CRANFIELD UNIVERSITY

DEBORAH LYNN ROBERTS

EXPLORING ORGANISATIONAL MARKET LEARNING FOR INNOVATION
WITHIN
CONSUMER MARKETS: TOWARDS A THEORETICAL MODEL

SCHOOL OF MANAGEMENT

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Supervisors: - Roger Palmer and Susan Baker

Acknowledgements

Dedication

This thesis is dedicated with love to the memory of my parents, George and Edna Roberts.

Publications

The following is a list of refereed papers that are a result of this study.

Journal Articles

Roberts, D.L., Walker, D. & Baker, S. (2005) Can we Learn Together? Co-creating With the Consumer, *International Journal of Market Research*, Vol. 47, No. 4, pp. 407-427.

Conference Papers and Seminars

Roberts, D.L. & Baker, S. (2004) *Can We Learn Together? Co-Creating with Consumers*, Academy of Marketing Conference, Gloucester.

Roberts, D.L. & Baker, S. (2004) *Consumer Participation in the Innovation Process: a Good Idea?* Academy of Marketing Conference, Gloucester.

Roberts, D.L. & Baker, S. (2003) *Consumer Participation in the Innovation Process.* British Academy of Management Conference, Leeds University.

Roberts, D.L. & Baker, S. (2003) *Consumers as Innovators in B2C Markets.* Academy of Marketing Conference, Aston University.

Roberts, D.L. (2003) *Consumers as Innovators?* EDEN Doctoral Seminar Consumer Behaviour, Brussels.

Roberts, D.L. & Baker, S. (2002) *Market Led Change Through Customer Innovation?.* British Academy of Management Conference, Middlesex University Business School, London.

Roberts, D.L. & Baker, S. (2002) *What is the Role of the New Consumer in the Product and Service Innovation Process?* Academy of Marketing Conference, Nottingham University.

Roberts, D.L. (2002) *What is the Role of the Consumer in Market-Led Innovation?* European Doctoral Programmes Association for Management and Business Administration (EDAMBA) Summer School, Soirez, France.

Abstract

The centrality of the role of innovation in economic prosperity and organisational renewal has long been recognised. Marketing success is contingent upon the adoption of innovations in new services, new products, processes and ideas. In turn this is dependent upon the consumers' acceptance and perception of the innovation. Thus understanding consumers and market learning are frequently viewed as a precursor to innovation.

There is a consensus view in the literature that consumers should be actively involved in the innovation process and should not be treated as 'passive' objects of study. Changes in the market place, combined with the high failure rate of innovations, require organisations to be responsive to changing consumer needs and to adopt both traditional and new methods of market learning.

This thesis explores the issue of market learning for innovation in the context of a new marketing, consumption-driven era. The purpose of the study is to explore and contribute to understanding of what market learning processes for innovation are being utilised within global, UK-based fast moving consumer goods (FMCG) organisations. In addition it examines the modes of consumer involvement in the innovation process.

In pursuit of this aim the research involved a preliminary study using a combination of qualitative research techniques and included a co-development workshop with consumers and organisations. The main phase of the exploratory research was conducted using the case study methodology. Three co-operators, all global FMCG organisations, assisted in the research. Within each organisation an innovation project was identified, and the market learning processes and consumer involvement was investigated. The data was analysed using a conceptual framework from the extant literature, which reflects the research questions, and key constructs were elicited.

The findings and contribution of the study are expressed in the form of an empirically grounded model that combines theories of product innovation management and market orientation with consumer involvement. A common thread running through the model is that of creativity and the use of intuition and tacit knowledge for learning and innovation. In addition, this research provides new insights into the 'fuzzy-front end', of the innovation process, where a considerable amount of direct and indirect consumer involvement is taking place. A typology of consumer involvement ranging from 'passive' to 'active' involvement is also developed and presented.

This empirical research is a theory building study and provides opportunities for further research, which are discussed alongside its limitations.

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1 Introduction

1.1 Introduction

The purpose of this introductory chapter is to outline the background to the research and explain the focus of the thesis. It details the relevance of the research to the current body of literature, and provides a brief introduction to the research objectives and the overarching research question. It describes the main features of the research design and methods, and summarises the principal research findings. The chapter concludes with a brief summary of the chapters and structure of the thesis.

1.2 Origins of Interest

The origins of the researcher's interest stem from an accumulation of previous personal experience in the fast moving consumer goods (FMCG) industry and conversations with senior marketers who attended the Cranfield School of Management New Marketing Research Group (NMRG). Combined with this were reviews of the innovation management, market orientation and postmodern marketing literatures. The latter that of marketing and the need for change in a postmodern society provided the context for the research. In this section, the justification for the study and origins of interest are discussed firstly from the perspective of the researcher, then from the perspective of the literature.

1.2.1 Researcher's perspective

The germination of the research issue began whilst the researcher was working as a buying and marketing manager, both for retailers and for their FMCG suppliers, with responsibility for new product development. A formal MBA training had equipped the researcher with the requisite models and techniques for rational analysis and decision making. However, despite the use of such models and the use of the stage and gate method (Cooper, 1993), the failure rate of new products was still high. Also, the use of both traditional qualitative and quantitative market research methods appeared to lead to commonality in product design, constraining rather than facilitating innovation. It was apparent that innovative products tended to be the exception rather than the rule. Manufacturers would frequently present products that were imitations or "me-toos" with no discernible benefit to the customer.

During this time the researcher was also able to witness at first hand the dynamic changes taking place in the marketing environment, in particular the explosion in information technology and the new levels of consumer empowerment. Attempts were made at developing collaborative relationships with suppliers, and a move from transaction based to relationship marketing was much in vogue. However, the issue of product innovation still remained. In competitive markets success goes to those firms that are best at understanding consumer needs and demands. The researcher's

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observations, including extended amounts of time spent with consumers, led to the belief that new ways of understanding and embracing the complexities of today's consumers were needed.

Further research led the researcher to understand that this was happening in business-to-business markets, but the benefits had not been explored or filtered through to business-to-consumer markets. In addition, having worked with a variety of managers in different organisational cultures and settings, the researcher began to question the role of managers' intuition and creativity in the process. The role of intuition does not sit neatly within the scientific paradigm that dominated most marketers' training, yet its use was clearly evident in practice. Creativity is an essential component of innovation but is barely touched upon in marketing and MBA courses.

This practitioner view was supported by anecdotal evidence from meetings of the New Marketing Research Group at Cranfield University, founded by Professor Malcolm McDonald and Dr Susan Baker in 2001. Here, a group of practioners and academics were attempting to explore together how the process of consumer marketing was evolving in the light of the changing marketing environment. With developments such as the Internet and subsequent consumer empowerment, the traditional tools and techniques of understanding markets and the development of new products and services were found wanting. In particular, innovation in marketing was identified as a subject of concern to all.

1.2.2 Rationale from the literature

Innovation is perceived as a central component of economic prosperity, and the creation of customer value (Doyle, 1988), yet many organisations have failed to master this process on a consistent basis. Indeed, firms within FMCG markets are struggling to innovate. It is estimated (Jain, 2001, cited in Iacobucci, 2001:130) that 40% of all new products in the consumer goods market fail. Marketing success is contingent upon understanding the consumer and developing innovations that they are willing to adopt. As Foxall (1984) states, innovation is a facet of consumer behaviour. Thus, ensuring customer relevant innovation is a top tier priority of the Marketing Science Institute MSI (2004-2006).

This is occurring during a time of profound socio/economic change, which some authors (Firat & Venkatesh, 1995; Cova, 1996) are declaring to be a transition to a new postmodern era. A feature of this change is the IT-enabled, 'active' (Prahalad & Ramaswamy, 2000), 'paradoxical' (Gabriel & Lang, 1998), and 'unpredictable' (Cova, 1997) consumer. Firat et al. (1995), and Brown, (1997) argue that the fundamental marketing assumptions that regarded consumers as passive players in the marketing process are no longer applicable in a postmodern era. A new approach to innovation is needed; one that advocates the need for organisations to pro-actively embrace the consumer as an opportunity, not a threat (Szmigin, 2003).

The innovation management literate depicts innovation as a process of learning, and the accumulation of 'know-how' (Rothwell, 1994; Tidd et al., 2001). The growing

complexity in the marketplace and the pace of social and technical change is encouraging organisations to form networks and alliances in order to respond effectively to market changes. Innovation is conceptualised as an integrated, multi-actor, networked process (Rothwell, 1994). However, as Prahalad and Ramaswamy (2002) argue, despite the talk of collaboration and alliances, the consumer is largely ignored. They continue this line of argument, describing the consumer as "the agent that is most dramatically transforming the industrial system as we know it." As consumers become better connected and increasingly more individualistic (Zuboff & Maxin, 2002) there appears to be an opportunity to explore what can be learnt with them as opposed to about them.

The innovation management literature does, however, recognise the value of understanding the consumer, and market learning as a critical success factor in the innovation process (Cooper & Kleinschmidt, 1987; Craig & Hart, 1992). There is an emerging body of literature (Wikstrom, 1995; Alam, 2002; Kristenson et al., 2004) that is attempting to build theory around consumer participation in the innovation process. To date this approach is in its infancy within consumer markets.

The importance of marketing learning is also well recognised within the market orientation literature (Kohli & Jaworski, 1990; Day, 1994), but translating this learning into successful innovations appears problematic. As most companies have access to the same tools and techniques, these methods are less likely to confer competitive advantage (Leonard-Barton, 1995). Also, many quantitative methods work on averages, therefore failing to pick up the outliers, which are often the source of innovative ideas (von-Hippel, 1988).

The literature on market orientation has demonstrated the positive association between a market orientated firm and innovation success. Recently, Narver et al. (2004) have espoused the need for a 'pro-active' market orientation; one that understands the current and latent needs of its customers. However, there is a gap in understanding around the types of market learning methods and their utilisation in the innovation process. The need to understand the use of non-traditional methods of market research is also a top tier priority for the MSI (2004-2006) research agenda.

1.3 Research Aim, Objectives and Questions

This section provides a summary of the aim of the research, and the research objectives and questions which drive the research process.

1.3.1 Aim

The overall aim of this research was to explore and provide an understanding of the market learning processes for innovation within large, global, UK based FMCG organisations.

1.3.2 Research objectives and questions

An initial research question was posed around the concept of co-development, or working collaboratively with consumers in the innovation process:

➢ **Are consumers being used as innovators in FMCG markets?**

Using this question as a guide, it formed the basis of a preliminary study, as at the start of the research little was known about the phenomenon of interest. The findings of the preliminary study indicated that whilst the idea is espoused to be good in theory, in practice it is still nascent.

What was found, instead, was the prevalent use of organisations' 'market-sensing' capabilities (Day, 1994); that is, the ability of the organisation to sense and exploit external market opportunities. Also, there was evidence of a high degree of experimentation with various methods of market learning. These findings and the literature review undertaken in concert, helped to refocus the research objectives and question for the main case study based research. The overarching research question became:

➢ **How are organisations in FMCG markets using market learning in the innovation process?**

From the primary question flow the following sub-questions:

➢ **What are organisations doing to recognise the changes taking place in contemporary consumer markets?**

➢ **What modes of consumer involvement are being adopted?**

➢ **What research approaches are appropriate?**

1.4 Research Approach

The research is exploratory in nature and adopts a qualitative approach. This approach was chosen because as there is to date a paucity of research in the area of market learning for innovation within the FMCG sector, and the nature of consumer involvement. A preliminary study was conducted around the concept of consumers as co-developers in the innovation process. This, and the subsequent literature review, helped to inform and focus the main study around market learning for innovation, and within that, consumer involvement.

For the main study a case study strategy was adopted as this method of research facilitates the in-depth analysis of complex and ill-researched phenomena, within a real life context. Three case studies were conducted; two within Nestlé Rowntree and one within Diageo. Following the within-case analysis, a cross case analysis was undertaken. A conceptual model was used to guide the data collection and analysis. The

research followed the process of inducting theory outlined in Eisenhardt's (1989) roadmap for conducting case study research.

The choice of qualitative methods and the case study strategy also fit the philosophical perspective of the researcher, that of realism. As is consistent with a realist approach, the resulting findings are reported using data displays and tables. The results were used to refine the original conceptual model and to present a theoretical model that is empirically grounded.

1.5 Contribution

The contribution to knowledge made by this study is described in Chapter 9, which explains how the contribution builds upon existing knowledge. For the purpose of this introductory chapter the contribution is briefly summarised as follows:

> ➤ The aim of the research is to improve understanding of the actual approaches to market learning and integration in the innovation process, and in particular, to learn from comparing practice in different projects and organisations. The research contributed to theory development through the application of a theory building methodological approach. The central concern is not whether the innovation outcomes were successful, but to explore and understand the processes of the innovation, in doing so, generating new perspectives and identifying areas for further research.

> ➤ In the preliminary study, the use of the Synectics creative problem solving model was a unique method of collaboratively working with, and collecting data from, both consumers and organisations. As such, the uniqueness of the approach and its use within academic research provides a contribution to the research methodology.

> ➤ A theoretical model was developed and refined based upon data and understanding gathered from the case studies and informed by the preliminary study.

> ➤ The model is accompanied by recommendations for theorists both for improved product innovation and for practitioners.

> ➤ A typology of the different modes of consumer involvement was developed based upon the data from the case studies.

1.6 Thesis Structure

A schematic diagram of the research process is presented in Figure 1.

Figure 1: Schematic Diagram of the Research Process

ORIGINAL ISSUE	Are consumers being used as innovators in FMCG markets?

Explorative interviews:
• Focus group

Preliminary study **Literature review**

Objectives:
• Refine aims
• Generate research questions
• Identify case study partners

Analysis:
• Coding
• Categorisation
• Refinement

Key themes **Literature review**

Conceptual Model

• Identify research framework

• Refine focus on market learning within innovation process

Focused Interviews
Company documentation
Archival evidence

• Refinement

Case Study 1

Case Study 2

Case Study 3

• Study two projects within some organisation with contrasting innovation process
• Inform emerging theory
• Different project sector

Case 1 **Case 2** **Case 3**

• Cross case comparison and generalisation

Results
Discussion
Finished model
Theory building

Discussion **Model**

Conclusions

Implications:
• Management theory and practice
• Future research

The successive chapters of the thesis unravel a new part of the theoretical argument being made (Yin, 1989: 139). Thus, the thesis follows a theory building structure and is presented in nine chapters, which are described below.

Chapter 1: Introduction

Provides the structure of the thesis, and outlines the aims of the research. The methodological position and research design are outlined. The principal findings are summarised.

Chapter 2: Literature Review

The literature review describes the context of the research in relation to the relevant bodies of literature, and identifies the novelty of the work through its contribution to this existing body of knowledge. The literature review is divided into two distinct sections. The first section outlines the innovation imperative, and contextualises the dynamic changes that are occurring in the market. The postmodern marketing literature provides a case for rethinking approaches to marketing and innovation within the context of a consumption-led economy. It also provides a broad conceptualisation of consumer participation, which is then further developed.

The second section reviews the innovation management literature; in particular the need to understand and communicate with the consumer. Links and common threads between the innovation management literature and market orientation literature are explored. Despite the disparate nature of the fields, they both espouse the need for market learning, yet there is gap in understanding about the process. The need for market-technology linking is advocated by authors in the field of strategic management. This unites the two fields and provides a focus for the research.

Chapter 3: Research Methodology

This chapter outlines the different research approaches available for social inquiry. It seeks to establish a link between the researcher's philosophical position and the methodology, and procedures adopted for the research. This entails a discussion of realism and how this is justified with respect to the research question, and alternative world views. The research methodology used in this study is described. In particular, the use of qualitative methods and a case study strategy is discussed and justified.

Chapter 4: Stage One-Preliminary Study

This chapter outlines the preliminary study, the research strategy and analysis. This chapter introduces the use of the Synectics creative problem solving model as a method of working collaboratively with consumers. The findings are explored, which helped to re-focus the research into the area of market learning for innovation. Finally, the conceptual model is introduced, which is used to guide the main case study research.

Chapter 5, 6 & 7:

These chapters discuss the three case studies, which make up the main research. The first case study, Project KicK Ass, is set within Rowntree Nestlé, and is classed as a renovation project. The second case study is also set within Rowntree Nestlé. This was called Project Oxygen, and is classified as an innovation project. The third and final

case study is set within Diageo, and is called Project Dice. This is also classified as an innovation project. These chapters first present the context of the case study, and the content of the innovation process, enabling the reader to gain insight and understanding into the organisations. This is followed by an analysis of the constructs which emerge from the within-case analysis. Data displays of the constructs are developed as the analysis progresses.

Chapter 8: Cross-Case Analysis

This chapter presents the cross-case analysis. Following the format of the within-case analysis, it first compares the contextual conditions and the content of the innovation processes. It then compares and contrasts the constructs that emerged as a result of the within-in case analysis. The chapter concludes with a discussion of the additional findings that have emerged.

Chapter 9: Discussion and Conclusions

This is the concluding chapter and draws together the findings of the study as a whole. It shows that the research aims were met and reflects upon the research process undertaken. The first section of the chapter presents the theoretical model, which represents the final stage in the theory building process. The final section identifies the contribution made to knowledge by this study, and highlights areas for future research.

1.7 Conclusion

This chapter has introduced the thesis, providing an overview of its structure. It has identified its focus, and provided the background to the research. The chapter has introduced the research methods used in the study, and provided a brief summary of the contribution of the research.

Literature Review

2.1 Introduction

The literature review builds the foundations and provides a focus for the research topic. The purpose of this chapter is to review the relevant literature, to identify the gap in the literature, and to highlight the novelty of the work through its contribution to the existing body of knowledge; in so doing, describing the context of the research in relation to the relevant fields of literature. The selection of literature and subsequent review are to some extent a personal choice, and are dependant upon the theoretical perspective of the reviewer (Hart, 1998, James & Vinnicombe, 2002).

The structure and order of the literature review is outlined in Figure 2.1. This depicts the links between the marketing and product innovation literature; integrating and making connections between the different ideas and theories.

The first section of literature provides the context for the research study, and outlines the innovation imperative. It draws on a body of marketing literature that is identified with a small group of marketing academics who have embraced a postmodern interpretation of events. The literature advocates the need to re-examine some of the models of marketing as we arguably enter a postmodern era. It is within this literature that a broad conceptualisation of consumer participation is introduced.

Due to the exploratory nature of the study, and following the preliminary study, it became necessary to refocus the research study and review further areas of literature. Thus the following areas of literature, in section two, were also reviewed to inform the study.

The second section reviews the product innovation management literature, which is an extensive area of study. In order to focus on the key areas related to this research the literature that converges around user involvement and understanding has been covered.

A brief synopsis of the market orientation literature that focuses on market intelligence generation and dissemination informs the study. The links between innovation management and market orientation are identified. A number of methods of market learning that are used within the innovation process that facilitates a pro-active market orientation were also examined.

Finally, the concept of market-technology linking is introduced, and the gap in the literature to which this thesis will contribute is identified.

Figure 2.1: Structure of the Literature Review
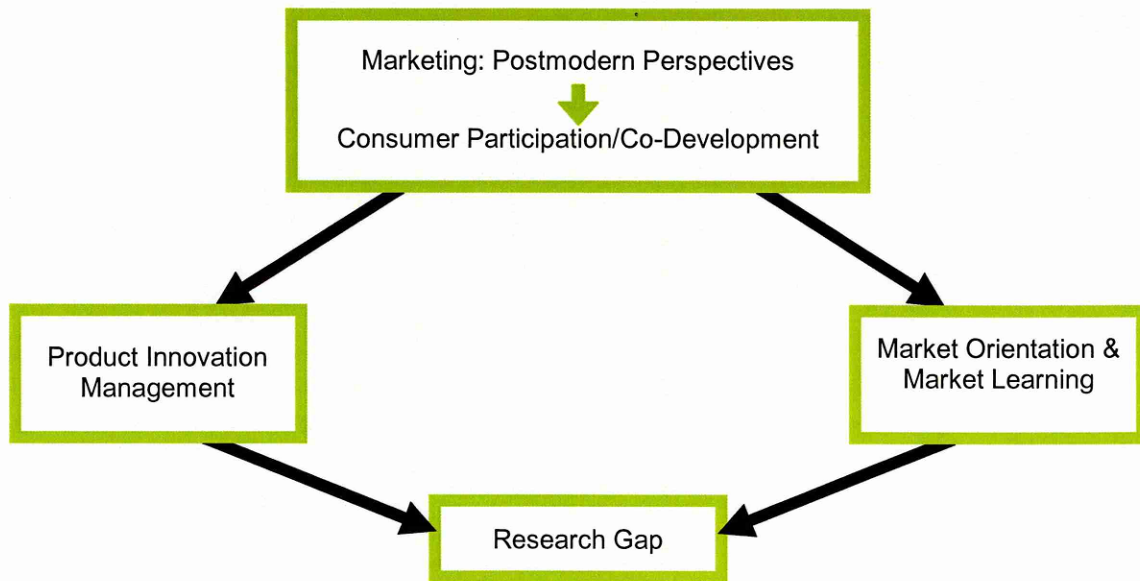
2.2 Literature Review Part One

This section begins by outlining the innovation imperative and providing a context for the research study. The importance of marketing and innovation has long been recognised, and the following quotation expresses the significant role of marketing and innovation in creating competitive advantage:

"Because its purpose is to create a customer, any business enterprise has two and only these two basic functions; marketing and innovation... Marketing and innovation produce results; all the rest are costs."

(Drucker, 1954)

Drucker's (1954) original vision and concept of the business highlighted the importance of both creating a market through innovation, and serving a market, as endorsed by a marketing philosophy. Yet in current literature, an innovation orientation and a marketing orientation often appear as distinct or opposing constructs (Berthon et al., 1999).

Writing earlier, the economist Joseph Schumpeter (1942) linked innovation to the concept of competitive advantage. He also depicted entrepreneurship as the ability to act upon the opportunity that innovations and discoveries create. In the present day innovation is still associated with competitive advantage (Porter, 1990), and is regarded as a form of organisational renewal (Dougherty, 1992; Danneels, 2002)

However, a competitive advantage is only sustainable while competitors cannot imitate or neutralise it (Besanko, 2000). The plateau of sustainable competitive advantage is shrinking; D' Aveni (1994) terms this phenomenon 'hyper competition'. Organisations

are now operating in highly competitive, global, and sometimes mature markets. Doyle, (1998) and Goffin and Mitchell (2005) have identified the main factors that drive market change and, together, create the need for innovation. These factors are highlighted in Figure 2.2.

Figure 2.2: Innovation Drivers

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                    ┌─────────────────┐
                    │  Technological  │
                    │     advances    │
                    └─────────────────┘
                             │
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┌──────────────┐    ┌─────────────────┐    ┌──────────────┐
│   Changing   │    │                 │    │   Changing   │
│   Business   │───▶│  The Need for   │◀───│ Customers and│
│ Environment  │    │   Innovation    │    │    Needs     │
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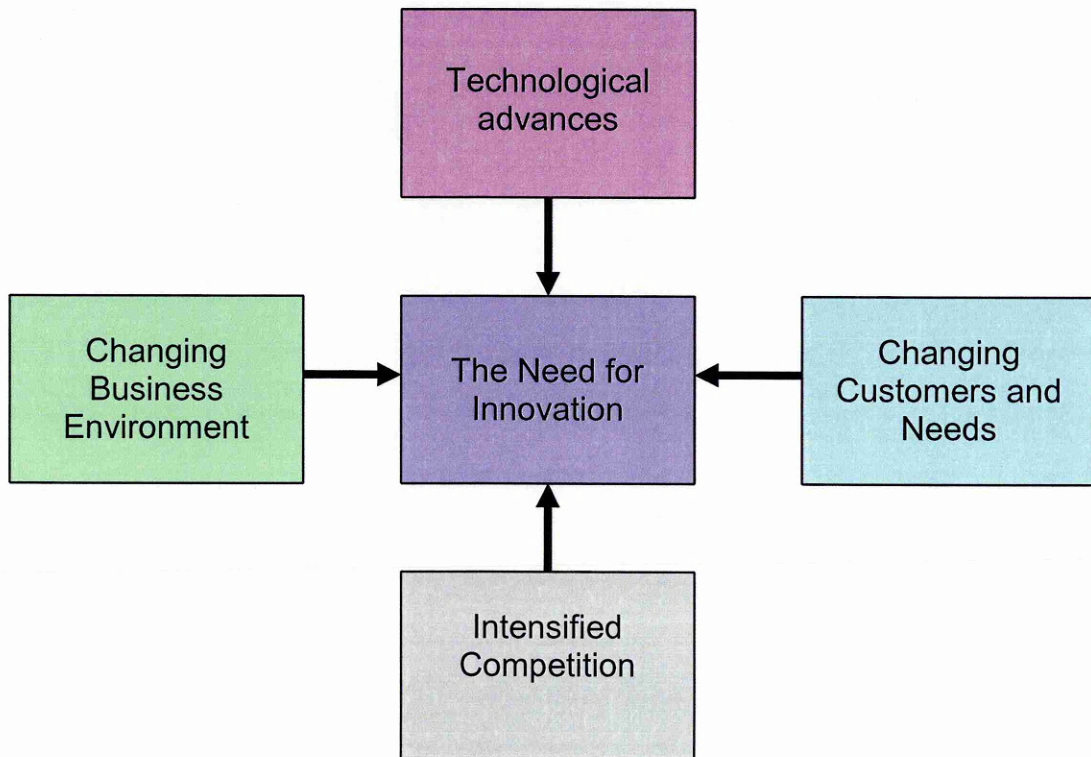
(Source: Modified from
Sheth and Ram, 1987)

The rise of the Internet and the ubiquity of information technology is a prime example of a technological change that is having a major influence on markets and innovation. It has brought with it a marked rise in consumer expectations, which are putting additional pressures on a firm's innovation capability. Changing consumer demographics and requirements are also adding to the pressure as new markets evolve, and others dwindle. Speed of product development, flexibility and organisational learning are now essential for successful innovation (Takeuchi & Nonaka, 1986).

Despite the managerial and academic cognisance of the innovation imperative, an estimated 40% of all new products in the consumer goods market fail (Jain, 2001, cited in Iacobucci, 2001:130). Innovation remains a high risk activity, and an area that warrants further research.

2.3 A Postmodern Era

The innovation imperative is becoming more profound as the macro environment is undergoing historical, social and economic change, which is helping to reshape both society and the business arena. A number of terms, such as the 'information age' and the 'postmodern era', have been used to describe the changes that have been taking place. Postmodernism is an umbrella term, which is used concurrently to describe an aesthetic movement, the transition to a new historical era, and a philosophical perspective. It is on the latter two perspectives that this synopsis will concentrate. Drawing on the work of French theorists such as Jean Baudrillard, and Jean-Francis Lyotard, a number of marketing academics (Hirschman & Holbrook, 1992; Brown, 1993; Firat & Venkatesh, 1995; Cova, 1996) have espoused a postmodern position which describes the transition to a new age where consumption becomes the dominant form of discourse. It is an age dominated by capitalism, globalisation, the media and communication technologies.

Of the postmodernist marketing authors, Firat and Venkatesh (1993) made progressive strides in characterising five conditions of postmodernity, and identifying their relationship to marketing and the consumer. Table 2.1 outlines the five conditions and adds a sixth, that of openness (Firat & Schultz, 1997). The postmodern era has been described as the 'era of the individual' (Cova, 1996). Cova (1996) claims that the fragmentation of society is the visible consequence of individualism. Developments in technology and an abundant stream of product and service innovations have made this fragmentation in society possible. Cova (1996) extends this line of argument, suggesting that as a result of extreme individualism, individuals are making attempts at social recomposition through the formation of societal networks, or 'ephemeral tribes'. In this view postmodernism marks the end of individualism, with the emergence of a reverse movement of individuals in search of a social link.

In a media dominated age, signs and the flow of images are seen to create meaning. According to Cova (1996), consumers buy the image or the symbolic meaning of the product, rather than the products themselves. Elliott (1999) reinforces the notion of symbolic innovation and proposes that consumers no longer consume products for their material utilities, but consume the symbolic meaning of products as portrayed in their images. Thus, products become commodity signs. Cova (1996) argues that if the image is as important as the function then *"technological innovation, the hallmark of modernism, is gradually being supplanted by aesthetic innovation."*

What is evident from Table 2.1 is the underlying assumption that in a postmodern era consumers and markets are changing. *"The modus operandi for marketers in a postmodern era may be 'business as unusual'"* (Firat & Shultz, 1997:183). This view is also supported by prominent mainstream academics such as Kotler, who declares that *"markets are changing faster than marketing."* (2001, xiv).

Table 2.1: Postmodern Conditions

Postmodern Conditions	
Hyperreality	Constitution of social reality through hype or simulation that is powerfully signified and represented. Exemplified by the pseudo worlds of theme parks and restaurants, e.g. Disneyland and Planet Hollywood, and the virtual worlds of cyberspace.
Fragmentation	Fragmentation in media, marketing channels and product offerings, leading to fragmentation in consumption experiences, and the semblance of consumer 'multiple personas'.
Decentring of the subject	Further develops the idea of the fragmented consumer. Consumers are seen as a constantly moving target.
Reversal of production and consumption	Cultural acknowledgement that value is created not in production but in consumption and the subsequent growth in attention afforded to consumption. The recognition that consumers are active in the production of meaning and are loyal to symbols and images, not brands.
Paradoxical juxtapositions	Fragmentation and hyper-reality create openings for the juxtapositions of opposites. It allows the mixing and matching of different styles and images, and leaves scope for imaginative consumer participation, e.g. ironic advertising campaigns.
Openness/tolerance	Acceptance of different styles, ways of being and living, without evaluations of superiority and inferiority.
Loss of commitment	Loss of commitment is seen as a general consequence of the above. The loss of commitment to any singular project manifests itself in consumption activities and personal relationships, e.g. breakdown of marriage.

2.3.1 The postmodern consumer

It appears that during the second half of the twentieth century the concept of the consumer has risen in importance. *"A new way of thinking and talking about people has emerged...we have gradually learnt to think of each other and of ourselves less as workers, citizens, parents or teachers and more as consumers"* (Gabriel & Lang, 1999:1). This highlights the centrality of consumption, as it is seen as more than the fulfilment of needs; it pervades our social relations, emotional and political choices.

In trying to understand the complexity of the consumer there have been a number of popularist and academic attempts to define the postmodern consumer. These are briefly summarised as follows:

- **Organised Consumer:** (Mitchell, 2001) as a result of technological changes groups of organised consumers are emerging.

- **Marketing Literate /Marketing Savvy Consumer:** (Brown, 2004; Mitchell, 2001) *"Consumers are becoming marketing literate. They know they are being stimulated and are developing a resistance to those stimuli, even learning to turn the tables...They have fun deconstructing advertisements. The observed has started playing games with the observer."* (Mitchell, 2001:60).

- **Centaurs:** hybrid consumers who want to consume through a mixture of bricks and clicks channels (Wind & Mahajan, 2002).

- **Knowledgeable Consumer:** IT-enabled, empowered by the Internet and growth of the knowledge economy (Scase, 2002).

- **New Consumer:** Baker (2003) summarises the work of other authors and characterises a marketing literature consumer who lives a complex life.

Brown (1993) extends Firat and Venkatesh's (1993) framework outlined in Table 2.1 by offering three tendencies of the postmodern consumer:

- **Emphasis on form/style:** in determining meaning and life.
- **Greater acceptance of disorder and chaos:** crises and disequilibria are common and accepted states of existence.
- **Readiness for living in the perpetual:** present cultural propensity to experience everything (the past, present and future) in the here and now.

The issues that arise in understanding and representing the postmodern consumer are cogently summarised by Goulding (2003). She argues that depending on the researcher's affiliation, representations of the consumer are often presented as a two sided debate; that of an alienated, or liberated consumer. Goulding (2003) suggests that a more realistic focus would be to look for both representations, and to examine the specific context of consumption, as realistically there are signs of both alienation and liberation evident in everyday life.

2.3.2 Marketing practice and theory

A number of parallels have also been drawn between marketing practice, the consumer environment and the postmodern condition. Brown (2004) cites the development of shopping malls, which are eclectic and themed and attempt to turn consumption into a leisure activity, and the production of sophisticated advertising commercials as examples of postmodern practice. However, there appears to be growing consensus (Firat & Venkatesh, 1995; Brown, 1997) that whilst the practice of marketing has become postmodern, marketing theory continues to be developed in a modernist mode. The conceptual underpinnings of marketing are based upon modernist principals of rational science, universal laws and absolute truths, through the accumulation of objective knowledge.

