INNOVATION AND THE NEW CONSUMER

REPORT PRODUCED BY
THE NEW MARKETING RESEARCH GROUP

CRANFIELD SCHOOL OF MANAGEMENT

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Foreword

Managers today are under no illusion that their daily challenges are closely linked to the necessity to expand markets, market share and profitability. For them, innovation is something of a holy grail that holds the key to sustained business success. This report sets out the concerns of managers faced with meeting the needs of today's consumers and describes a multi-dimensional research design that was undertaken to try and find some of the answers. The work of the New Marketing Research Group (NMRG) here at Cranfield School of Management is based on the premise that we have moved from a production-driven economy to one that is consumption-led. This raises questions about how the process of marketing itself needs to undergo a consequent shift and the work of the NMRG on the subject of innovation provides some insight into this wider issue.

This is a timely, relevant and illuminating report. It's stimulating content makes for absorbing reading for practitioners – clients and agencies – and academics, and I'm delighted to be continuing a Cranfield tradition of championing original work in marketing in endorsing it.

Professor Martin Christopher
Professor of Marketing & Logistics

Acknowledgements

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Executive Summary

Innovation in marketing was identified as a subject of concern to marketers at an Open Day held by the New Marketing Research Group (NMRG) at Cranfield School of Management. In particular, managers expressed a desire to find ways in which they could best make sense of the fast changing consumer environment to deliver sustainable competitive advantage. In response to this, the NMRG embarked on a programme of workshops and original research to provide some insight into addressing this issue. The results of these activities are reported in this document.

Practitioners' interests clustered around four key questions:

- How do you get creativity into the marketing process?
- How do you get intuition into the marketing process?
- How do you move from incremental to radical innovation?
- How do you get better consumer insight into the innovation process?

A multi-dimensional response was adopted to tackle these questions, which arise from the observation that "markets are changing faster than marketing" (Kotler, 2001). With developments such as the Internet and new levels of consumer empowerment, the traditional tools and techniques of understanding markets and the marketing of products and services have come under scrutiny and been found wanting. Essentially, we have moved from a production-driven to a consumption-led marketing environment and, as a consequence, organisations need to adopt a demand-based management approach. For consumer marketers, this means finding ways of understanding and embracing the complexities of today's consumers. These are consumers who are active, confident and knowledgeable; they look for brand experiences and their lives are being transformed by developments in IT.

The report then turns specifically to the subject of innovation, where there are many definitions to draw on. The type of innovation most commonly referred to in marketing parlance is that of new product and service development. This is, however, only one form as innovation can also take place in the ways in which things are created and delivered into the marketplace. This report sets out the traditional views of innovation and highlights key models including the Stage & Gate Process, the Development Funnel and the individual Heroic Inventor.

More contemporary approaches to innovation suggest that the real challenge for organisations is that of generating insight into consumer behaviour that is sensitive enough to enable real value creation (in the eyes of the consumer) to take place. Leading edge organisations are turning to insight generation techniques which seek to get under the skin of the consumer, to create products and service concepts based on a deep understanding of unarticulated user needs. The techniques adopted include the use of empathetic design, lead users and co-creation workshops – all of which are characterized by centering the innovation process on the consumer and consciously involving them in the process. Insight generation, the necessary first step to successful

innovation, is seen to encompass both traditional and contemporary market research techniques.

The NMRG consulted with a group of experts, drawn from global f.m.c.g. companies, management consultancies, advertising agencies, academia and journalism on the future of innovation, resulting in the identification of a number of themes. Key to these is the tentative emergence of a novel concept of integrated insight that brings together consumers, retailers, manufacturers and academics into an innovation network. To progress towards the delivery of innovation in the marketplace there is a need for this network to work with both structured and unstructured data, elicited through traditional and contemporary market research techniques. This approach is neatly summed up by one of the experts consulted: "The linear buyer-seller model is really very old fashioned and what we're looking towards, particularly in the case of creating new products and new services, will be a highly interactive one and the question then becomes one about the mechanisms and modalities for that".

The report then explores one of these emerging mechanisms in some detail. A co-development workshop was run as an original piece of research, focusing on the process behind the concept, rather than the content of the outputs. The findings of the team illustrate that innovation can be as much about market relationships and marketing processes as about product and raise the question, "What does this approach mean for research agencies as their role moves from that of gatekeeper to facilitator?"

The report concludes with a case study based on the work of Nissan who have developed a process known as CUPID (Customer Understanding Processes in Design) and then sets out the results of some original small-scale research into consumer perceptions of innovation and processes of market understanding.

Introduction to the Report and Research Design

This report offers an insight into some of the thinking behind one of Cranfield School of Management's research groups, the New Marketing Research Group (NMRG).

There has been much debate in the marketing world about required changes in marketing practice and theory. Terms such as "postmodernism" and "new consumer", for example, have become common parlance. The work of the NMRG has been to try and understand these issues and to link academic theory with the practice of undertaking marketing in the commercial environment.

The research, so far, has been exploratory. It is hoped that by presenting our thinking based on research to date, we will be able to make a case to further pursue the issues of how marketers can best make sense of the fast changing consumer environment in order to deliver sustainable competitive advantage.

Our research has focused on specific areas of marketing, for example, segmentation, consumer insight and the role of creativity.

This report focuses on the issues surrounding the involvement of consumers in the innovation process. It begins with an outline of the New Marketing Research Group, looks at why innovation was selected as a research area and then leads the reader through the innovation research, finishing with results, conclusions and recommendations.

Section 1 The New Marketing Research Group

1.1 Background

The New Marketing Research Group was founded in 2001 by Dr Susan Baker, Professor Malcolm McDonald and Dr Louise Humphries at Cranfield School of Management.

At the time, experience of training and working with practitioners at Cranfield illustrated to these founding academics that traditional marketing techniques were increasingly failing to equip managers with the tools they needed to deliver sustainable competitive advantage.

In order to move forward, an open day was held at Cranfield to discuss and clarify concerns with a view to developing a research programme.

Practitioners were invited to attend a day comprising presentations and interactive sessions. The presentations included a comparison of "New" and "Old" marketing by Professor McDonald, a post-modern input from Professor Stephen Brown, a political perspective from Shelia McKechnie, Director of Consumers' Association as well as company case studies. Forty six organisations took part in this opening event.

As part of the interactive sessions delegates were asked to work in syndicates in order to determine specific areas of concern to them in their marketing roles. Having identified a number of issues, these marketers were asked to rank them in terms of the impact each issue had on their business ie. to prioritise.

Findings from this session are summarised by the following diagram (Figure 1.1).

Figure 1.1   Key marketing issues in faced by contemporary practitioners
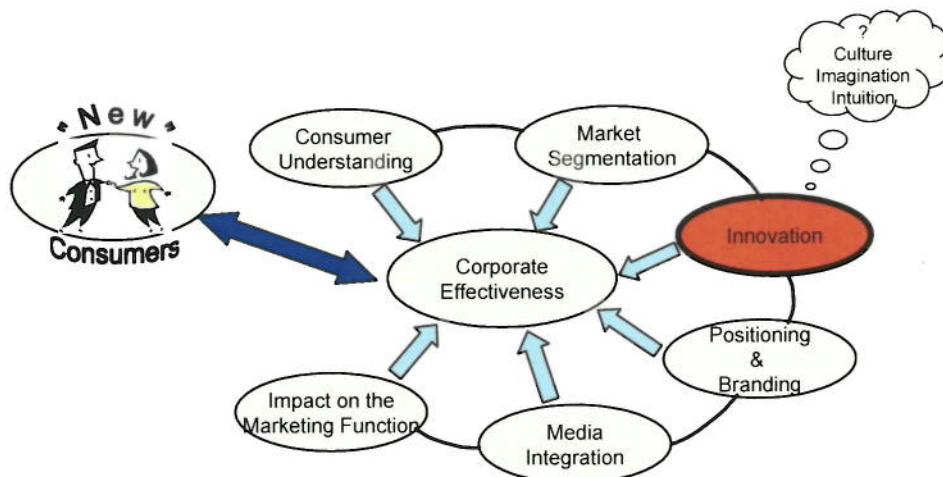
In order to gauge the importance of the changing consumer delegates were asked to rate the relevance of the need to make sense of the fast changing consumer environment. Their responses are shown in Figure 1.2.

Figure 1.2   Rating of the importance of the research question

"How can marketers best make sense of the fast changing consumer environment to deliver sustainable competitive advantage?"					
	1	**2**	**3**	**4**	**5**
Not at all Important					**Highly relevant**
	0	7%	7%	14%	72%

The results confirmed that, as well as academics, practitioners were also searching for new marketing approaches.

In terms of their current business activity delegates were then asked to disclose the steps they were taking to address the situation. The responses are shown in Figure 1.3 below:

Figure 1.3   Steps being taken by organisations to sustain their competitive advantage.

"What steps are you currently taking within your organisation to address this question?"	
Informal discussions with colleagues	93%
Established a working group internally	21%
Appointed an external resource to examine the issues	54%
Introduced new working practices based on a review of traditional approaches	50%
We've only ever done "new marketing"	3%
None at all	3%
Other	14%

Clearly, the issues were being widely discussed between colleagues. At least half the respondents had also appointed an agency and/or introduced new working practices into their organisation.

A tiny proportion claimed to have only ever done "new marketing" and a similar proportion to be doing nothing at all.

Of the "Other" category, scenario planning and periodic reviews were cited.

This evidence supported suspicions that marketing theory needed to be researched and updated in order to meet the challenges of contemporary society. This therefore led to the formation of the New Marketing Research Group.

1.2   Aims of the New Marketing Research Group

- To stretch the thinking of senior marketers and expand their horizons.
- To provide analysis of current, or developing, approaches to consumer marketing in a way that is helpful in running a business.
- To consider how the process of consumer marketing is evolving in light of the changing marketing environment.

1.3   Modus Operandi

A programme of research and workshops was developed in order to deliver groundbreaking results to practitioners whilst ensuring their input into each stage. These sessions are listed in Appendix 3 at the end of this report.

The Group operates on an annual membership basis. This ensures practitioner continuity throughout the research process.

1.4.   The Concept of New Marketing

As a starting point the concept of "New Consumer Marketing" was conceptualised as consisting of the three key processes as shown in Figure 1.4.

Figure 1.4   The New Consumer Marketing Model
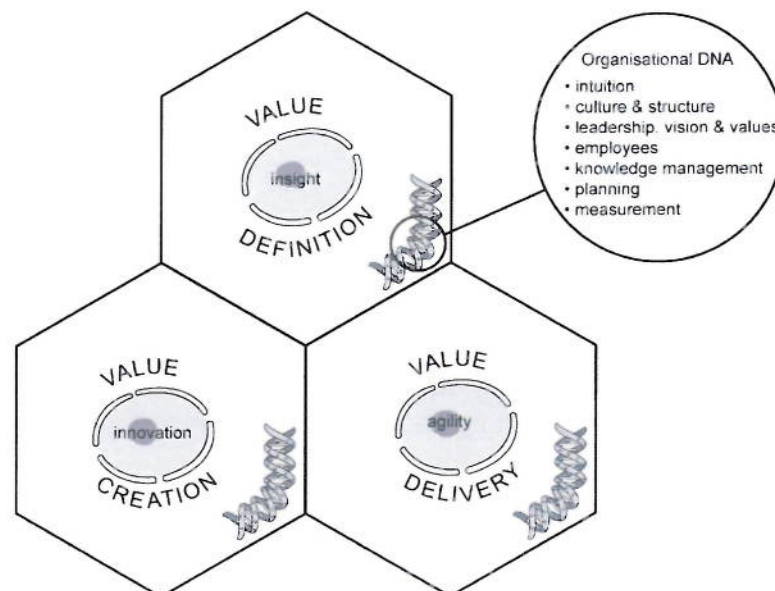
Source: Baker, S. (2003)

These processes are underpinned by a value-centric orientation as follows:

- **Value definition**: is the process of generating and identifying insight in order to describe and demonstrate value. This covers both traditional and non-traditional ways of generating insight and the process of turning that insight into something actionable through segmentation.

- **Value creation**: innovation forms the nucleus of this process cell and is of strategic significance. Other sub-processes include new product development, branding, positioning and pricing.

- **Value delivery**: ie. how value is communicated and conveyed by an organisation to a specific audience. Media and channels play a role alongside service, technology integration and supply chain management. The watchword here is organisational agility.

Within the **"Organisational DNA"** are the seven elements needed to make a demand system viable. These are the inter-relationships of **intuition; culture and structure; leadership, vision and values; employees; knowledge management; planning; and measurement.**

The model is organic in nature, reflected in the use of honeycomb-shaped cells, each of which has a nucleus. The model encourages the synergy of emphasising both 'people' and 'process', thus enabling organisations to break out of the binary thinking that has long constrained management theory. In short, the static marketing function of the production-driven economy becomes a living demand system in the consumption-led economy, leaving behind the mechanistic approaches of the former era. This model provides a framework for understanding the role of innovation in the value creation process. The model is explained in more detail in New Consumer Marketing, by Susan Baker while the issue of innovation is now explored in detail through this report.

