology platforms, and new assets. It evaluates the innovation portfolio in terms of growth from incremental, adjacent, and disruptive innovation; compares the impacts of innovation from internal resources with 'open' innovation, which comes from partners; and evaluates new business models, alternative positions in the value chain, and changes in design and brand.

The **market vision** element focuses on the future, to identify markets that promise growth. To do this, it determines what key human needs or functions the organisation is best suited to meet, by mapping these needs against assets and capabilities. Based on this, it identifies the markets to pursue, and defines the organisation's future role.

A **competitive vision** intensifies the organisation's focus on its strategic goals, and helps shift its focus to a new set of competitors. It identifies the competitors of the future, and defines how innovation will change the organisation's position relative to existing and future competition. It also helps set the tone for the organisation's response to competitors' efforts.

The **organisational vision** defines the commitment, in terms of people and culture shift, needed to accomplish the brand vision. This element of the roadmap identifies the people involved in driving, supporting, and delivering innovation to the market, defines the culture that will create an environment for innovation, and determines how the organisation will develop innovation-friendly values, attitudes, and cultural changes through performance appraisal, reward systems, and response to failure.

The **technological vision** defines the key technological platforms and capabilities that will be leveraged or developed, to provide a basis for innovation. It also assesses the organisation's capacity to develop technological breakthroughs, both internally and externally. This encompasses a vision for intellectual property, and involves determining how the organisation can make its capabilities more complex, and so harder and more costly to imitate.

Partnerships can open doors to innovation opportunities. Therefore, a view of what partnerships will emerge in the future, and what will attract those partners, is instrumental in becoming a leader in innovation. The **partnership vision** should also spell out what you bring to the table, and how the balance of power will work out in the partnership.

The **resource vision** defines what is needed to create the desired level of innovation, and allocates resources between established and new products. It puts numbers to the organisation's commitment to innovation in terms of money, people, and time. In addition, it determines what trade-offs the organisation will make between its established products and services and the new ones, in terms of capital investment, R&D to develop new capabilities, and markets given up to release resources.

Lastly, it is necessary to consider the time factor. Through the **acceleration vision**, it is recognised that innovation requires doing business and projects differently. It sets a timeline, sets goals for accelerated innovation, and defines the processes needed to speed innovation.

An innovation vision is critical to driving innovation within a company. To reach its fullest potential, however, it must be supported by a communication strategy that drives the vision into the organisation, as well as outward to stakeholders, customers, channel members, and potential partners. Such a communication strategy should be as innovative as the vision itself, to create a series of visual images of what could be.

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New brands website

The British Brands Group has re-launched its website. With more information about the Group and more information on branding, there are case studies on branding and innovation, along with a comprehensive library of articles, submissions and papers. Visit www.britishbrandsgroup.org.uk and let us know what you think.

Museum of brands

Insights on the interplay between consumer goods, social trends and the themes that interest us in our daily lives can be gained from a visit to the Museum of Brands, Packaging and Advertising in Notting Hill. This remarkable permanent exhibition, open every day except Monday and which includes meeting room facilities, provides an engaging, evocative and even nostalgic record of the products we use – and have used – day to day. (www.museumofbrands.com)

Trade mark fees to fall

The EU's Competitive Council agreed at the end of May that Community Trade Mark fees will soon be a lot cheaper, bringing important savings to companies. Reductions can be expected for applications, registrations and renewals. The move was prompted by a substantial surplus at OHIM, the European Office for Trade Marks and Designs in Alicante.

Unfair commercial practices directive

The Government has launched a consultation on its implementing regulation of the Unfair Commercial Practices Directive, legislation which will significantly overhaul consumer protection across Europe. The Directive will impose a duty on all consumer-facing companies not to trade unfairly. The consultation ends on 21st August 2007. (http://www.dti.gov.uk/consultations/page39674.html)