Brown (1993) cites examples of rational models of consumer behaviour and the new product development process as attempts to understand, model, manipulate and make meaningful generalisations. In relation to the new product innovation process (NPD), Brown (1993) also raises the question of whether *"the inordinate failure rate of new products is due, not to the inadequacies of the products themselves, but to companies' adherence to marketing's misconceptualisation of the NPD process."* However, he also acknowledges that other models, for example, those which are based upon a cyclical rise and decline metaphor, e.g. the diffusion of innovation model, unite more closely with a postmodernist approach.

There are also a growing number of marketing academics (Hirschman & Holbrook, 1982; Belk, 1986) who advocate the use of creativity and the study of artistic artefacts as a means of generating insights into the marketing condition. In addition, Carson (1986) and Cova and Svanfeldt (1992) have demonstrated through the use of case studies that creativity and spontaneity are often features of contemporary marketing practice, but are not adequately captured in marketing thought and theory. In terms of marketing practice and the use of market research, Wright and Crimp (2000) have charted the evolution of marketing and the use of qualitative techniques (see Appendix 2.1). In areas such as FMCG markets, where manufacturers need to identify emotionally based, intangible product attributes, the use of qualitative research is prevalent. This is in contrast to the use of quantitative research methods, which are used within the modernist scientific paradigm.

Traditionally, marketing models have assumed 'passivity' on the part of the consumer. In this view the consumer becomes a target; the receiver of goods and marketing messages. Figure 2.3 demonstrates the traditional view of the consumer as a 'target' and the marketer as an 'active' agent. It also shows an alternative view of the consumer as an 'active' link in the production of images and symbolic meaning (Firat et al, 1995). They proceed by introducing the concept of the 'customizing consumer', who takes elements of the market offerings and develops a customised experiences for themselves. Thus, in direct contrast with the modernist view and traditional marketing thought, it is now being advocated that consumers take an 'active' part in the production process. Consumer participation and inclusion are seen as *"the essence of postmodernity"* (Cova, 1996:498). The off-line community Harley -Davidson brand (McAlexander et al, 2002) and its consumer initiated innovation practices is an oft quoted example.

Figure 2.3: Consumers and Products in Modernity and Postmodernity

Product *Q*

Product *S*

Product *R*

Consumer
(the target)

**Consumers and
Products in
Modernity**

Product *T*

Product *W*

Consumer

Product

Organization

**Consumers and
Products in
Postmodernity**

Organization

(No centre)

Product

Consumer

Consumer

Organization
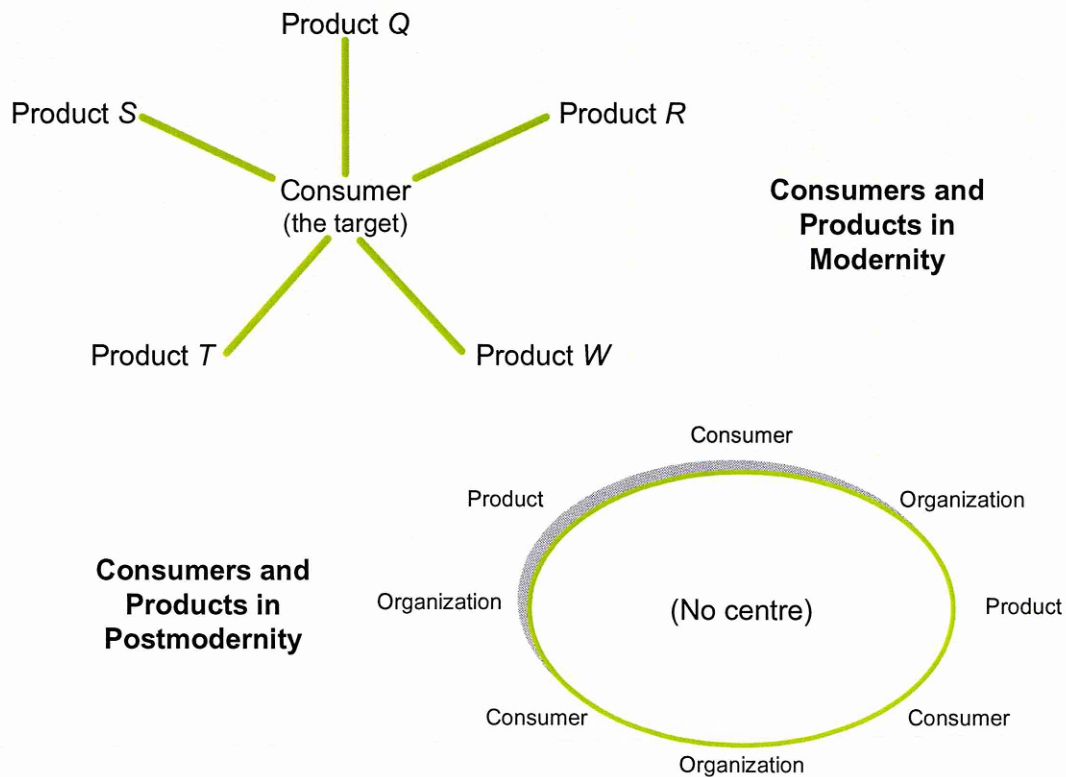
(Firat et al., 1995)

The field of postmodern marketing is not without its critics (Hunt, 1984, 1994; Piercy, 2002). However, it does provide another perspective with which to view contemporary consumer culture, marketing and the issue of innovation. Discussing the role of qualitative methods of market research, Wright and Crimp (2000:379) state that "*postmodernist theory has provided the framework for the 'new' playful world of collaboration between manufacturers, researcher and prosumer.*" In these market conditions it is better to observe and see what consumers actually do.

The postmodern marketing literature provides a broad conceptualisation of consumer participation. Participation is deemed to be the essence of postmodernity, and Firat et al. (1995) suggest that customers are now demanding an active role in production, and that marketers should open up more of their processes.

2.4 Consumer Participation

There appears to be some confusion in the management literature surrounding the term 'consumer participation'. The terms 'customer' and 'consumer', 'co-development', 'co-producer', and 'user involvement' appear to be used indiscriminately. For some authors (Neale and Corkindale, 1998), co-development is a sub-set of customer participation, and relates to the earliest stages of a product or project development. The term 'user

involvement' is often associated with research in industrial markets, e.g. the seminal work of von-Hippel (1986) refers to lead users within a market. Prahalad (2004) argues that there are multiple approaches to customer engagement and articulates five different perspectives, as follows:

> **Emotional engagement**: through advertisements and promotions.
> **Self-service**: petrol stations and supermarkets.
> **Experience economy**: here the firm constructs the context and the customer is part of it, e.g. Disney World.
> **Call centres**: involves customers' time, skill and persistence in navigating the firm's system.
> **Co-designing**: customers are involved in the co-development of products and services.

The latter perspective, co-designing, is in accordance with Dabholkar's (1990:484) definition, *"customer participation is the degree to which the customer is involved in producing and delivering the service"*. This definition stresses the term 'service' and the term 'product' is absent, as it is from the majority of literature on consumer participation.

Within the domain of consumer participation there is a broader conceptualisation of the process by the marketing postmodernist authors, and more recently by Prahalad and Ramaswamy (2000, 2003). They focus on the co-creation of value, which allows consumers to *"actively co-construct their own consumption experiences through personalised interaction, thereby co-creating unique value for themselves."* (Prahalad, & Ramaswamy, 2003:12). Within the literature there is also a narrower conceptualisation, or micro-categorisation of the concept, which focuses on user involvement in the development of the product or service.

2.4.1 The co-creation of value

The changes in the competitive landscape discussed earlier in terms of a transformation to a new post-modern era are also articulated by Prahalad and Ramaswamy (2000, 2003, 2004). They focus on the changing nature of exchange between consumers and organisations as a result of the ubiquitous connectivity of information technology. In their view it is no longer a time of information asymmetry. Knowledge is a form of empowerment, and as consumers are no longer isolated, they are able to make more informed decisions. Their description of 'thematic consumer communities' resonates with some of Cova's (1997) ideas about consumer communities and the importance of the social link. Prahalad and Ramaswamy chart the evolution and transformation of customers, which is summarised in Figure 2.4. As a result of this transformation, Prahalad and Ramaswamy (2004) suggest that consumers want to engage and interact with firms, and thereby co-create value. From this perspective the nature and focus of innovation also changes. Innovation becomes focused on the consumers' co-creation of experiences, as opposed to products and services, and is illustrated in Figure. 2.4.

Figure 2.4: The Evolution and Transformation of Customers

PASSIVE CONSUMERS   ACTIVE CONSUMERS

➤

Time frame	1970s, early 1980s	Late 1980s Early 1990s	1990s	Beyond 2000
Managerial/ Marketing Mindset	The customer is an average statistic; groups of buyers are predetermined by the company	The customer is an individual statistic in a transaction	The customer is a person; cultivate trust and relationships	The customer is not only an individual but also part of an emergent social and cultural fabric
Marketing Activity	Persuading groups of buyers	Transacting with individual buyers	Developing relationships/ lifetime bonds with individual buyers	Customers as co-creators of value
NPD Process	Traditional market research. Products are created with little feedback	Identify customers problems and design products based on feedback	Observation of users; identify solutions from lead users. Develop products based on deep understanding of customers	Customers are co-developers. Companies and lead customers have joint roles in education, shaping expectations
Nature of business exchange	Customers are seen as passive buyers			Customers are co-creators, collaborators and competitors

(Adapted from Prahalad and Ramaswamy, 2000)

This challenges the traditional view of innovation, whereby value is created in the marketplace during the exchange of products and services. It also challenges the conventional view of the firm-centric value creation process, whereby producers and consumers had distinct roles within the process. Ramirez (1999) argues that this alternative view of value creation has been available for some time, and traces its historical roots back to de Boisguilbert, who in 1707 proposed an economic model

18

based on interdependence. He also explains that it is only now, due to socio-technical advancements, that managers and researchers are able to explore the possibility of an alternative view of value creation. This alternative view echoes that of the postmodernist authors, as consumers create value, rather than destroy value in the act of consumption.

2.4.2 Consumer participation in product and service development

This section focuses on the micro-categorisation of consumer participation as a process of involvement in the development of products and services. It examines the rationale for consumer participation and collaboration. Product innovation is inherently risky, particularly when the market or technology is new. Customer participation or collaboration in the NPD process between customers, suppliers and competitors is a common feature of industrial markets (Christopher, 2001; Millier, 1999). However, its perceived benefits are only just being recognised within consumer markets (Thomke & von-Hippel, 2002). Therefore, work conducted in the technology sector is used to articulate the benefits of this approach. Wilson et al. (1995) and Littler et al. (1995) have summarised the strategic benefits of collaboration, a brief synopsis of which can be seen in Table 2.2.

Table 2.2: Benefits of Collaboration

Benefits of collaboration implied in the literature	
Marketing Benefits	Responding to consumer needs. Shorter product development timescale. Accelerated commercialisation of new products. Taking advantage of market opportunities without full commitment.
R&D Benefits	Reduced cost and uncertainty. Technology 'leapfrogging' and transfer. Fast response to changing technologies.
Production Benefits	Access to expertise of partners. Efficient use of production resources.
Competitive Benefits	Improved environmental monitoring. Responsiveness to trends in market place. Cultural exposure to fresh and innovative practices.

It can be seen from the table that collaboration is used to help mitigate the risks associated with innovation. Collaboration can lead to a better understanding of users' needs. It can also help foster creativity and promote the innovation process through the combination of different bodies of knowledge. Thus collaboration may be seen as a method of acquiring generative knowledge. There is an emerging view (Pralahad & Ramsawamy, 2000) that the consumer should also become part of the knowledge network and become a 'competence' for the organisation. There is an implicit assumption that the benefits of collaboration found in industrial markets are transferable

to consumer markets. There are, however, a number of detractors who highlight the problems of working closely with the consumer in the innovation process. Within a business-to-business context Campbell and Cooper (1999) found that collaborative partnership projects were no more successful than in-house projects. Christensen (1997) also suggests that user input may weaken organisations' endeavours to be innovative. The consumer is often seen as being constrained by their own real world experience, and as such can only provide limited ideas. Leonard (2002) outlines the limitations of listening to the consumer, however in her view the limitations are a characteristic of the learning enquiry method, and as such are not insurmountable. Ulwick (2002) also believes that companies devalue consumers' inputs because they ask the wrong questions and use inappropriate research methodologies. He continues by proposing a five step prescriptive approach to 'turning customer input into innovation'.

2.4.2.1 Chronological review of consumer participation

Given the interest and perceived benefits of consumer participation, it would be reasonable to expect a surfeit of literature that is grounded in theory and substantiated by data. However, a chronological review of the customer participation literature by Bendapudi and Leone (2003) from 1979-1995 highlights that this is not the case. The notable points arising from the review are summarised as follows:

- Of the 23 articles listed, only 3 papers provide any empirical evidence for the phenomena researched (Bateson, 1985; Bowen, 1990; Cermak et al., 1994).

- 13 studies were in the services sector, e.g. Lovelock (1979) claimed that consumers can be a source of gains in the services sector.

- 3 studies adopted a broader, postmodernist view of consumer participation (Firat et al., 1993, 1995), as discussed in section 2.3.2.

The logic for consumer participation in the studies is based upon an economic rationale. Bendapudi and Leone's (2003) empirical study aimed to fill a gap in the literature by examining customer participation from the psychological response of the consumer, rather than that of the firm.

A number of authors, particularly within Sweden, have recently highlighted the paucity of literature in this domain, and have articulated the need for better understanding of user involvement. These are listed as follows:

- Wikstrom (1995): Relates learning on co-production in industrial markets to consumer markets.
- Alam (2002): User involvement in the services sector, which adopted a case study approach.
- Dahlsten (2004): A case study of consumer involvement in the Volvo XC90 project.
- Kristensson, et al. (2004), and Magnusson (2004): Worked with consumers in an experimental design to generate ideas for the mobile telephony sector.

Wikstrom (1995) acknowledges that the co-production logic has traditionally been associated with industrial markets, and attempts to relate this knowledge to consumer markets, using a case study of an industrial laundry to demonstrate co-production logic. Figure 2.5 shows the traditional conceptualisation of the company-customer relationship as a sequential process. Market feedback follows the same sequential course, and is reported back to those responsible for product development.

Figure 2.5: The Sequential Company-Customer Relationship
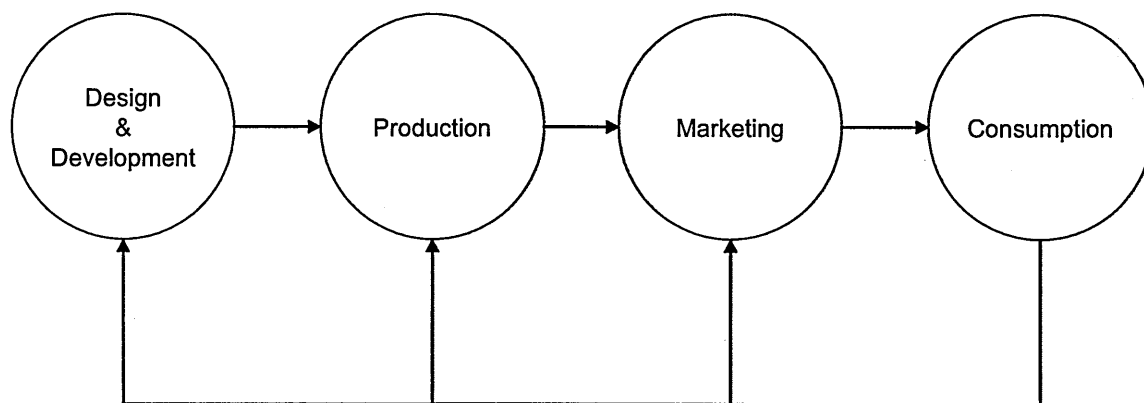
(Wikstrom, 1995)

When the consumer is incorporated into the system the traditional, sequential value creating processes are compressed, and the value creating processes overlap and occur simultaneously. Figure 2.6. conceptualises this company-customer relationship as a simultaneous and interactive process. Wilkstrom (1996) found that this led to lower costs and greater speed of development. However, he notes that for this to occur in consumer markets there needs to be an organisational structure that is capable of exploiting ideas and suggestions. Also, that the management and consumers are capable of reflexivity. Wikstrom (1995) also questions the choice of consumers and stresses the difficulty of recruiting lead users in consumer markets. Despite the homogeneity found in consumer markets, Wilstrom believes that there is potential for interaction. He also concludes with the need for further research, in particular in the use of IT during the interaction process.

Figure 2.6: The Company-Customer Relationship as a Simultaneous and Interactive Process

Marketing

Design & Development

Consumption

Production
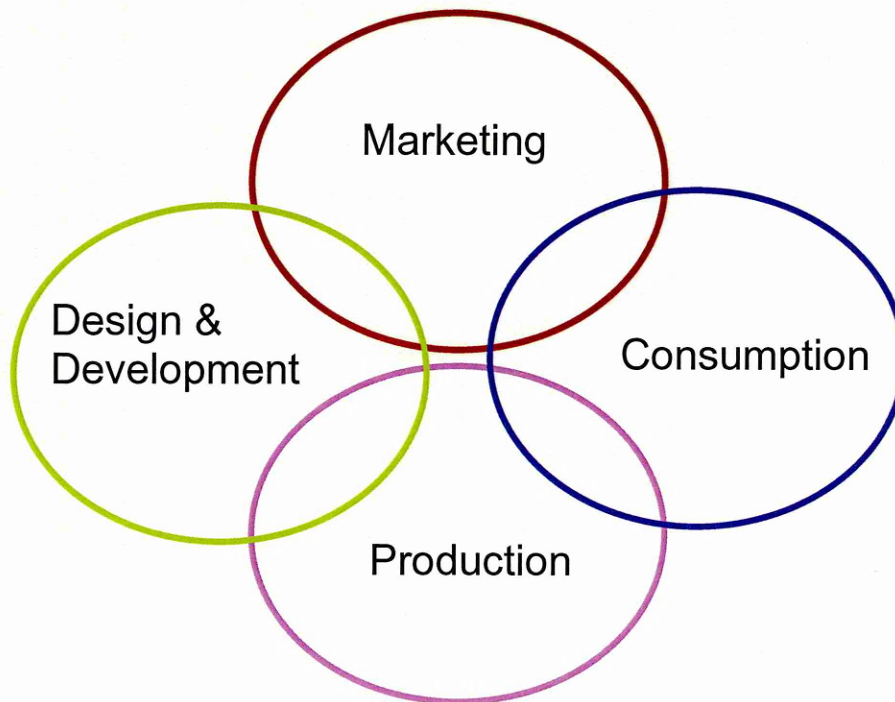
(Wikstrom, 1995)

Alam (2002) adopted a case study approach and reported that consumers or users could be used in all stages of development, but ideation, service design and testing may be more important than the other stages. He also identified a variety of modes of consumer involvement, e.g. in-depth visits, brainstorming and interviews were used to obtain user input. User involvement appeared to facilitate the development of a better and differentiated service that matched consumers' needs. Also, user involvement may aid users to act as innovators in the diffusion of innovation.

Case study research was also the choice of Dahlsten (2004) and his article, "Hollywood wives revisited", outlines female consumer involvement in the XC90 project at Volvo cars. Here, conventional market research activities were complemented by the experimental use of consumers in the project, and involvement was characterised by a quest for understanding rather than formal data capture. Interaction was characterised by experimentation and attempting to fill knowledge gaps in unconventional ways. As such, consumer involvement is as much about organisational innovation as it is about product innovation.

Finally, Kristensson et al.'s (2004) and Magnusson's (2004) research within the mobile phone industry examined the benefits of involving users in service innovation. Using work in the field of creativity and divergent thinking as a theoretical framework, Kristensson et al. (2004) and Magnusson (2004) found that consumers created significantly more original ideas than the professional development team. Professional developers and advanced users created ideas that were more easily realisable. Thus it is

suggested that companies in need of original ideas should involve their customers in the creative phase of their innovation process.

2.5 Summary of Literature: Section One

Despite the extant management research, organisations continue to struggle to innovate as we enter a postmodern era. The emergence of the IT-enabled consumer presents new challenges and opportunities in the quest to develop innovation with true consumer value. The literature provides a case for rethinking approaches to marketing and innovation within the context of a consumption driven era. However, the work of the postmodernist authors is largely conceptual, and is occasionally supported with anecdotal evidence.

The macro-conceptualisation of consumer participation offered by Prahalad and Ramaswamy (2000, 2003, 2004) is also largely conceptual and anecdotal. The co-creation of value would require change and innovation at the level of the business model. As such, Prahalad and Ramaswamy (2003) state that co-creation is about next practices rather than current, or best practices. Ramirez (1999) also discusses the opportunities that the co-creation of value could bring, rather than actual practices.

At the micro level, recent work in the field of consumer participation has lent support to the notion that consumers could be better integrated into the innovation process. As yet, consumer participation in business-to-consumer markets is a relatively unexplored area but indications from other sectors suggest that consumers could revitalise a company's innovation process.

2.6 Literature Review Part Two

This section of the literature review explores the product innovation management literature relating to new product development (NPD). Many NPD studies have focused on the identification of strategic, organisational and processual factors that determine new product success. A parallel stream of research has been the development of conceptual models of the NPD process. The literature in this area is extensive, and hence only a limited number of studies can be covered in this review. The review examines the market learning aspects of the market orientation literature and their links back into innovation. The review also examines the conceptualisation of product innovation as a process of 'market-technology linking', which then leads into the argument for the research question.

2.6.1 Definition of innovation

Innovation is essentially concerned with change and stems from the Latin word 'innovare', meaning to renew or alter. Change can take two forms; in things, i.e. products/services, which an organisation offers, and the processes by which they are

created and delivered. As consumer tastes and markets change and new knowledge enables new solutions to emerge, opportunities for innovations are created. Schumpeter (1934) identifies five types of innovation:

- The introduction of a new good, including the modification of an existing good
- The introduction of a new process
- The opening of a new market
- The identification of a new source of raw material
- The creation of a new type of industrial organisation

In contemporary literature, the first three types of innovation recognised by Schumpeter in the 1930s still appear to be the most common types of innovation. However, advances in information technology and the rise of the Internet have increased the scope for innovation, and the dividing line between product and process innovation is blurring (Tidd et al., 2001).

The management of innovation is concerned with having the conditions in place to ensure that the organisation is able to exploit opportunities and develop new products. New product development (NPD) is often regarded as a subset of the innovation process. The development of new products is the process of transforming business opportunities into tangible products (Trott, 1998). NPD is a multidisciplinary process, involving marketing, manufacturing, and R&D. A consequence of this has been a myriad of NPD studies, from a variety of different disciplines. There is a wealth of conceptual and empirical literature around NPD, which is fragmented. A concise review of the literature may be seen in Brown and Eisenhardt (1995). In order to limit and structure this review, this section examines the models of the process from a marketing perspective, and looks at the key determinants of NPD success.

2.6.2 Models of NPD

The new product development process could be considered to be comprised of two main phases; pre-launch and post-launch. The first stage is frequently presented as an eight-stage linear model (Kotler et al., 2005). Figure 2.7. is a typical generic model that outlines the various stages, starting with the search for ideas, moving through concept testing, product development to product launch. The post launch stage includes the monitoring and evaluation of the product's performance post launch. The post launch stage also involves the adoption and diffusion of the innovation process.

Figure 2.7: New Product Development Process

```
┌──────────────┐              ┌──────────────┐
│ Idea         │─────────────▶│ Screening    │
│ Generation   │              │              │──┐
└──────────────┘              └──────────────┘  │
  ┌─────────────────────────────────────────────┘
  │ ┌──────────────┐           ┌──────────────┐
  └▶│ Concept      │──────────▶│ Marketing    │
    │ development  │           │ strategy     │──┐
    │ and testing  │           │              │  │
    └──────────────┘           └──────────────┘  │
  ┌─────────────────────────────────────────────┘
  │ ┌──────────────┐           ┌──────────────┐
  └▶│ Business     │──────────▶│ Product      │
    │ analysis     │           │ development  │──┐
    └──────────────┘           └──────────────┘  │
  ┌─────────────────────────────────────────────┘
  │ ┌──────────────┐           ┌──────────────┐
  └▶│ Market testing│─────────▶│ Commercialization │
    └──────────────┘           └──────────────┘
```
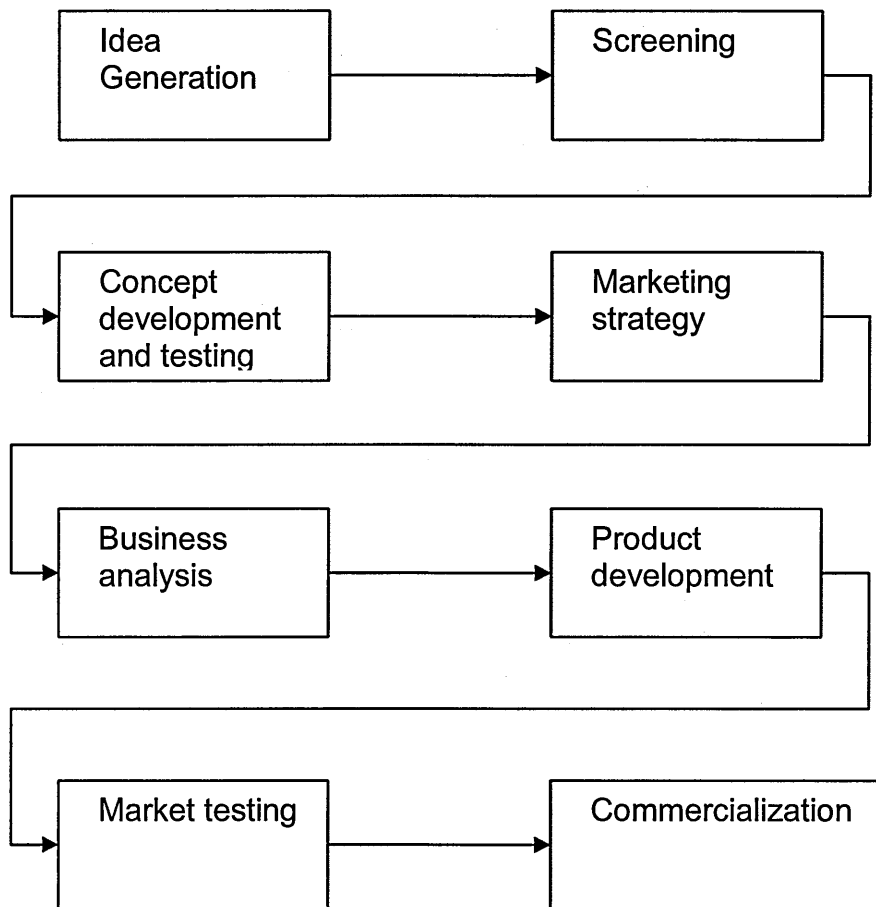
(Source: adapted from Kotler et al., 2005)

Saren (1984) developed a taxonomy of the new product development models which categorised them into five types. It is now possible to add a further two models to Saren's original conceptualisation, as shown in Table 2.3. This table highlights the strengths and weaknesses of the various models of NPD. Models by their very nature attempt to simplify and capture complex phenomena. This is the central argument of critics of the linear sequential models of NPD. In reality, innovation is a complex, iterative process, idiosyncratic to the firm and to the project in question. More recently, Rothwell (1994) has attempted to capture this complexity and has proposed that innovation is a multi-actor, networked process, which requires high levels of integration at the inter- and intra-firm levels.

Hart and Baker (1994) have criticised the NPD models for not sufficiently taking into account the findings of the NPD success literature. To overcome this Hart and Baker (1994) have proposed a conceptual 'multiple convergent processing' model of new product development. This focuses on the diverse tasks and participants that are involved in the NPD process, allowing the tasks to be evaluated in an integrative fashion throughout the iteration of the process.

2.6.3 Studies of new product success

A number of studies have attempted to identify the factors that determine the outcomes of new product development. These can be divided into 'generalist' and 'specialist' studies. The former tend to be exploratory studies which have identified a wide range of possible determinants of new product success and have emphasised the notable ones.

There are a number of well known studies, e.g., project SAPPHO (Rothwell et al., 1974), project New Prod1 (Cooper, 1979, 1982; Calantone and Cooper, 1981), and project New Prod II (Cooper and Kleinschmidt, 1987). An overview of these studies can be found in Craig and Hart (1992), Montoya-Weiss and Calantone (1994), and Ernst (2002).

The 'specialist' studies have concentrated on one specific area of NPD, e.g. the integration of R&D and marketing functions. These studies have selected success factors identified in the generalist studies and have investigated them in depth. Figure 2.8 shows the main determinants of new product success that have been identified in the literature. The understanding of customer needs and preferences, and a product which is superior in the eyes of the customer are the major determinants of new product success.

Table 2.3: Taxonomy of New Product Development Models

Model	Features	Issues	Authors
Departmental-stage models	A series of stages associated with the tasks each department performs.	Earliest form of model based around the linear model of innovation. Assumes no overlap or feedback between departments. No activities are shown.	Robertson (1974)
Activity-stage models	Focus on the actual activities being carried out, including iterations of market testing.	Perpetuate the 'pass-the-parcel' approach as activities are still seen to be the responsibility of separate functions.	Rothwell and Robertson (1973) Kotler (1976)
Decision-stage models	The NPD process is represented as a series of evaluation points, and decisions that need to be made to progress the project.	Facilitates iteration through the use of feedback loops, but the feedback is implicit rather than explicit.	Cooper and Kleinschmidt (1993) Kotler (1997)
Conversion process models	View NPD as inputs into a 'black box' where they are converted into an output. Emphasise the importance of information in the process.	A collection of unspecified tasks, which may or may not be carried out.	Schon (1967) Twiss (1980)
Response models	Based on a behaviourist approach to change; typified by perception - search-evaluation-response. Focus on the individual's or organisation's response to a new project or idea.	Reveals additional factors that influence the decision to accept or reject NPD proposals. Over-emphasis on early stages of the process.	Becker and Whistler (1967)
Cross-functional models	Dedicated project teams representing the different departments involved. Aids the communication process.	Attempts to deal with the issues of a departmental approach.	Trott (1998)
Network models	De-emphasises the manufacturer-active paradigm. Parties both inside and outside the firm are key players in the process. Views NPD as a knowledge accumulation process.	Represent the most recent thinking. Highlights the use of customer partners not consumers.	Takeuchi and Nonaka (1986) Trott (1993) Nonaka and Takeuchi (1995)

(Adapted from Saren, 1984)

Figure 2.8: The Main Determinants of New Product Success

Management
    Authority
    Support
    Technical aspects
    Communication

Process
    Timing
    Pre-development activities
    Development activities
    Marketing activities
    Launch activities

Information
    General
    Marketing
    External
    Communication

Successful new product

Company Characteristics
    Technological prowess
    Existing credibility

Strategy
    Orientation
    Objectives
    Synergy
    Product characteristics

People
    Multi functional
    Co-ordination
    Product champion
    Communication

(Craig &Hart, 1992)

Cooper and Kleinschmidt have dominated the work in this field during the last thirty years, often utilising the same data set, derived from the chemical industry, for subsequent studies. Other authors (e.g. de Brentani, 1989; Song & Parry, 1996, 1997) have come up with similar results having relied on the preliminary conceptual work of Cooper and Kleinschmidt. There have been attempts to transfer this knowledge into practice through the development of models of the process, and the communication of the critical success factors to managers. Table 2.5 shows the critical success factors that are under the control of the organisation.The importance and synergy between marketing and technology were not regarded as critical success factors by Cooper and Kleinschmidt (1987), but they were still deemed to be significant factors in NPD success.

Table 2.4: Critical Success Factors

Actionable Critical Success Factors
1. Up front homework - to define the product and justify the project - ideas evaluation and market feasibility studies.
2. Orientation of the NPD process to the needs of the market - refers to the quality of market research with reference to the understanding of customer needs, and competitor actions - inputs throughout the process.
3. Product advantage - differentiated products with unique customer benefits.
4. Early product definition - target market, the concept, benefits and positioning.
5. Well planned and resourced product launch.
6. Continuous commercial assessment - tough go/kill decisions.
7. Organise around cross functional project teams.
8. International orientation - multi-country market research and global or 'glocal' products.