1.5   The Great Innovation Debate

Having identified innovation as a central issue in New Consumer Marketing the NMRG focused its research on innovation. This was structured through the NMRG combined workshop/research programme and enriched by an on-going PhD thesis ("Consumers as Innovators" by Deborah Roberts).

1.5.1 Workshop

In order to establish practitioner issues concerning innovation and to define our understanding of innovation, a one day debate style workshop was organised.

The day involved presentations from innovation experts and specialists. These included academics (eg. Prof. John Bessant from Cranfield University), practitioners (eg. Dr Roy Sandbach from P&G) and agencies (eg. David Bottomley from The Values Company).

Through facilitated syndicate sessions member practitioners concluded the open day with a list of research questions.

1.5.2 Practitioner Elicited Research Questions:

- How do you get creativity into the marketing process?
- How do you get intuition into the marketing process?
- How do you move from incremental to radical innovation?
- How do you get better consumer insight into the innovation process?

1.5.3 Research Design

A multi-dimensional research approach was adopted to tackle these questions and is presented in this report as follows:

1. A synthesis of practitioner and academic literature was undertaken into the current innovation debate in the consumer marketing field.
   Reported in Section 2: "New Consumer Marketing" and Section 3: "Innovation in a post-modern era".

2. Expert interviews were conducted with practitioners, academics and consultants, working in the field of innovation and consumer markets.
   Reported in Section 4:"Experts on Innovation".

3. An experimental co-creation workshop involving consumers and practising managers was undertaken.
   Reported in Section 5: "The Co-creation Workshop"

4. An in-depth case study of Nissan was completed.
   Reported in Section 6: "Nissan: The Case Study"

5. A consumer survey was undertaken.
   Reported in Section 7: "The consumer view of innovation"

Section 2 New Consumer Marketing

> *"Markets are changing faster than marketing."*
> (Kotler, 2001)

2.1   Introduction

We are living in a time of profound socio/economic change, which some observers have declared to be a transition to a new post-modern era, or a new knowledge based economy. In this new economy the traditional tools and techniques that have served marketers well in the past are now coming under scrutiny. The advent of the Internet is empowering the consumer, and turning conventional marketing thinking on its head. As John Grant, a visiting speaker at Cranfield NMRG claims, New Marketing involves thinking about brands and customers in a radically different way. There is a need to adopt demand based management responses as we enter a consumption-led market place.

2.2   The Consumption-Led Market Place

For the first two decades after the Second World War the dominant stimulus for marketers was the supply gap. This presented them with a growth market, where they sought to keep pace with demand. Their modus operandi, transaction marketing, was based on a sales orientation, the aim being to acquire as many new customers as possible. Profit was generated through increased sales volume. As this supply gap closed, manufacturers responded by seeking to differentiate their products and services.

In this oversupplied market customers assumed a new importance. Relationship marketing may be seen as one response to the surfeit of choices available to the consumer. Relationship marketing switched the emphasis to developing greater profitability through customer satisfaction, underpinned by a retention orientation. However, the relationship marketing concept has come in for criticism (Fournier, 1998 among others.) In its current form the "relationship" often appears inequitable, favouring the producer over the consumer.

The realities of today's consumption-led economy require that the focus of a business shifts again; there is a need to adopt demand based management responses. Demand based management responses shift the focus to consumer responsiveness, based on superior processes of insight, innovation and agility, to achieve profitability. This means getting to grips with and embracing the complexity of the new consumer.

These market place shifts are illustrated in Figure 2.1 below.

Figure 2.1   The Consumption-Led Market Place
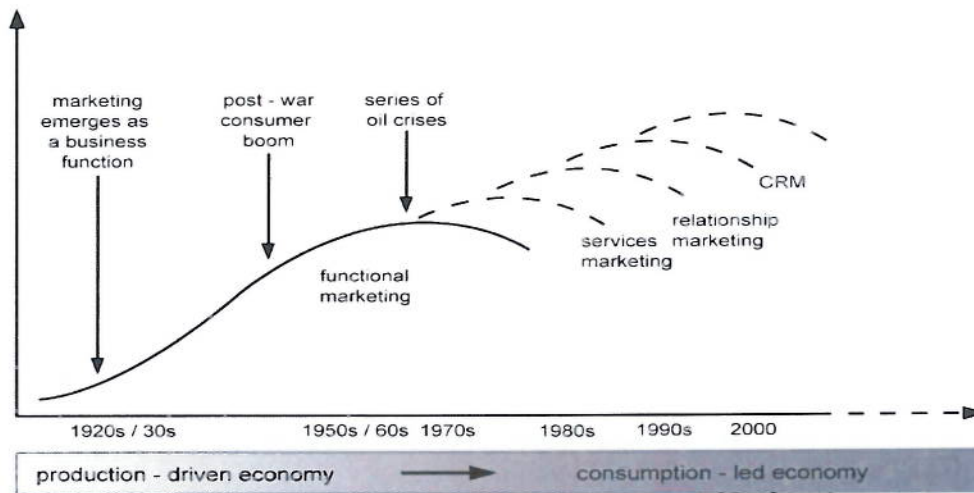
Source: Baker, S. (2003)

2.3.   Meet the New Consumer

> *"A new way of thinking and talking about people has emerged...we have gradually learnt to think of each other and ourselves less as workers, citizens, parents or teachers and more as consumers."*
> (Gabriel & Lang, 1999)

During the latter half of the twentieth century interest in the consumer and consumption increased and spanned many different fields of study, eg. sociology, economics and anthropology. It is accepted that a better understanding of the consumer is needed in order to deal with the challenges presented by an aging population, the rise in individualism, and increased affluence. Greater economic discretion means that consumers are demanding more and more choice. According to Zuboff (2003), a Harvard Professor and guest speaker at the Cranfield New Marketing Research Group, consumers now demand the right to be heard and the right to participate. It is, however, important to note that this does not apply to all members of society; it is the affluent majority on which we focus our observations.

According to the commentators (Baker, 2003; Grant, 2001), contemporary societies are characterized by shifts in the tectonic plates of production and consumption, as consumption becomes the dominant form of discourse. Consumption is, of course, enacted by consumers, and companies today are struggling to understand the fragmentations and contradictions that are a feature of contemporary consumption.

In the past marketers have used traditional segmentation analyses that are constructed on the premise that consumers can be categorized permanently in one of a number of predefined 'boxes'. However, this 'customer-target' type approach is proving difficult to sustain as organisations are confronted with a new kind of consumer, one that has been described as 'active,' (Prahalad, 2000), 'knowledgeable,' (Scase, 2002) and 'post-modern', (Goulding, 2003).

2.4   Issues in Representing the New Consumer

Goulding (2003) proposes that representing the post-modern consumer is essentially a two-sided debate - as depicted in Figure 2.2. At one extreme society is viewed as dystopian and alienating, with fragmented consumers seeking recompense through consumption. This position is associated with the work of the post-modernist Baudrillard (1988). At the polar extreme, post-modernism is seen as a liberatory force. Here, consumption is seen as a means by which consumers can creatively construct and convey multiple identities, a view also reflected in the work of Firat and Venkatesh (1995).

Figure 2.2   The Polarised Views of the New Consumer

Defensive	Offensive
Consumers see society as alienating	Pluralistic
Fragmented consumers	Multiple personae
Identity confusion	Embrace opportunities
Seek identity and meaningful self	"Live life to the max"
Dystopian	Liberatory
Nihilistic	
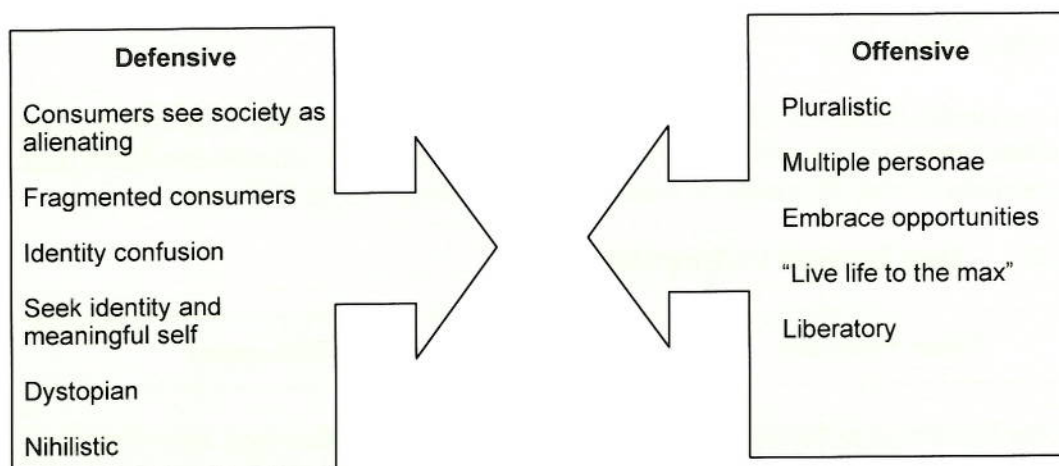
Goulding (2003) continues by stating, "realistically, there are signs of both alienation and liberation, evident in everyday life." This is also evident in the writings of Gabriel and Lang (1999), who juxtapose different representations of the new consumer as outlined in Table 2.1.

Table 2.1   Many Faces of the New Consumer

Tradition/Discourse	Consumer Profile
New Right Economists	Decision Maker
Consumer Activists	Vulnerable Confused Beings
Cultural Theorists	Communicator of Meanings
Ecologists	Reckless

2.5   A Picture of the New Consumer

- *New Consumers are exercised by time*

  Time has become a precious commodity and many products and services reflect this insight, capitalising on the time poor/cash rich trade-off that many consumers make. For example, consumers with little time and high levels of disposable income have become 'outsourcers' – their clothes go to the dry cleaners, nannies look after their children, cleaners and trades people keep their house in good order, and so on.

  Consumer research also illustrates that consumers appear to either actively embrace the pace of change and the constant stream of new products and services (Time Tourists) or want to run and hide (Time Refugees).

Table 2.2   Time Tourists Vs Time Refugees

Time Tourists	Time Refugees
These 'time tourists' give themselves away by their pursuit of agelessness; disregard for gender boundaries; and delight in the finer things in life. They are living life 'to the max' and desirous of anything but routine.	Display characteristics best described as defensive in the face of the pace of change. These consumers seek security and a sense of belonging. They want to find and maintain a home, be it spiritual or physical. They want to feel part of a community and form relationship bonds with other people. Buying certain brands therefore becomes a way of linking with like-minded consumers.

- *New Consumers lead complex lives*

> *"The caring mother, the efficient manager, the elegant partner."*

The quotation from Venkatesh (1999) highlights how marketing messages encourage consumers to play a game of image switching. The market place of the New Consumer is highly fragmented and this is in large part due to the complex lives consumers lead. Through the proliferation of products and an endless stream of advertising, the marketing system appears to have intensified the experience of fragmentation in consumption. Each product fulfills a different need that is fragmented and detached from others.

- *New Consumers seek experiences*

Marketing theorists have for some time pointed out that consumers don't buy product features; they buy product benefits. As marketing guru Theodore Levitt famously commented: "Customers don't buy ¼ inch drills, they buy ¼ inch holes". In the case of New Consumers, their purchasing behaviour is further distinguished by the desire to buy an 'experience'. These can now be purchased off the shelf in high street retailers. W H Smith, for instance, offers a catalogue with a range that extends from a visit to a health farm to diving with sharks in South Africa. In the pub market, for example, consumers can enjoy an Irish pub experience one evening, followed by an Australian bar experience the next, and an American bar experience resembling the television sit com "Cheers" after that.

- *New Consumers are marketing literate and highly demanding*

> *"The observed have started playing games with the observer"*

As Alan Mitchell reminded us in his presentation to the NMRG, consumers are no longer passive absorbers of marketing messages. As every marketer who engages consumers in research will know, consumers are becoming more marketing literate and less easy to please. They can deconstruct marketing activities with almost as much insight as most marketers. For example, the average consumer can quickly sort their daily post into three piles: personal mail; business mail; and unsolicited, or 'junk', mail. They are capable of identifying each without even opening the envelope.

- *New Consumers are IT enabled*

Underpinning the way New Consumers live their lives and make and use their purchases are, of course, developments in information technology (IT). We are no longer living in a time of "information asymmetry "; IT-enabled consumers can now make sophisticated price and product comparisons, and give rise to what Prahalad (2000) terms the "active consumer". This raises issues for marketers

about how to connect with consumers who live in a technologically interactive and integrated world.

2.6   Summary Points

- Marketers are operating in a context of fundamental transition as we move from a production-driven to a consumption-led economy.

- Success in the consumption-led economy depends on understanding and embracing the complexities of the post-modern – or new-consumer.

- The aim for both brand owners and retailers is to develop greater consumer responsiveness. This means focusing on the demand side of their businesses.

- Organisations need to connect better with consumers; they need to understand how to deliver the value that consumers are seeking in a continually adaptive and innovative way.