(Adapted from Cooper, 1999)

2.6.4 Customer interaction

As a result of their broad research design, few generalist studies, e.g. project SAPPHO (Rothwell et al., 1974) included customer interaction as a possible success factor. When examining the success factors, Earnst (2002) makes a distinction between market orientation and customer integration. Within the former customers are understood as 'demanders' who make their needs known and provide ideas for NPD. The explicit integration of customers as 'active' participants in the NPD process is rarely considered. Notable exceptions are the SAPPHO project (Rothwell et al., 1974). Customer interaction was included as a construct, which led to the following observation:

"User needs must be precisely determined and met, and it is important that these needs are monitored throughout the course of the innovation since they very rarely remain completely static. Many successful firms achieve this deep and imaginative understanding of user needs through interaction with a representative sample of potential customers throughout the development." (Rothwell et al., 1974:289).

This finding was later supported by Maidique and Zirger (1985), who found that successful products were characterised by frequent and in depth customer interaction at all levels and throughout the development and launch process. Cooper (1979) introduced a stage specific aspect of customer interaction - prototype testing, which was found to be positively related to new product success.

The studies of NPD success reveal that intensive communication with customers is a determinant of success, but they only provide limited insight into interaction with customers. Gruner and Homburg (2000) have attempted to go further by analysing the performance impact at each stage of the NPD process. Also, by exploring the choice of customer and their characteristics, their results also showed that customer interaction in

the machinery industry had a positive impact on new product success. In addition, interacting with customers during the early and late stages of the process had a greater impact, as did the choice of lead users.

2.6.5 *Innovation management*

Innovation management is a core business process (Tidd et al., 2001) which involves scanning the environment for opportunities, selecting opportunities, obtaining resources, and implementing the project. Lawson and Samson (2001) describe innovation management as an 'organisational capability', which is the ability to continuously transform knowledge and ideas into new products, processes and systems. The elements that make up an innovation capability are shown in Figure 2.9.

Figure 2.9: Model of Innovation Capability

- Vision and strategy
- Harnessing the competence base
- Organisational intelligence
- Creativity and idea management
- Organisational structure and systems
- Culture and climate
- Management of technology

Innovation Newstream

↕ Knowledge

Innovation Capability

↕ Knowledge

Mainstream Activities

Innovation Performance

Firm Performance
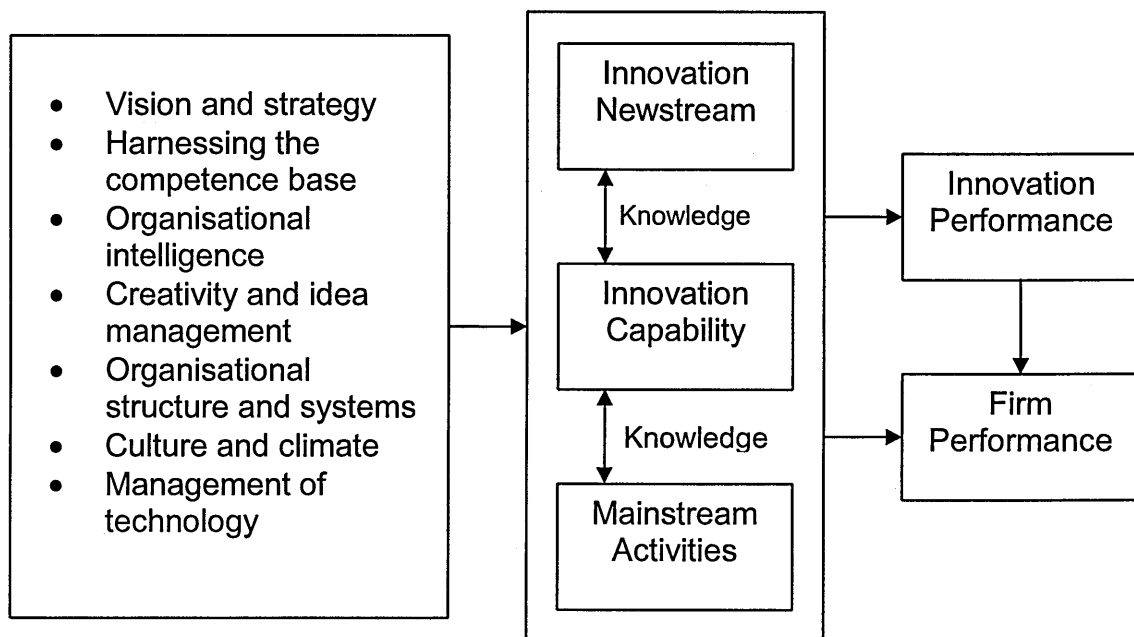
(Lawson & Samson, 2001)

The organisational intelligence element of the model is primarily about learning from customers and competitors. They also recognise the need for divergent thinking in the process of creativity and ideas management, but don't explicitly make the link to customers. Outside sources of knowledge are critical to the innovation process. Von Hippel (1988) identified that the sources of innovation are often external to the firm; they originate from users, and vary across industries. The ability of the firm to recognise the value of new external information and assimilate and apply this to commercial ends is called a firm's 'absorptive capacity' (Cohen & Levinthal, 1990). They argue that a firm's absorptive capacity is largely a function of its prior knowledge base.

The creativity and ideas management element of the model is concerned with the task of making innovation happen, and also involves knowledge creation. Any type of

innovation progresses through a number of phases before it becomes commercially viable. The initial stages are often referred to as the 'fuzzy-front end' of innovation. According to Goffin and Mitchell (2005:226) *"the irreverent name is appropriate because the 'front-end' is difficult to define and needs focused attention that it does not receive."* Idea generation occurs at this initial stage in the process.

The analogy to a funnel is frequently used (Wheelwright & Clark, 1992; Goffin & Mitchell, 2005; Barton & Sensiper, 1998) to describe the phases of the innovation process. Figure 2.10 is a conceptualisation of the Innovation Funnel by Barton and Sensiper (1998), which enhances the basic stage model by Wheelwright and Clark, as it incorporates creativity and cycles of divergent and convergent thinking in the process. Here the innovation is a rhythmic process of search and selection, exploration and synthesis, and cycles of divergent and convergent thinking. This process, by which individuals or groups create ideas and make and develop options, introduces the concept of explicit and tacit knowledge. A more detailed account of the use of creativity in the business process is given by Amabile (1998).

Figure 2.10: The Innovation Funnel
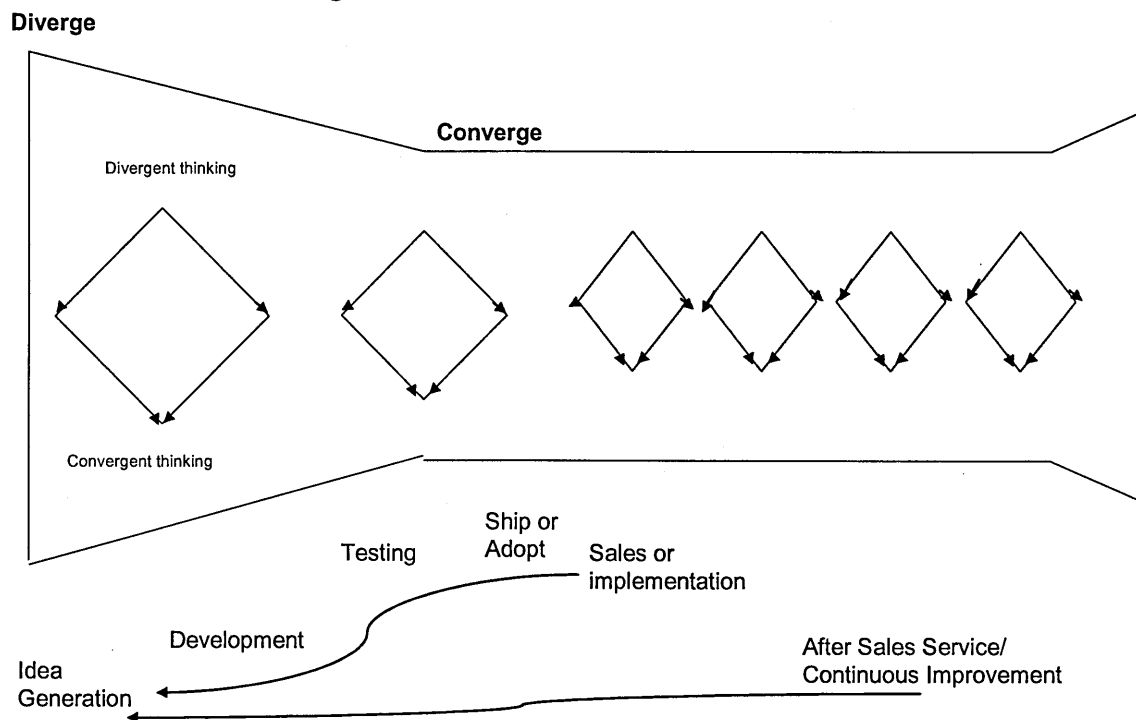
(Adapted from Barton & Sensiper, 1998)

2.6.5.1   Explicit and tacit knowledge

The sharing and interaction of individuals' and group knowledge is an important source of innovative ideas. Nonaka (1995) distinguishes between two different forms of knowledge. The first, objective knowledge, is knowledge that is formal and can be easily shared. Nonaka (1995) refers to this as explicit knowledge; it is also known as

articulated knowledge. Many authors, when discussing tacit knowledge, refer to the work of Polanyi (1962; 1966; 1976) who is acknowledged to have introduced the subject. He describes tacit knowledge as follows: *"I shall reconsider human knowledge by starting from the fact that we can know more than we can tell."* (Polanyi, 1976:336)

Tacit knowledge is not separable from the individual who holds it; it is hard to formalise, and therefore difficult to communicate. Nonaka (1991) argues that tacit knowledge has a cognitive dimension, in the sense that it consists of mental models and beliefs that are ingrained and taken for granted. The four patterns of knowledge creation identified by Nonaka are described in Table 2.5.

Table 2.5: Patterns for Creating Knowledge

Nonaka's Four Basic Patterns for Creating Knowledge	
Tacit to tacit - socialisation	Person-to-person: because their knowledge never becomes explicit, it cannot be easily leveraged by the organisation.
Explicit to explicit - combination	Combining existing pieces of knowledge.
Tacit to explicit - articulation	Learning and sharing with the group.
Explict to tacit - internalisation	New knowledge becomes part of the thinking pattern.

According to Barton and Sensiper (1998:117), *"experience, stored as tacit knowledge, often reaches consciousness in the form of insights, intuitions, and flashes of inspiration."* They highlight the use of techniques such as brainstorming as methods of capitalising on these respective insights and intuition. Nonaka (1991) describes the most powerful tools for converting tacit knowledge to explicit knowledge as the use of figurative language and symbolism (metaphor). Barton and Sensiper (1998) also advocate the use of observational visits to customers as a mechanism for creating shared understanding. This is supported by Dougherty (1992) who advocates the process of customer visits to aid the generation 'visceral market learning'.

2.7 Market Orientation

The understanding of consumer needs and wants is a widely recognised success factor in new product performance (Rothwell, 1974; Cooper, 1999). This leads to the development of differentiated products and services, which better satisfy customer needs and in turn provide the firm with a competitive advantage. The ability to anticipate the developing needs of customers and develop innovative products and services in response to those needs lies at the heart of the marketing concept. The market orientation literature provides insights into the importance of user input and

market learning for successful product innovation. Kohli and Jaworski (1990) first articulated and provided empirical evidence for a theory of market orientation, which they describe as the implementation of the marketing concept. Narver and Slater (1990) closely followed with a complementary model. They found that a market orientation is associated with superior performance in one or more of the areas of profitability, new product success and sales growth.

These were the first empirical papers in an abundant stream of research to study the antecedents and effects of an organisation increasing or developing its market orientation (Jaworski & Kohli, 1993; Slater & Narver, 1994). However, the intention of the author is not to discuss the measures and moderating variables of the market orientation construct, but to explore themes relating to market learning and the links with innovation.

Kohli and Jaworski's (1990) definition of market orientation is a behavioural one, set within the context of the implementation of the marketing concept. The authors refer to a market orientation as "the organisation wide generation, dissemination, and responsiveness to market intelligence." This focuses on the processes of market scanning and response activities, e.g., designing the product offer. They outline the elements of a market orientation as follows:

- **Intelligence generation:** is seen as the starting point of a market orientation, and includes both current and future customer needs and preferences, and also the exogenous factors that influence those needs and preferences. Intelligence is generated through the use of traditional market surveys and 'complementary mechanisms'.
- **Intelligence dissemination:** new product development is a multidisciplinary activity and market intelligence needs to be communicated and disseminated to the relevant departments that are involved in the development of a product or service.
- **Responsiveness:** to market intelligence takes the form of selecting target markets, designing and promoting the product offer.

Kohli and Jaworski (1990) consider the above processes of intelligence generation, dissemination and responsiveness as a form of innovative organisational behaviour. The above highlights that a market orientation involves being responsive to changing customer needs and the need for innovative marketing strategies to achieve this. However, the use of 'complementary mechanisms' as a form of market learning was not detailed by the authors, other than the use of trend information.

Narver and Slater's (1990) conceptualisation of market orientation complemented that of Kohli and Jaworski. They further suggested that a market orientation is made up of three behavioural components; customer orientation, competitor orientation and interfunctional co-ordination. The customer orientation aspect relates to the understanding of customers' needs in order to be able to create superior value for them. Running in parallel is competitor orientation, which relates to the analysis and understanding of competitors' capabilities and strategies. The third component, interfunctional coordination, refers to the need for the coordinated integration of the businesses resources in creating superior customer value.

An alternative to the behavioural perspective of market orientation is the cultural perspective advocated by Deshpande and Webster (1989). They state that a market-driven culture, the shared pattern of values and beliefs, is necessary to support the activities of market intelligence generation and dissemination. Recently, Gray and Hooley (2002) have provided a more inclusive definition of market orientation that incorporates both philosophy and behaviour, and allows examination of mediating and moderating variables as well as antecedents and consequences. They offer the following broader definition:

"Market orientation is the implementation of a corporate culture or philosophy which encourages behaviours aimed at gathering, disseminating and responding to information on customers, competitors and the wider environment in ways that add value for shareholders, customers and other stakeholders." (Gray & Hooley, 2002)

2.7.1 Market orientation and product innovation

Market orientation research supports that of experts in the domain of innovation management (Dougherty, 1990; Leonard-Barton, 1995) where a market orientation was deemed crucial for success. A number of authors have found a positive relationship between new product success and a market orientation. The key articles in ascending date order are illustrated in Table 2.6.

Table 2.6: The Relationship between a Market Orientation and NPD

Relationship Market Orientation and NPD		
Author(s)	Focus of Article	Relationship +ve market orientation and innovation
Narver and Slater (1990)	Market orientation as a determinant of business profitability. Uses a sample of 140 SBUs of a Western forest products corporation, supplying commodity and non-commodity products.	A substantial positive effect of a market orientation on both commodity and non-commodity businesses.
Jaworski and Kohli (1993)	The effect of market orientation on business performance and the moderating role of environmental characteristics. Two U.S. national samples.	Market orientation is an important determinant of business performance.
Deshpande, Farley and Webster (1993)	Focuses on the relationship between organisational culture, customer orientation and innovativeness on business performance. Study of 50 Japanese firms.	Performance is multicausal. The best performers have a market culture, are customer orientated and innovative.
Atuahene-Gima (1995)	The relationship between market orientation and new product development activities and performance. A study of 275 Australian service and manufacturing companies.	A positive relationship between market orientation and new product success. Its influence varies with the type of innovation and the environment. Market orientation impact is greater for incremental product innovation and when the environment is competitive.
Han, Kim and Srivastava (1998)	A test of the market orientation-innovation-performance chain, utilising a 'component-wise' approach. A sample of 134 U.S. banks.	Market orientation facilitates an organisation's innovativeness, which positively influences business performance. At the component level customer orientation is the dominant factor. All three components, customer, competitor and interfunctional coordination, facilitate innovation/performance when technological turbulence is high.
Lukas and Ferrell (2000)	The relationship between market orientation and product orientation in a sample of 800 U.S. manufacturing companies. A 'component-wise' approach.	Market orientation increases the introduction of 'new-to-the-world' products. A competitor orientation increases the number of 'me-too' products. Interfunctional coordination increases the introduction of line extensions and reduces the number of 'me-too' products.

The studies outlined in Table 2.6 indicate a robust relationship between market orientation and organisational innovativeness. This reinforces Drucker's (1954) earlier notion that a customer orientation and innovation should be the raison d'etre of a business, and supports the strategic importance of innovation and marketing. However, Han et al. (1998) and Lukas and Ferrell (2000) have noted that further research is needed to determine how a market orientation and innovation engage, and together influence organisational performance. It is unclear from the above studies how an organisation should implement the process in order to obtain a competitive advantage. Also, none of the studies were conducted within European organisations or markets. An exception is a study conducted by Hart and Diamantopoulos (1995), who found no significant relationship between the two constructs.

2.7.2 Proactive market orientation

Lukas and Ferrell (2000) introduced the importance of understanding both expressed and latent customer needs. Their findings ran contrary to the oft quoted argument that customer orientated businesses are a source of incremental innovation (Christensen, 1997). This view, that a 'customer-orientated' business leads to incremental product development, also runs counter to the proponents of a market orientation and is at odds with the marketing concept.

It has been suggested (Slater & Narver, 1998; 2004) that this belief continues because of confusion surrounding the philosophy and semantics of being 'customer-led' and 'market-orientated'. The key differences between customer-led and market-orientated are outlined in Table 2.7. It can be seen from Table 2.8. that a customer-led philosophy is a reactive short-term one. To move beyond this state to a market-orientation requires the understanding of customers' latent needs, which requires the use of non-traditional research methodologies. Lukas and Ferrell (2000) recently found that organisations were becoming more efficient at understanding latent needs. Also, they state that customers can help generate ideas for innovation as they are better informed, and less myopic and conventional than in the past.

Table 2.7: Customer-Led versus Market-Orientated

	Customer-Led	Market-Orientated
Strategic orientation	Expressed wants	Latent needs
Adjustment style	Responsive	Proactive
Temporal focus	Short-term	Long-term
Objective	Customer satisfaction	Customer value
Learning type	Adaptive	Generative
Learning processes	Customer surveys Key account relationships Focus groups Concept testing	Customer observation Lead users Continuous experimentation Selective partnering

A recent study (Narver, Slater & Maclachlan, 2004) extends the measurement of market orientation to encapsulate the full scope of the concept. It includes two sets of behaviours, a responsive or customer-led orientation, and a proactive orientation. The latter focuses on the discovery of latent customer needs. The study's findings, based on a broad spectrum of industries, imply that a proactive market orientation is needed for new product success.

2.7.3 Market learning capabilities

Ottum and Moore (1997), utilising Kohli and Jaworski's (1990) conceptualisation of market orientation in the high technology sector, found a strong relationship between market processing and new product success. The study found that information usage was the variable which was most strongly related to new product success. The authors also suggest that the choice of appropriate market research methodologies is an important success factor. This echoes Ulwick (2002), who suggests that the process of innovation is being undermined because "*companies go about listening to customers all wrong*". Adams et al. (1998) discuss the inability of organisations to employ market learning tools in a consistent manner. They describe product innovation as a process of problem solving through the acquisition, dissemination and use of information.

In order to become market driven, and have the ability to process and use market information, Day (1994) stresses the importance of having the relevant capabilities. He describes these capabilities as 'market-sensing' and 'customer-linking'. A 'market-sensing' capability allows organisations to look outside, e.g. sensing the pattern of trends in the market. Customer-linking capabilities are concerned with the creation and management of close or collaborative customer relationships. However, collaboration in the NPD process is discussed in relation to customers/suppliers, and not consumers. Spanning capabilities inform the NPD process, which integrates the inside-out and outside-in processes. This work complements that in the field of innovation, such as that of Lawson and Samson (2001), who describe innovation management as an organisational capability, which is the ability to continuously transform knowledge and ideas into new products, processes and systems.

2.7.3.1 Market learning processes

To date, authors in the field of market orientation have made theoretical comments regarding market learning processes, and have referred to the work of others (Leonard & Rayport, 1997; Lynn et al., 1996, and von Hippel, 1986) in the domain of strategy and innovation. Here, the use of non-traditional market learning processes are explored and mitigates some of the problems associated with traditional methods of enquiry and 'listening to the market'. The methods detailed below are described by Leonard-Barton (1995) as 'more art than science', reiterating the claims of the marketing postmodernists for a more intuitive approach to marketing.

➤ *Probe and Learn*

Lynn et al. (1996) advocate a 'probe and learn' process to gain insight into which markets to pursue, when the market is not defined. This involves running a series of market experiments, introducing prototypes into a number of market segments and learning and developing products from this. This is seen as a valuable method where neither the customer nor the technologies are certain.

➤ *Empathic Design*

Empathic design is described by Leonard and Rayport (1997) as the creation of product or service concepts based on a deep empathic understanding of unarticulated user needs. The process involves observing consumers using products and services but, unlike traditional methods, it takes place within the consumer's own environment. This technique resembles the ethnographic techniques more widely used in the field of anthropology. It can reveal information about the following:

- Triggers of use
- Interactions with the user's environment
- User customisation
- Intangible attributes of the product
- Unarticulated user needs

The findings of the process are based on actual rather than espoused behaviour. However, this technique is only possible where a potential user group can be identified. Once a product concept has been developed, empathic design can be complemented by more traditional techniques in order to test the concept.

➤ *Latent Needs Analysis*

A method for uncovering unarticulated and possibly unconscious preferences amongst customers was developed by Zaltman (2005) and is referred to as the Zaltman Metaphor Elicitation Technique. It is used to identify constructs, metaphors and mental models that drive customers' thinking and behaviours. It allows people to express thoughts and feelings through the use of visual images and words.

➤ *Lead Users*

Von Hippel (1986) explored the use of 'lead users' as a source of innovation in the high technology sector. He defines 'lead users' of a novel or enhanced product, process or service as those displaying two characteristics with respect to it:

- Lead users face needs that will be general in a marketplace, but face them months or years ahead of that marketplace.
- Lead users are positioned to benefit significantly by obtaining a solution to those needs.

It was found that lead users could provide valuable insights concerning needs and proto-type solutions.

➤ *Customers as Innovators*

Stemming from von Hippel's work on lead users are a number of user toolkits (Thomke & von Hippel, 2002) which help build customer input into the innovation process. Thomke and von Hippel (2002) have coined the phrase 'customers as innovators' and advocate tapping into customer creativity and innovation. This is done through the provision of design and development tools, e.g., computer simulations and prototyping to lead customers who design and develop part of the product concept. This approach is utilised in business-to-business markets, but Thomke and von Hippel (2002) have suggested that it may be spreading to the business-to-consumer arena.

The above methods acknowledge the potential of consumers and customers in generating innovative ideas and contribution to the innovation process. They also allow for the fact that consumers are often adept at articulating their needs. These enhanced techniques move beyond direct questioning and allow researchers to discover both current and latent needs, which have the potential to create breakthrough ideas.

2.7.4 Market-technology linking

Throughout the review of the innovation management and market orientation literature it is apparent that a number of similarities and links emerge, although the authors do not acknowledge this as such. It is in the area of market-technology linking that congruence occurs. Dougherty (1992) visualises the practise of production innovation as the creation and exploitation of knowledge which links market and technological possibilities, in a process of 'market-technology' linking.

One of the earliest conceptualisations of the innovation process (Rothwell & Robertson, 1973) emphasises the fact that external factors influence each stage of the process. Rothwell and Robertson's original model incorporates the current state of society's aims and needs and the marketplace, and the store of current scientific technical and production know-how. Dougherty (1992:78) stresses the need for product innovators to *"engage in a creative and emergent process of development to construct this comprehensive package of attributes."*

The practice of NPD, *"comprises the creative linkage of the market and technological possibilities into a comprehensive package of attributes"* (Dougherty, 1992:78). The term 'comprehensive' is emphasised as this denotes the fact that a product constitutes the integration of market and technologies. This avoids what Tidd et al. (2002:43) term *'one-dimensional management'*, seeing innovation as a *'technology push'* or a *'market pull'* process.

Through empirical research, Danneels (2002) also supports the idea of market-technology linking. The notion of linking the firm's customer competencies with

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technology is depicted in Figure 2.11. Danneels (2002) argues that organisations need to develop a simultaneous view of customers and technology to innovate effectively.

Figure 2.11: Product Innovation as the Linking of Technological and Customer Competence

Technological ⟶ New ⟶ Customer
Competence ⟵ Product ⟵ Competence

- Manufacturing plant and equipment
- Manufacturing know-how
- Engineering know-how
- Quality assurance tools

- Knowledge of customer needs and processes
- Distribution and sales channel
- Communication channel
- Company/brand reputation
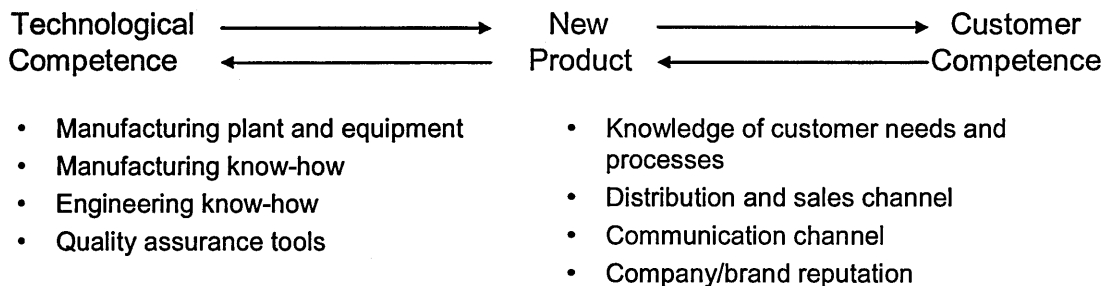
2.8 Summary of Literature Section Two

Models of the innovation and NPD process were developed in a supply driven era, and attempt to simplify what is actually a complex phenomenon. Recently, innovation has been depicted as a networked, multi-actor process. However, the consumer appears to be absent from the innovation network.

Learning and the generation of ideas are considered essential components of the innovation process. Much attention is paid to the later stages of the innovation process in the form of the NPD models. However, the learning that occurs and is required at the 'fuzzy front-end' of the innovation process is unclear.

Many studies describe what a market orientation is and what it consists of, but do not provide guidelines for the building or implementation of it. There is evidence of links between market orientation and innovation, which indicates that market sensing and response processes are predictors of performance. Recent work (Narver, Slater & MacLachlan, 2004) has started to link new product success to a proactive market orientation, which includes the understanding of latent customer needs. However, the market-orientation literature deals with a general tendency to use market information, and tends not to be product or project specific.

Whilst the use of non-traditional methods of market learning is acknowledged, their detailed study tends to be in the innovation management and strategy literature. Dahlsten (2004) suggests that co-creating market knowledge through customer involvement could be a fertile area of research in the market orientation domain. He suggests that customer involvement could constitute a much-needed participatory learning approach for increased market orientation in organisations.

Dougherty (1992), and more recently, Tidd et al. (2001) have described innovation as a coupling and matching process where the interaction between the needs of the market and technological possibilities is critical. A research gap emerges around the marketing learning processes that are being used for innovation, and within that the role of consumer involvement.

Research Methodology

3.1 Introduction

Research studies often begin with an interest in a subject or area. This research study was initiated by the researcher's experience of, and interest in product innovation and consumer marketing. This was preceded by a review of the literature, and the development of the research questions, which drove the enquiry of the chosen area. The next stage (Robson, 1993) is to develop a research design for the study, focusing on the purpose of the research and the research strategy.

The aim of this chapter is to discuss the various research approaches that are available for a social enquiry. There is a general view that there is no single, prescriptive methodology, and within the social sciences there is a vast range of research methodologies. Figure 3.1 provides a framework for this chapter, outlines the various research approaches that are available, and highlights the chosen approach for this study.

Figure 3.1: Framework for the Methodology Chapter
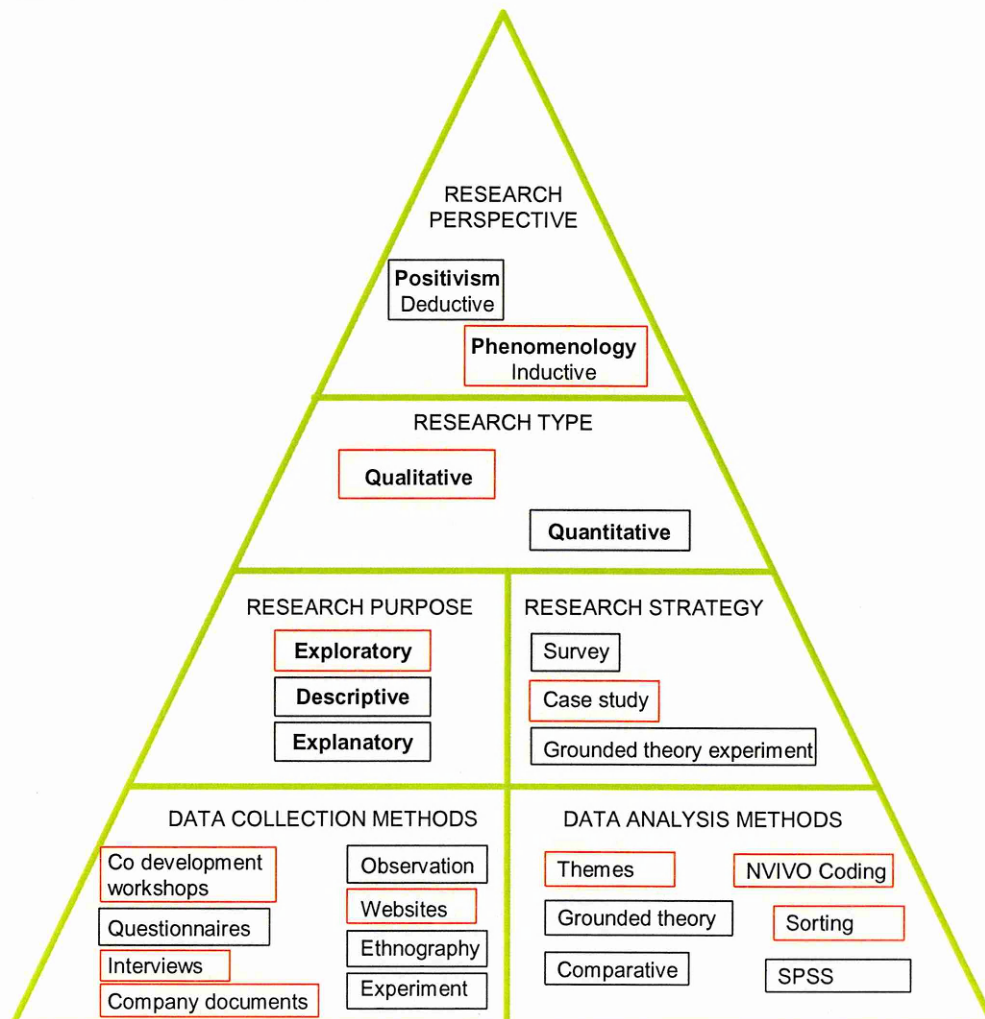
The choice of methodology and the combination of techniques used is determined by the research question posed and the philosophical perspective of the researcher. This chapter begins by describing the relationship between philosophy and research and how this links to the chosen methodology for the study. It then proceeds to discuss why this methodology is appropriate and how the results can be understood as valid and reliable. This chapter concludes by positioning the overall methodological design for this research.