- Consumers should be regarded as 'active' players in the marketing process.

Section 3 Innovation in a Post-modern Era

> *"The business has two and only these two basic functions: marketing and innovation. Marketing and innovation produce results, all the rest are costs."*
> Peter Drucker (1985)

3.1   Introduction

In the previous section we examined the emergence of the New Consumer. The aim for organisations is to develop even greater consumer responsiveness. This means focusing on the demand side of their businesses, doing the same thing better or doing something new. As summarised in the last section, organisations need to connect better with consumers and understand their real needs. They need to understand how to deliver the value that consumers are seeking in a continually adaptive and innovative way.

Marketing success is contingent upon the delivery of products and services that consumers value and are, therefore, willing to adopt. The issue for many managers today is that marketing no longer appears to be delivering innovation; somehow, the two have become separated.

The challenge for marketers is to reposition innovation at the core of their value creation process. In their search for more successful innovation a number of companies are challenging conventional approaches and are looking to involve the consumer more directly in the innovation process. In this section we examine the traditional approach to innovation, and the emerging concept of consumer collaboration. We start by asking the question "What is innovation?"

3.2   What is Innovation?

One of the oldest definitions of innovation is that found in the Concise Oxford Dictionary and stems from the Latin word *"innovare"*, meaning to renew or alter. In the marketing literature various academics have written their own definitions:

- Drucker's (1985) definition of innovation is essentially concerned with change, for example,

> *"Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or service."*

- Coopers & Lybrand (1999) introduce the notion of creativity within the innovation process. Creativity is linked to the generation of new ideas and the sharing of ideas and knowledge:

> *"Innovation is the successful implantation of creative ideas within an organisation."*

- As consumers' tastes and markets change, new knowledge enables new solutions to emerge and opportunities for innovation are created. Doyle (1988) acknowledges this: **"innovation is about new solutions, which offer value to consumers"** whilst also introducing the consumer's perception of value into the innovation process.

3.3 Types of Innovation

The type of innovation most commonly referred to is that of new product and service development. This is, however, only one form; innovation can also take place in the ways in which things are created and delivered.

Advances in information technology and the rise of the Internet have increased the scope for innovation. As a result of this, new channels of distribution have opened up eg. Amazon.com Internet bookstore. Hamel (2000) advocates innovation in the business model as a method of obtaining competitive advantage. This moves companies beyond the incremental type of continuous improvement that is a feature of most organisations.

Different types of innovation require different approaches to market learning and management. The two dimensions of innovation can be plotted on a simple matrix, shown in Figure 3.1, which defines the space to be managed. Organisations need to learn to manage both the steady state, 'doing what we do better', and more radical developments.

Figure 3.1   Dimensions of Innovation Space (Tidd et al, 2001)

Dimensions of innovation space
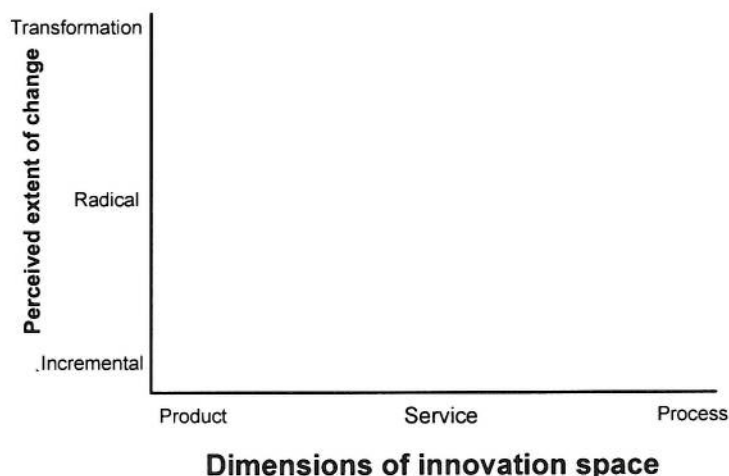
3.4. Traditional Views of Innovation

At the macro-economic level, innovation has been linked to the concept of competitive advantage (Schumpeter, 1942; Porter, 1990). Innovation is necessary to sustain an economy. Invention, the creation of ideas, was distinguished from innovation, the implementation of the ideas, and led to the development of a number of sequential linear models. The stage and gate process developed by Robert Cooper and the development funnel by Wheelwright and Clark are oft quoted examples of this type of model and are highlighted in Figures 3.2 and 3.3.

Figure 3.2   The Stage-Gate Process
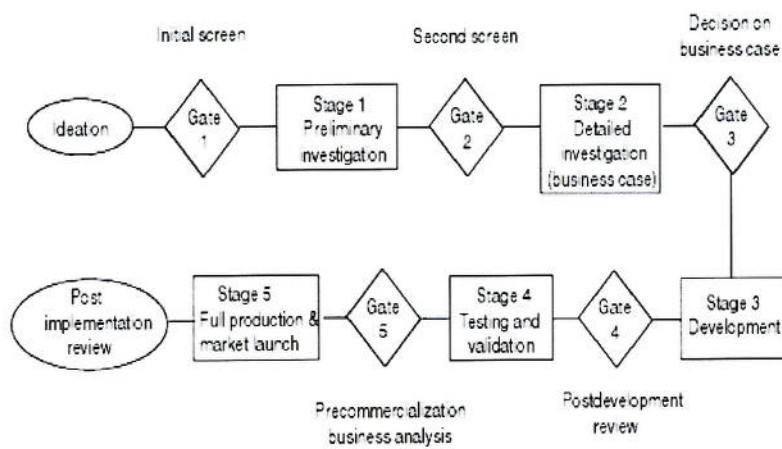
Source: Copper, R.

Figure 3.3   The New Product Development Funnel
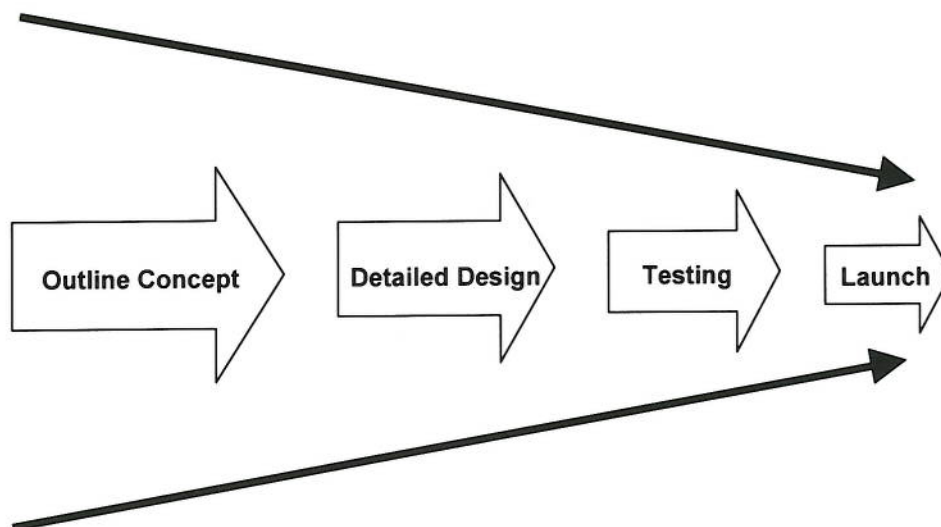
The following table summaries the key points behind these two models.

Table 3.1   Summary of Innovation Models

The Stage-Gate process	*The Development Funnel*
Provides a way of screening and monitoring the progression of projects to ensure that progress is linked to the successful achievement of business goals. It subdivides new product development activities into a series of stages so that managers can 'own' specific groups of activities and be responsible for achieving the objectives within those activities. In order to proceed from one stage to the next, the project must satisfy the objectives that were set for that stage. Failure at any stage in the process will result in the abandonment of the project. The definition of the developmental stages and the evaluation criteria will be specific to the organisation concerned. The Stage-Gate Process aims to reduce risk and is usually associated with an incremental approach to innovation.	*The development funnel was developed by Wheelwright and Clark and is similar to the Stage-Gate Process. This model likewise aims to reduce uncertainty through a series of problem solving stages, moving through the phases of scanning and selecting into implementation, linking market and technology streams along the way.*

Both of these models (the Stage-Gate and Development Funnel) suggest a linear approach to innovation, where progress is seen as being made up of sequential steps – from idea generation through to invention, research and development, application and, finally, diffusion. However, there is debate in the literature that this notion is too simple and that innovations emerge out of more complex and iterative processes.

At the micro-organisational level, on the other hand, innovation is seen as a complex set of processes, learning culture, leadership and management style. These have been well documented in Managing Innovation by Joe Tidd, John Bessant and Keith Pavitt (2001).

3.5   The Heroic Inventor!

A number of myths have been formed around the innovation process and these are highlighted in Table 3.2. One of the most common themes surrounding popularist accounts of the innovation process is that of the 'Heroic Inventor' e.g. Thomas Edison and more recently James Dyson.   Here the role of the consumer is highly limited and they are often used only as 'validators' once a product has been developed.

Table 3.2   ***Myths around the innovation process***

Context – the background environment for innovation

- Only small or new companies innovate
- One great idea is all we need- don't waste time generating mediocre ones
- Better play safe- stick to what we know
- Innovation is a part-time activity

Process - the methods for innovation

- We know what our customers want
- Market knowledge is best held by specialists
- We don't need a process- when we need ideas we run workshops

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Source: Coopers and Lybrand Innovation Survey (1999)

3.6.   Diffusion of Innovation

Traditionally, management of the innovation process internally has been one part of the success equation. The other part has been determined externally, through market take-up by consumers. Central to this is the diffusion of innovation, which may be seen as another component of competitive advantage. The theory of the diffusion of innovation was first articulated by Everett Rogers in 1962 and is usually presented as shown in Figure 3.4. Diffusion is the adoption of new products and services over time by consumers within social systems, as encouraged by marketing. It therefore refers to the cumulative percentage of potential adopters of a new product or service over time. The actual rate of diffusion has been found to be a function of:

- The product's relative advantage over existing products
- Its compatibility with people's lifestyles and values
- Ease of communicability
- Level of complexity
- Divisibility (can it be tried on a small-scale before a consumer must commit to it?)

Some products which offer extensive and obvious advantages over existing products never achieve market take off, eg. apparently better products such as the Betamax video system failed to displace VHS. This intriguing theme is explored by Geoffrey Moore in his book, Crossing the Chasm (1999). His work refers particularly to high technology and new-to-the world products and focuses on the gap between innovators/early adopters and the early majority. His work shows that bridging this gap can be more difficult than the continuous nature of the innovation curve would suggest.

Figure 3.4   The Diffusion of Innovation Curve
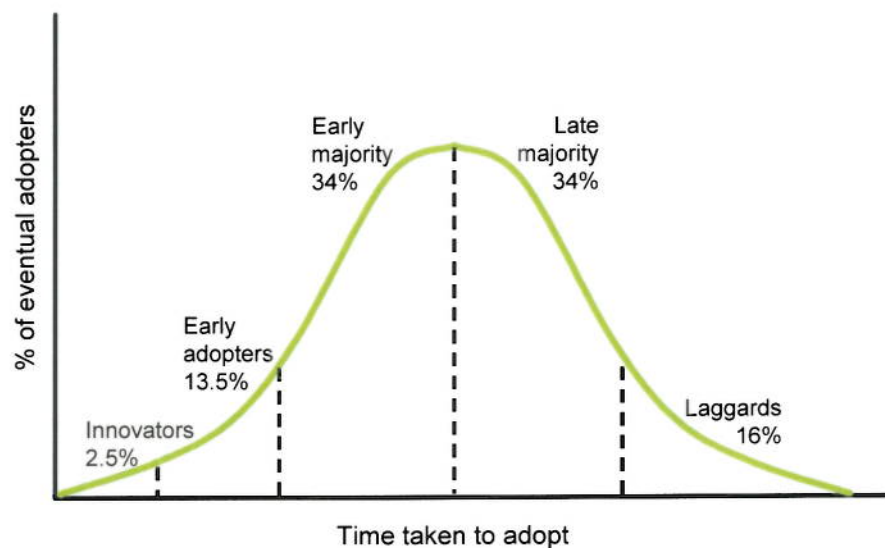
3.7   A Contemporary View of Innovation

The work of Geoffrey Moore (1999) and that of Baker (2003) would suggest that a real challenge for organisations is that of generating insight into consumer behaviour that is sensitive enough to enable real value creation (in the eyes of the consumer) to take place.

Although insight is derived from the obvious, it is not the same as fact. Insight is the capacity to penetrate the human condition and see hidden truths. It provides the means for defining value from the consumer's perspective and as the staple method of insight generation, market research aims to answer fundamental questions about what makes consumers 'tick' so that managers can refine existing marketing practice.

3.8   Contemporary Approaches to Market Research

Traditional approaches to quantitative and qualitative research are based on an assumption that consumers can - and are willing to - articulate their thoughts, beliefs, feelings and behaviours. Organisations wanting to make breakthrough developments are rather more concerned with understanding latent, unarticulated consumer wants and desires. To meet this demand on the part of organisations, researchers have added to the toolbox more "in situ" investigative methods, such as discourse, semiotic and ethnographic analyses. These provide a deeper understanding of the meaning of value factors to consumers' meaning, bringing organisations closer to the "Aha!" moment when insight becomes obvious. In our research we found that organisations are experimenting with a number of the different techniques outlined below. The text box also provides "insight into the innovation process" within Cadbury Schweppes and Johnson Controls, a supplier to the motor industry.

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- **Empathetic design**

> **"Empathic design is the creation of product or service concepts based on a deep empathic understanding of unarticulated user needs."**
>
> (Leonard-Barton, 1997)

This involves observing consumers using products and services within their own environment, and resembles the ethnographic techniques widely used in the field of anthropology. Further information about the technique can be found in the Empathic Design Tutor (Evans, et al, 2002) published by Cranfield University.

- **Lead users**

Lead users are used in the development of proto-types. Their needs may be general to the market place but they face them months or years ahead of others in the market place and they are distinguished as users who are positioned to benefit significantly by obtaining a solution to those needs.

- **Co-creation workshops**

The concept of using consumers in direct interface with business managers has been termed "Tapping the creativity of consumers" by The Synectics Corporation, an international consultancy specialising in innovation and change. Synectics consultants engage consumers in the problem-solving process in the search for breakthrough initiatives. An example of this involved working with the National Farmers' Union (NFU), which was brought together with consumers at the point of purchase where it was observed that there was no easy way for consumers to identify the source of the food they were buying. This was an issue of serious concern in the UK following a number of high-profile food scares. The insight generated from speaking to grocery shoppers directly was that they wanted a convenient way to ensure food safety. This may seem an obvious requirement, but it led to the idea of a new farm-assurance branding scheme. The Farm Assured brand, authenticating how the food has been produced, hit the shelves within a record nine months, due to the involvement of all stakeholders (farmers, consumers, NFU staff, wholesalers and retailers). The Synetics process was also used in our consumer research and is detailed in Section 5 of this report.

Insight into Innovation in Value Creation

By eliciting consumers' hidden desires and enabling them to participate fully in product development, organisations can use consumers as agents of change in the same way that a grit of sand can develop into a pearl within an oyster's shell. Cadbury Schweppes and Johnson Controls, companies working in diverse sectors, have both made maximum use of consumers to shape and sell products successfully.

Cadbury Schweppes

Cadbury Schweppes confectionery uses a five-stage process known as "ALICE" to drive innovation in its Consumer Planning and Research Department. The acronym stands for: alignment (A) of the objectives of the research with the consumer problem; leverage (L) of existing knowledge within the business; immersion (I) in the world of the potential consumer; connection (C) through insight; and execution (E) to drive growth. The launch of the Boost Guarana chocolate bar in September 2002 followed this strategic development pathway. Its genesis was based on the insight that the highly demanding lifestyle of today's consumers takes a heavy toll on their mental energy. This learning was generated by a cross-functional team, and supported by desk research and consumer surveys that used a raft of ethnographic and direct questioning techniques. The stimulant properties of Boost Guarana match those of energy drinks that claim to deliver improved attention, alertness and concentration.

Johnson Controls

Johnson Controls is part of an automotive systems group that makes seats and car interiors. It operates in the business-to-business (B2B) sector as a supplier to well known car manufacturers such as BMW and Nissan. The company believes that "consumer focused innovation and product development will become an increasingly important competitive differentiator". Recognising that cars need to deliver more than "just transportation" and that car interiors need to surprise and delight end users, Johnson Controls draws on the views of both automotive experts and car drivers to understand the motivating values of car drivers (eg. family, safety, pragmatism, harmony). Consumers are consulted on product design and associated issues, such as what luxury means for car drivers and how drivers actually use the technology available in cars. This insight-turned-innovation is then used as a core competence by Johnson Controls in its relationships with its immediate customers, the car manufacturers.

(Baker, S. 2003)

3.9   Consumers as Innovators

To position innovation as a value creation process the focus needs to move from that of 'heroic inventor' to that of 'heroic consumer' (Tuomi, 2001). What is required in contemporary society is a user and practice-centered model of innovation, as innovation happens when social practices change.

This links with ongoing research (Roberts, 2004) at Cranfield School of Management which explores the concept of Consumers as Innovators and aims to bring some empirical findings to the debate. This concept examines the role of consumers as:

- **Co-creators in the development process**

  Here consumers are positioned as a strategic resource for the organisation. Research in B2B markets has shown that where customers are involved, the time to market has been significantly reduced, obviating the need for time-consuming product iterations. In their book, The Future of Competition, academic researchers Prahalad and Ramaswany (2004) describe customers as the new source of competence for the corporation. They advocate the use of customers as co-developers, as part of an enhanced network.

- **Customising consumers**

  This concept recognizes that technological artefacts have 'interpretative flexibility', and that different user groups impute different meanings to them. Also, the artifact may play several different roles within various social practices and thus it becomes the user who invents the product, rather than the producer.

This concept of consumers as innovators also takes into account symbolic innovation.   An example of a symbolic innovation is the up-market brand of mineral water "Perrier".   Here an existing basic product category (mineral water) has been given new social meaning by consumers.

3.10   Consumers as Part of the Innovation Network

The concept of consumers as innovators or co-developers in the innovation process requires them to become part of the extended innovation network. Figure 3.5 highlights the emergence of the network organisation and shows the key transitions that have taken place around the innovation process. The three major transitions are:

- Lean production- cost reduction
- Quality improvement
- Time to market compression

Prahalad and Ramaswamy (2000) point out that practitioners and academics talk about networks, collaboration and alliances "but have largely ignored the consumer, the agent that is most dramatically transforming the industrial system as we know it".

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It is now envisaged that the fourth transition will be that of value creation, which is also aligned to the concept of demand chain management advocated by Baker, Juttner and Christopher (2004) and "Consumers as Innovators" (Roberts, 2004).

Figure 3.5 The Emergence of Network Organisations
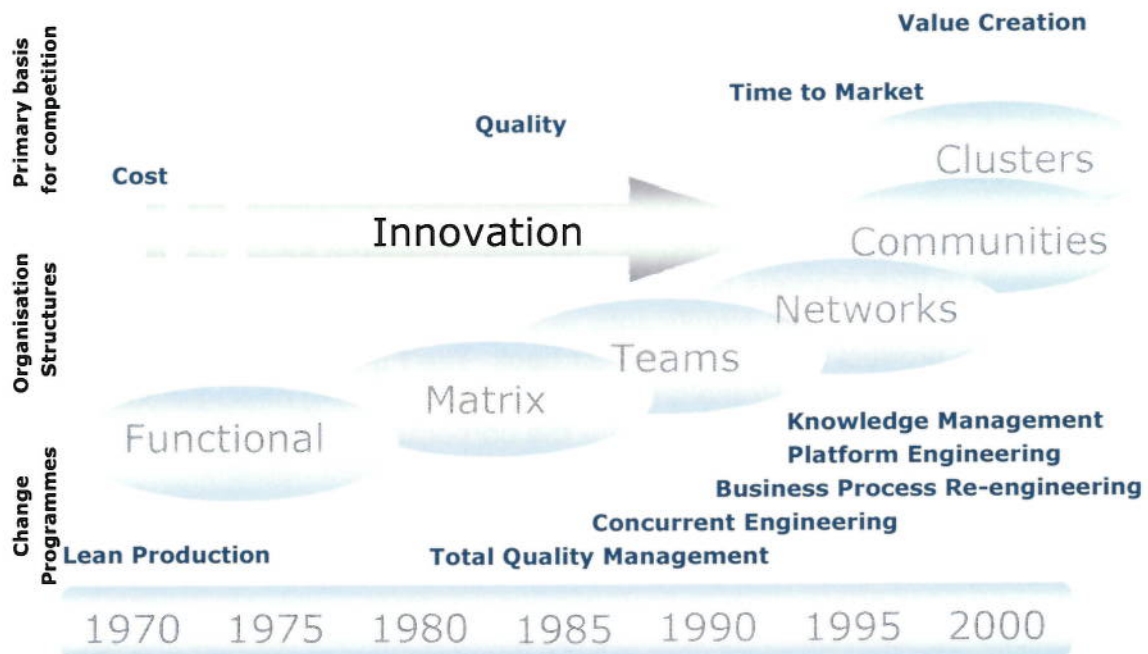
Source: (adapted from Smart, P. 2004)

3.11 Summary Points

- There appears to be a case for rethinking approaches to innovation in the context of a post-modern, consumption-led economy

- Linear buyer-seller models of marketing and innovation appear to be outdated

- Innovation is a complex interactive process

- The consumer is being recognized as an 'active' player and it is being suggested that they should become part of an innovation network

- Insight provides the means of defining value from the consumer's perspective

- Insight generation is a total process, encompassing traditional market research, contemporary approaches and non-traditional market sensing

This section has explored some of the issues associated with innovation in a post-modern era. The next section describes results of interviews with experts in the field of innovation.

Section 4 Experts on Innovation

4.1 Introduction

A number of experts within the field of marketing and innovation were interviewed to obtain their views of the New Consumer and the future of innovation. Experts were selected from global fmcg companies, management consultancies, advertising agencies, academia and journalism.

4.2 The Interview Framework

The framework in Figure 4.1 was used to guide the discussion and interviewing process. In particular each expert was invited to comment on the Consumers as Innovators concept. Finally, they were asked for their views of the future and the challenges of successful innovation in a post-modern era.

Figure 4.1   The Interview Framework
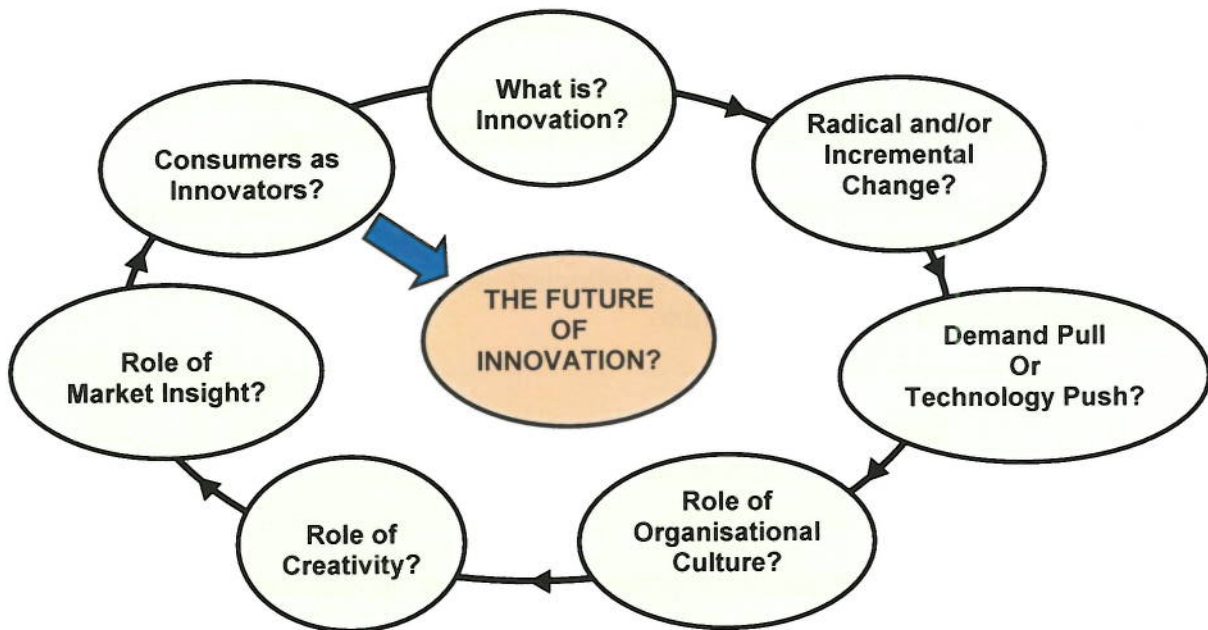
4.3 Findings: The Experts' View

The framework shown in Figure 4.2 also provides a structure for the findings which are now reported.

Figure 4.2   Experts Views on "What is Innovation?"

What is innovation?

- Useful new ideas. Bring usefulness to the market

- The effective exploitation of ideas, it's not just coming up with an idea, it's making that idea some kind of a successful adopted reality

- It's the extended journey I suppose from idea through to successful reality

- As the marketplace becomes more crowded innovation needs to take on new avenues, eg. in the relationship with the customer

Unlike many practising managers that we interviewed and worked with, the experts did not refer to innovation as product and service development.

The experts' definition of innovation reflected that of the Department of Trade and Industry (DTI) which focuses on "the effective exploitation of ideas."

Our research suggests innovation should not be defined too narrowly as this can limit its scope. It is about trying to understand what the possibilities are and matching those to unmet consumer needs. This is reflected in the following quotation from a Marketing Director at Procter & Gamble:

> *"Innovation is the marriage of what's needed*
> *with what's possible"*

Marketing and the commercialisation process were seen as essential components in innovation management.