3.1.1 The philosophy of social enquiry

Discussing the field of management research and its relationship with philosophy, Chia (2002) states that *"philosophy is concerned with the process of rigorously establishing, regulating and improving the methods of knowledge creation."* Thus, an understanding of philosophy, and the guiding assumptions that underpin the research design helps to inform the research process, and the academic production of management knowledge. It enables the researcher to select and stake out a research position, which will have implications for *"what, how and why the research is carried out"* (Carson et al., 2001). Central to this are questions relating to 'what is the nature of reality?', and how can that reality be discovered. It is concerned with questions of 'being' and 'knowing'; Blaikie (1995) defines these intertwined concepts of ontology and epistemology as follows:

- **Ontology:** refers to the claims or assumptions that a particular approach to social enquiry makes about the nature of social reality - claims about what exists, what it looks like, what units make it up and how these units interact with each other. It is concerned with the view of social reality taken by the researcher.

- **Epistemology:** refers to the claims or assumptions made about ways in which it is possible to gain knowledge of this reality, whatever it is understood to be; claims about how what exists may be known.

Ontological alternatives are often presented as two polar extremes with a choice between positivism and phenomenology: *"in the red corners is phenomenology; in the blue corner is positivism"* (Zikmund, 1988). The positivist ontology advocates that the social world exists externally, and that its properties can be measured objectively through the use of meticulous testing and observation. Theory is developed through a process of deduction involving rigorous testing and observation, which seeks to explain causal relationships between variables (Denzin & Lincoln, 1994).

In contrast, the essence of phenomenology is that reality is constructed by people, as opposed to objective and external factors. Here the researcher is concerned with understanding and interpreting the different constructions and meaning that people place upon their experience (Easterby-Smith et al., 2002). This perspective views knowledge as deeply subjective as it is derived from the meanings which participants produce and reproduce as part of their daily activities (Blaikie, 1993). This opposes the notion that an external reality exists 'out there' and that knowledge may only be based upon observations by a neutral observer. Data is collected using a naturalistic set of

methodological procedures, e.g., case studies, ethnography and interviews. Phenomenology is often referred to by a variety of terms, e.g., post-positivism, constructivism and interpretivism, and this study uses the latter term.

3.1.1.1 Deduction and induction

There is much debate within the social sciences as to whether research should be theory-led (the positivist approach) or whether theory should be the outcome of the research (the interpretivist position). The positivist researcher uses a deductive research approach which deduces a hypothesis from theory, and expresses the hypothesis in operational terms that proposes a relationship between two variables. The hypothesis is tested by some form of empirical enquiry, and the outcome is used to confirm or indicate the need for modifying the theory. Finally, if necessary, the theory is modified in light of the findings and the cycle is repeated so as to verify the revised theory (Robson, 1993).

In contrast, the inductive research approach develops hypotheses and theories as the result of the research enquiry. Thus, the process of induction allows the data to guide the research and theory building process. Carson et al. (2001:12) states that induction *"involves using the observations of the empirical to allow the construction of explanations and theories about what has been observed"*. This is often referred to as hypothesis generating research (Robson, 1993).

3.1.1.2 A realist approach

Positivism and phenomenology have been presented as two contrasting views of how research should be conducted. However, between the two perspectives is a continuum of contemporary research philosophies, including research perspectives such as realism, hermeneutics and natural inquiry. In discussing the importance of realism for marketing research, Healy and Perry (2000) highlight four categories of scientific paradigms and their elements, which can be seen in appendix 3.2. According to Chia (2002), only postmodernism presents a radical ontological revision of the dominant modes of thought, with its emphasis on 'becoming' as opposed to 'being'. In reality, within management research there are many researchers *"who adopt a pragmatic view by deliberately combining methods drawn from both traditions"* (Easterby-Smith et al., 2002:28). Many of the alternative schools of thought have been born out of the positivist approach to social enquiry that has dominated social enquiry for the last century. One of these positions is that of realism.

Realism is an emerging perspective within management research; it is one that appears to bridge the gap and integrates elements of both positivism and interpretivism. The realist approach is initially attributed to Bhaskar (1975) who proposes that reality exists in three overlapping domains, depicted in Figure 3.2.

Figure 3.2: Domains of Reality

Real Domain
(Structures and mechanisms, which produce the events)

Actual Domain
(Events, which exist whether or not, they are observed)

Empirical Domain
(Events, which can be observed)
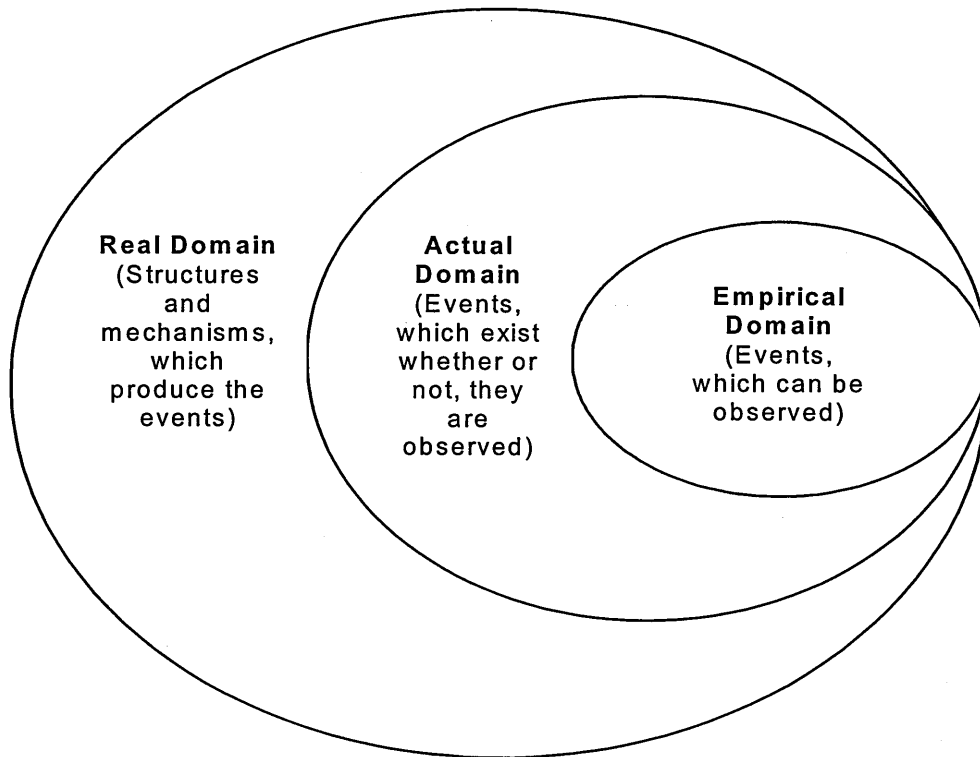
(Partington, 2001)

The empirical domain is made up of those events, which can be observed or can be experienced by the researcher. The actual domain consists of real events, even though they may not be directly observable. The real domain consists of the underlying structures and mechanisms, which produce the events. It is the extent to which researchers accept these various domains of reality that helps to explain why philosophical views may differ concerning the nature of reality, and claims as to what constitutes knowledge.

This alternative perspective of realism was developed as a reaction to positivism, and it criticises positivism for instance, for stating that A precedes B, without adequate understanding of the intervening conditions. However, it also incorporates the positivistic notion that an 'actual' world exists which has unchangeable features, and is independent of our knowledge of it. Realism also derives from positivism the acceptance of objectivity, truth, and the quality of truth. However, it makes a distinction between a causal law and a pattern of events. Easton (1995) states that the concept of causality does not mean correlation or sequence as in the positivist use of the word, but as:

"Realist causality inherent in the nature of things, or objects. Gravity makes apples fall from trees. People build houses. Firms downsize.... It should however be noted that in none of the cases above is the causal power of the initial object sufficient of itself to cause the event to occur though it may be necessary".

(Easton, 1995:374-375)

In addition, realists subscribe to the interpretivist tenet that social reality is pre-interpreted, constructed and reproduced by social actors (Blaikie, 1993).

Thus realism seeks to understand the intervening mechanisms which may indicate and explain, but not prove, causal relationships. Within realism understanding is enhanced through the use of constructs and the building of hypothetical models. These are used as a way of predicting the real structures and mechanisms that govern events. An example of this would be the product lifecycle concept, which empirically has not been proven, and therefore doesn't pass the positivist test of predictability. However, from a realist perspective it is inconsequential whether the concept is proven or otherwise. The *"realist ontological position does not require 'certainty'"*, (Hunt. 1992). What is important is that greater understanding and insight is achieved through the use of the concept.

3.1.1.3   Retroductive strategy

A realist approach to research is characterised by a 'retroductive' approach to inquiry (Bhaskar, 1979; Blaikie, 1993). This starts with a descriptive exploratory stage, using empirical data. This is followed by an explanatory stage, which often involves the construction of hypothetical models of the structures and /or mechanisms. This is then followed by further research to "check critically what is thought to be known" (Blaikie, 1993). In this way knowledge is created through an iterative process of analytic induction and deduction. Shown in Figure 3.3 is Blaikie's (1993) adaptation of Wallace's (1971) combining of inductive and deductive strategies.

3.1.1.4   Researcher's rationale

Previously the researcher had studied both marketing and management, having had a formal business school (MBA) education. Here the predominant pedagogy was to view marketing practice and theory as a 'scientific' discipline, with the use of rational, analytical models and frameworks. In concert, the researcher has been a marketing practitioner and recognises the complexity of organisations, human interactions and decision making; things which can't be explained by methods more akin to the physical sciences. The researcher shares affinity with Blaikie (1995:59) who states that *"human behaviour cannot be reduced to biochemical reactions."* In addition, in recent years, as a marketing practitioner, the researcher witnessed organisations adopting more artistic, creative and intuitive methods of market learning. This then starts to position practitioner marketing at the applied/artistic end of the research spectrum (Carson et al., 2001).

Figure 3.3: Research Strategies

INDUCTIVE METHODS   DEDUCTIVE METHODS

THEORISING

DOING EMPIRICAL RESEARCH

Theories

Forming concepts: developing & arranging propositions

Deducing consequences; making predictions

Empirical generalisations

Tests

Hypotheses

Inducing generalisations: estimating population parameters

Drawing samples & devising measuring instruments

Observations
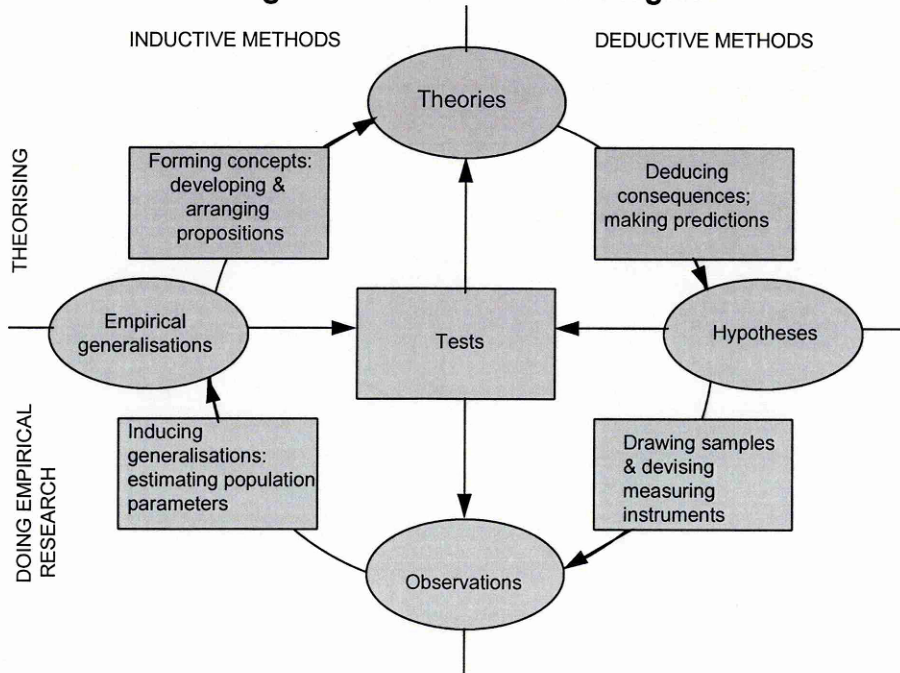
(Blaikie, 1993)

A realist approach to research in marketing has also been advocated by a number of academics (Hunt, 1990, 1992, 1992; Healey & Perry, 1998), which provides support for taking this approach in respect of the proposed research. In particular, Healy and Perry (1998) and Holt (2002) have described some of the key aspects of realism that make it so appropriate; these are listed with reference to the proposed research in Table 3.1.

In summary, realism fits with the researcher's view of social reality, the exploratory nature of the inquiry, the nature of the phenomena to be studied, and the research question. It also fits with the research strategy, which is discussed in the next section.

Table 3.1: Key Aspects of Realism

The Key Aspects of Realism	In the Proposed Research
Realism deals with the real social world.	The context of the research.
Realism assumes that the research is dealing with complex social phenomena involving reflective people.	Innovation and marketing managers, marketing/innovation agencies and consumers.
Realism relies on multiple perceptions.	The research design reflects this.
The aim of research is to develop a 'family' of answers that cover several contingent contexts and different reflective participants.	This is reflected in the research design.
Realism research is primarily theory-building.	The research is primarily theory-building.
Realism relies on multiple perceptions.	The research design reflects this.
Models can be developed as a result of experience acquired in the field.	Models are used to help to build theory.

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3.1.2 The case for a qualitative approach

The case for a qualitative approach fitted with the researcher's philosophical perspective, and proposed approach outlined in Section 3.1.14. the type of research question, and the nature of the phenomenon being researched. Qualitative methods have been described as follows:

"An array of interpretative techniques which seek to describe, decode, translate and otherwise come to terms with meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world." (Van Maanen, in Carson et al., 2001:65).

The value of qualitative methods is outlined as follows: (Carson et al., 2001)

➤ Enable in-depth understanding of phenomena in managerial and consumer contexts.
➤ Allow flexibility and variety in the study of complex environments.
➤ Focus on the 'how' and 'why' in addition to the 'what'.
➤ Valuable when the study does not lend itself to experiments.
➤ When variables are new or unspecified.

For this enquiry the research aim was to provide an understanding at the theoretical and practitioner level of consumer involvement in the innovation process. This, combined with the lack of previous empirical research, drove the research down an exploratory, qualitative route. Also, Bonoma (1985) and more recently Gummesson (1991, 2000) have advocated the need for greater use of qualitative methods in marketing theory and research.

3.1.3 Research strategy

The next stage in the research design was to select an appropriate research strategy, that is, "the general approach taken in an enquiry" (Robson, 1993). He continues by suggesting that it is satisfactory to consider three main strategies, experiment, survey and case study. This list may be augmented by other potential research methods such as archival analysis, history and action research (Palmer, 2001).

Archival analysis and history are not appropriate methods as the research subjects are contemporary in nature. The innovation projects which formed the unit of analysis were ongoing during the research study. However, the researcher acknowledges the benefits of, and has used, historical records, and company/project documents in providing additional insight and increasing the accuracy of the description.

The use of experiments was rejected as such methods are more suitable to explanatory questions, where the aim of the research is to establish causation or correlation. Also, there are a number of unknown variables that do not allow for a suitable level of rigour to be applied. In addition, the circumstances within each company are unique and hence cannot be repeated to allow confirmation of the findings.

Surveys are used frequently within marketing research. These often involve the use of large samples and statistical techniques for the quantitative processing of data, and are pivotal to the positivist mode of research. Thus, it was also thought that a survey strategy was not appropriate for this study as it would require access to a large population of respondents. Also, it presupposes that there is adequate prior knowledge about the chosen area of study, and that the variables can be easily identified and understood by all the respondents.

3.1.3.1 Choice of case study approach

Having examined the above options in terms of which research strategy to adopt, the case study is the chosen method for this research project. A case study may be defined as follows:

"A case study is an empirical enquiry that investigates a contemporary phenomenon within its real life context; when boundaries between the phenomenon and context are not clearly evident; and in which multiple sources of are used."

<div align="right">Yin (1989:23)</div>

Yin (1989) also provides three criteria when choosing a research method:

1. the *type* of research question posed.
2. the *extent of control* an investigator has over actual behavioural events.
3. the *degree of focus* on contemporary as opposed to historical events.

When examining Yin's definition of a case study and the situations for the use of different research strategies, it became apparent that a case study approach would be an appropriate methodology. It meets Yin's criteria in that:

1. it is asking an exploratory *'how'* question.
2. it is investigating a *contemporary phenomenon* within its real-life context.
3. the *boundaries* between the phenomenon and real-life context are not clearly evident.

The proposed research is exploratory in nature and is attempting to build theory in the context of consumer markets. Case study research is widely seen as valid with respect to theory development (Yin, 1994; Eisenhardt, 1989). As explained by Harrison (2002, in Partington, 2002:158) *"the case study is of particular value where the theory base is comparatively weak"*, and within business-to-consumer markets, 'user involvement' in the innovation process is a relatively unexplored phenomenon. Also, although there is much discourse around the 'active' or 'new' consumer, there is little empirical evidence to date to support this.

The case study approach also has a number of other advantages. It allows for "multiple sources of evidence" and the use of a combination of research methods. It also allows for data collection and analysis on multiple levels and recognises that context is important (Miles & Huberman, 1994). A further dimension is added by Easton (2003)

who states that *"case research is about 'peeling the onion', concentration on one case allows researchers to go back to the research site time and again after analysis and reflection, to test their understanding of what they are researching."* Although in this context Easton is discussing the merits of the 'single case study', the implied importance of the research process, as well as the research output, could also be applied to multiple cases.

Case study research is also consistent with the researcher's philosophical position. Support for the case study approach within the realist paradigm is given by Easton (1995), Perry (1998) and Tsoukas (1989). Tsoukas (1989) states that realist studies *"are either exploratory or explanatory in nature, and they have usually utilised, though this may not be exclusively, the case study form"*. Explanation can be built through the use of a retroductive strategy as outlined in Section 3.1.1.3. The use of this strategy within the context of cases research is supported by Eisenhardt (1991), Miles and Huberman (1994), and Perry (1998).

3.1.3.2 Rigour in case research

It is important to acknowledge that case studies as a research tool are not without their critics. They have been subject to at least two criticisms on the grounds of validity and generalisation. Bonoma (1985) warns that *"qualitative researchers must be aware that generalisations in marketing theory may not be very general, and that they must be willing to deal with discomforting new data to change or modify conclusions."* However, Gummesson (1991) highlights the fact that new data helps to improve or expand existing theory, and therefore need not be discomforting. He makes the point that *"science is a journey and the existing theory is not its destination"* (Gummesson, 1991).

In case research the researcher is the observant investigator, hence field research is very much dependent on the researcher. This, combined with the subsequent data analysis, often involving qualitative rather than quantitative analysis, has led to allegations about researcher bias (Yin, 1989). To minimise the risk of researcher bias and any other potential threats to the trustworthiness of the research, Lincoln and Guba (1985) suggest that there are four issues that the researcher must address:

1. *How do we know to what degree the findings emerge from the respondents and the context and not solely from the researcher?*

2. *How do we know the degree to which the findings may apply in different contexts?*

3. *How do we know the degree to which the findings would be replicated if the study could be replicated in the same way?*

In essence the researcher must be able to address the question of:

4. How do we know whether to have confidence in the findings of the study?

Although there is no acknowledged method or framework for conducting case study research, Eisenhardt (1989) has developed a roadmap for generating theory from case research. The quality of this study was enhanced by following the roadmap, which is summarised in Figure 3.4. To deal with the questions proposed above by Lincoln and Guba (1985), Yin (1989) has developed criteria for enhancing the validity and reliability of case research, namely:

➢ *Construct validity - the establishment of the correct operational measures for the concepts being studied.* Construct validity can be enhanced by the use of 'multiple sources of evidence'. It can also be increased by using key informants to validate the data post-analysis. Both of these tactics suggested by Yin (1989) have been used in the study. Construct validity can also be increased through the establishment of a chain of evidence. All the data for this study is catalogued and recorded.

➢ *Internal validity - establishing a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships.* Yin (1989) suggests that internal validity is only of concern for causal or explanatory studies and therefore is not applicable to this exploratory study.

➢ *External validity - establishing the domain to which a study's findings can be generalised.* The use of multiple cases studies and adopting what Yin (1989) terms 'replication logic' can increase external validity. The research has been conducted in this way.

➢ *Reliability - refers to how consistently a technique measures concepts so that other researchers will get the same results.* Reliability can be enhanced through thorough documentation of the case research. To achieve this, the researcher followed Yin's (1989) suggestions, which are the development of a case study data protocol and case study data base. In addition, each case study was conducted in as similar way as possible with respect to the information given to the respondents and the interview protocols.

Yin's criteria, outlined below, both support and supplement Eisenhardt's roadmap (see Figure 3.4). As suggested by Eisenhardt (1989), serendipitous findings have been utilised to gather information and develop insight. In addition, appropriate parts of the research have been presented at conferences and seminars (Roberts, 2002, 2003, 2004) and exposed to peer groups for review and comment.

3.1.3.3 Triangulation

Triangulation is also used to improve construct validity and the level of confidence in the outcome of the inquiry. Triangulation is often referred to as the mixing of qualitative and quantitative approaches. However, Perry (2001) argues that this does not lead to convergence, but provides pictures of very different aspects of the

phenomenon. Carson et al. (2001) state that it is possible to improve confidence in the outcome of the research by the triangulation of data from different interviewee perspectives. The structure of the research design allowed the triangulation of data from three different respondent groups - marketing, and innovation managers - and external marketing/innovation consultants. It also allowed for the use of alternative data sources, e.g. interviews and company documentation.

Figure 3.4: Eisenhardt's Roadmap

STEP	THIS STUDY	ACTIVITY	REASON
Getting started	√	Definition of research question. Possibly a priori constructs.	Focuses efforts, provides better grounding of construct measures.
		Neither theory nor hypotheses.	Retains theoretical flexibility.
Selecting cases		Specified population.	Constrains extraneous variation and sharpens external validity.
	√	Theoretical, not random sampling	Focuses efforts on theoretically useful cases - i.e. those that replicate or extend theory by filling conceptual categories.
Crafting instruments and protocols	√	Multiple data collection methods	Strengthens grounding of theory by triangulation of evidence.
		Qualitative and quantitative data combined.	Synergistic view of evidence
		Multiple investigators	Fosters divergent perspectives and strengthens grounding.
Entering the field	√	Overlaps data collection and analysis, including field notes.	Speeds analyses and reveals helpful adjustments to data collection.
	√	Flexible and opportunistic data collection methods.	Allows investigators to take advantage of emergent themes and unique case features.
Analysing data	√	Within-case analysis.	Gains familiarity with data and preliminary theory generation.
	√	Cross case pattern search using divergent techniques.	Forces investigators to look beyond initial impressions and see evidence through multiple lenses.
Shaping hypotheses	√	Iterative tabulation of evidence for each construct.	Sharpens construct definition validity, and measurability.
		Replication, not sampling, logic across cases.	Confirms, extends and sharpens theory.
	√	Search evidence for 'why' behind relationships.	Builds internal validity.
Enfolding literature	√	Comparison with conflicting literature.	Builds internal validity, raises theoretical level, and sharpens construct definitions.
	√	Comparison with similar literature.	Sharpens generalisability, improves construct definition, and raises theoretical level.
Reaching closure	√	Theoretical saturation when possible.	Ends process when marginal improvement becomes small.

3.1.4 Research design and methods

This section outlines the research design and the procedures that were used to gather and analyse the data in order to address the research question.

3.1.4.1 Getting started

When discussing the building of theory from case study research, Eisenhardt (1989) highlights the paradox that exists between the need to collect data in a systematic fashion and avoiding the biases and limitations that pre-conceived propositions can impose when initiating an enquiry. She suggests that *"theory-building research is begun as close as possible to the ideal of no theory under consideration and no hypothesis to test"* (Eisenhardt, 1989:536). This relates to the issues surrounding what is the role of prior theory? in case research. Figure 3.5 illustrates the range of views surrounding the issue of induction versus deduction.

Figure 3.5: The Role of Prior Theory
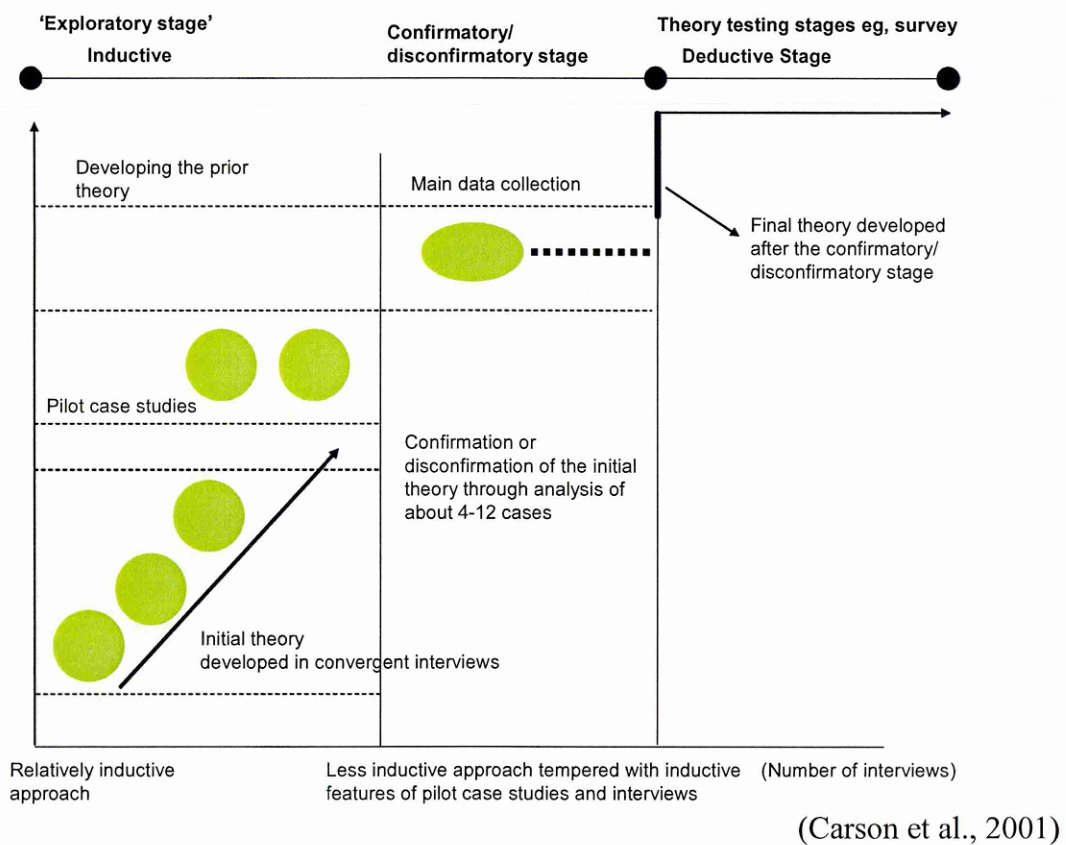
(Carson et al., 2001)

Carson et al. (2001) position Eisenhardt on the left hand side of Figure 3.5. In contrast, Yin's (1994) position is closer to the theory testing, deduction end of Figure 3.5. This research follows Carson et al. (2001) who advocate the use of induction and a confirming/disconfirming stage of theory testing. This was achieved through the following:

- ➢ An initial definition of the research question (Mintzberg, 1979; Eisenhardt, 1989).
- ➢ A preliminary study (outlined in Chapter Four) provided the early stage of convergent interviews with marketing practitioners (Carson et al., 2001).
- ➢ The preliminary study helped to fine tune the interview protocol.
- ➢ Following the preliminary study:
  - ➢ A further review and refinement of the literature review.
  - ➢ Development of conceptual framework as advocated by Miles and Huberman (1994:17).

The preliminary study was not a pre-test, but an integral part of the study as recommended by Yin (1994:74). The convergent interviews in the preliminary study helped to provide the basis for the development of the interview protocol that was used in the main study.

3.1.4.2 Selecting cases

Careful consideration needs to be given to research design and the selection of case studies. Yin (1994) provides a practical typology of the basic designs for case study research (see Figure 3.6).

Figure 3.6: Basic Types of Design for Case Studies

SINGLE CASE DESIGNS TYPE 1 Holistic, single unit of analysis	MULTIPLE CASE DESIGNS TYPE 3 Holistic, single unit of analysis
SINGLE CASE DESIGNS TYPE 2 Embedded, multiple units of analysis	MULTIPLE CASE DESIGN TYPE 4 Embedded, multiple units of analysis

(Adapted from Yin, 1994)

Following Yin's typology and selection criteria a single case study should be carried out in situations which are unique, extreme, or revelatory. Similarly, a single case study should be considered if the case represents a critical case - i.e. an opportunity to test a well formulated theory in optimum circumstances. Beyond these specific conditions outlined by Yin a multiple case design is the most common approach in case based research. This study has used a Type 3 multiple, holistic case study research design (highlighted in Figure 3.6). The advantage of using a multiple case study design is that it is seen as more robust than a single cases study design. Also, a single case study approach was felt to be inappropriate because the focal organisations were unlikely to meet any of the selection criteria outlined by Yin.

The selection of the multiple cases is crucial as sampling (the choice of cases) relates to the concept of a population. *"The concept of population defines the set of entities from which the research sample is drawn……and helps to define the limits for generalising*

the findings" (Eisenhardt, 1989). However, sampling, or case study selection, is based upon theoretical and strategic factors as opposed to the statistical reasoning used in quantitative studies (Robson, 2000). Cases may be selected on the basis of:

> ➤ *Literal replication*; they produce similar results for predictable reasons.
> ➤ *Theoretical replication*; they produce contrary results for predictable reasons.

Thus cases are chosen in order to replicate previous studies, to extend emergent theory, or to fill theoretical categories, and provide examples of polar type (Yin, 1994; Eisenhardt, 1989). The cases in this study were selected on the basis of literal replication.

The number of cases chosen for the study was based upon both theoretical and pragmatic considerations. Perry (2001) states that "there are no precise guidelines to the number of cases to be included", and the literature rarely specifies how may cases should be developed. Some researchers have attempted to state actual numbers, and Perry (2001) summarises this attempt:*" In brief, the widest accepted range seems to fall between 2 to 4 as the minimum and 10, 12 or 15 as the maximum"*. Eisenhardt (1989) also suggests that cases should be added until 'theoretical saturation' is reached. Three case studies were chosen for this research. The choice was determined by issues of access to the participating companies, resource limitations and timeframe, which according to Yin (1984) are acceptable issues to take into account. This is also consistent with studies carried out by Harrison (1997) and Palmer (2001).

3.1.4.3   Rationale for choice of case organisations

The preliminary study outlined in Chapter Four and the exploratory interviews were used to help select the case study companies. All the companies chosen were multinational companies with high levels of investment in their brands and the innovation process. This helped to ensure that the context of the research was bounded. The rationale for the choice of large multinational firms was twofold. First, despite their investment in marketing and innovation, large, well established firms often exhibit persistent difficulties with product innovation. They also appear to have difficulties in sustaining a successful product outcome (Dougherty and Heller, 1994). Second, large firms are often described as too rigid and inert to adapt the creativity and market learning needed to innovate (Mintzberg, 1979). The researcher found that the firms selected ran contrary to this view and were all able and willing to experiment with different methods of market learning including 'consumer involvement'. Hence, they were interested in the concept of 'consumers as innovators', and were adopting a bricolage approach to the process of market learning. A bricolage approach is referred to by Ereaut and Imms (2002) as the use of a mix of techniques designed to gain insight and understanding.

According to Pettigrew (1988), as the number of case studies is small it is important to choose ones where the phenomenon is 'transparently observable'. The preliminary study interviews allowed the researcher to identify the phenomenon of interest; that is, the involvement of the consumer in the innovation process. It also allowed the researcher

to negotiate the necessary amount of access for the main study data collection, and to maintain a high level of co-operation and trust. Two of the case studies were within the same industry, but were on different aspects of the product innovation process. One was concerned with a new product innovation, the second involved innovation within an existing brand (including new products and brand rejuvenation). The third case study was set within a different industry. This allows for more rigorous within and cross case analysis. It also helps with the identification and separation of context specific data.

3.1.4.4 Crafting instruments and protocols

The first stage of the research is explained in detail in chapter four, the preliminary study. Here a process of convergent interviewing was used, which allowed the interviews *"to converge on the most important issues with a topic"* (Carson et al., 2001). They continue by citing Dick (1990), who recommends this technique when the topic's theoretical base is weak. This enabled the researcher to establish whether consumers were being used as 'innovators' in FMCG markets, before starting the main data collection. In addition, a co-development workshop (Roberts et al., 2005) involving managers, consumers and the researcher, was used. Eisenhardt (1989) states that the use of multiple investigators can increase the creative potential of the study, and confidence in its findings. The collaborative approach adopted in the preliminary study extends these benefits.