The concept of bringing something of value to the customer was strongly emphasised.

4.4   Radical Versus Incremental Innovation

Many consumer goods markets are characterised by a series of incremental changes. The radical type of innovation which changes the basis of competition in a marketplace appears extremely difficult to achieve. The experts were asked about the differences between radical and incremental innovation:

Table 4.1. Radical Vs Incremental Innovation: Experts' views

- Innovation needs to be viewed on a continuum.

- It was considered detrimental to view innovation on two polar extremes, radical and incremental innovation. The following quotes give the rationale for this:

  " The underlining capabilities to deliver radical innovation are different but related to the ones that you need for incremental innovation and in the same way if you look at the kind of processes that you would use for radical innovation, they're kind of the same family."

  (Davis, T. IBM)

  "I think that there is a generic innovation process which covers transferring ideas into a reality, and that has the same steps in it, whatever kind of innovation you are trying to develop."

  (Bessant, J)

- The difference is seen to be in the degree of risk and uncertainty involved. The uncertainties are higher in the development stage for radical type innovations.

- Incremental innovation is associated with more traditional marketing activities, e.g. customer feedback and competitor analysis.

- Radical innovation requires more experimental approaches, e.g. expeditionary marketing, consumer need states analysis and blue-sky thinking workshops.

- Both forms of innovation are essential. It is necessary to 'serve' existing markets better at the same time as trying to 'create' the markets of tomorrow.

4.5. Demand Pull or Technology Push?

The experts felt that one of the problems surrounding the management of innovation is the partial mental models that managers hold about the process. eg.

- **Innovation as a linear 'technology push' process**
  Here there is very little consumer input and all the funding goes into R&D at the expense of marketing.

- **Innovation as a linear 'marketing pull' process**
  Here the market signals what is needed and can be relied upon to pull through the innovation.

Figure 4.3 below highlights some of the opinions expressed around this subject.

Figure 4.3 Demand Pull or Technology Push?

<u>Demand Pull or Technology Push?</u>

- I think one of the biggest problems we have in managing innovation is that we naturally drop into linear models and one very common one is the idea that somehow knowledge is created in a lab or somewhere

- The stage and gate model of innovation did the world a favour but it built a mind set. Big companies all try to bring products to market in a linear process, an injurious process. Innovation is a messy process

- Most consumer goods companies claim to be driven by consumer needs but their process tends to be driven by technology

---

- Both the demand pull and technology push models are over simplifications.
- Innovation is about the coupling of these two forces, it is a vector ie.

Figure 4.4   The Innovation Vector

A coupling of two forces

Technology Push

Marketing Pull
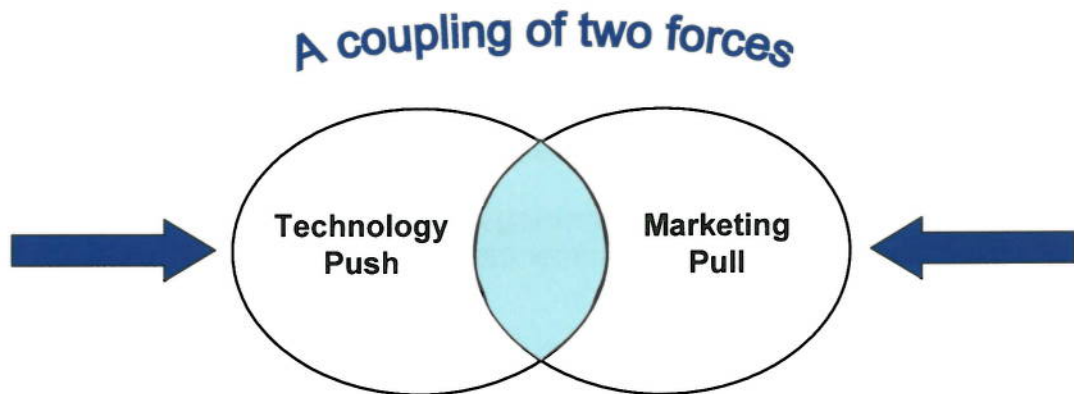
4.6   Role of Organisational Culture

Organisational culture is an amalgamation of the values and beliefs of the people in the organisation. It can be felt in the implicit and explicit rules and behaviours within an organisation. Work in this area has long been associated with that of Edgar Schein.

The subject of organisational culture elicited some varied responses from the expert panel, which can be seen in Figure 4.5.

Figure 4.5   Role of Organisational Culture

- I think culture's always very difficult because first of all it's loose to define and my take on it is, I suppose it's a shared pattern of beliefs which inform shared pattern of behaviours

- There is no such thing as an innovative culture, but there is such a thing as an innovative climate. You need to separate out culture – the underlying values and artefacts from climate – the behaviours, attitudes and feelings which sit on top it

- Can you use the word culture? It's to do with an open minded attitude and people that are interested in things, not the sort of dull people that you avoid at parties

- Cultures where everybody is involved, where there is a flat hierarchy with lateral communication, ideas are encouraged and rewarded. Organisations that are close to their markets also tend to be innovative, as do organisations where the innovator retains ownership of his/her idea

- Need to develop a culture, a way of behaving which recognises its not just about chaos and its not just about creativity, its balancing that with some measure of structure and control

There was consensus that:

- An innovative climate that engenders trust is important.
- A well managed innovation process should make people feel motivated within its structure.
- Doing an innovation audit is a good early warning signal as to whether the system is working or not.

As a subsection of organisational culture, the experts were also asked questions about the role of the visionary leader or the traditional 'heroic inventor'.

4.7   Role of the Visionary Leader or "Heroic Inventor"

The following figure (Figure 4.6) also shows that there was dissension and debate around the visionary leader's role.

Figure 4.6   The Role of the Visionary Leader

- Very important. Organisations are over-managed and under-led with too much emphasis on short-term profits (the bottom line). Innovation is long-term, but it is a means of staying ahead of the competition

- Visionary leaders are best to be avoided. Big egos force companies along one route. Look at a company 5 years after he/she has gone. It's like Alexander the Great

- The day of the lone innovator is almost gone. Most applied creativity is through team work and behaviour that supports a positive challenge

- What is important is a Marketing Director who has clarity over brand values and can communicate that widely

There was consensus over the need for a:

- Vision of how innovation is going to transform the business, which doesn't need to come from one powerful man or woman.

4.8   The Role of Creativity

Creativity is the thinking process that helps us to generate ideas. Innovation is the practical application of such ideas towards meeting the organisation's objectives in a more effective way. Creativity is seen to be at the heart of the innovation process, and is not a random process that can just be left to chance.

Figure 4.7   Role of Creativity

- It's at the heart of the process. I think innovation is basically a human process about making things new, whether they're products and services or the ways in which we do things to create them

- I think one of the messages that we're getting but we still have to get a lot more, is the innovation, sorry creativity is about association and about combining knowledge sets

- Creativity tends to get underestimated in the down stream processes. It is difficult to recognise the incremental adaptive forms of creativity

- Creativity involves making connections between previously unconnected ideas.
- Creativity is not the responsibility of a few 'bright sparks' within the organisation.
- Creativity is fostered through harnessing diversity internally and externally:
  - Internally: across function and across viewpoint.
  - Externally: with suppliers, customers and consumers, as in the Synectics® process reported in Section 5.

4.9 Role of Market Insight

When questioned about processes of generating insight into the market, our panel reported:

- Many companies are still battling with the quantitative versus qualitative research debate.
- A blend of the traditional and non traditional research techniques is needed depending on the situation.
- Insights can be generated from various sources not just the marketing department.
- IT tools for rapid prototyping and computer assisted design can help bring the consumer into the innovation process.
- Many companies still lack a process to turn insight into action.
- Although consumer involvement can be beneficial in idea generation there is also a danger of being overly 'consumer-centric.'

4.10 Consumers as Innovators

The experts were asked their views about integrating consumers into the innovation process as co-developers, to include them as part of the innovation network.

Figure 4.8   Consumers as Innovators

- Companies are recognising that consumers are much more able to help them. The difficulty is working out how to use them that makes economic sense

- Successful companies bring consumers into the innovation process earlier, eg. ideation stage

- I think the question isn't so much it it a good thing, I think the evidence is clear about business to business marketing that the issue is much more about how you to do it

- Real value will come from involving people rather than studying them. What is the consumers return on investment? Emotion will be the most important investment. 80/20 rule for involvement

- It was felt that customer collaboration in the business-to- business sector has shown the concept to be beneficial.
- Past marketing models were built on the assumption that it is the seller who innovates. IT is turning this around with consumers sending "**this is what I want"** messages.
- The issue is one of how to involve consumers
- Further research needs to be done around the processes of 'how' and 'who' to involve.

4.11   Summary Points: The Future of Innovation

The following themes emerged from the expert panel interviews about the future of innovation:

- A new concept of integrated insight bringing in the consumer, academia, retailer and manufacturers' insight together is emerging/needs to be developed.
- There will be a need to bring together both structured and unstructured data, using traditional and contemporary market research techniques.

> *"The linear buyer-seller model is really very old fashioned and what we're looking towards, particularly in the case of creating new products and new services, will be a highly interactive one and the question then becomes one about the mechanisms and modalities for that."*

- Ownership of innovation should be owned by marketing. The innovation agenda should be driven by the user or consumer.

BUT

Marketing needs to be strategic. It's not just about the gathering of insight. It needs to realise the value of an end-to-end process.

- There is a need to take a value chain perspective of innovation
- One of the biggest needs of consumers is to alleviate stress. Current business models are not designed for this

Section 5 The Co-Development Workshop

> *"What we find when we listen creatively – when we focus once more on the consumer – are exciting, growing, genuine opportunities which are truly international in scope".*
> Michael Perry, Past Chairman, Unilever

5.1 Introduction

Both popularist and academic theories often run conversely to the view expressed by Michael Perry, as it is often claimed that consumers envisage their future needs in terms of existing products, prices, processes and markets. Here consumers are seen as being constrained by their own real world experiences and as such are of limited help.

The collaborative Consumers as Innovators approach outlined in this Section strongly supports Perry's statement. It questions the appropriateness of research methodologies rather than the ability of the consumer to contribute. Organisations do not effectively bring the consumer into their innovation process and many are still reliant on traditional market research methodologies.

In order to explore how organizations can effectively bring consumers into the early innovation process (ie. to try to capture how consumers can be true innovators) we conducted a collaborative workshop. Unlike other research methodologies which focus on the economic implications, we were interested in consumers' and practitioners' perceptions.

5.2 Methodology

The collaborative approach taken to the experiment was based upon a pragmatic problem solving model developed by Synectics, an innovations consultancy and reported in Ceserani and Greatwood (1999). The characteristics of the model (see Figure 5.1) and rationale for its use are as follows:

- Enables direct face-to-face dialogue with consumers
- Uses established Synectics methodology to tap the creativity of the consumer and co-invent with them
- Gives participants a shared language to use
- Uses creative problem solving techniques, metaphor, etc
- Enables deeper issues (feelings, subconscious aspects) to be surfaced.