The second phase of the study involved the case study research. Prior to the data collection the respondents were fully briefed verbally about the project. As an aid to the researcher, a series of interview prompts were prepared, together with material listing the top level codes of the theoretical model. Furthermore, on a practical level, a checklist of the required items for the interviews was prepared, including the need for a tape recorder, tapes and batteries. In addition a field log was kept in a series of notebooks throughout the project. This recorded comments, ad hoc conversations, and emerging ideas and thoughts.

3.1.4.5 Data collection

Eisenhardt (1989) recommends the use of multiple data collection methods, ensuring triangulation. Silverman (1993) summarises the various methods on which a qualitative researcher can draw. The following can be used singularly or in combination:

- Interviews
- Recording and transcribing
- Analysing text and documents
- Observation

With the exception of the latter, observation, all of the above methods were used. For pragmatic reasons, due to the high costs in carrying out this type of research, observation was not considered to be a viable option. In addition, the projects had

already started and were ongoing when the research began, and so the entire process could not have been observed.

Semi-structured interviews were the main research method used. These were considered to be the most appropriate method as interviews could be targeted and focused directly onto the cases study, and allowed for in-depth insight into the phenomenon (Yin, 1994). The semi-structured interviews allowed the researcher to pursue matters as the circumstances dictated (Lee, 1999). However, having some degree of structure helped the researcher, and more structured interviews are a form of realism research, where perceptions are interesting for the picture they present of an external reality (Carson et al., 2001).

As with the number of case studies, there is little guidance in the literature as to how many interviews should be undertaken. Perry (1988) recommends that a PhD thesis should contain between 35 and 50 interviews. Later, with Carson et al, (2001), he suggests that 30 interviews should provide a credible picture. This study involved some 35 individual interviews, of which 30 were transcribed. Where they were not transcribed, this was due to the quality of the recording being unsatisfactory. In these instances the researcher's field notes were used.

On entering the field, as recommended by Eisenhardt (1989), extensive field notes were kept. These allowed the researcher to keep a commentary about 'what was happening', and reflect upon 'what does this mean?', thus allowing an overlap of data collection and analysis. The unit of analysis for the case study was the product innovation process. As the research is concerned with market learning and consumer involvement in the innovation process, the main points of consumer interaction were identified. Interviewees were identified according to their level of consumer interaction within the innovation process.

3.1.4.6 Data analysis

All the interviews were transcribed in preparation for the data analysis. Following the recommendations of Miles and Huberman (1994) and Carson et al. (2001), a within-case analysis preceded a cross-case analysis. The case data provides data for the cross-case analysis. Eisenhardt (1989) also suggests that it is beneficial to become intimately familiar with each case as a stand-alone entity, before attempting a cross-case analysis. This then further allows the patterns or explanations from each case to emerge and to be compared across cases, employing the replication mode for multiple cases (Yin, 1994).

The within-case analysis followed a strategy outlined by Miles and Huberman (1994). The interactive cyclical process advocated by Miles and Huberman is outlined in Figure 3.7. This highlights three concurrent flows of activity: data reduction, data display and conclusion drawing/verification.

Figure 3.7: Components of Data Analysis: Interactive Model
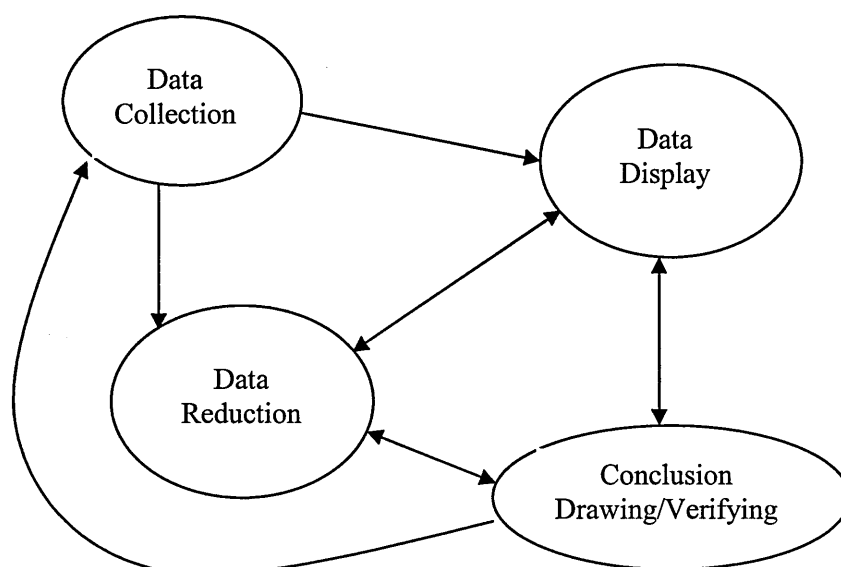
<div align="right">(Miles and Huberman, 1994)</div>

Data reduction refers to the selection, focusing, abstraction and transformation of the data. Historically, data display has referred to the use of extended text to organise and compress information that allows for the drawing of conclusions. However, Miles and Huberman (1994) recommend the use of matrices, graphs, charts and networks as methods of data display. This is also consistent with a realist approach and is the method used in this study.

Following this approach, conclusion drawing and verification happens from the very start of the data collection, where the researcher notes patterns, possible configurations and explanations. Conclusions are verified as the analysis proceeds. Verification may be a thorough and complex process involving lengthy argumentation and peer reviews. Alternatively, verification may be "*as brief as a fleeting thought crossing the analyst's mind during writing, with a short excursion back to the field notes*" (Miles and Huberman, 1994).

3.1.4.7 Categories and coding

Miles and Huberman (1994), Eisenhardt (1989) and Carson et al. (2001) all advocate the use of common codes and data displays for each case.

"Codes, displays and reporting formats are all data-reductive devices for condensing hundreds of pages of text into workable, intellectually coherent units, tables or figures and associated analytic text."   (Miles and Huberman, 1994)

This study adopted the above approach. The initial top level categories or codes were based on those from the conceptual framework (outlined in Chapter Four), and reflect the research question. Carson et al. (2001) also recommend the use of prior theory to provide codes, and provide a structure to categorise the interviews into subsections when reporting the data analysis. It also helps to show that prior theory is emphasised again in the data analysis. The initial top level codes were:

> **Visceralisation**
> **Emerging trends**
> **Feasibility**
> **Fit with the firm**

As the analysis progressed the latter two top level codes were subsequently amalgamated. Miles and Huberman (1994) state that the analyst must also be ready to discard or redefine codes.

To help with the analysis process the data was categorised and coded with the aid of a qualitative database package, QSR NVivo (Richards & Richards, 1984). The choice of QSR Vivo was partly driven by the fact that support and training could be given at Cranfield by a group of researchers proficient in the use of QSR NVivo and its predecessor, QSR NUD.IST.

There are a number of advantages to using such an analytical data base. First, it avoids the inconvenience of a large paper-based filing system as the transcripts are held on the database. Second, it stores the codes as nodes on the branches in a tree-shaped index system, which can be related to the conceptual framework (see Appendix 3.2). The package allows for the easy search, retrieval, and comparison of data. In addition, it also allows the researcher to memo as the analysis progresses. However, the interpretation and explanation of the findings is the preserve of the researcher, and requires careful crafting and deliberation. As Richards and Richards (1984) state, the *"task of theory discovery remains for the human researchers."*

3.1.5 Conclusions

This chapter has outlined the different research approaches available for a social inquiry and the research design chosen for this study. In summary, the researcher has adopted a critical realist philosophical perspective. The study is exploratory in nature and follows a qualitative approach. A preliminary study was conducted to identify the most important issues for the study, and together with the literature, a conceptual framework for the study was identified. A case study research strategy was chosen for the second phase of the research to validate the conceptual model and concepts. Both sets of data were analysed using a system of coding and the NVivo software package.

4 Preliminary Study

4.1 Introduction

The concept of co-development, or working together with 'consumers as innovators' in the innovation process is surfacing as a common theme in both the innovation and marketing literature. At the initial exploratory stage little was known about the phenomenon of interest, therefore as stated in Chapter One, the purpose of the preliminary study was to explore the concept of 'consumers as innovators' within an organisational setting. Through a process of induction, the preliminary study was used to determine what is really happening within organisations, e.g. are organisations attempting to work collaboratively with consumers? In addition, it also enabled the researcher to gain experiential understanding of the situation.

Initial expectations had been formed through immersion in the literature and from the researcher's prior marketing practitioner experience. As is the nature of exploratory research, these initial expectations are then modified after one enters the field. This chapter briefly outlines the research strategy that was adopted for the preliminary study. It then presents the findings from the study and discusses the key themes that emerged from the research. Subsequently, it describes how these findings helped to modify the researcher's initial expectations and refocused the research. Finally, after focusing on the chosen themes and aspects of the literature already reviewed, a conceptual model for the main study is presented.

4.2 Research Strategy

As the preliminary study was concerned with exploration and interpretation of a management situation within an organisational context it was felt that the most appropriate form of data collection would be a combination of qualitative methods. Figure 4.1 shows the combination of qualitative methods that were used, and the stages of data collection. Stage one involved expert interviews, which took the form of informal conversations. The informal discussions were held with experts in the field of FMCG marketing and innovation. These were used to discuss the concept of 'consumers as innovators', and its possible application within the FMCG sector. They were also used to identify any organisations within the FMCG sector that were adopting the approach, and would share affinity with the study. The expert interviews informed the choice of organisations for both the preliminary and main study.

The second stage of the study involved interviews with members of the marketing, innovation and research and development teams within Nestlé Rowntree and Procter & Gamble (P&G). Nestlé Rowntree is the UK confectionery division of Nestlé SA, the world's largest food company. Procter & Gamble is also a global company specialising in food, beauty care, pharmaceuticals and homecare. This study focused on its European Fabric and Homecare division.

In the final stages the interviews were complemented by a co-development workshop. This brought both organisations and a group of consumers together to discuss the concept of 'consumers as innovators. It sought to obtain both the brand manufacturers' and the consumers' perceptions of consumer involvement in the innovation process. Its primary aim was to enable the researcher to gain some experiential understanding of the process of co-development.

Figure 4.1: Combination of Qualitative Methods

Stage 1
Expert Interviews

Stage 2
In-company
Interviews

Stage 3
Co-development
Workshop
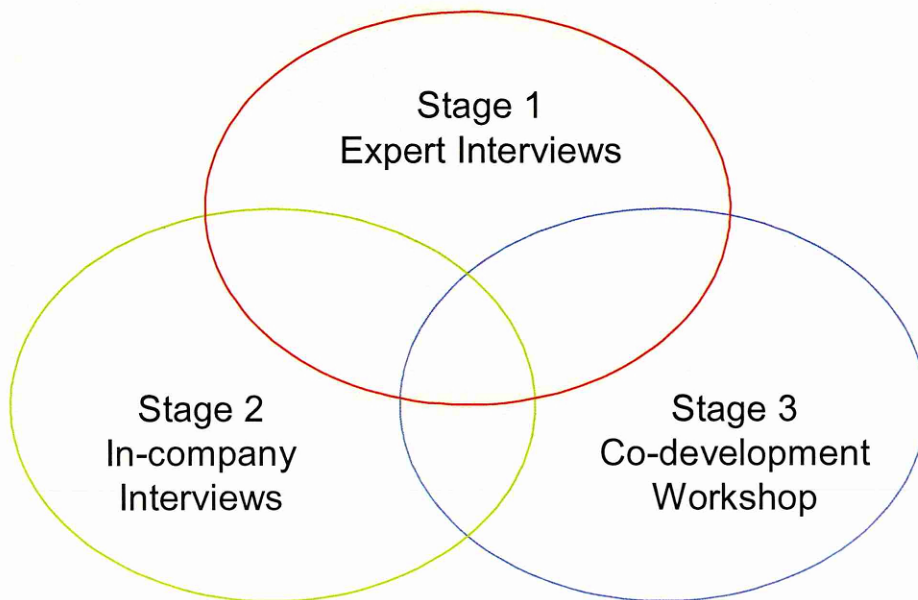
(Adapted from Carson et al., 2001)

4.3 Expert Interviews

The conversations with experts in the field of marketing and innovation within the FMCG sector were as follows:

➢ Dr Trevor Davis: IBM Consulting. A Partner responsible for marketing strategy and innovation. He is also the co-author of the PriceWaterhouseCoopers (1988) Innovation Survey.

➢ Dr David Walker: Synectics Europe Innovation and Strategy Consultancy. Dr Walker is the Managing Partner and has a PhD in consumer behaviour.

➢ Dr Roy Sandbach: Procter & Gamble Research Fellow: European Fabric and Household Division.

➢ Alan Mitchell: Marketing Observer and Author of 'The Right Side Up' and 'The New Bottom Line'.

The meetings with the experts were all recorded to capture and preserve the integrity of the data. These were subsequently transcribed and analysed using a visual inspection and interpretation method. In addition the researcher made field notes and reflexive memos which helped to paint a picture of what is currently happening in the market with regards to consumer involvement.

4.3.1 Findings: the experts' view

The experts' view of the idea of consumers being used as innovators within the organisations marketing and innovation processes highlighted a number of issues, and these are reported below:

➢ Innovation complexity

The experts were all in agreement that the innovation process is far more complex than is traditionally portrayed in the marketing literature, with its emphasis on the use of linear stage and gate models (e.g. Cooper, 1993). Innovation is seen as an iterative, messy process, rather than a linear, sequential one. It is also viewed as a networked activity and there was support for the idea of the consumer being integrated into the network. Commenting on how some FMCG client companies are responding to the complexity of innovation and the opportunity to integrate the consumer:

"I think they all recognise that consumers are much more likely to be able to help them in determining new products, and new product strategies, and new brand strategies today than they were say 20 years ago. The difficulty is how to do that in a way that makes economic sense."

(Dr. T. Davis)

➢ Market complexity

The complexity of the innovation process and the uncertainty of innovation outcomes are compounded by complexity in the marketplace. Marketing practices were viewed as being very context dependent and there was unity in the view that the marketing environment is undergoing profound social and economic change. In contrast to the literature, which describes the changes in terms of the individual consumer (Baker, 2003; Scase, 2002), the experts described these changes as contextual changes.

"I have a problem with terms such as the 'new consumer'. I don't believe that people have fundamentally changed, we still have the same basic needs. It is the context in which they live their lives that has changed. So, our way of thinking about how to create innovation that can work in the world is to look for the human need and to connect it to the complex context in which people live their lives."

(Dr. D. Walker)

This was supported by Alan Mitchell, who also articulated that it is the marketing context that has changed, as opposed to the consumer per se:

"You can get into all sorts of terminology issues around the consumer but the fact is that there are ongoing changes taking place in consumer needs and organisations are not keeping pace."

He continued by using a tree analogy to highlight the inherent problems faced by FMCG companies when trying to innovate:

"Well, I think the problem with most consumer markets is that innovation is taking place at the level of the twigs and the leaves. But what is needed is a branch in a new direction."

(A. Mitchell)

In the past marketing practices were synonymous with the brand marketing practices of the large FMCG companies such as Procter & Gamble. It was now felt that some of the traditional practices are no longer delivering results, particularly in terms of innovation. This is currently enticing the FMCG brand owners to review their existing processes and structures:

"It is prompting the large FMCG manufacturers to rethink their marketing strategies."

(Dr .R. Sandbach)

> ## Market learning

Dr Sandbach of Procter & Gamble emphasised the fact that the organisation aimed to:

"Provide products and services of superior quality and value that improve the lives of the world's consumers."

(Dr. R. Sandbach)

To meet this objective the organisation is continuously experimenting with various forms of market learning. However, there was no recollection of consumers acting as collaborators on projects. It was also felt that the experience and knowledge needed for innovation was held within the organisation.

Other respondents were more open to the idea of learning from and with consumers:

"I think companies are beginning to realise that the spark and creativity comes from connecting. And therefore you need to be as open as you can be and connecting with as many diverse sources of ideas as possible. Exactly how one does that and how one manages the process and what does one keep secret, and how you create fruitful connections and so on, these are the new agenda."

(A. Mitchell)

This view was supported in the following statement:

"The way we work and are helping companies to innovate is by bringing together diverse groups of people, which can include the consumer, and tapping into their creativity."

(Dr. D. Walker)

➢ Summary

In summation the experts felt that it was a good idea to try to better integrate the consumer into the process, but this does not necessarily mean through collaboration. The idea of 'consumers as innovators' is still nascent and it was felt that opportunities to research current practice may be limited.

The postmodernist authors (Firat et al., 1994) have described the modernist state as one where production maintains a privileged status. Here the producer is seen to innovate and consumers are the recipients of the innovation. Although there is a difference in terminology, this idea is reflected in the following statement.

"The processes and mechanisms and assumptions of marketing were built on the assumption that it is the producer that innovates and sends innovation to the buyer. But that is only an historical accident because there was no mechanism for information flow from buyers to sellers. And of course now that we're moving towards the information age, we're moving towards a situation where people can say here I am, that's what I want. The question then becomes what are the mechanisms or the processes by which this can be done most efficiently and most effectively?"

(A. Mitchell)

This echoes the earlier quotation by Dr Davis, who reflected on the issues of how best to integrate the consumer. He continues this reflection and discusses future practices, as opposed to the present ones:

"I think what I see coming is a completely new concept which is, you know what I would call integrated insight, which is bringing consumer, retailer, academic insights, and raw data together, and generating new products off the back of that. That is actually a very difficult thing to do because it requires the ability to handle both structured and unstructured data in a way that nobody has tackled yet."

(T. Davis)

Although the experts felt it was important to be consumer-centric, they also implied that the consumer is just one potential player in a multi-actor innovation network.

4.4 Exploratory Interviews

To enable a deeper exploration of the concept with an organisation, following the expert interviews, six senior managers within Procter & Gamble Fabric and Household division agreed to be interviewed. Also as a result of the expert interviews, managers from the confectionery division of Nestlé Foods were introduced to the researcher and agreed to take part in the exploratory interviews.

4.4.1 Data collection and analysis

The primary method of data collection involved one-to-one interviews with members of the marketing and innovation/R&D teams that had direct contact with consumers of their products. The informants' profiles and type of interview can be seen in Table 4.1.

Table 4.1: Preliminary Study Respondents

Nestlé Respondents	Role	Location	Type of Interview
Liz	Innovation Strategist	York	Face-to-face
Liam	Head of Brands Marketing	York	Face-to-face
Kay	Innovation Planner	York	Face-to-face
Kevin	Market Intelligence	York	Face-to-face
Rosemary	Sales & Strategic Planning	York	Face-to-face
Amber	Brand Manager	York	Face-to-face
P&G Respondents			
Roy	Research Fellow: R&D	Brussels/ Stockton	Telephone and face-to face
Angela	Products Research Manager	Stockton	Telephone
Tyler	Consumer & Market Knowledge	USA	Telephone
Kris	Marketing Director: Europe	Brussels	Telephone
Jill	Market Research	London	Telephone
David	Technology Scout	UK	Stockton

Interview guides were developed using insights from the expert conversations and from the literature. The interviews were semi-structured around the following topics:

➢ **Respondents' perception of innovation**
➢ **Respondents' role within the marketing/innovation process**
➢ **Methods of market learning**
➢ **The use of interactive web-based technologies**
➢ **The concept of consumers as innovators**

The use of semi-structured interviews and topic guides helped to prevent the researcher from becoming overly assumptive in the preliminary stages of the research, and allowed key themes to emerge as the interview progressed.

Permission was granted to record all of the interviews to fully ensure data capture. The interviews were subsequently transcribed and read repeatedly. A 'bottom up' approach was used for the coding process; this allowed key themes to emerge from the data. The interview transcripts were manually coded against the interview topics. The emergent

themes from the preliminary interviews were fed back to the organisations in the form of a presentation where they were invited to discuss and comment on the findings.

4.4.2 Findings from the exploratory interviews

Here the key themes which emerged from the data analysis are reported and supported with extracts from the interviews. The findings are presented under the each interview topic. A brief summary of the interview topics and the key themes that emerged can be found in Table 4.2.

> ➤ **Perceptions of innovation**

At this preliminary stage in the research it was deemed important not to constrain the research to a particular area of innovation. Therefore, the interviews were initiated through the interviewees' perceptions of innovation. It became apparent that innovation is perceived to be a change process. Change can take the form of what is delivered, i.e. the product or a change in the process; the way it is created and delivered. Exploring the subjective meaning of innovation proved insightful as new product development (NPD) was rarely mentioned. Where it was mentioned, it was by a more junior marketer:

"Innovation in the broadest sense is in a brand that already exists or one that is completely new." "We should push for new ideas for things that push our thinking. It could be a new brand, a new product or new category thinking."

(Amber, Nestlé)

This was perhaps not surprising as brand managers often work intensely on their brands/products for short periods of time before moving up the hierarchy. When interviewing people further up the organisational hierarchy the perception of innovation took on a more holistic dimension, and started to incorporate change in the organisational and marketing process:

"We also clearly have a bigger definition of innovation, which is more about the culture of creativity of innovation, which is something we are spending a lot of time on at the moment to try and create a more innovative culture, and that is really applying innovation to everything we do. It can be doing new things with company cultures as well as creating new products, or marketing services. Innovation can be a creative marketing campaign or a creative different type of consumer promotion."

(Liam, Nestlé)

"Going too narrow just narrows the scope of innovation. I think trying to really understand what are the possibilities, what are the unmet needs, and then finding ways to meet them, and designing the consumer experience in a way that meets those unmet needs with the experience really captures that well. I think you know innovation can come from anywhere."

(Kris, P&G)

There was a consensus that in the past innovation was strongly associated with product development. However, due to the changing market conditions and the problematic

nature of innovation, senior management are now concerned with supporting innovation in the marketing process:

"In terms of the work we have been doing on Kit Kat, I think that there is innovation in the work that we have been doing (the marketing process), but there is none in the product."

<div align="right">(Liam, Nestlé)</div>

In the future they see this focus extending to include creating innovative relationships. This could be in their relationship with their customer - the multiple retailers, or with the ultimate consumer:

"In the past innovation has very much been defined as something that is product focused. As the marketplace becomes more crowded innovation needs to take on new avenues, for instance with our customers.....So, I think the definition of innovation is changing over time."

<div align="right">(Tyler, P&G)</div>

➢ Role in the innovation process

The interviews continued by examining the respondents' role in the innovation process, and in particular their interaction with the consumer. The significant findings here were:

Innovation and the consumer are not seen as solely the preserve of the marketing department. It is also the province of the innovation, or R&D teams, who span the organisation's boundaries with the brand marketing teams. The innovation, or R&D teams have a greater input at the earlier stages in a project. The marketing teams tend to play a greater role once the product has been launched in terms of continuous innovation of the brand, or development of a marketing communications programme.

The brand marketing team spend most of their time in what is referred to as:

"The operational world, which is based more on established procedures."

<div align="right">(Liz, Nestlé)</div>

She continued this explanation of the various roles and responsibilities within the innovation process as follows:

"In contrast, as members of the innovation team, we tend to work within the innovation world...We are a marketing led business, but the creation of the innovations group means that they are not constrained by brands or the factory."

<div align="right">(Liz, Nestlé)</div>

This lack of constraints and ability to think about the future was also evident in the following comment about the senior research fellow's role:

<div align="center">67</div>

"I am thinking of people in Roy's case who have the licence to dream, and think, and go off and really follow his intuition of what could be big ideas. Given his experience and success level, you know he has more scope and freedom than some people do."

(Kris, P&G)

Trend development and the understanding of current, future and latent customer needs was an important element for both the innovation, R&D and marketing teams. This involved both indirect and direct consumer contact. It was also evident from the data that both the brand marketing and innovation teams have a significant amount of direct contact with the consumer. There is a move away, particularly within Nestlé, from the traditional model of the research agency acting as a gatekeeper to the consumer.

➢ Methods of market learning

The difficulties experienced when trying to develop products which offer unique consumer value are prompting both companies to experiment with traditional and non-traditional approaches to market learning. The following quotation summarises the position of both organisations:

"There are numerous methodologies we utilise, depending on the objectives, and can include the more traditional/conventional methods, e.g. focus groups, one-on-one paired depths, and also incorporate newer creative methods, e.g. creative workshops, consumer contact sessions, observational research, e.g. observed shopping trips, observing a day in the life of a consumer."

(Jill, P&G)

"We are very willing to experiment and try out different techniques even if they don't give immediate results."

(Kay, Nestlé)

The approaches used to market learning and intelligence generation are not prescriptive; they depend upon the project, the problem and the management style of the manager leading the project. When discussing insight generation a respondent stated:

"I think the worst thing in the world would be to have set guidelines for innovation, unless you are talking about testing; the final, final test just before launch."

(Rosemary, Nestlé)

➢ Uses of market research in the innovation process

The use of market research within the innovation process can broadly be divided into five categories: understanding consumer behaviour, idea generation, validation, understanding latent needs and trend development.

1. Understanding consumer behaviour

The majority of the respondents reported a move towards the use of more interpretative, qualitative methods of market research. Here the emphasis is on the quest for understanding as opposed to formal data capture. A number of methods are being used to generate consumer insights, such as consumer visits and observation, where the producers immerse themselves in the world of the consumer. There was also evidence of experimentation in the form of co-development workshops with consumers. The process of co-development is examined further in section 4.5. Essentially this process involved the Nestlé brand and innovation teams working collaboratively with consumers on new product development projects and the development of marketing communications. Consumer understanding is also being enhanced by looking outside the organisation's target market:

"We spoke to opinion formers. One was a student studying fashion design. Another was a person that worked on Marie Claire, the fashion/style magazine."

(Kay, Nestlé)

Unlike in the business-to-business context, lead users were not considered to be a relevant method of generating insight. The use of opinion formers, or non-product related experts, was a more commonly understood approach:

"Actually the last piece of work we did we used an expert panel. These were people who we had identified as typical users of the brand, and we actually see these people over every couple of months to place products or ideas with them. Then we go and talk to them, we have built up quite a rapport with these people."

(Angela, P&G)

2. Idea generation

The co-development workshops employ a creative problem solving process that can be applied to the consideration of anything new. A part of the process is idea generation. Part of Nestlé's rationale for the choice of the Synectics co-development process was that:

"Organisations are usually not short of ideas; it's the selection and development of ideas that is the problem. Working collaboratively with consumers helps the organisation select and develop the ideas."

(Liz, Nestlé)

P&G also recognised the creativity that is inherent with consumers, that given the right environment and processes, could be used for the benefit of the organisation:

"We use creative panels of consumers. For instance we have a panel of what we call 'marketing mums'. They have been screened to ensure high levels of creativity. They are an articulate, loosely knit group."

(Tyler, P&G)

3. Validation of a developed product/concept

Quantitative methods of market research were utilised when the respondents felt the need for some 'hard numbers'. This was often towards the end of a development project and was used to provide volume estimates and generally justify the decision to launch. The following quotations reveal that the respondents think of quantitative methods of market research in terms of providing numbers that can then be used to validate an idea:

"It's great having a good idea, but unless you have some numbers to put behind it, it is going to be very difficult to push things forward."

(Angela, P&G)

"It is often quite useful when we have a big CAPEX expenditure in the factory because you would need to be able to say "we tested this with consumers". People want us to be able to quantify and validate."

(Liam, Nestlé)

4. Understanding latent needs

Both organisations exhibit a pro-active market orientation (Narver et al., 2004) as they are striving to discover consumers' latent needs and incorporate them into the innovation process. Both organisations are aware of the importance of, and are constantly looking for breakthrough innovations. The identification of latent needs is seen as a stepping stone in achieving this goal. In discussing the methods of understanding latent needs, a number of the respondents mentioned the use of semiotic analysis. This is the science of decoding cultural signs and symbols, which can be used by the researcher to predict where trends are heading (Baker, 2003). It involves the understanding and making explicit of often uncommunicated, shared meanings.

P& G acknowledge the complexity of consumer behaviour and are attempting to tap into the underlying motivations that influence a person's buying behaviour through the use of a similar technique to the ZMET metaphor elicitation techniques. This probes beneath the surface to reveal 'what people don't know they know' and the underlying motivations that influence a person's decision to buy.

5. Trend development

Tends are used to form views of the future, and to provide inspiration for insights. Both companies have used external experts to help them with trend development:

"We work very closely with the Henley Trend Centre and other people who are trying to have a crystal ball to look into the future because we are very, very aware that the marketplace is changing and we want to make sure that we are at the forefront of that."

(Angela, P&G)

Within Nestlé trends are brought to life for members of the organisation, through the development of visual storyboards. This use of visual imagery helps people to envisage

the future. Respondents who utilised the trend information in their work reflected on the need to look both inside and outside the market sector to gain inspiration:

"We look at trends inside and outside of our marketplace, for instance the drinks market provided the stimulus for Cadbury's Boost bar."

(Amber, Nestlé)

"In terms of understanding where the trends may be, so using it in the opportunity scoping stage, then we might use leading edge consumers, or we might go to America or Japan and find out what's happening somewhere else."

(Rosemary, Nestlé)

The above five main uses of market research and learning within the innovation process show that there is no prescription or dominant form. The research techniques used within each category show varying levels of consumer involvement ranging from passive to active involvement. The co-development workshops have the highest intensity of consumer involvement; however it could be argued that they are more than just a method of market learning, as they start to incorporate the development of products.

> **Information age**

An important catalyst for the shift in the balance of power between producer and consumer is the Internet and the ubiquitous nature of connectivity and information that it provides. Despite the growing importance of web-based technologies in society, most of the respondents were not aware of how web-base technologies were being utilised in their organisations. This was particularly evident in the confectionery sector, and is highlighted in the following statement:

"I don't think it would work for our industry. I would rather have face-to-face contact with consumers, look into the whites of their eyes, and listen to the tone of their voice, that kind of stuff. I think that body language is very important. With e-mail, Internet, it is good for some things but not for what we want in confectionery."

(Liam, Nestlé)

In terms of its use for in market research, although a number of respondents recognised its use and value, it was regarded as:

"Just another expensive tool in the market researcher's toolbox."

(Liam, Nestlé)

IT is being used in the form of a company interactive website which enables consumers to glean more information and communicate with the company. However, the form of communication is more one of play than of serious dialogue. Examples are the Rowntree Wonka games site and a new interactive advergame entitled 'Extreme Kit Kat' game. In contrast, P&G have been utilising Internet research regularly for the past five years. They have an interactive consumer website, and are using the Internet for market research purposes:

"We are using a market research company that have things called e-panels. We can show product concepts on the site and get consumers' feedback."

(Angela, P&G)

However, despite the use of IT as a market research tool there was consensus amongst the respondents that the effects of the empowered IT-enabled consumer are not being felt directly by the organisation:

"I think the IT-enabled consumer is happening, but certainly if I look at laundry in totality, then I would say that sort of thing, like being IT-enabled, is less of a thing for our ladies (consumers) than maybe if you work in a different brand area."

(Angela, P&G)

She continued by emphasising that what appears more important is product safety and authenticity:

"There is a strong element of nostalgia if you look at the products that are on the marketplace at the moment, not even specifically laundry, but there is a sort of yearning for simpler times, and that is evident by the use of more natural ingredients, and trying to be less chemical and plastic than we were in the eighties and nineties."

(Angela, P&G)

It was felt that the trend towards individualisation is posing a more serious challenge than the IT-enabled consumer, as:

"People want experiences that are tailored to their personal needs. So piling it high and selling it cheap as we have done with confectionery doesn't fit in."

(Kevin, Nestlé)

The large manufacturers' production runs have always revolved around economies of scale. The demand for individualised products is one that is posing a serious challenge to the manufacturers' innovation capability.

➢ **Consumers as innovators**

In concluding the interviews, the concept of utilising 'consumers as innovators' within the innovation process was explored further. As the competitive pressures intensify both companies are looking for different ways to innovate, and are willing to try different methods to help them. Utilising 'consumers as innovators' in the innovation process was seen as a potential future method of involvement, rather than as a current practice.

Both companies reported a move towards having more direct contact with consumers. The 'Tapping the Creativity of the Consumer' (TCC) co-development workshop facilitated by Synectics is an example of this. The use of this methodology has been incorporated into Nestlé's strategic planning process to ensure that strategy is based on

powerful consumer insights. However, the co-development workshops are used on an ad hoc basis and are not concerned with the development of long term collaborative relationships.

The advantages of closer consumer collaboration were cited as the ability to stimulate creativity in the innovation process and promote diversity of thinking:

"Creativity is becoming increasingly important. We also need to make the processing part of synthesising data more important. How do you scan the horizon and see connections and make 1+1=3 in product deign, etc."

(Tyler, P&G)

There were also a number of provisos in terms of their collaborative relationships with consumers:

"We need to be careful of people's motivations. How much would we pay them instead of a creative agency?

(Amber, Nestlé)

"You wouldn't expect the consumer to define the strategy for you or to come up with an advertising campaign for you in those sessions because they are not the best people to do that, but as a way of helping you to bounce ideas, to test ideas, to get very honest feedback I think it is a valuable exercise."

(Liam, Nestlé)

Finally, the importance of utilising consumers in the innovation process was stated by a Marketing Director:

My experience has been over the last couple of years that it is not about more interaction, it's about better organised interaction. If you just have more focus groups that's not going to help me get even better. It's how to use consumers better versus the validation of our internal ideas."

(Kris, P&G)

This supports Ottum and Moore (1997) who found that the choice of appropriate research methodologies is an important factor in NPD success. Table 4.2 provides a summary of the key learning outcomes that emerged from the preliminary study interviews. These were then used to refine the research topic, which is reported in section 4.6.1 and informs the main study.

Table 4.2: Summary of Key Themes

Interview topic	Themes
Innovation perspectives	• Holistic approach to innovation. • Innovation in marketing process, product and service. • Future; innovation in relationships.
Job role	• Operational world: focus on current business. Typified by routines/procedures. • Innovation world: future focused. Typified by exploration and experimental action.
Innovation process	• A creative process which emerges from divergent sources e.g. consumers, agencies, internal team. • Requires 'market-technology' linking.
Market/societal trends	• An understanding of trends and affects on consumers' lifestyles is the start point for the innovation process. • Help form views of the future.
Market learning process	• A bricolage approach to the use of market learning methodologies. • A move to understanding the context of consumption.
Lead users	• Use of experts. • Use of opinion formers. • Use of early adopters.
Consumer Involvement 'Consumers as Innovators'	• User input obtained through a variety of modes. • Intensity of involvement ranges from passive to active involvement. • Short periods of co-development activity.

4.5 Co-development Workshop

The final stage in the preliminary study involved the use of a co-development workshop termed 'Tapping the Creativity of the Consumer' (TCC). It had become apparent during the interview process with Nestlé Rowntree that they were attempting to collaborate with consumers in the form of TCC workshops. As a result of the expert conversations the researcher was given the opportunity to explore this process more fully, and to structure the workshop according to the purpose of the research. These workshops are based upon a pragmatic problem solving model developed by the Synectics consultancy, and are reported in Ceserani and Greatwood (1999). The co-development workshop generated data and insights through group interaction around the concept of

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consumers as innovators. The aim was to gain greater depth of understanding about the phenomenon, and to learn how consumers perceived their role in the innovation process. A further aim of the focus group was to familiarise the researcher with some of the consumer co-development initiatives that are being adopted by the organisations.

The workshop group comprised consumers and interviewees from the preliminary study also a potential case study partner Diageo. The participants are outlined in Table 4.3. It was not possible to contact consumers who had previously been involved in market research with the organisations as this would be contrary to the Market Research Society's code of practice. Therefore, consumers were selected on the basis of having had previous experience of traditional market research methods, so that they could compare that experience to the co-development workshop. The researcher played an active role in the focus group, as the 'problem-owner', and guided the topics to be explored. In addition, Dr David Walker and Arun Prahbu of Synectics acted as facilitators or moderators in the process.

Table 4.3: Co-developement Workshop Participants

Participant	Age	Profession
Sheilah	55	Chartered accountant
Anne	52	Book keeper
Sue	45	Importer
David	22	Business technology student
Ben	20	Real estate
Alice	19	Art and design student
Richard	35+	Marketing Manager
Louise	35+	Researcher Cranfield School of Management
Roy	50+	Research fellow P&G
Kay	30+	Innovation planner Nestlé
Doug	30+	Innovation Diageo
David	35+	*Synectics facilitator*
Arun	30+	*Synectics facilitator*
Deborah	35+	*Researcher*

4.5.1 Data collection

Insights were jointly created by the participants in the focus group using the Synectics creative problem-solving model. The word Synectics is derived from Greek, and means the joining together of different apparently irrelevant elements (Gordon, 1961:3). Synectics is also an operational concept of human creativity, which works through the integration of diverse individuals into problem-stating, problem-solving groups. Hence it provides a suitable framework for the integration of the consumer into the focus group, and the innovation process more generally. Further detail of the theoretical underpinnings of the approach can be found in Gordon (1961), and more recent developments and further detail on the operational applications can be found in Ceserani and Greatwood (1995), and Ceserani (2003).

An overview of the Synectics Creative Problem-Solving Model is shown in Figure 4.2. Working from top to bottom, the model essentially passes through the five stages of problem-statement: creative thinking (springboarding); selection based on novelty and intrigue; idea development (to build feasibility into the ideas), and action planning The operational version of the model includes two further steps and can be found in Appendix 4.1. The first of these additional steps is pre-briefing, which enables the group to be prepared to work effectively together.

As an icebreaker the researcher prepared a pre-briefing document. The pre-briefing was conducted in separate FMCG producer/consumer groups so that each group was allocated a task to complete when they first met individuals from the other group. The FMCG participants were briefed to find out basic information about previous experience in the innovation process from an individual consumer. Consumers were briefed to find out basic personal information about organisation participants (such as their jobs and life values) to help build rapport and establish the organisation as equal participants, rather than solely questioners. The pre-briefing also covered how to be open-minded, the need to value all participants, and exercises, e.g. connection-making skills and creative tools, e.g. in/out listening (Ceserani 2003:126).

This preliminary information was debriefed in the second additional step, the discussion section. The addition of the discussion sections enabled the contextualised discussion of the research questions in addition to the creative problem-solving component. Two members from Synectics acted as moderators throughout the full day workshop. This helped to control the group dynamics and ensured that all participants were able to respond. It also helped with the collection of data as all the comments and suggestions throughout the day were documented and video recorded. This allowed the researcher to concentrate on the discussion and to interject where appropriate.

The main research task of how to better integrate the consumer into the innovation process was briefly introduced in stage 1 of Figure.4.2. The two mixed teams were then facilitated to generate speculative thinking using several of the operational creative mechanisms identified by Gordon (1961:56), e.g. symbolic analogy (using collages) and fantasy analogy. This process is generally described in Synectics by Ceserani (1995:74) as springboarding. Essentially, participants offer speculative ideas about the task framed as wishes ("I wish....") or reframed tasks ("How to..."), with the facilitators running additional creative exercises from time to time to keep the thinking fresh.

Figure 4.2: Synectics Creative Problem Solving Model

Stage 1 - Task / problem statement

Stage 2 - Springboarding

Stage 3 - Selection

Stage 4 - Idea development

Stage 5. Action Planning
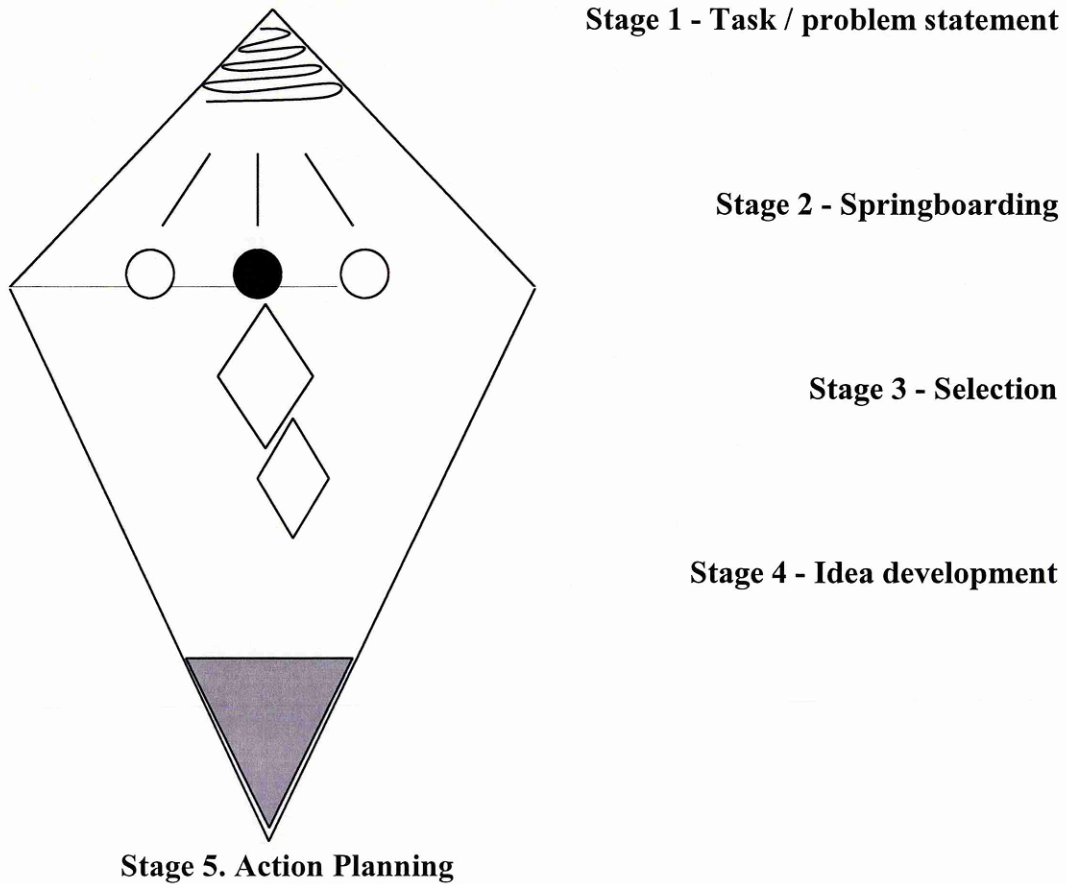
At the selection stage the researcher identified areas to pursue for further development, selecting those generated in the workshop that had a high degree of newness and intrigue. At this stage, the commercial feasibility of these ideas was not considered so as not to confine the selection to a particular context. 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 some implementation in the feasibility. The resulting three concepts are discussed in section 4.5.3.

4.5.2 Data analysis

Throughout the day, the thoughts, ideas and comments that were generated were first noted onto flip charts and fed back to the participants for clarification. After the workshop these lists were transcribed into Word documents. In addition, as part of the process of using symbolic analogy, pictorial collages of the ideas and concepts were also developed by the participants. An example of the use of collages can be seen in Figure 4.3. In the final stage of the workshop the day's findings were discussed with and confirmed by all the participants. In addition, the workshop was videoed to fully ensure data capture and to provide triangulation in sources of evidence.

Figure 4.3: Collage

Following the workshop, the researcher transcribed the notes made during the creative thinking/idea generation stage, and all ideas were documented, regardless of practicality. The ideas from the selection and development stages (stages 6 and 7) were also recorded. The pictorial and conceptual models developed by the whole group were likewise documented and reviewed. The video was replayed to clarify any points and to help develop clarity of understanding around the process of co-development. The documented field notes were reviewed and confirmed by the researcher and an associated researcher who had taken part in the co-development workshop.

4.5.3 Co-development workshop learning outcomes

As previously stated, the main aim of the co-development workshop was to familiarise the researcher with some of the consumer co-development initiatives that are being adopted. The aim was to gain depth of understanding, rather than to collect formal data. However, the resulting data and concepts developed as a part of the process were used

to help corroborate some of the themes that were emerging from the interviews. These are presented as follows:

➢ Concepts of user involvement

Referring to the creative problem solving model in Figure 4.2, the main research question presented in stage one was "how can we better involve consumers in the innovation process?" This questioned yielded 102 initial ideas. These ideas were narrowed down in stage three, the selection stage. At this stage, three of the concepts were selected by the researcher and then were further developed collaboratively by the consumers and the FMCG participants.

The final concepts are described in Table 4.4. A visual representation of concept one developed by the participants can be seen in Appendix 4.2.

The first concept is an attempt to overcome the criticism that consumers are constrained by their own real world view by attempting to educate them about future innovation possibilities.

In the second concept we see a radical rethink of the relationship between consumer and marketer emerging, with consumers suggesting an effective role reversal in which they lead (as lecturers) and marketers/organisations as receivers of their wisdom (as students).

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.

Although exploratory, these three concepts do imply that a more radical departure from the standard questionnaire and focus group may be needed if consumers are to be successfully integrated into the innovation process.

Table 4.4: Concepts of Consumer Involvement

How can consumers be better integrated into the innovation process?
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 problems-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 marketers 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 store loyalty card concept – enabled by smartcard technology - whereby consumers sign up to a membership card which monitors all of their purchases and, importantly, invites them to participate in the evolution of products that are relevant to them in informal face-to-face forums.

➢ **Traditional versus non traditional approaches of involvement**

When comparing and contrasting the co-development approach undertaken by the focus group with the more traditional methods of market learning that are often adopted in the innovation process, the following observations were made:

Comments made by the FMCG participants focused on the respected scientific status of traditional quantitative techniques, e.g. "they *are much liked and respected by the finance department"*. However, they also raised some concern that their adoption is often driven by procedures in the United States, and not from Europe.

The consumers' responses showed a strong dislike of this type of methodology, particularly the use of questionnaires. There was a strong aversion to the 'tick box' approach that is often employed in surveys and questionnaires used in consumer research. In terms of the traditional focus group methodology, many of the consumers felt that this *"was just an easy way to make money"*. They also expressed the view that they often knew what the organisation was trying to achieve, and could pre-empt the questions.

The FMCG participants were surprised at the high level of engagement that had taken place during the co-development workshop. There was a general consensus that the focus group and the collaborative method of working had allowed creativity to flourish within a structured manner. The FMCG participants also recognised the potential opportunity to promote divergent thinking, creativity, and to generate deeper insights through the co-development process. Following the workshop however, they did raise the issue of the need for very careful screening of the consumer collaborators.

There was a general consensus amongst the consumer participants that they had appreciated meeting the FMCG clients face-to-face and working with them as equals.

They no longer perceived them as some 'faceless brand entity'. Also, through participation in the process, they started to feel a sense of ownership in the development of the project/organisation and would recommend any product developed in this manner.

Despite the time limitations of the one day workshop, in which to develop these ideas, the concepts generated indicate that it is quite possible for consumers to imagine a future outside their current world-view when offered the right tools, climate and process. This is contrary to the position taken by other researchers (Christensen, 1997).

4.6 Discussion

From an initial review of the literature it became evident that the pressure on organisations to innovate is intensifying as the market place becomes more fragmented, more global, and ultimately more competitive. In concert is the view that traditional marketing models and practices often treat the consumer as a 'passive' player in the process. There is an emerging view that the consumer should no longer be treated as a passive recipient of marketing messages, products and services. Instead they should be treated as an 'active player' in the marketing process, opening the way for the practice of 'consumer innovators' and consumer use initiation practices.

There was recognition amongst both the experts and the organisational respondents of the changing market forces and the need for change. This is bringing into question the whole process of creating and delivering value; innovation is regarded as such as a value creating activity. The FMCG brand owners are searching for new ways to create and deliver value, albeit in an unstructured or unknowing way, as supported by Brookes and Palmer (2004). Hence, the brand owners' interest in the concept of 'consumers as innovators'.

The findings of the initial exploratory study appear to indicate that while the concept of 'consumers as innovators' appears a good idea in theory, in practice the idea is in its infancy. As the study was concerned with a relatively new business phenomenon within the context of FMCG, the companies did not have a long history of co-development with consumers from which to draw. This supports Prahalad and Ramaswamy's (2003) assertion that co-creation is about next practices, as opposed to current practices.

Within the literature, user involvement is often set within the context of business-to-business markets. Von Hippel's (1986) seminal work on lead user analysis was set within the high tech market. Here, innovation is seen to be distributed across different players and is not the sole preserve of the manufacturer. The research also showed that users are dominant innovators in situations where they stand to benefit financially. Thus both the context of innovation and motivation for innovation is different from that of FMCG markets. There is no financial benefit for consumers to be involved in the FMCG innovation. In contrast, the organisation stands to benefit financially if it can improve its competitive position in the market place.

Trend development and the utilisation of trend knowledge was a dominant theme emerging from the study. It was also evident from the preliminary study that a high degree of experimenting with methods of market learning is taking place. Within this are attempts at more direct methods of consumer interaction. However, it was also deemed important that any consumer insight is harmonised with organisational strategy and production capabilities of the company. That is, it 'fits' with the firm's capabilities and competencies.

4.6.1 Refocusing the study

This chapter has presented the preliminary research and findings carried out in the initial stages of the investigation. The study was inductive and elicited data from a variety of sources, e.g. expert interviews, organisational interviews and a co-development workshop. Key themes were identified from the data collection and helped to generate a brief synopsis of 'consumers as innovators' as a potential research area within a FMCG setting. Running in parallel with the preliminary study was a further exploration of the related literature. The findings from the preliminary study resonated with Dougherty's (1992) concept of 'market-technology' linking, outlined in section 2.6.5. The definition of innovation provided by respondents from P&G: *"innovation is invention made customer relevant"* supports this. Respondents from P&G stated that *"innovation is concerned with the link between what is needed (marketing) and what is available (technology)."* However, there is often a failure to link the two, and this is an area ripe for exploration.

Following the preliminary study it was decided to refocus the research into the domain of market learning for innovation and within that, the role of consumer involvement. Also, following the preliminary study, two projects were identified within Rowntree Nestlé that were suitable for the research purposes. In addition, an innovation project was also identified within Diageo, the global drinks company. Originally, it was envisaged that P&G would also be a case study partner, however due to the complexity and culture of the organisation, the issue of access became too problematic.

4.6.2 The conceptual model

The high level themes that emerged from the preliminary study helped to identify that market learning is a core process within innovation. This notion of experimenting with different types of market learning, yet within the boundaries of the organisation's capabilities, is captured by Dougherty's (1992) discussion of market-technology linking. Here the practice of product innovation is conceived as "the creation and exploitation of knowledge which links market and technological possibilities". The content and process of market-technology knowledge is conceptualised graphically and has four clusters which fit together to form a whole. This is shown in Figure 4.4.

The table below the graphic in Figure 4.4 outlines the tacit and articulable knowledge for each cluster, and uses Dougherty's (1992) metaphors to describe the processes by

which they can be created. Here, the product innovation process is seen as a creative and emergent process, which also echoes the findings of the preliminary study.

It was decided to utilise the above conceptual model, which has not been developed empirically, as a framework for the main study. In the main study, the focused case research, the aim was to explore in more detail the Visceralisation and Emerging Trends components of the model. Knowledge of emerging trends looks at the future, at 'what might be', and at changing consumer needs and consumption patterns. Visceralisation involves direct consumer interaction and collaboration with potential users. It also involves the immersion into the community of potential users. The consumer focused visceralisation and emerging trends elements are complimented with internal knowledge of 'fit with the firm', and feasibility of the concept. The use of this model helped the researcher to refocus the study, whilst retaining the original notion of the need for greater consumer involvement in the innovation process. The aim was to use the conceptual model as an analytical framework, for the main study and to refine and develop the model for empirical testing post-PhD research. Three product innovation projects were identified during the preliminary study, which were classed as innovative in their use of the consumer and are discussed in chapters five, six, seven and eight, which provides the cross case analysis.

Figure 4.4: The Conceptual Model
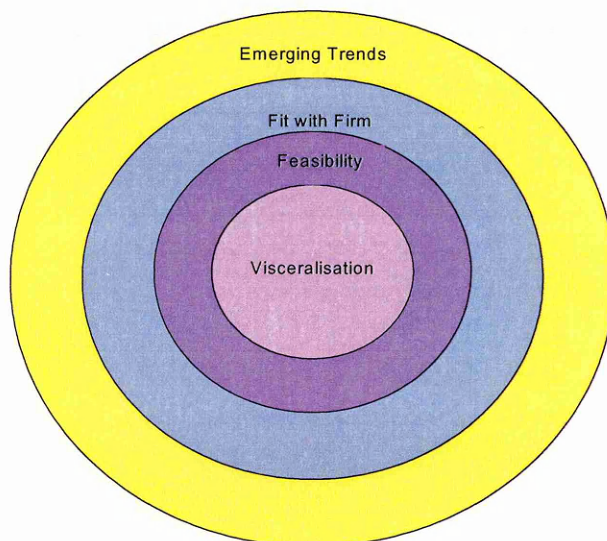
Content	Visceralisation	Feasibility	Fit with Firm	Emerging Trends
Tacit knowledge	Image of production use	Expert insight. Judgement of possibilities	Deep sense of firms' capabilities	Sense of forces of change
Articulated knowledge	Stories of customers, technology	Forecasts, paths of development	Core competencies, renewal plan	Scenarios, likely events
Process	Expedition, explorers	Research, scientists	Council of elders, Councillors	Strategic scouting, leaders

5 First Case Study - Project KicK Ass: Rowntree Nestlé

5.1 Introduction

Project KicK Ass is set within Rowntree Nestlé and is the first of the three case studies which were introduced during the preliminary study. The preliminary study allowed the researcher to identify the key informants for the case study interviews, test the interview protocol, and develop her research skills in a supportive environment. The subsequent case study, Project Kick Ass, took place within the Rowntree Nestlé division of Nestlé UK Ltd. The use of two capital letter 'K's in the word 'KicK' were used to symbolise the two 'K's' in name of Nestlé's leading brand Kit Kat. The graphic nature of the project name reflects the sense of urgency and groundbreaking nature attributed to the project. The project involved both product innovation and innovation in the marketing process. It also involved experimentation with a number of different research methods and a significant amount of consumer interaction.

This chapter contains the within-case analysis from the first case study. A schematic outline of the chapter structure is presented in Figure 5.1. First, the context of the case study is described (Pettigrew, 1990; Denzin, 1998), and is intended to give insight into the organisation and its marketing environment. Second, the content of the innovation change process (Pettigrew, 1990), the type of interventions that took place, are reported. This section includes a timeline for the project, which shows the number and type of internal and external consumer interactions. The next section presents a summary analysis of the key constructs. These are summarised in the form of data displays as advocated by Miles and Huberman (1994). The final section of this chapter presents the discussion of the findings. These findings are then utilised in the second case study.

Figure 5.1: Schematic Outline of the First Case Study Chapter

Project KicK Ass Case Study

CONTEXT: in which the innovation process takes place	**UK Confectionary Market** **Nestle – The Organisation**
CONTENT: the interventions that comprise the innovation process	**Project KicK Ass** – A Renovation Project **Project Timeline** - Interventions **Innovation Outcomes**
CONSTRUCTS: vehicles to describe and explain actions and behaviours	**Top level constructs** – derived from the literature: Visceralisation, Emerging Trends, Fit with the Firm, Feasibility **Sub constructs** – emerging from the data

DISCUSSION

5.2 Context - the UK Chocolate Confectionery Market

At the time of the research study Nestlé estimated the value of the total confectionery market to be aproximately £6.2 billion. The chocolate confectionery market is the largest sector within the total confectionery market, and was estimated to be worth approximately £3.5 billion in 2002 (Mintel, 2004). The majority of consumers eat chocolate confectionery, and Nestlé have estimated that 88.7% of all consumers consume bars of chocolate. However, since 2002, and after the start of Project KicK Ass, the market has been showing a slight decline in terms of both volume and value. The effects of an ageing population and the decline in the number of children are gradually reducing the number of heavy users in the marketplace. Combined with this are growing concerns about the rise in obesity and a growing awareness about the nation's health problems. Offsetting this trend is the desire for 'indulgences', and busy life styles, which encourages the practice of 'snacking and grazing', and the consumption of chocolate. It is estimated (Mintel, 2004) that the chocolate confectionery market will continue to be an important market for may years to come, and this will be sustained by the large manufacturers' investment in their brands and continuous product innovation.

5.2.1 Supply structure

The chocolate confectionery market is dominated by large global manufacturers who have made significant investments in both their manufacturing plants and brands. The three most important manufacturers in terms of market share are Cadbury Trebor Bassett (CTB), Nestlé and Masterfoods (Mars). The manufacturers' share of the total confectionery market is shown in Figure 5.2.

Figure 5.2: Manufacturer's Share of Total Confectionery Market
Total market £6.2bn
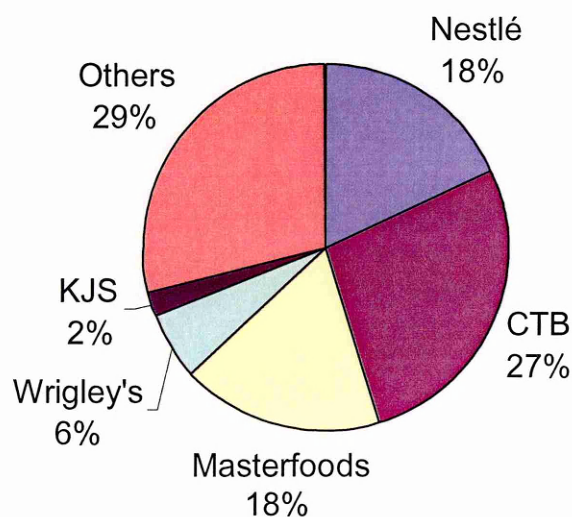
Cadbury Trebor Bassett are the market leaders and own popular brands such as Cadbury's Dairy Milk and Cadbury's Creme Egg. At the start of project KicK Ass in 2001 Nestlé and Masterfoods, the brand owners of Mars bars, were equal contenders for market share. However, recent figures (Mintel, 2004) have shown Nestlé's market share to be declining in this competitive market, one that is dominated by global manufacturers who have large marketing communications budgets and benefit from economies of scale.

5.2.2 Distribution

A prominent feature of the distribution in this sector is the powerful and sophisticated retailers who monopolise the distribution of confectionery products via supermarket outlets. The multiple retailers account for around half of all chocolate confectionery sales in the UK. The pattern of distribution is highlighted in Table 5.1. This shows that Kit Kat is distributed via the multiple retailers and retailers operating in the impulse sector. The latter sector is comprised of independent retailers and convenience stores. Although the impulse sector is an important one, unlike the multiple retailers, it suffers from space constraints and lack of merchandising expertise. The consolidation and dominance of the multiple retailers is posing a threat to Nestlé and their competitors. Despite attempts at the formation of collaborative trading partnerships, and the introduction of category management initiatives, the relationship with the retailer is still perceived by the brand manufacturer as one of inequality.

Table 5.1: Distribution of Chocolate Confectionery by Retail Channel

Outlet	2002		2003	
	£m	%	£m	%
Multiple retailers	**945**	**50.2**	**975**	**50.6**
-Convenience	489	26.0	491	25.5
-Independents	448	23.8	460	23.9
Total impulse	**937**	**49.8**	**951**	**49.4**
Total	**1,882**	**100**	**1,926**	**100**

(Mintel, 2004, based on retail sales estimates)

It was evident from the data that there was widespread concern amongst the Nestlé respondents about the effects of price competition between the retailers, and their growing power base. This was expressed as follows:

"Kit Kat is a KVI, Key Value Item, and the multiples trade extremely competitively on prices. The net result of all this price competition is that no-one makes any profit....So, we need to think more radically about our whole approach to marketing Kit Kat, not only with the trade but with the shopper and the consumer as well."

(Liam)

The above quotation emphasises the organisation's awareness of the need for change and the need for a radical approach to change. Maintaining a competitive advantage is becoming more difficult for the brand owners as cost efficient production and quality are no longer differentiating factors in the marketplace. Innovation in product and process is being advocated organisation-wide as a solution to this problem.

Although the final product offer within Project KicK Ass cannot be described as radical, the process of consumer involvement for the company was. Also, the new marketing communications strategy was a break with tradition and the norm. The Brands Marketing Manager describes the presentation of the new campaign:

"They came up with a number of different campaigns and we have gone with the best one. It was one of those rare meetings where the hair on the back of the neck stood up. They had 30-40 different scripts and the salmon was just one of them".

(Liam)

5.2.3   Nestlé -the company

Nestlé SA is the world's largest food company, with 500 factories operating in 80 countries, producing 15,000 different products. Nestlé has a long history of operating in the UK, being established in 1868, and is known as Nestlé UK Ltd. It is an important part of the Nestlé group, employing approximately 10,500 people in 26 sites throughout the UK. This case study is set within the chocolate and confectionery division Rowntree Nestlé, which is based in York. Nestlé has grown steadily by acquisition, and it acquired Rowntree PLC, York's original chocolate and confectionery manufacturer, and its portfolio of well known brands in 1988.

Within each country Nestlé companies have a large degree of autonomy, operating a system of decentralised management. This enables the companies to adapt and develop their brands to local preferences, whilst maintaining the support of a multinational organisation. Research and development is seen as pivotal to the past and future success of the group. There are seventeen research centres world-wide, and the global chocolate and confectionery research centre is based in York in the UK. Research within Nestlé is divided into two main development tasks innovation and renovation:

➢ **Innovation:** *means inventing new products and/or new manufacturing processes.*
➢ **Renovation:** *involves improving existing products or production processes.*
➢ **Innovation and renovation** *are two different facets of the same objective; using the knowledge and technical know-how of the group, together with scientific advances, to meet consumer needs and expectations better.*

(Nestlé, 2001)

Project KicK Ass was classed by Nestlé as a renovation project as it was concerned with the renovation of their leading chocolate confectionery brand Kit Kat. The project included different types of new product development as categorised by the Booz, Allen & Hamilton (1982) typology (see Appendix 5.1.). It involved the creative leveraging of the Kit Kat brand name through the development and introduction of a number of new

product formats, product improvements, and brand repositioning. The latter included the development of a new marketing communications strategy aimed at reconnecting the brand with contemporary consumers.

Nestlé has recently been described as a "*controversial firm, long the bête noir of campaign groups*" (Mathiason, 2005). Thus the issues of consumer involvement, connecting with consumers, and building relationships are both important and timely.

5.2.4 Nestlé brands

Nestlé have a portfolio of confectionery brands with longevity such as Smarties, Aero, Quality Street, Rowntrees Fruit Pastells and Polo. Kit Kat is seen as the leading brand within the Nestlé portfolio. Prior to Project KicK Ass there had been a number of changes made to the brand since its launch in 1935. These changes have often reflected the socio/economic developments of time. In 2001, the start date of the project, it was felt that the Kit Kat brand was no longer adequately addressing the needs of contemporary consumers and a change was needed in the brand strategy. A brief synopsis of the Kit Kat brand development which led up to Project KicK Ass is shown in Table 5.2.

Table 5.2: Kit Kat Brand Developments

Time Period	Kit Kat Brand Developments
1935	Launched as Rowntree's Chocolate Crisp
Post 2nd World War	Rebranded as Kit Kat Chocolate Crisp. Positioned as valuable post wartime food and advertising described the brand as 'what active people need'.
1957	First TV advertisements 'have a break, have a Kit Kat'.
1973	Change of packaging from cream and red wrapper to a bright red and white wrapper.
1986	Became leading confectionery brand.
1993	Subtle change of wrapper. The word 'Nestlé' appeared on the wrapper.
1996/1997	Kit Kat variants, e.g. orange and mint launched.
1999	Launch of Kit Kat Chunky- the giant single finger version. Fuelled growth in the Kit Kat brand.
2000/2001	Best trading year on Kit Kat. Start of project KicK Ass.

Project KicK Ass commenced in July 2001, and the new improved Kit Kat brand was relaunched in March 2003. As the product innovation was based on an existing brand it was classified as a '*renovation project*', and falls within the remit of the marketing department. The project became the responsibility of the Kit Kat brand marketing team, who drew widely on the expertise of the innovation team.

5.2.5 Organisational structure

The marketing department within Nestlé Rowntree is broadly divided into a brands marketing team and an innovation team. The brands marketing team are the custodians of the Nestlé confectionery brands and are responsible for the brands strategy and implementation. They are also responsible for brand renovation; hence the Kit Kat brand marketing team were in charge of Project KicK Ass. Figure 5.3 shows the organisational structure at the time of interviews, and highlights the Kit Kat brand team.