Figure 5.1   Synectics® Creative Problem-Solving Model - Overview

Stage 1 - Task / problem statement

Stage 2 – Spring boarding

Stage 3 - Selection

Stage 4 - Idea development

Stage 5 - Action planning
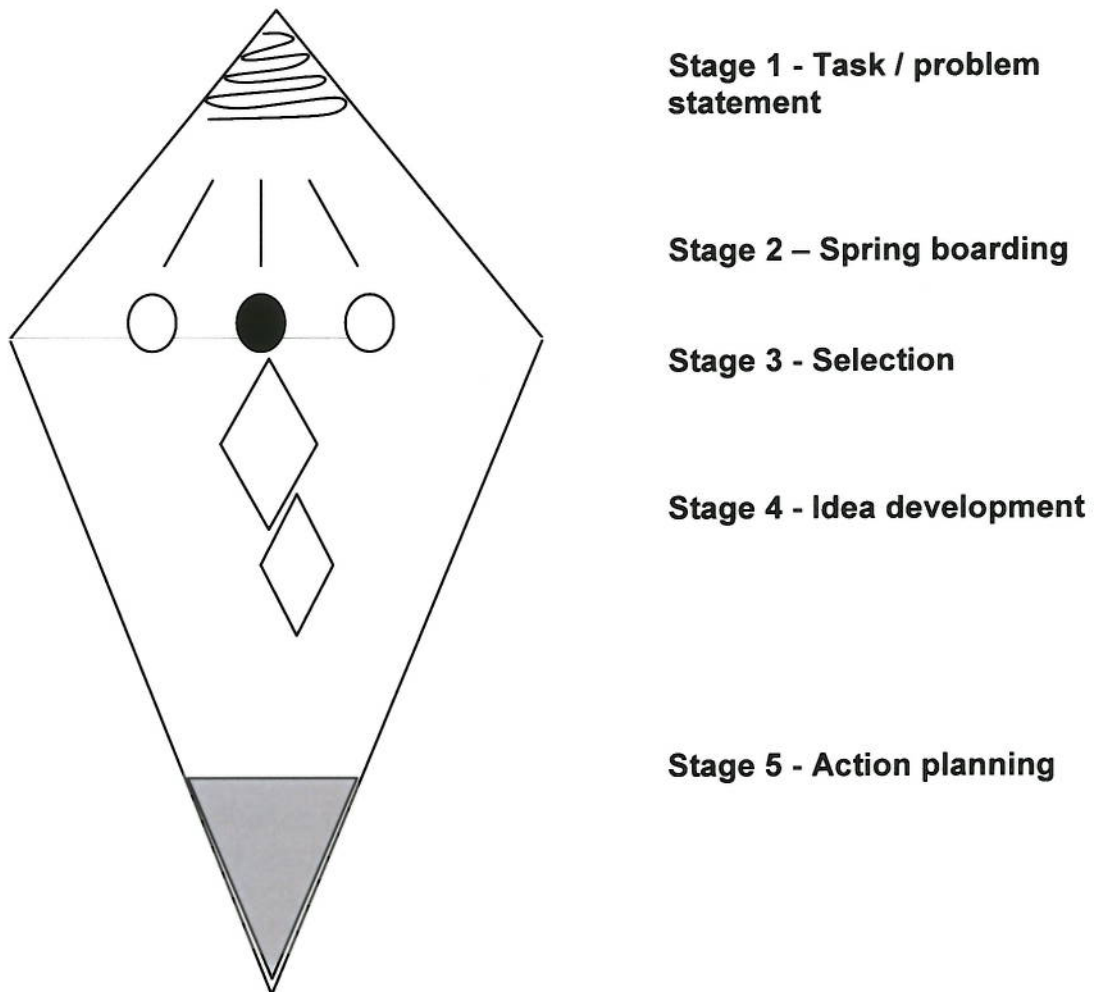
Source: Synectics®

5.3   Research Objectives

The research aims/objectives were to explore the following questions:

How can consumers be better involved in the innovation process?
We - as researchers - were interested in consumers' perceptions of involvement in the innovation process as well as their perceptions of market learning techniques.

What is happening in consumers' lives (in society) that is creating new needs?
The aim here was to note trends and issues that were linked to the creation of new needs that were currently not being satisfied.

What are consumers' perceptions of innovation?
Here we were interested in what consumers value, and how their perceptions of innovation may differ from those of client companies.

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5.4 Participants

The participants in the workshop consisted of consumers, marketing professionals and researchers. In detail these participants were:

Consumers:

- Of mixed age, gender and socioeconomic groups
- The consumers were selected on the basis of having had previous experience with traditional consumer market research techniques

Marketing/Innovation professionals:

- Representatives from a global confectionery manufacturer, a global drinks supplier, a global household and detergents manufacturer and a financial institution.
- These companies were all taking part in a wider programme of research (Roberts, 2004).

Researchers:

- Two researchers from the NMRG together with representatives of Synectics Europe acted as facilitators.

5.5 The Research Process

- Following the Synectics model, the research objectives became the project task. During the exploration stage the team were encouraged to offer open minded and speculative thoughts using the phrases "I wish" and "how" as a way of enabling creative thinking.

- At the selection stage the researcher identified areas to pursue for further development, selecting ideas based on a high degree of newness and intrigue. At this stage commercial feasibility was not considered.

- The development stage then offered an opportunity to work with the selected ideas, modifying and sometimes transforming them, retaining their newness and intrigue, but building in the feasibility.

- Throughout the day, the ideas and comments generated were documented both verbally and pictorially. In addition the experiment was videoed to provide triangulation in sources of evidence.

5.6   Discussion of Findings

5.6.1 How can we better involve the consumer?

At the development stage of the process three concepts were selected based on newness and intrigue. The concepts are highlighted in Figure 5.2. The concepts were developed collaboratively between the client team and the consumers, and support the following views:

- **Consumers at the heart of the innovation process**
  There is a strong latent desire among consumers to be involved at the very heart of the innovation process (rather than simply being used as a validator after the event). We see, for example, in the first concept that the "white space" for consumers to generate ideas is located at the centre of their visual representation of the idea (see Figure 5.2).

- **Role reversal**
  The concept of 'people teach' suggests the need for a radical rethink of the relationship between consumer and marketer with consumers suggesting an effective role reversal where they - as lecturers - lead academics and clients as receivers of their wisdom (ie. academics and clients become students).

- **Active consumer participation**
  In the third concept we see the modification of an existing concept to redefine the consumer as an active participant in the innovation process rather than simply as a source of data.

Figure 5.2. Consumer/Practitioner Vision of the Future

Concept 1 – Time travel to the future

This concept described a mechanism whereby consumers could themselves be immersed in the leading edge of life and technology with a white space at the centre where they would be involved in creative problem-solving to make the bridge between future opportunities and their own needs.

Concept 2 – "People teach"

This concept described a "consumer university" in which consumers would be the "lecturers" and clients the "students". There would be a mix of lectures, live issues, workshops, labs and an ideas library all in a structured learning environment.

Concept 3 – "Club lifestyle"

The third concept is essentially a rethink of the club card concept – enabled by smartcard technology. Consumers sign up to a membership card which monitors all of their purchases and, importantly, leads to invitations to participate in the evolution of products that are relevant to them in informal face-to- face forums.

The research highlighted that the process of involvement was more important to the consumers than working on an interesting brand. When exploring how companies could better integrate consumers into the innovation process, traditional methods of research and involvement were compared to the creative problem solving approach that was used in the experiment. The findings are highlighted in Figure 5.3.

Figure 5.3   Views of traditional methods of involvement: Likes

Traditional involvement

Likes

Guests	Client
• Examples of products	• Well-known, respected method
• Satisfying to see a product when you participated in its marketing and research	• There to offer opinions – allowed to speak your mind – people love being asked their opinion on something
• Gets ideas out quickly when in discussion	• Concentrated effort on one subject
• Usually only a couple of hours	• Consumer perception on products presented
• Quick, easy money	• Finance people like it
• Creative decisions being taken on board	• Can tailor method to meet my needs

Both marketing professionals and consumers expressed the view that focus groups are becoming tired, and that "smart consumers know the rules of the game" (global brand manager).

It was also stated that by this stage of the NPD process the decision to innovate had already been made and that consumers were only being used for validation purposes.

Consumers also felt that they did not have long enough to evaluate a topic and that brand owners often remained "faceless" entities, making it difficult to form any bond.

The marketing professionals voiced the concern that although quantitative techniques are well respected methods, their adoption is often driven by research from the United States and not from Europe.

Figure 5.4   Views of traditional methods of involvement: Dislikes

Traditional involvement

Dislikes

Guests	Client
• Don't like 'boxes'	• Focus groups getting tired
• Less client/guest information	• New techniques = new answers
• Often feels incomplete	• USA quants driven
• Often not long enough to evaluate topic	• Feel decisions already made
• Boring speaker	• Seen as passé and difficult to recruit
• Non friendly	• Patronising
• Tense, stringent atmosphere	• Consumers know the rules of the game
• Sometimes not long enough	

We then turned to generating views on the use of non-traditional methods of involvement. Responses are listed in Figure 5.5.

Figure 5.5   Views of non-traditional methods of involvement - Likes

Non-traditional methods of involvement

Likes

Consumer Guests	Clients
• Group discussion	• Interactive
• Collaborate ideas with professionals	• Working with a diverse set of new people
• Listening to clients questions, suggestions, etc.	• Working on a fresh idea/problem
• Client/guest interaction	• Everyone willing to listen to each others ideas
• Interesting mix of ideas	• Good, balanced mixed group – able to articulate
• Learning from graduates/doctors	• Just thinking about one thing all day
• Totally professional atmosphere	• Allows creativity
• Broad spectrum of opinions and ideas	• Free flow info but structure too
• Informative	• Consumers as equals
• Interactive	• Challenging exercises
• Good ideas	• Diversity of opinion
• Thought provoking	• Risk free environment
• The location is very prestigious	• Consumer and managers are equality
• More like a workshop than a focus group	• "Safe rules"
• Diversity in age was very interesting	• Fun

The views of both sides regarding non-traditional methods of involvement suggested the following benefits:

- **Structured creativity**: the consumer workshop and collaborative working allowed creativity to flourish within a structured manner.

- **Equality in the process**: the consumer participants appreciated meeting the clients face-to-face and working with them as equals. By participating they started to feel a sense of ownership in the development of the project/organization.

5.6.2 What is happening in consumers' lives?

By exploring what is currently happening in consumers' lives it may help to identify new needs. The following are some of the changing issues occurring in consumers' lives:

- Increased time pressure
- The breakdown of communities
- The breakdown of trust in government, institutions and organisations. In particular there appeared to be a breakdown in trust in relation to food producers and manufacturers.
- Increasing use of/dependency on technology.

5.6.3 Consumers' perceptions of innovation

In terms of the consumers' perceptions of innovation, it was clear that:

- Consumer participants did not recognize fmcg products as innovations.
- Consumers could not distinguish between a product and a marketing/process innovation.

Innovations that were consistently identified were technology related eg.

- Mobile phones
- The internet
- Digital cameras.

These findings support the view that producers tend to think of innovation as what they have tweaked in the product or done to the process, rather than something that makes a big difference to the consumer.

5.7 Summary Points

The findings illustrate:

- Innovation can be as much about market relationships and marketing processes as about product.

and raise the question:

- What does this approach mean for research agencies as their role moves from that of gatekeeper to facilitator?

These findings are exploratory and provide a basis for further research in this area. In Section 7 we explore further consumers' perceptions of innovation.

Section 6 Nissan: The Case Study

6.1   Introduction

Many case studies were researched during the course of this project and reported on during NMRG meetings. The Nissan case study has been chosen for inclusion here as it is believed that the detail and success of the work undertaken by Nissan exceeds that of many organisations and offers key learning points to the reader.

This case study has been based on data provided by Dr Andrew Burns based at Cranfield University's International Ecotechnology Research Centre, gathered during the course of his work with Nissan (NTC-E) over the last four years. The purpose of this case study is to reflect on Nissan's current innovation process and identify the role of consumers in this.

6.2   Nissan – A Global Company

6.2.1 History

On December 26 1993, Jidosha Seizo Co. Ltd. (President: Yoshisuke Aikawa) was jointly established by Nihon Sangyo Co. and Tobata Imono Co. to manufacture and sell Datsun cars and parts. On June 1 1934, Nihon Sangyo (Nissan) became the company's sole owner and changed the company name to Nissan Motor Co. Ltd. Nissan's Head Quarters are based in Japan.

6.2.2 Nissan's Vision: Enriching People's Lives

Alongside this vision, Nissan's mission statement calls for Nissan to provide unique and innovative automotive products and services that deliver superior measurable values to all stakeholders* in alliance with Renault'.

*Nissan's stakeholders include customers, shareholders, employees, dealers, suppliers, as well as the communities where it works and operates.

6.2.3 Nissan Brand Symbol

The following brand symbol represents the Nissan brand which it uses to promote the company's products, sales activities and services.

6.2.4 Nissan Corporate Word Mark

The corporate wordmark represents Nissan as a corporation managing an operating global business for today and in future and certifies its business activities

6.2.5 Nissan's reputation and culture

Over the years, Nissan has lived up to its reputation for excellence in engineering by playing a pioneering role in many fields of advanced technology. With the aim of improving fuel economy, Nissan has developed a variety of weight-reducing materials and has also created sophisticated engine management systems for controlling combustion. In addition, Nissan has also been a forerunner in developing and using CAD/CAM systems and industrial robots.

As is common to all Japanese companies, Nissan is well-known for its engineering excellence. Inherently this lends a culture of being design/technology driven with an emphasis on cost-cutting. Nissan prides itself in being able to produce superior quality cars at lower cost than its competitors.

Nissan's highly process-driven and metrics-focused environment has ensured these high quality standards. As subjectivity has been designed out of the processes, the blame for getting things wrong falls on the process and not the individual. An aversion to risk-taking underlies this organisation's culture.

Nissan's system of identifying Things Gone Wrong (TGW) and Things Gone Right (TGR) is extremely effective in gaining feedback on customer satisfaction and consequently they are able to design out any faults immediately. In fact Nissan is great at providing customers with things they take for granted but are less able to provide the unexpected which may make customers think of their cars as something 'special'.

6.2.6 Developments at Nissan following the advent of globalisation

Nissan began early on to develop overseas manufacturing operations, starting with the initiation of knockdown production in Taiwan in 1959 and the establishment of Nissan Mexicana, S.A. de C.V. in 1961. Then, in the 1980s, Nissan established two strategic manufacturing bases overseas: Nissan Motor Manufacturing Corp USA in 1980 and Nissan Motor Manufacturing (UK) Limited in 1984. Today, Nissan operates manufacturing and assembly plants in 17 countries around the world.