Figure 5.3: Nestlé Marketing Department: Organisational Structure
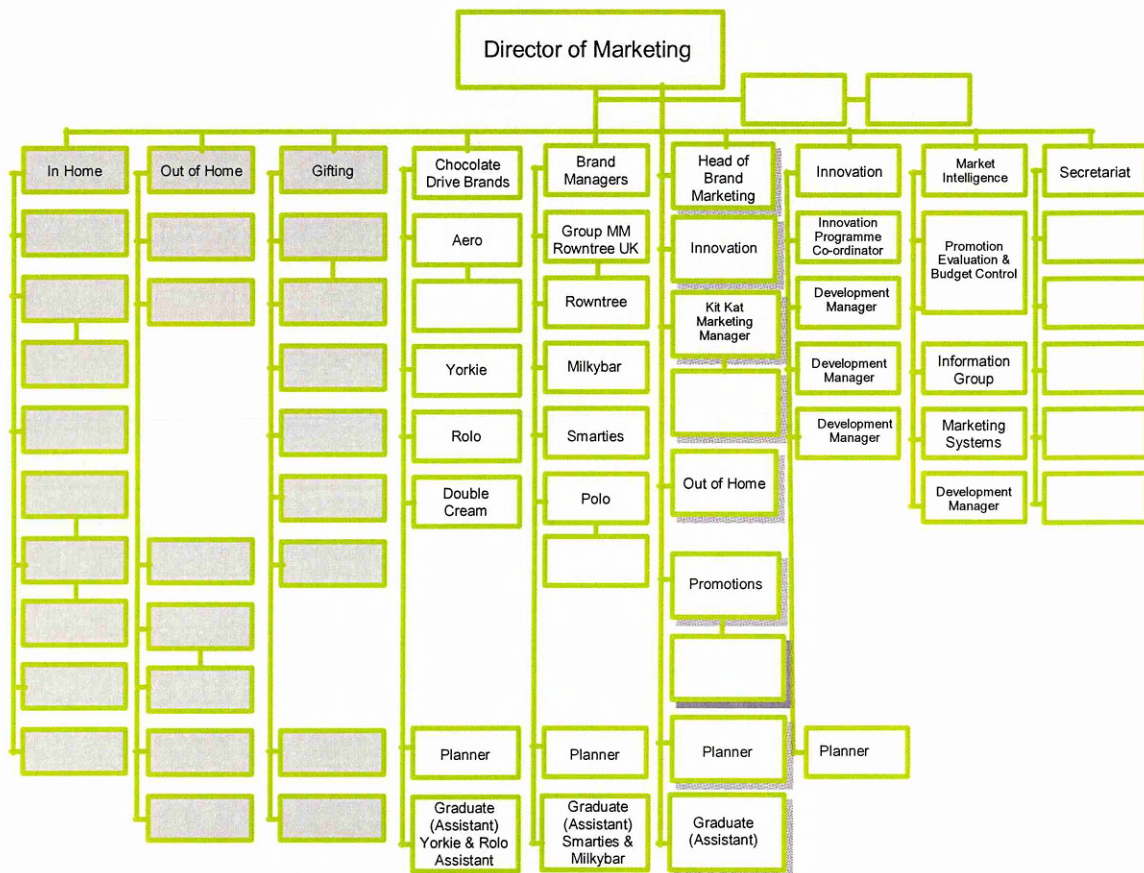
Within each brand team is a planner who is the main point of contact with the consumer and is responsible for organising market research initiatives. The planner described their role as follows:

"We are responsible for providing 'the voice of the consumer' in the team, and for commissioning and utilising market research."

(Sam)

Hence the planners' role was pivotal in the project and they also instigated some of the more experimental approaches to consumer learning, such as the '*consumer buddy*' programme reported in section 5.5.3.2. At the time of the interviews the role of the planners and the structure of the marketing department were being re-evaluated. In

contrast to the brand team, the innovations team is responsible for innovation projects on new brands and processes, and for 'blue sky' thinking. In addition, they also provide insights and expertise on renovation projects such as the KicK Ass project.

5.2.5.1 Respondents

The case study respondents were chosen on the basis of their experience, involvement in the project and interaction with the consumer. The respondents are highlighted in Table 5.3. The list of the respondents included external consultants who worked with Nestlé on the project, as they were considered by Nestlé to be an integral part of the project team. Nestlé's conceptualisation of the project team is shown in Figure 5.4. It is comprised of a core team, which was made up of the Kit Kat brand team. In the early stages of the project the core team was supplemented by input from the innovation team, and the external innovation consultancy Synectics. As the project progressed a wider team was formed, which incorporated pack designers and advertising agencies. Of significance is the absence of the consumer from the conceptualisation of the project team.

Table 5.3: Respondent - Project KicK Ass

Respondent	Role/Nestlé	Interview Location	Interview Medium	Length	Recording of Interview	Transcribed
Liam	Head of Brand Marketing	York	Face-to face	1x 1 hour 1x I hour	Tape	Yes
John	Kit Kat Marketing Manager	York	Face-to face	1.5 hr	Tape	Yes
Kay	Innovation planner	York	Face-to face	1.5hr	Tape	Yes
Sam	Brand Planning Manager	York	Face-to face	1.5hr	Tape	Yes
Consultants						
Arun	Innovation	London	Face-to face	1 hr	Tape	Yes
			Telephone	0.5hr	Tape	Yes
David	Innovation	London	Face-to face	1.5hr	Tape	Yes
Pat	Brand strategy	York	Face-to-face	1.5hr	Tape	Yes
			Telephone	0.5hr	No	No
Tom	Market research	London	Face-to face	1.5hr	Tape	Yes
			Telephone	0.5hr	Tape	Yes
Totals	**8 Respondents**		**12 Interviews**			

Figure 5.4: Conceptualisation of the KicK Ass Project Team
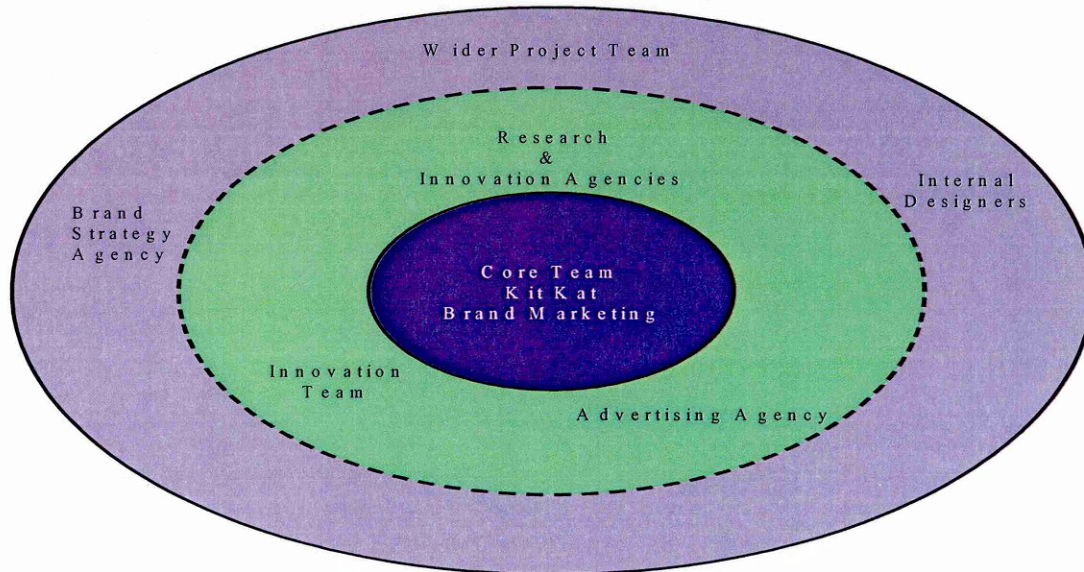
5.3 Content - Project KicK Ass

This section reports on the changes made during the KicK Ass renovation project and the processes by which they were delivered. It examines the processes of generating visceral market knowledge and the various modes of consumer involvement and interaction within the project. It also analyses the internal company interventions that were used to generate and disseminate market knowledge. A timeline of the main activities that took place within the project is shown in Figure 5.5. This is broken down into external interventions (those which involved consumers) and internal interventions (those which included the project team only). Project KicK Ass started in the summer of 2001 and ran for about 20 months, until the relaunch of the brand in March 2003.

5.3.1   A new brand team

It is common practice within the FMCG sector for brand managers to frequently move both jobs and companies in order to progress their marketing careers. What is unusual however, is for an entire brand team to change at the same time. This is the position that Nestlé found themselves in during the summer of 2001 as the entire Kit Kat brand team changed. The Kit Kat Marketing Manager commented on this restructuring:

"There was a new team put on Kit Kat. It was quite unusual. The Kit Kat team is made up of 4-5 different people, Brand Manager, Assistant Brand Manager and so on. The whole team seemed to change at once, which is very unusual. We try not to do that, but literally within 3 months everyone on the team was new."

(John)

The new Kit Kat brand team is comprised of young, bright graduates who, based partly upon their own personal consumption experiences, were very aware of contemporary consumer culture. Whilst the consumer occupies centre stage in academic debate (Gabriel & Lang, 1999), the team members did not feel the same concern or bestow the same degree of relevance to the notion of the 'empowered', or 'new consumer' (Baker, 2002). They were insouciant in their account, as expressed in the following comment:

"Some people use the term 'new consumers', but I think we just see these 'new consumers' all the time, and I think, I guess thinking about the 'new consumer' you have to understand what the old consumer was, and to somebody in our marketing department, they might not have had any contact with an old consumer because the average age of our marketing department is about 25. Well, I mean, they are quite young, I think it is just as general thing about marketing departments, they are quite young."

(Sam)

The team members expressed the view that the changes taking place in contemporary consumer culture were a part of their daily life and had become the norm. The new and different perspectives brought by the brand team to the project also helps to explain the willingness to experiment and the radical approach that was taken to the project.

Figure 5.5: Project KicK Ass Time Line
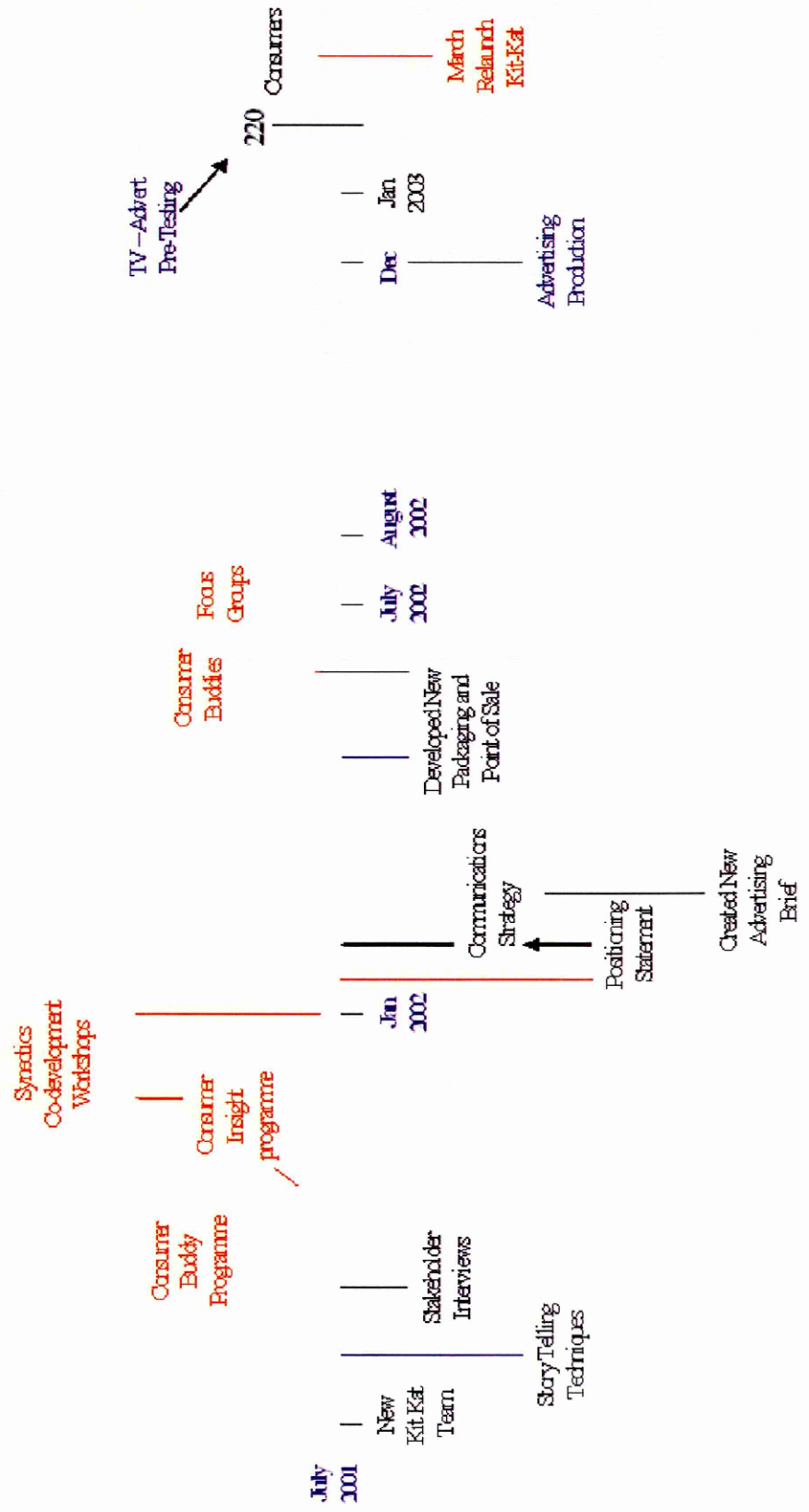
5.3.2   Project origins

The launch of Kit Kat Chunky in 1999 under the umbrella of the Kit Kat brand had been a great success, and fuelled the growth of the brand. In 2001 the Kit Kat brand just had its best trading year in terms of volume. Thus, the new team were not tasked with turning around an ailing brand, or one in the declining stage of its product lifecycle. The rationale and project origins were described by the team members in subjective terms such as *'intuition'*, *'gut-feel'* and *'instinct'*, rather than in tangible, objective terms or performance measures. This was demonstrated by the Marketing Manager as follows:

"It was more of an instinct of everyone that came onto the team that something wasn't right, that there was a better way to do things on Kit Kat. There was this huge brand, it was doing very well, but there had to be more to go for. It started with a belief that we can do better than this."

(John)

The team shared concerns about the multiple retailers' practice of promoting the brand on volume, and how this might devalue the brand's image. They were concerned that:

"Our relationship with the final consumer was in danger of diminishing as the retailer gains more power and acts as a kind of 'gatekeeper' to the consumer."

(Liz)

The Innovation Strategist continued by explaining that the changing market forces required the company to attempt to: *"leapfrog the retailer and get closer to the consumer."*

(Liz)

These sentiments were also echoed by the Marketing Manager:

"We were in danger of just promoting to get volume, and maybe we were losing some of our relationship with shoppers and consumers. We had concerns over our advertising, it seemed that the way we marketed was ok, but anecdotally no-one seemed to remember it. So, it started with an instinct that this looks great but is it really this good?"

(John)

Innovation is regarded by the company as a potential solution to the problems that they are facing in the marketplace. Experimenting with closer consumer involvement in the process was viewed as a potential vehicle for innovation and developing a stronger market orientation. Also, the Kit Kat team's intuitive feeling that the brand was no longer connecting with contemporary consumers prompted the team to re-examine their communications strategy, and this became a major part of the project.

5.3.3 Fit with the firm

Because of the key role and value of the Kit Kat brand within the Nestlés portfolio it was essential to get the buy in and support of all the key stakeholders in the UK and in the head office in Switzerland. Interestingly, the Nestlé team felt that external people were better placed to interview, and interpret the senior managers about their future vision and strategy, and how the Kit Kat brand fits within it. To achieve this, members of the Synectics consultancy conducted the *'stakeholder'* interviews at the beginning of the project.

It was felt that using non-Nestlé people was *"a much better way of capturing the internal agenda. If I had gone, I would have been given different answers."*

(Liam)

The Managing Partner of Synectics described their role in the initial stages of the project:

"We interacted with approximately 50 key people. We conducted stakeholder interviews, it was very important to get input into the sessions, to get their buy in, to gather ideas, e.g. what are the issues facing the brand and the factories?"

(David)

The stakeholder interviews helped to frame and direct the innovation effort but the specifics and process were left to emerge and were the responsibility of the project team. The team worked together to generate ideas around how they could fulfil the company's vision. The Brands Marketing Manager described this process as follows:

"So, it was a question of us saying how can we use advertising, how can we use new product development, how can we use the factory to make this happen? So, effectively the brief and the project were about breakthrough ideas."

(Liam)

5.3.4 Trend development

Prior to Project Kick Ass a number of trend development projects had been undertaken by Nestlé with the help of external consultants such as Synectics. Previously, a respondent (Pat) from the brand consultancy involved in Project KicK Ass had also been involved in a *'futures visioning'* exercise with Nestlé. A central part of the renovation process was the development of a new brand vision based upon current and emerging consumer needs and trends. The innovation team were responsible for analysing societal conditions and for anticipating future consumer trends. They were responsible for the synthesis of trend information and the dissemination of market knowledge into the wider organisation.

The start point for Project KicK Ass and other innovation projects within the organisation is the dissemination of knowledge concerning emerging social trends. This is contrary to the traditional linear representation of the new product development process, which starts with an internal focus on the process of ideation. In contrast,

Nestlé used their knowledge of external trends to spark the ideation process. The Brand Planner described the start of Project KicK Ass:

"The Kit Kat programme of activity started with the Kick Ass project. This was facilitated by Synectics, the innovations consultancy. They helped us get breakthrough ideas. In July 2001 we decided to set up a dedicated Kit Kat team to look at what Kit Kat should be about. What the vision of the brand is etc."

Sam continued by stating that:

"In the past we have generated sales through promotion rather than through loyalty."

(Sam)

This comment also emphasises the organisation's recognition of the need to develop consumer relationships and ensuing loyalty.

Consumer communication became an integral component of the project and is central to Nestlé's strategic marketing plan. An interviewee described this as:

"The how we choose to advertise the brand. How we reach our consumers, and what sort of message we choose to send them."

(Liam)

The trends development work acted a catalyst for the changes that were eventually made to the communications strategy. In the past the Kit Kat communications strategy had focused on the need to take a break during the day. The Kit Kat slogan *"have a break, have a Kit Kat"* is well known in the UK. However, the brand team began to question the relevance of 'breaks' in today's 24/7 society. Also, it was stated that *"it is no longer appropriate to tell consumers what to do"* (Anne). This questioning of 'what is relevant' to the consumer became a major part of Project KicK Ass.

5.3.5   Consumer involvement

There was consensus amongst both the Nestlé team and their agencies that that it was important to get closer to the consumer, i.e. to understand the person behind the research data. There was also an implicit agreement that lack of consumer understanding leads to poor innovation and a product that does not offer consumer value. It can be seen from the timeline in Figure 5.5. that a significant amount of consumer interaction took place at the beginning of the project during the *'consumer insight'* programme. Several modes of consumer involvement were utilised throughout the project, including consumer visits, interviews, focus groups and co-development workshops. The intensity of consumer involvement ranged from 'passive' (responding to TV advertisements) to 'active' involvement in the co-development workshops.

There was also consensus amongst the respondents that working with consumers provided the *'opportunity to acquire more knowledge'* and to raise the *'levels of creativity'* (Liz), which is seen as a precursor for innovation. A further reason stated for

the different types of consumer involvement was the notion that any innovation should be *'consumer-informed and idea-led'* (Arun).

To enable this process and to facilitate collaborative working between the team and with consumers the Nestlé team were given some training in qualitative research data collection. Also, part of the aim was to help the team learn to derive information from diverse sources, and to become skilful at assembling and using the information within the innovation process, and in doing so, the team were able to start to gather and transform tacit visceral knowledge into articulable knowledge.

5.3.6   Innovation outcome

The Nestlé team felt that the innovations resulting from Project KicK Ass were a success. The project generated a new product pipeline with the potential to launch new products continuously over a period of six years. For reasons of confidentiality the products could not be listed. A secondary innovation outcome was the award winning new communications strategy. This included the development of new packaging and point of sale material for existing Kit Kat products. It also included an ironic new television advertising featuring an exhausted, leaping salmon, the catch-phrase being *"don't be a salmon, have a break, have a Kit Kat."* This supports the postmodern idea of the advertising campaign where *'purpose, pitch or product is unclear'* (Brown, 2004). More recently, after the research study, Nestlé have built on the success of the advertising campaign and used IT to produce an innovative 'advergame', which takes the form of an interactive advertisement. Although the project did not reduce the time to market, the diverse numbers of innovation outcomes were seen to compensate for this.

5.4 Construct Analysis

This section of the chapter reports on the constructs that have emerged from the data analysis. These have been grouped under the four top level codes and the high level constructs that were derived from the literature and the conceptual framework for the study. These are emerging trends, visceralisation, fit with the firm and feasibility. As the main focus of the study is concerned with consumer involvement, the main data collection and analysis was carried out around the areas of emerging trends and visceralisation

5.5 Emerging Trends

The construct of emerging trends relates to the organisation's knowledge of *'what might be'* in the marketplace, and their understanding of future opportunities. Analysis of the data shows that the construct is divided into two main sub-themes:

➢ The sources of trend information
➢ The type of trends recognised

5.5.1 Sources of trends

Table 5.4 shows the sources of trend information and supporting data. The Innovation Team were responsible for disseminating trend information and ensuring that the knowledge was utilised by the project team. The Innovation Planner explained that to facilitate this process:

"We bring the trends to life with pictures, stories and music."

(Kay)

They also developed visual storyboards, which depicted multiple pictures of the consumer and a variety of different consumption experiences. These are distributed throughout the organisation to all relevant management personnel. Nestlé described this process of using storyboards as: *"developing windows on the future".*

(Liz)

Consumers were used indirectly in this process. The type of consumer involvement in this process could be described as passive as they were observed, and used as a stimulus rather than involved in the actual process. They were not involved in any form of direct questioning, or interviews.

Table 5.4: Sources of Trend Information

Sources of Trend Information	Data Extracts from the Case Study
Project team	➢ **'Inspiration is all around us':** *"We aim to refresh and re-express existing information. We try to live the trends and attempt to experience new things."* ➢ **'Making connections':** *"We try to put the ingredients together in new ways and inspire opportunities and ideas."*
Experts	**Innovation and brand development agencies** *facilitated a trend development* project prior to Project KicK Ass.
Opinion formers	**'Opinion formers':** *"We try to learn from other areas, other fields'* e.g. chefs and celebrities.
Consumers indirect-involvement	**'Living trends in the real world':** *"We use observation, watching what people do rather than what they say."*

5.5.2 Types of trends

The literature, which attempts to describe the 'spirit' of the post-modern era, conveys five salient conditions (Firat & Venkatesh, 1993) Although there is sometimes a difference in the terminology used by the project team, the data reveals that the team identified with a number of the conditions outlined in the literature, the exception being

the condition of hyperreality. The symptoms of hyperreality were either not conveyed by the respondents, or were not felt to be relevant to FMCG markets.

From the data it was apparent that all the respondents recognised three major trends in the marketplace that could influence the innovation outcome, the type of product and the resultant marketing communications. These trends were fragmentation, authenticity and the 'marketing literate' consumer.

5.5.2.1 Fragmentation

The condition of fragmentation was the trend most frequently mentioned by all the respondents. The respondents identified fragmentation in consumer markets, the media and the appearance of fragmented consumer lives. Running throughout fragmentation is also a sub-theme of consumer individualism.

As a member of the innovations team, Kay was responsible for the development of the trend story boards entitled '*future worlds*'. One such future world was titled: "*We the individual*". Kay discussed this and fragmentation in terms of the market and the subsequent rise of consumer 'individualism':

"*One story we have developed is 'we the individual'; it's people wanting to be an individual, but also wanting to conform and be like everyone else. I want to stand out from the crowd, but be like all my friends!*"

(Kay)

Here consumers are seen to crave freedom, but at the same time possess a sense of belonging. This mixing and matching of opposites was evident within all the conceptualisations of emerging trends.

The respondents all acknowledged the fact that consumers' lifestyles are also fragmenting. This is giving rise to the appearance of consumers' with 'multiple persona':

"*We are often finding that consumers are wearing different hats at different times. The same person can be a mother, career women, and party girl, whatever they want to be.*"

(Kay)

Kay continued by reflecting on the implications of these seemingly fluid consumer identities for the product innovation process. It was felt that although the organisation is endeavouring to involve the consumer more in the innovation process, which consumer to involve is an unresolved issue:

"*This has obvious implications for the recruitment of consumers. It's really hard to decide? who to choose because for instance a mum may wear many different hats.*"

(Kay)

The issue of which consumers to work with is still a subject of ongoing debate. It was felt that the 'lead user' concept (von Hippel, 1986) was not relevant in fragmented consumer markets, but they did need to involve consumers who are innovators and early adopters (Rogers, 1962):

"We need to select consumers that are articulate and intelligent, but you also need people that are representative of your mass market."

(John)

"We do need to involve consumers that are a bit more "leading edge."

(Kay)

Pat explained that when recruiting consumers to take part in the groups:

"I am quite careful to separate roles for consumers because there is a difference between creative targeting and user targeting."

(Pat)

Thus consumers who can be used as a 'competence', to expand the knowledge base of the organisation, are not necessarily representative of Nestlé's target market, which is the early and late majority (Rogers, 1962).

In contrast, the Brand Marketing Manager discussed fragmentation in terms of the media and the proliferation of marketing messages, which are constantly competing for consumers' attention:

"People are being bombarded with messages. Twenty years ago there was only one TV channel, so from a marketing point of view you know that if you developed a 30 second ad and put it in between Coronation Street, that 20 million people would see it. And you would think great job done, it must have been an easy life."

(Liam)

This is perhaps not surprising as he was responsible for the development of the brand's communication strategy. Understanding what consumers really value and communicating it in a way that befits their lifestyle became an important part of the project.

5.5.2.2 Authenticity

There was consensus that many consumers are searching for that which is authentic and nostalgic; they are searching for their roots, and a sense of belonging. Whilst there is much discussion in the literature about the liberatory aspects of postmodernism, evidence to the contrary emerged from the data. This supports Goulding (2003.p 153) who states that 'realistically there are signs of both alienation and liberation, evident in everyday life'. The project team discussed the need of consumers for stability and

reassurance in a complex world. This has been compounded by recent food safety scares. It was stated that:

People are looking for organic or pure foods, which afford traceability of origin."

<div align="right">(Liz)</div>

"The search for simpler times, authenticity is definitely a trend we are seeing. One of the things we have got is something called 'keeping it real' to try and address this need."

<div align="right">(John)</div>

This is demonstrated by a trend storyboard entitled: *"What is this life if full of care we have no time to stop and stare"*. The Innovation Planner explained this as follows:

It's really about recognising the happiness of simple moments, simplifying choices because life's complicated enough."

<div align="right">(Kay)</div>

The Kit Kat Marketing Manager explained how they had utilised this trend information to try to enhance Kit Kat's brand values:

" I suppose that is what we are trying to do with have a break message, to try and get people to acknowledge how the break can provide those few simple moments."

<div align="right">(John)</div>

5.5.2.3   Marketing literacy

The uses of IT technology to communicate with other consumers and directly with the organisation are often cited in the literature as key drivers of consumer empowerment. The literature also advocates the harnessing of consumer knowledge (Prahalahd & Ramaswamy, 2000), and greater consumer involvement. From the data it could be seen that the respondents discussed consumer knowledge in terms of 'marketing literacy', as opposed to any form of consumer activism. The use of information technology to communicate with and incorporate the consumer into the innovation process was barely mentioned. There was consensus amongst the respondents that consumers are increasingly demonstrating their 'marketing literacy':

"I am certainly very familiar with the marketing savvy consumer. I think that we see it a lot particularly in young people. We see it a lot in our focus groups; can almost play our strategy back to us. They can see what we are trying to do!"....And "I think for some young people they quite enjoy it, it's a bit of fun, but I think for most people they are very sceptical and increasingly cynical about it."

<div align="right">(Liam)</div>

A brand consultant also described her experience and understanding of the marketing literate consumer:

<div align="center">101</div>

"To me the savvy consumer is actually almost as marketing literate as I am. They understand that they are being sold to and they can deconstruct the packaging at 100 paces. They will tell you your strategy and they might even come up with one that is better than your strategy was"...... " So, the big change for me of doing consumer research and NPD is now consumers say, 'Oh God, not another x, not another y', and they wouldn't have said that ten years ago."

(Pat)

Both explanations resonate with Mitchell's (2001) description of the consumer as the 'observed playing games with the observer', and with Brown's (2004) notion of decentred subjectivity. There was consensus that consumers are no longer passive recipients of marketing's offerings, and also that the old 'command and control' philosophy of marketing is not so effective when dealing with market literate consumers. This was emphasised by the innovation planner:

"The old tricks of the trade don't work the way they used to; you can't simply tell people that this is the best washing up liquid ever."

(Kay)

The project team's cognisance that the consumer can no longer be *'told'* that something is 'better', or 'improved' was a catalyst for the changes in the communications strategy.

5.5.2.4 Time use

A lesser discussed trend, but one of significance to the project was the issue of time use. This manifests itself in the appearance of consumers being constantly under pressure, and a 'wanting it all' mentality (Wilmott, 2003). The Brands Marketing Manager explained the significance of this trend for the communications strategy:

"All the research is showing us that we are working longer hours than we were working before and that we have less quality time. People actually feel guilty about taking breaks. This added up to lots of insights that said, don't tell people that they need breaks, but inspire people to take breaks. That's the leap that we took and the consumer stuff helped us to make that leap from an insight point of view once you have got to that point....The advertising campaign is now about inspiring to take breaks".

(Liam)

Of interest is the fact that Nestlé gave a very concise brief to the advertising agency, having conducted much of their own research, and inviting the agency into the early stages of the process. This was expressed as follows:

"Then it was over to the advertising agency JWT's creative teams. We gave them a brief and said it's about inspiring breaks blah blah."

(Liam)

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5.6 Visceralisation

The process of visceralisation requires product innovators to develop a sense of how consumers perceive value. It is reliant upon 'instinct and intuition' in order to build a picture of 'why people want a product', and how it best meets the demands of their lifestyles. It is also reliant on the ability of the innovators to transform tacit knowledge into that which can be articulated and used within the innovation process.

It was evident from the data that several processes for generating visceral market knowledge were being utilised. These involved both direct and indirect means of consumer involvement. The latter involved the project team utilising and building upon existing forms of consumer knowledge and data. The data display for the visceralisation construct is shown in Figure 5.6. This demonstrates the main components and linkages between them. Each sub-construct which emerged from the data is discussed individually.