In addition to manufacturing, Nissan has also been proceeding with a program to localize R&D operations, including vehicle design and engineering, as well as business management functions at the highest level. This globalisation program has now advanced to the stage where decision-making has been localized through the establishment of regional headquarters in North America and Europe.

More importantly, Nissan North America Inc. and Nissan Europe N.V. oversee the entire scope of Nissan's local operations in their respective regions, including product development, manufacturing, procurement, fund-raising and mutual complementation of parts between companies.

On March 27 1999, Nissan and France's Renault SA signed an agreement concerning a comprehensive global alliance aimed at achieving profitable growth for both companies.

6.3 The Automobile Industry

There are certain features that characterise the current market for cars in Europe namely, over-production and stagnant growth. In addition, though news of forthcoming models is jealously guarded by the individual car companies, future trends are fairly predictable. It is for this reason that cars targeting similar market segments are ultimately similar – in design, features and price.

6.4 Nissan in the UK

Nissan in the UK consists of the following four companies which, in effect, act as independent business units. Despite this, levels of communication and sharing of information between the companies remain high.

- **NMGB** – this is the manufacturing plant in Sunderland where the cars are made. This is considered to be the most efficient car manufacturing plant in Europe.
- **NMUK** – this deals with the selling of the cars and encompasses marketing and relationships with dealers.
- **NTC-E** is based at Cranfield and is the centre for design and technology. This deals with product development, etc.
- **NDE** – has recently been opened in London and is a design centre.

The focus of this case study is NTC-E 's innovation process which until a few years ago was poor at designing cars for the customer. Traditionally NTC-E's expertise lies in excellent engineering, cutting costs, lead-times and streamlining the supply chain.

6.5 NTC-E

6.5.1 Traditional Market Research

Like all automobile companies, NTC-E pays for the reputed customer survey JD Power Customer Satisfaction Survey, and hence gains a detailed understanding of where its cars and their respective features stand in comparison with those of its competitors.

It also commissions detailed market research in order to define its market segments and conducts National Opinion Polls. However, the research remains mainly quantitative and not qualitative.

6.5.2 Product Development and Innovation at NTC-E

Despite having data provided by traditional marketing research methods, up until a few years ago, NTC-E was poor at designing cars *for* the customer. As a design/technology focused company, traditionally, the Head Office in Japan would identify a product 'concept' and then cars would be designed to fit this concept. The role of market research or the customers' needs in this process was questionable. However, with recent developments at Nissan whereby regional offices now have responsibility for the entire scope of Nissan's local operations including product development, NTC-E now gets involved in assessing the market feasibility and attractiveness of such concepts.

This signals a shift in Nissan's attitude in general to innovation and new product development, whereas earlier 'design' was what mattered most, emphasis is now being placed on being more commercial and on meeting the needs of different markets with different products.

In a culture which documents Things Gone Wrong and Things Gone Right, Nissan is quite self-aware and realises that understanding customers' needs has not necessarily been its forte.

The appointment of a Head of Perceived Quality at NTC-E, who judges and decides the balance between cost-cutting and reduction in perceived quality, is another sign that Nissan's innovation process is becoming more and more 'demand-pull' and moving away from 'technology-push'.

What is interesting is that innovation doesn't sit with the marketing/sales arm of Nissan in UK but with the designers at NTC-E who have access to funds to conduct their own market research and other activities, as is deemed suitable.

With car models, features and products undergoing constant improvement, the innovation process is definitely incremental and not radical.

6.5.3 The CUPID (Customer Understanding Processes in Design) Project

A stagnant European market, over-production of cars, low levels of differentiation between the various models on offer and its under-performance with the Nissan Almera led NTC-E to want to understand its customers more deeply and involve them in their product development and innovation process.

The CUPID project started in 1998. Partnering with NTC-E and with funding from the Government's Engineering & Physical Sciences Research Council, Cranfield University began the search for tools that would improve the product development process in terms of cost, time and product attractiveness. This

was to be accomplished through bringing in-depth customer understanding (or empathy) into the pre-concept stages of design.

In effect Nissan wanted to use the customer to help define features of interest to them (current and future) and use their needs as an inspiration for design and product development. Since NTC-E is extremely good at providing the 'expected', it needed to focus on features that would 'delight' their customers and the project was focused on identifying ways by which NTC-E could glean and capture such insights. In fact, in order to build and maintain a sustainable competitive advantage NTC-E felt that it must offer innovative products that are perceived by customers to be of high quality, good value and differentiated from the competition.

The research helped NTC-E realise that traditional market research maintains the barriers between marketing, product development teams and the customer, and though it was reliable, it was not always very useful. Traditional methods only capture what customers think now and are not very good at predicting what they will want in the future. With long design to market launch times this takes on major importance.

The Project provided NTC-E with 10 tools that would help them to use the customer in its innovation process by providing in-depth insights. These would support traditional quantitative approaches. These tools now form the basis for eleven of Nissan's Global Operating Procedures. These tools were made generic and publicly available in an Empathic Design Tutor. Some of these tools have been mentioned below to provide an understanding of how designers can become more empathetic to the needs of the consumer and then use this information to cater to consumers' needs and desires.

Figure 6.1   Some of the CUPID Research Tools

Scenario-of-Use Workshop
A customer workshop centred on a role-play of product use. The relaxed atmosphere generated allows the identification of latent customer needs. The focus is on needs, wants and desires rather than solution ideas. The involvement of design engineers increases their empathy with the customer, ensures the right questions are asked, and results in the sparking of innovative solution ideas.
Product-in-Use
Captures real-world customer behaviour using video cameras and enables the identification of latent customer needs. Focuses on the identification of the following cues: product misuse, work-around behaviour, product alterations, improvised solutions, wasted time, mood and social context of use. Captured video acts as stimulus material for other tools.
Culture Probes
Tools that let customers act as researchers. Using engaging tasks like Photo Diaries, Diary Writing and Map Making, they allow customers to provide information they might otherwise have difficulty putting into words. These tools can also help capture insights into behaviours that are not observable and they provide customer information in design-friendly media.

> **The Murmur of the Customer**
> Use of researchers or cameras to discreetly capture the true voice of the customer. Reveals what customers really think of products, not what they tell market researchers. This is illustrated by the following examples:

> *"I don't want my steering wheel to get too hot in the summer. I want to be able to see what my children are doing in the back seat of the car. I'd like storage for my CDs so I can take them straight from the house into the car. I want a secret place to hide things that only I know about. Why can't I use the same CD player in the house as in the car? Why can't I decide how much space to allocate to back seat passengers and the boot? I want somewhere to put newspapers and magazines so they don't look untidy. When its cold I just want to press one button and all the windows de-mist. I'd like a rubbish bin to put all my junk in. I want the car warmed up and de-iced by the time I'm ready to drive off in the morning. Why can't the alarm be pre-programmed to take a photo of thieves? I want the seats to fold flat so I can sleep."*

6.6 What does this mean for Nissan?

This project and recent initiatives have put Nissan well on the way to using consumers as innovators. The culture is now more open to risk-taking. Innovation which used to be mainly tactical is now strategic. Cost-cutting and inflexibility of processes will be the major obstacles to such an innovation process.

Ultimately, this path of innovation may well provide Nissan with a long-term sustainable competitive advantage for the future.

Section 7: The Consumer View of Innovation

7.1   Introduction

Having obtained expert opinion, undertaken a case study at Nissan and conducted a co-development workshop (presented in Sections 4 – 6) a small-scale, traditional, pilot study, quantitative survey of the consumers was undertaken. This was seen as a quick and effective means of obtaining wider consumer opinion in order to support the evidence presented to date. It was also seen as a "check" on the results obtained from new market research tools.

7.2   Sampleframe

The questionnaire was distributed in a face-to-face format and by email. Email respondents were selected through lists obtained from multiple sources. A total of 45 questionnaires were used to generate findings.

Table 7.1   Breakdown of Consumer Sample: Quantitative Survey

Category	Percentage of sample
Male	48%
Female	52%
Age 20 -50 years	90%
Age 50 years and over	10%
No children living at home	52%
Children at home, under 16 years	38%
Children at home, over 16 years	10%

7.3   Research Questions

Consumers were presented with a series of both open ended and closed questions; basic demographic information was also collected. In summary, respondents were asked to:

- Recall recent product and service innovations
- Describe why they thought they were innovative
- State whether these products / services had resulted in changed behaviour
- Describe what makes something innovative and worthy of referral
- State how organisations can improve innovation
- Describe their involvement in developing innovations

The full questionnaire is available in Appendix 4 at the end of this report.

7.4 Product Innovations

Consumers were asked to recall up to three product innovations that had been introduced to the market in the last two years.

No prompting or discussion by the researcher was permitted. This was important for several reasons: to see how easily respondents could recall three new products and to see whether the given time span of two years was accurate in their minds.

Many respondents struggled to quickly recall three products. Several people found it difficult because they explained that if it was a useful innovation it quickly became part of their everyday lives and they forgot it was "new".

The accuracy of "innovations in the last two years" varied hugely. Consumers read this as the last two years of their lives rather than the marketplace. For example, one respondent cited Mars Bar ice creams as they had recently been introduced to them by grandchildren despite the product being launched in the 1990s.

Over half of the products cited involved advances in IT. For male respondents the products were almost exclusively IT innovations.
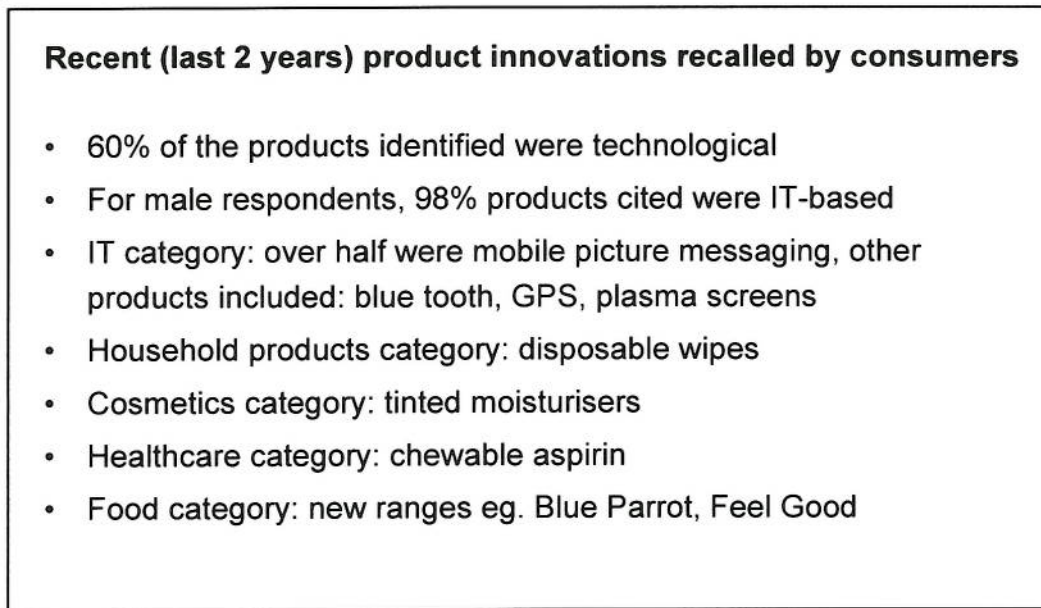
Not all the products cited by respondents had actually been bought, rather they had heard about them and thought they were "a good idea".

A significant number of innovative products purchased were yet to be successfully used. In the minds of the consumers this induced feelings of frustration and a worry that they needed to get around to using it. Products in this category included picture messaging and digital cameras, for example. For some respondents this indicated an awareness that the innovation was useful and relevant, and they perceived that it would become part of their everyday life, but - at the moment - the time required to change behaviour or get new IT set up was not available in their lives.

In terms of what made the product "innovative", consumers quoted a range of features. The fact that the product was "new to the world" was an obvious response, but others, such as the preponderance of comments like "easier" and "quicker", start to give greater insight into consumers' thinking. The idea that instead of buying two products they now only needed to buy one (eg. new combined dishwashing detergent, disposable cleaning cloths) was attractive to respondents for several reasons: it meant fewer products to shop for and to store at home; and they thought it was cheaper overall with fewer items required for tasks (eg. mop, bucket, cleaning product and water were replaced by a mop and disposable wipes). Consumers were overwhelmingly looking to products to improve on what they already had. However, some respondents acknowledged that certain new products had created a need they didn't have prior to launch. This was particularly so with IT products eg. picture messaging.

A summary of the products identified by respondents is shown in Figure 7.1.

Figure 7.1   Most Frequently Recalled Product Innovations

Recent (last 2 years) product innovations recalled by consumers

- 60% of the products identified were technological
- For male respondents, 98% products cited were IT-based
- IT category: over half were mobile picture messaging, other products included: blue tooth, GPS, plasma screens
- Household products category: disposable wipes
- Cosmetics category: tinted moisturisers
- Healthcare category: chewable aspirin
- Food category: new ranges eg. Blue Parrot, Feel Good

7.5   Service Innovations

Consumers were also asked to recall up to three service innovations that been introduced to the market in the last two years.

Respondents also struggled to recall three service innovations. The accuracy of "last two years" was much higher with services compared to products.

The recent changes in the banking sector scored very highly in respondents' recollections. They enjoyed having greater control and freedom over their finances.

The supermarkets also scored well. There was no one category that dominated responses – in fact a whole range of improvements were identified by the group. For example, home delivery, finance, insurance and relationship initiatives such as Sainsbury's "welcome to your new home" cards inviting consumers to try their local store closest to their new house.

Service innovations that offered consumers greater and easier access to information were well represented. This included banks and the NHS Direct phone line, for example.

A summary of the service innovations most frequently recalled are listed in Figure 7.2.

Figure 7.2   Most Frequently Recalled Service Innovations

Recent (last 2 years) service innovations recalled by consumers

- Internet services recorded overwhelming mentions especially shopping, banking, travel services

- Banking
  Online accounts, texting balances, 0% credit cards

- Supermarkets
  Online shopping, other services (insurance, finance)

- New concepts
  Oven cleaning company, scooter drive home service

7.6   Why do Consumers Try a New Product/Service?

Some of the reasons consumers thought products and service are innovative have been mentioned above. In Figure 7.3 below percentages have been calculated for the key issues arising from consumers' responses.

Figure 7.3   Consumers' views as to why they chose to try a new product or service

What was it about this product/service that made you think it was innovative?

Better	24%
New/fun	17%
Easier	16%
Saved time	13%
Saved money	8%
More convenient	8%
Don't need two products anymore	7%
Higher level of security	6%
Greater control	5%

The dominant theme with many of these responses is an improvement in consumers' lives. From these responses it appears that consumers are looking for new products and services to make their lives better, more fun, more convenient, etc.

It is interesting to note that saving time was significantly more important than saving money.

7.7 Consumer Involvement

We were interested in establishing how consumers may have been involved in developing new products already and how involved they would like to be.

7.7.1 Involvement to date

The respondents were asked whether they had "ever been involved in any market research for proposed product / service innovation?"

38% of respondents had been involved in this kind of research.

Most of the research had involved product testing – ie. consumers are given a prototype to use for a period of time and asked to complete questionnaires on its performance or attend focus groups. Obviously by this stage the product is well into its development cycle. Only one respondent had been involved in the early stages of the innovation process as part of a think tank.

7.7.2 Interest in the development process

The respondents were than asked how interested they were in being involved in developing new products or services. Responses are presented in Figure 7.4.

Figure 7.4   Consumer Interest in Future Innovation
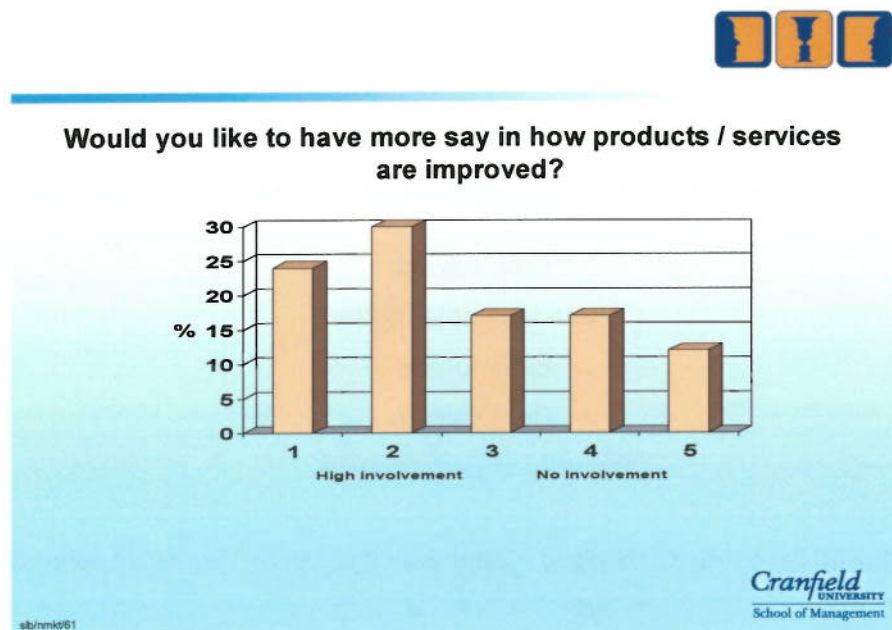
Respondents were asked to identify any product or service areas that they had a stronger desire to be involved in. This produced some interesting results as many of the respondents who had identified previously that they would like to be involved then realised they didn't have the time unless there was a clear personal benefit to

them. Financial incentives were mentioned but the following quotation gives an insight into a different benefit:

> "...anything that currently frustrates me. Car insurance, air and rail travel, house purchasing, wireable computer technology as all of these can be intensely frustrating".

Other notable points:

> "anything that resulted in less marketing and more ergonomics"

> "..would like to know how to submit the ideas I have"

One respondent who was frustrated at completing surveys with no feedback replied *"yes, as long as there was on-going involvement or some follow up".* This respondent was looking for an acknowledgement of his contribution and a sense of belonging to a new product.

7.8   Viral marketing – diffusion of innovation

The group were asked "what would make you recommend an innovative product or service to a friend?"

All the respondents were willing to recommend new products or services to their friends. What it took to get them to do this varied but there were some common themes, as listed in Table 7.2.

Table 7.2   Ranking of reasons for peer group referral

Time saving

Made life easier/better

Easy to use

Cost saving

Security of performance

"If it improved the quality of life along a dimension that I know they would appreciate"

These are important issues for organisations to consider as consumer diffusion of innovation is very powerful in establishing market share.

7.9   How Can Organisations Improve the Innovation Process?

Many respondents could not answer this question. A collection of quotations from those that did is listed below.

> *"Need to be in tune with customers but, often, customers don't know what they want".*

> *"In a nutshell they need to give customers want she/he doesn't realise they want"*

> Companies need to *"focus on how it will improve our lives rather than the technology".*

7.10   Summary

- Recognition of innovative products and services is not limited to respondents' personal use. Some new products create a consumer need they didn't realise they had.
- Consumers are looking for new products and services to improve/simplify their lives
- Price is not a major issue in an affluent society– ease of use and time saving are.
- Consumers want to be involved but lack the time to participate in traditional focus groups and questionnaire completion.
- Consumers participating in the research were looking for immediate benefit e.g. financial payment, significant free product.
- Consumers involved in market research are looking for recognition of their efforts and a belonging to the subsequent developments.
- Viral marketing has the potential to help with the diffusion of innovations

Section 8: Research Conclusions and Recommendations

Summaries have been included at the end of each section throughout the report. Readers are referred to these for more detailed conclusions.

Conclusions

- Radical and incremental innovation should not be regarded as mutually exclusive approaches to innovation. They are inter-related and both types of innovation are essential for sustainable competitive advantage.

- In many fmcg organisations, incremental innovation is frequently based on feedback from consumers, resulting in 'small step' alterations and improvements.

- Radical innovation, on the other hand, tends to result from processes that that seek to link consumer needs (often latent and unarticulated) with what is commercially possible. The exponential growth in consumer use of texting services is an example of this.

- It is the job of the marketer to make the creative connection between what consumers want and what is feasible.

- This process of creative connectivity is driven by the generation of insight into consumers. Insight is not the same as fact, although both are derived from 'the obvious'.

- The aim of market research programmes becomes one of seeking to understand what makes consumers 'tick'.

- In order to establish a flow of insight within an organization, on-going dialogue with consumers must take precedence over serial project-based research programmes.

- The Empathetic Design Tutor from Nissan is an example of how creativity and intuition can be derived from empathy with the consumer and then brought into the pre-conceptual design stage.

- Co-creation workshops that bring together consumers and practitioners offer an ideal opportunity for organisations to identify, clarify and marry consumer needs with what is commercially feasible.

- Co-creation workshops maximize the principle that insight is central to successful innovation.

- Our research demonstrates that consumers want to be involved in the innovation process but that both consumers and practitioners have concerns about how this input can be most effectively managed.

- Our research uncovered managerial debate about how innovation processes should best be structured and managed within organisations. For example, our study found examples of insight generation being owned by design departments who worked independently of marketing departments.

Recommendations

- Essentially, there is a need for further research to identify how we can learn together and co-create with consumers. This breaks down into research in a number of areas:

  - How the current market research toolbox needs expanding to offer tools and techniques that can uncover consumers' latent needs and desires;

  - What the implications of this shift are for client and service organisations;

  - How innovation processes should best be structured and managed within organizations;

  - What is best practice in consumer innovation;

  - What are the academic implications of this knowledge for our understanding of what innovation is?

Appendix 1:   Glossary of Terms

Co-development workshop	A collaborative approach of creative problem solving developed by Synectics, which brings together consumers and companies See Section 5.
CSOM	Cranfield School of Management
The New Product Development Funnel	A model of problem solving stages in the NPD process developed by Wheelwright and Clark
Empathic Design	A set of observational based techniques used to identify unarticulated/latent user needs. See Section 3.8.
Incremental Innovation	A series of incremental product/service/process improvements
NMRG	New Marketing Research Group, CSOM
NTC-E	Nissan Technical Centre Europe, responsible for vehicle design and testing
Organisational DNA	Includes the seven elements needed to make a demand system viable. These are the inter-relationships of intuition; culture and structure; leadership; visions and values; employees; knowledge management; planning and measurement. See page 14 of report.
Radical innovation	A product/service that creates a new line of business- new for the business and the marketplace.
Stage-Gate Process	Linear model of the new product development process developed by Robert Cooper. See Section 3.4.
B2B	Business-to-business (as opposed to B2C: business-to-consumer)

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Appendix 3: Sessions Run by the NMRG Under the Directorship of Dr Susan Baker

Date	Session Title	Speakers
13 March 2001	New Marketing: Are you with us?	Prof Malcolm McDonald (Cranfield) Prof Stephen Brown (Ulster) Shelia McKechnie (Consumers' Association) Jens Frühling (Deutsche Bank 24)
18 June 2001	New Consumers Demand New Marketing	Prof Malcolm McDonald (Cranfield) Wendy Gordon (Fourth Room, now Acacia Avenue) Peter Mouncey (Formerly AA)
27 Sept 2001	New Marketing: Towards a Model	Prof Malcolm McDonald (Cranfield) Dr Louise Humphries (Cranfield) Neale Vickery (Thomas Cook)
26 Feb 2002	Segmentation	Prof Hugh Davidson (Cranfield) Richard Webber (Formerly Experian)
May 2002	Intuition in Marketing	Dr David Walker (Synectics)
July 2002	New Consumer Marketing: Strategies for Leveraging Insights into Consumer Cultures Conference	Peter Cooper (CRAM International) Peter Brown (Lowe Brand) Barry Gibbons (Former CEO Burger King) Gill Ringland (ICL) Robert Opie (Consumer Historian) Eric Kuhne (Eric Kuhne Associates)
4 Oct 2002	Open Day: NMRG	John Grant (Author)
28 March 2003	The Great Innovation Debate	Prof John Bessant (Cranfield) Deborah Roberts (Cranfield) Roy Sandbach (P&G) Dave Bottomley (The Values Company)
1 May 2003	It's Demand Chains, Not Supply Chains!	Prof Martin Christopher (Cranfield) David Taylor (Brand Gym) Prof Shoshana Zuboff (Harvard) Jim Maxmin (formerly Volvo & Laura Ashley)
17 June 2003	Integrated Marketing Communications	Prof Don Schultz (Northwestern University)
4 July 2003	Consumers as Innovators	Feedback Workshop

Appendix 4: Copy of Consumer Questionnaire

Issue: What does "innovation" mean to you, a consumer of products and services?

Can you think of three product innovations in the last 2 years?
(Please list brand / product name and what the innovation was)

1.

2.

3.

What was it about them that made you think they were innovative?

For product 1 identified above:

For product 2 identified above:

For product 3 identified above:

Can you think of three service innovations in the last 2 years?
(Please list brand / service name and what the innovation was)

1.

2.

3.

What was it about them that made you think they were innovative?

For service 1 identified above:

For service 2 identified above:

For service 3 identified above:

Did any of the innovations mentioned above cause you to change the way you did things? If so, please describe:

What does a product or service have to have in order for you to consider it an innovation?

What would make you recommend an innovative product / service to a friend?

How do you think organisations can improve their innovations?

Have you ever been involved in any market research for proposed product / service innovation? If so, please state the proposed innovation and type of research.

Would you like to have more say in how products / services are improved?

High level of involvement   1   2   3   4   5   No involvement

Are there certain categories in which you feel more strongly about this?
(Please describe below areas where you'd like more involvement and areas you don't want any)

Background classification data

| Are you: | Male | ☐ |
| | Female | ☐ |

How old are you?	Under 20 yrs	☐
	20 – 50yrs	☐
	Over 50	☐

Do you have children living at home?	No	☐
	Yes, under 16 yrs	☐
	Yes, over 16 yrs	☐

Where do you live (county)?   _____