Figure 5.6: Visceralisation Construct

Data Display: Visceralisation Construct
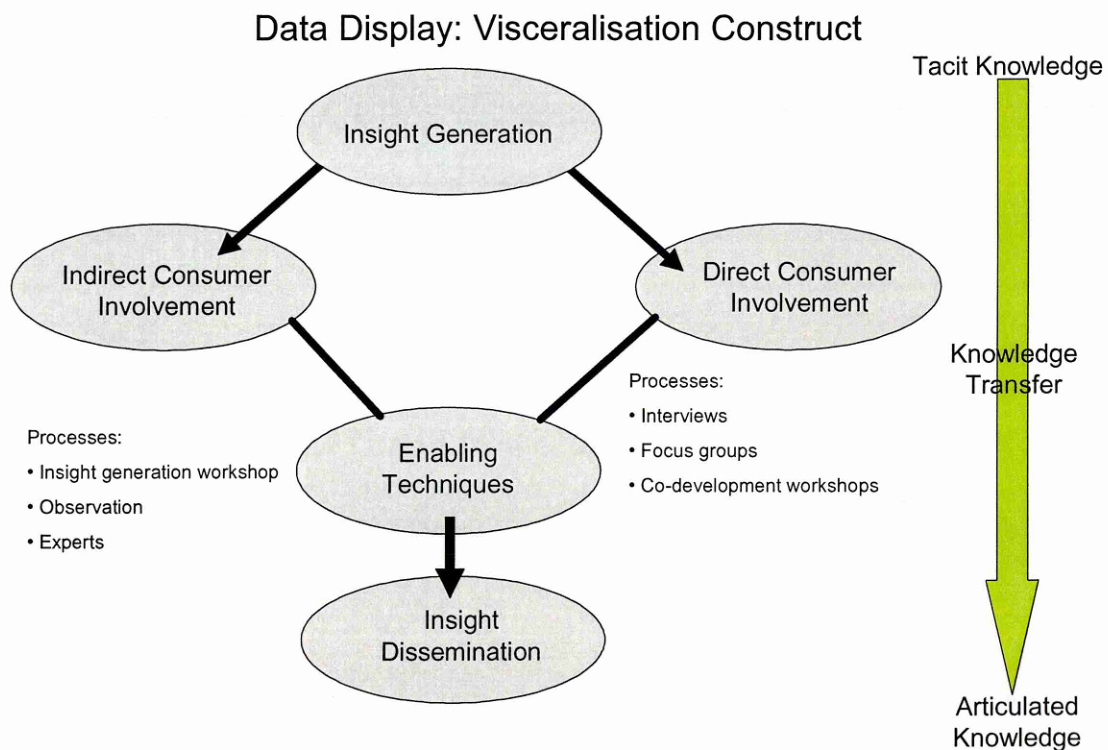
5.6.1   Insight generation

The word 'insight' was frequently used by all the respondents. Two of the respondents felt that it is often a 'misused' word in marketing parlance:

"Insight is often an overused term in organisations for bits of data that have been weaved together. It is also often something that is written in a presentation to justify an action."

(David)

To clarify the use of the word 'insight' within the KicK Ass process, it was described as follows:

"Insight is that true 'aha!' moment that has profound implications. True insight results from the restructuring of a problem, along with flashes of inspiration or leaps of thinking. Our work is based on the Gestalt view of insight."

(David)

5.6.2 Indirect consumer involvement

During the early stages of the project when neither the products nor the communications strategy were well defined, a number of indirect methods of consumer involvement were utilised by the project team. The project team termed this a process of *'revealing insight'*, which used existing knowledge and consumer data as stimuli.

Two external agencies, Synectics and Spinach were employed as part of the wider project team to help Nestlé in this process in what Nestlé termed an *'insight generation programme'*, which took place at the beginning of the project. It was recognised that:

"Nestlé, like all the other big manufactures, have a wealth of market research data. The trick is using this more effectively, not just gathering more."

(David)

This view was also supported by the Nestlé respondents, who felt that they had been:

"Guilty in the past of not revisiting data from other projects... So, if one piece of research says one thing and we have a new piece in three year' time, that is the new way of looking at it and that's not pluralism and that's dangerous and it's so true – there are many approaches, its not a black and white process."

(John)

A consultant from Synectics described some of the early stages of the process, which attempted to pool existing knowledge within the company:

"We did a 'knowledge harvest' workshop with internal groups. This presupposes that there already exists a lot of consumer knowledge within the company that doesn't traditionally go into the marketing department. For instance your sales people and your customer service people are dealing with customers on a day to day basis, but would not typically get involved in a NPD project. So this takes a cross section of customer and consumer interfacing people into a one day workshop, and we use knowledge

harvesting techniques to download their information for the core NPD team to make use of."

<div align="right">(Arun)</div>

This supports Cohen and Levinthal (1990), who state that the ability to recognise new ideas and concepts depends partly on the existing base of prior knowledge. The insight generation workshops facilitated by Synectics recognised this and attempted to expand the base of prior, existing knowledge. The process of insight generation that was utilised in the project and facilitated by the Synectics consultants is outlined in Figure 5.7.

Eventually, insights generated by direct consumer interaction, such as customer visits, were then combined with the internal process of insight generation. External experts in the field of marketing communications, the advertising agency JWT, were also invited to join in the insight generation sessions.

Figure 5.7: Stages in the Insight Generation Process

Stages	Process
1. Selective encoding	Seeing stimulus in features that were not previously obvious.
⇩ **2. Selective comparison**	Discovery of a non-obvious relationship between new and old information.
⇩ **3. Selective combination**	Putting together elements of a problem in a way not previously obvious.

5.6.2.1   Creativity

Within visceral insight generation emerged a sub-theme of creativity. Creativity was mentioned by both the respondents from Synectics when describing the process of insight generation used within Nestlé:

"We attempted to connect the disparate pieces of information that may already reside within the Nestlé team....Connection making is the foundation of creativity and it is also the foundation of insight."

<div align="right">(David)</div>

This view was built upon by the consultant from the Spinach research agency, who also described *"the process of generating insight as a creative process."*

<div align="right">(Tom)</div>

He also emphasised the need for the internal team to work collaboratively, and part of his role in the project was to set up workshops to help them develop their skills of collaboration.

"We had to get the team to work together more collaboratively. I think that what we learnt was that you can't just dredge up insights to order. Part of the process of

generating insight is creative. You need to mix logical thinking and creativity together to get insights. You can't just say I want an idea by next Thursday - you have to allow the space to let insights develop. "

<div align="right">(Tom)</div>

When reflecting on the process, the Brand Planner recognised the creative and emergent nature of the process and the issue of the time that any learning takes to feed into the innovation process. The Brand Planner commented that in her experience, *"insight generation is not a quick fix"* (Sam). She also reflected that sometimes, commercial realities of working within a FMCG marketing team does not always afford the time and space that is needed.

Creativity is a difficult construct for the project team to measure as it is essentially a prerequisite, or building block for innovation. Although the Nestlé team recognised the importance of the creative process and employed their agencies on the basis of their creative approaches, they also found this problematic as they are measured on tangible innovation outcomes within a set timeframe. Organisational pressures meant that any ideas needed assessing for feasibility and for the potential to be commercialised rapidly. This is contradictory to the experimental approach that the team was taking in the innovation process.

5.6.2.2 Experts

Knowledge was also generated through the interaction with a number of 'experts' who were not related to the field of FMCG markets. Four types of experts were identified by the respondents, as follows:

- **Communications/advertising agencies**
- **Professional actors**
- **Family therapists**
- **Nutritionists**

The JWT agency, who were experts in marketing communications were included in the project from the initial stages. It was unusual to invite the advertising agency to take part in non-advertising related activities such as the insight generation programme. Their expertise was later used in the project in a more traditional sense to develop the new advertising campaign.

Ad hoc, informal information gathering with experts was also undertaken by the Spinach agency, without the involvement of the Nestlé team. Tom from the Spinach agency described the work that his agency conducted as *'blackbox activities'*. This description reveals the amount of freedom awarded to the agency to carry out any type of experimental research that they felt appropriate. The Brand Planner explained the rationale behind this decision to give autonomy to the agency:

"When we commission research we tend to think about input, i.e. the number of interviews, rather than the output of those interviews. We cost on the number of

interviews rather than what we get out of the process. So, we allowed the agency to do anything they wanted, a 'black box' activity during that time.....An example of a 'black box' activity involved the use of actors. They interviewed them about breaks."

<div align="right">(Sam)</div>

This interest in the subject of 'breaks' can be traced to the original *"have a break, have a Kit Kat"* advertising message, and the team's questioning of its relevance to contemporary consumers:

"The Marketing Director had said to us that one of the objectives was to 'own the break'...... Then part of what we did was spent looking at how people spent their breaks. As part of that we wanted to engage some more right brain thinking, some more intuitive thinking, so we wanted to do some things that weren't directly related to the problem, but got us thinking about the problem. ....So we got a group of actors together....Actors are used to dealing with breaks, there are breaks in their performances, in their working lives. At a micro-level they have to deal with breaks in their speeches, pauses etc."

<div align="right">(Tom)</div>

The objective was to find inspiration from outside FMCG markets and the confectionery industry that could then be related back to the project. In a similar vein, Spinach also conducted informal interviews with family therapists and nutritionists:

"We tried to think of a family of brands, and if you think of Kit Kat as a brand format and a personality within a family, then in theory the new Kit Kat chunky was the oddity in the family. Family therapists have to deal with oddities all the time."

<div align="right">(Tom)</div>

Both Nestlé and the Spinach agency acknowledged the uniqueness of this approach:

"We were upfront with Nestle; we said that some of this might not result in anything but it is just a way of offering up that opportunity for inspiration. It is quite pioneering work; it was very brave of Nestlé to let us do this."

<div align="right">(Tom)</div>

5.6.3 *Direct consumer interaction*

The direct modes of consumer involvement and interaction that emerged from the data were mentioned by all the respondents and can be categorised into five different modes of involvement. Each mode of consumer involvement has a different degree of intensity of involvement, ranging from 'passive', i.e. in the interviewing process, to 'active' involvement in the co-development workshops. The data display for this construct is shown in Figure 5.8.

5.6.3.1 Interviews

The most traditional and common mode of consumer involvement used in the project was the use of in-depth interviews. The interviewing process was informal, unstructured and non-directive:

"The interviews were concerned with understanding the consumers as opposed to providing validity."

(Liz)

The relevance of 'the break' in contemporary society was an emerging theme at the start of the project. In particular the interviews were used to try to understand consumers' feelings and perceptions of food breaks:

"We decided to explore the break itself as this had been at the core of Kit Kat's brand advertising."

(Liam)[1]

Figure 5.8: Modes of Consumer Involvement
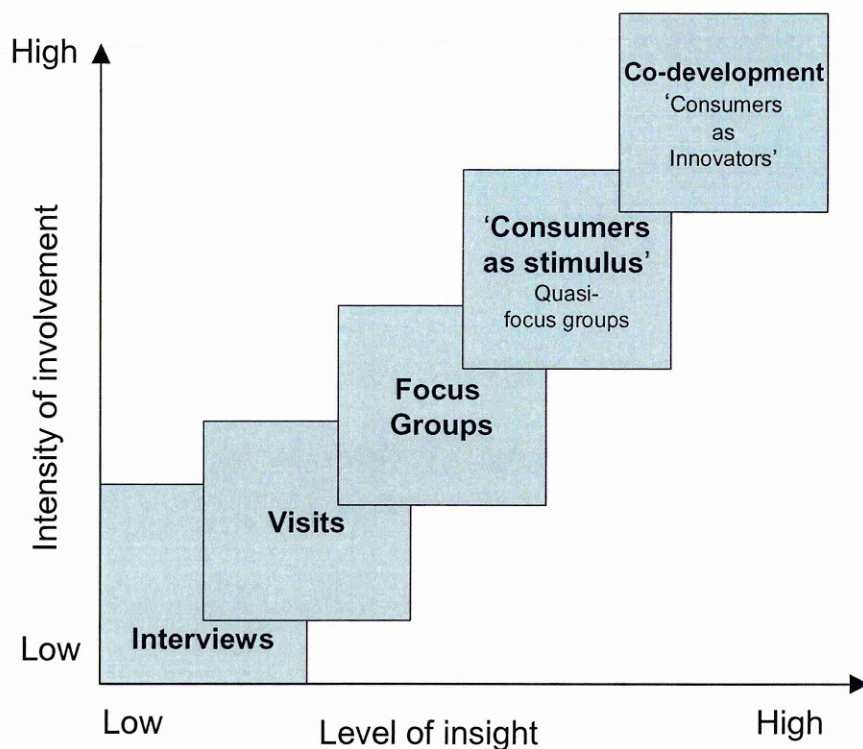
To enhance understanding, the interviews took place 'in situ', at a location at which the breaks were taken. This involved interviewing respondents in a garage, in an office and at the London School of Economics, where students had breaks in between lectures.

Later this was supplemented by interviewing actors in a theatre. A respondent described the first stage of interviews:

"We thought about where people take breaks and what kind of breaks they take. So we went to a small office, we went to a garage. So, the office would be the place where breaks are not that formal, people would just take a break when they are working. Then the garage people would have more formal breaks. We then interviewed some students at the London School of Economics. We just talked to them about breaks during lectures and when studying."

(Arun)

5.6.3.2   Participant observation

The decision had been taken to amalgamate the construct of participant observation with that of interviewing, as participant observation both supplemented and was a part of the interviewing process. The majority of the interviews were conducted in the early stages of the project. The style of interviewing was described as 'ethnographic', or 'naturalistic', as they attempted to generate a 'thick description' (Geertz, 1973) of real life experience, and was a part of the 'consumer insight programme'. Interviews were supplemented by observations, the watching and recording of consumer behaviour in locations where 'breaks' take place.

There was a consensus that this type of research also helped the team to become more *'intuitive'*, and helped them to start to compare and contrast the various findings:

"We spent time looking at how people spent their breaks. As part of that we wanted to engage some more right brain thinking, some more intuitive thinking. So, we wanted to do some things that weren't directly related to the problem, but got us thinking about the problem."

(Tom)

It was also felt that this type of research was really useful when:

"You are working with a target market that you are not part of, e.g. what it's like to be eighteen and on the club circuit... It reflects bits of life that we are not actively involved in ourselves."

(Pat)

There was consensus amongst the interviewees that this approach had added value to the project and they would use it again on other projects:

"Personally, I would now quite like for us as a company to do a bit more of the observation stuff, of the ethnographic stuff."

(Kay)

"One of the reasons we choose to work with Synectics is that they really put the consumer into the process. They were talking about ethnographic research, which to be fair, none of us had really heard of."

<div align="right">(John)</div>

The initial interviewing was conducted by the Synectics and Spinach agencies. However as Nestlé were attempting to get closer to the consumer and 'immerse' themselves in the world of their informants, they conducted some of the later interviews. This process connects to the next mode of consumer involvement; that of consumer visits.

5.6.3.3 Consumer visits

The Brand Planner described the consumer visits as a form of *'consumer buddying'*. The visits started during the early stages of the project and continued at six week intervals. Visits were made to consumers' homes, places of work, areas of recreation, and on accompanied shopping trips.

As part of this programme the Nestlé team were trained in the art of qualitative, in-depth interviewing. So, as the project progressed the Nestlé team became more involved in actively working with consumers:

"We set up a programme of activity to talk directly, every six weeks with consumers. We did this with an insight research agency, Spinach. They trained the brand team to do in-depth qualitative interviews. .... Spinach also introduced the practice of having a 'consumer buddy' to discuss ideas and issues with. Initially we just developed the relationship with about four consumers. It is an ongoing project; we now have about eight consumer buddies."

<div align="right">(Sam)</div>

A respondent from the agency that facilitated this process discussed the rationale for the use of 'consumer buddies':

"The idea was that Nestlé would do their consumer buddy interviews and then we would get together as a team and discuss the findings. The idea was that if we could get the team in front of consumers, one on one, in a real life situation, it is much richer information."

<div align="right">(Tom)</div>

The consumer buddy system was an inexpensive, experimental form of 'user involvement', and is still in operation after the end of the project. The adoption of 'consumer buddies' also demonstrated the desire of the team to 'get closer' to the consumer, and become more involved in the research process. Conducting informal interviews in relaxed settings also helped to break down some of the boundaries between the organisation and consumers. The innovation planner commented on this:

"We wanted an environment where people would be relaxed and informal, and inspiring. We wanted them to be quite creative, so we wanted something a little different from a kind of faceless hotel room. So, we took the consumers to Chester Zoo for the day. It was interesting, we were with them all day, just chatting about their hopes and needs and things."

(Kay)

5.6.3.4   Focus groups

Another traditional mode of direct consumer involvement was through the use of focus groups consisting of 7-9 consumers. These were not undertaken until the project was in its final stages. The focus group research was not used in the development of new Kit Kat product concepts and it was used to test and validate the new communications strategy. The marketing manager described the focus group research of the new TV advertising campaign:

"The focus groups were positive enough for us to want to go with it. At this point we were really excited by it. But you need to be careful; you tend to hear what you want by that point when you are sure that you are on the right track with something."

(John)

Consumer involvement within the focus groups could be described as simply a consumer response to stimulus, e.g. the mock advertisements that were produced as a result of the insight generation.

The focus groups were used as a form of 'security blanket' to justify the team's findings and their use of the less conventional forms of research. Paradoxically the reasons often stated for using the less conventional methods of research and adopting varying modes of user involvement was because of the limitations of the focus group methodology. Some of the limitations were identified as follows:

"I think what consumers say about new concepts should be treated with a huge dose of scepticism, particularly if you are only going into focus groups, because I think people resist change and cannot see roles for new things and in focus groups its very easy for people to write ideas off."

(Pat)

Another respondent stated:

"There is a need to create more innovative marketing initiatives and to get them to market even faster; the focus group doesn't allow for this."

(Arun)

There was general consensus that the focus group methodology, whilst still useful, needed to be supplemented with other forms of research. The Marketing Manager emphasised that the:

"Familiar focus groups were run in addition to, and supplemented all the other consumer work".

<div align="right">(John)</div>

5.6.3.5 Quasi-focus groups

Variations in the focus group method are starting to emerge to overcome the perceived limitations of the basic focus group format (Gordon, 1999). There is no concise definition for this groups in the literature, hence the use of the term 'quasi-focus group'. From the data it could be seen that the organisation had developed their own term - *'consumers as stimulus'* - for this type of extended focus group.

This approach had been used previously by Nestlé during the development of Nestlé Double Cream Chocolate and was developed by the brand and NPD consultant Pat, who was also working on Project KicK Ass. This mode of consumer interaction can be described as a hybrid approach between a co-development workshop and a traditional focus group, or a quasi-focus group. The consultant described the process as *"creating a goldfish bowl of consumers"* (Pat), as consumers were used as a form of stimulus to help to further develop the product concepts.

The Nestlé team were actively involved in recording the consumers' comments and developing product concepts in response to them. The consumers' reactions and comments were used as inspiration or stimulus to perform the task and further refine the product concepts:

"What we did is say, look we know lots and lots already, so let's go and talk to consumers about some specific issues."

<div align="right">(John)</div>

The specific issue was about the relevance of 'breaks', and more specifically, the type of food eaten in breaks. Pat was responsible for facilitating the process and described the consumer/organisation interaction has follows:

"And those people (Nestlé) working behind the mirror won't be just talking about what they did at football last night, we will all be listening and filling out questionnaires etc..... We listened very hard for what they liked (consumers) in general, not what they liked about Kit Kat. So it was basically consumers sparking people's brains, using them as a stimulus. Frankly, we were using and abusing consumers."

<div align="right">(Pat)</div>

The term 'sparking people's brains' can be linked to that of connection making and the process of creativity. A number of creativity management techniques were used with the Nestlé team to help further develop the product concepts. The Nestlé team was not composed solely of the brand marketing team, in order to promote diversity of thinking:

"We pulled together a team of about fifteen people from all walks of life, as few marketers as possible, because marketers are far too intellectual about the whole process."

The team developed visual concepts of the new products, which were then presented to the consumers on the second day of the workshop. The consumers then:

"Built on the concepts and then prioritised them, whilst the Nestlé team captured the comments so they could start to rebuild the concepts."

<div align="right">(Sam)</div>

The intensity of consumer involvement is moderately high as the consumers were actively involved in improving and ranking the Nestlé concepts. This relates to Kaulio's (1998) *'design with'* concept. The process differs from traditional focus groups as it goes beyond the company purely listening to and observing consumers' responses behind a viewing panel.

5.6.3.6 Co-development workshops

The highest intensity form of involvement with consumers took place during a co-development workshop. The co-development process used within the project took the same format as the one outlined in the preliminary study but was conducted over a period of two days.

The consultancy Synectics acted as facilitators and used the Synectics Problem Solving Model and process outlined in Chapter Four. It was seen as an attempt to increase the organisation's knowledge base by *"tapping the creativity of the consumer"*.

<div align="right">(Arun)</div>

The Synectics process is an operational concept of human creativity, which works through the integration of diverse individuals into problem-stating, problem-solving groups. This involved the use of creative mechanisms, including symbolic analogy and fantasy analogy. The process moves beyond speculative thinking and builds commercial feasibility into ideas as it progresses. The outputs were semi-developed product and marketing communications concepts.

The project team described the process as one of collaboration with consumers, albeit only for a short period of time. Consumers were actively involved in the development of product and marketing communications concepts.

"The brand team worked collaboratively with consumer. They helped us to generate ideas, and envision the future of the Kit Kat brand."

<div align="right">(Liam)</div>

The co-development workshops took place in the early stages, the ideation stage of the project:

"We were really trying to get our upfront thinking sorted, what did we really want to do with the brand. It helped us to capture the external agenda........ There were some

<div align="center">113</div>

surprises. One of the most telling things for me at the TCC workshop was when I asked a group of consumers "what was the last Kit Kat ad that you remember?" and it all went silent. So, this led me to start digging a bit deeper into that area, and what came out was a fundamentally different approach to communication."

(Liam)

Stimulating creativity amongst the group and the development of semi-formed concepts was seen to be one of the advantages of working collaboratively with consumers.

"After running through the creative problem solving process with consumers Nestlé left the workshop with some semi-developed concepts. These were ideas for the NPD pipeline for the next five years, and ideas for the communications strategy."

(Arun)

In addition, the following benefits of working collaboratively were also recognised:

"The benefit for Nestlé is that they are getting in front of the consumer, and developing a rapport and understanding. Traditionally it would be the agency that gets in front of the consumer, not Nestlé... And you can make it work; you can make consumers work really hard in groups. I mean we have done it."

(Sam)

"To work with consumers was great. If you take an average marketing department and the agencies they work with, you get people from very similar backgrounds, similar lifestyles, and similar stages in life, living away from home, family and friends. And your instinct about the consumer is based upon yourself and the people you know, and you become really out of touch. The M&S syndrome, yes we are guilty of it."

(John)

It was not envisaged however that the consumers would become long-term partners, or collaborators on projects. The projects are ultimately the responsibility of the organisation. Knowing how and when to bring consumers in and out is an area that the team is still taking into consideration:

" You wouldn't expect the consumer to define the strategy for you or to come up with an advertising campaign for you in those sessions because they are not the best people to do that, but as a way of helping you to bounce ideas, to test ideas, to get very honest feedback, I think it is a valuable exercise."

(Liam)

The consumer workshops were seen as a way of developing deeper consumer understanding, as opposed to developing ongoing relationships and partnerships, as is the practice in business-to business markets. Consumer involvement in this process can be described as 'intense' but for only short periods of time. The consumers did not continue to be involved in the project after the workshop

5.6.4 Insight dissemination

The constructs of insight generation and dissemination are closely related and are difficult to separate from the data. Insight generation and dissemination often occurred concurrently throughout the project. Without the dissemination and exploitation of the visceral knowledge the project would have stagnated, and the new products and communications strategy would not have been developed. The data reveals that there were no formal processes of insight dissemination. However, the findings from each stage of the insight generation programme were employed in the subsequent stages of research and development. For example, the findings of the ethnographic interviews were fed into the insight workshop. To aid both the dissemination process and the further development of insights, Synectics held a pre-workshop seminar for Nestlé and their advertising agency JWT. A consultant from Synectics described this process:

"We just helped them to 'see with new eyes' which is just looking beyond the obvious facts in the data."

(Arun)

To aid both the processes of insight generation and dissemination, a number of enabling techniques were used.

5.6.5 Enabling techniques

It was evident from the data that a number of enabling techniques were used to help the project team better understand consumers' needs and motivations, and also to enable consumers to better articulate their preferences, issues and latent needs. An oft quoted criticism when using the consumer is their inability to articulate their needs. However, the Nestlé team believed that the consumer was central to the project, and their usefulness depended upon using the right techniques. This view is supported in the literature by Leonard (2002) and Ulwick (2002), who argue that the limitations of listening to the consumer are a result of an inappropriate method of learning enquiry. Table 5.5 examines the most frequently mentioned techniques that were used.

5.6.5.1 Creative problem solving and brainstorming

The process of creative problem solving within the co-development workshops has been discussed in Chapter Four. As a part of this process brainstorming was also used. Synectics described this part of the process as *'springboarding'*, or *'turbocharged brainstorming'*. Springboards were:

"The beginning thoughts that helped to team to think differently about the products and communications strategy."

(David)

Brainstorming with consumers helped to open up new perspectives and encouraged speculation about future possibilities. The Brands Marketing Manager described his surprise during the co-development sessions, and how:

"This work led me to think that perhaps our advertising was not working as well as we thought it was."

<div align="right">(Liam)</div>

Brainstorming was also used in within the quasi-focus groups, the major difference being that the consumers were not involved. Nestlé listened to consumers' comments and then used them as a 'stimulus' for brainstorming. Consumer involvement in the brainstorming process was described as follows:

"Consumers were used as sparks to start a fire."

<div align="right">(Pat)</div>

The Nestlé team *'actively listened'* (Pat) to the consumers' comments and used them for brainstorming to generate a wide range of new product concepts.

Table 5.5: Project KicK Ass: Enabling Techniques

Enabling Technique	Process	Used With Consumer	Used With Internal Team
Creative problem solving	➢ Co-development workshop	√	√
Brainstorming	➢ Co-development workshop ➢ Quasi-focus group	√	√ √
Analogy and metaphors	➢ Insight generation workshop ➢ Co-development workshop	 √	√ √
Visual images	➢ Pre-project trend development ➢ Co-development workshop ➢ Quasi-focus groups	 √ √	√ √ √
Storytelling	➢ Feasibility-gain internal approval for the project		√

5.6.5.2 Analogy and metaphors

Analogy and metaphors were used as part of the insight generation process and creative problem solving.

"Discovering insight relies on getting intimate with consumers in their language, and using semiotics and metaphors and symbols used by individuals (and cultures) to create meaning. These insights have to do with the value and needs of individuals."

<div align="right">(David)</div>

The above quotation mentions semiotic analysis, which examines the congruity between signs and symbols and their role in the assignment of meaning. Its usage signifies the cognisance on the part of the consultancy that consumers use products to construct their social identity, and that products have a cultural meaning. However, only one Nestlé respondent mentioned or understood the use of semiotics.

The use of analogy was more easily understood and recognised. A member of the Nestlé team described how it 'felt strange' to imagine that they were animals Both consumers and the Nestlé team had to describe to the other participants how it felt to be animals, and how it then related to other objects:

"I remember being asked to pretend to be an animal, look at things from the point of view of an animal. Sometimes it took us to an interesting place, sometimes it didn't."

(John)

5.6.5.3 Visual images

Visual images were used in the form of storyboards developed by the innovations team to depict views of the future. They were used to help to convey to the team an image of a fast changing world. Consumers had no direct involvement in the development of the storyboards, but they provided 'stimulus' for the development of trends:

"We have used the storyboards in different sessions with different groups of people, e.g. brand team, technical team. You do need to have your ideas refreshed and updated on a continual basis".

(Kay)

As a part of the insight workshop the Nestlé team were encouraged to condense market reports, statistical data, and findings from the interviews. They were then required to present the findings in a visual or discursive manner:

"Rather than present the results blandly, they had to present them in a creative forma, e.g. radio sketches, or use some kind of metaphor to explain or act it out."

(Arun)

This helped to develop understanding and speed up the dissemination process. The next stage was to develop scenarios around the emerging themes:

"To give those insights some flesh and bones we created booklets for the company. These were eight page booklets and we translated each of the four scenarios into a metaphor., Examples were Ali G, the guy on TV, Bridget Jones' Diary and the Autobiography of a Chocolate Farmer."

(Sam)

This process helped to simplify and disseminate large amounts of complicated market information. Visual and graphic methods of presenting the research findings were also used by the market research agency Spinach, and the brand development constancy:

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"We set up the idea that people would produce a visceral scrapbook, but only a couple of people devoted the time to do it, but for those that did, it was very beneficial."

<div align="right">(Tom)</div>

In contrast, visual images were also used to stimulate consumers' thinking during the concept development stage, and to help them articulate difficult issues.
The term 'concept' was often used by the respondents to describe a visual image of the product, e.g .when describing the work conducted in the quasi-focus groups:

"We just used a scruffy picture with consumers, creative drawings, and visual representation....Consumers are much better at working with looser material than we think."

<div align="right">(Pat)</div>

This comment also reflects the belief that consumers are able to contribute to the innovation process, given the right environment.

5.6.5.4   Storytelling

The art of storytelling is an ancient skill and is one which is recently being rediscovered in organisational life. Storytelling was used at the start of the project to help develop the team's 'intuitive' feel that improvements could be made to the Kit Kat brand. There was no consumer involvement in this stage of the process. The Marketing Manager recalled that this was:

"A very challenging part of the process, to say to head office and to the advertising agency that something was wrong."

He continued by explaining that:

"Writing stories helped to take some of the heat out of it.... I wrote the story about the Emperor's new clothes to try and explain our current communications strategy, which everyone was saying was fine, but wasn't really."

<div align="right">(John)</div>

Story telling was used as a creative means of communicating the need for change, and helped to break down any potential resistance to the plans for changing the communications strategy and extending the range of brand formats.

5.7 Feasibility and Fit with the Firm

The interviews and resulting data centred on consumer involvement and the constructs of visceralisation and emerging trends. However, a limited amount of data did emerge around the constructs of feasibility and fit with the firm. In Dougherty's (1992) conceptualisation of the 'content and process' of market-technology knowledge creation,

'feasibility' and 'fit with the firm' are considered as two separate clusters. The 'feasibility' cluster is concerned with the viability of a business/innovation opportunity. The 'fit with the firm' cluster refers to the 'what should be' for the firm, and the potential synergy of the innovation. From the data the feasibility of the project and its 'fit with the firm' are intrinsically linked and so are summarised and reported together. The data display for this construct is shown in Figure 5.9.

Figure 5.9: Feasibility/Fit with the Firm Construct

Data Display: Feasibility/fit with the firm construct

Assessment of fit/feasibility

Projects
Fit
With

CORPORATE STRATEGY

MARKETING STRATEGY

BRAND STRATEGY/
PROJECT BRIEF

• Nestle experts
• Key stakeholders

• Marketing Team
• Innovation Team

• Cross functional project team e.g., technical & production competencies
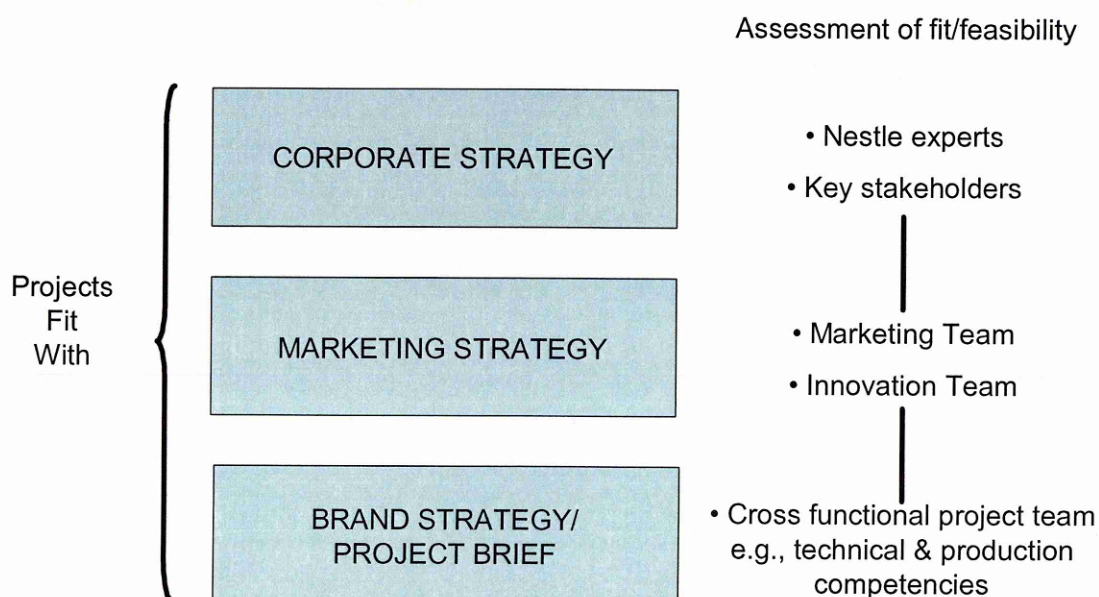
5.7.1 *Strategy*

The corporate level strategy is supported by what Nestlé term *'pillars'*, or columns. Two of the supporting pillars, renovation and consumer communication, were featured in Project KicK Ass. As the project involved making changes to both pillars it was essential to get senior level support and approval. The Brand Marketing Manager and the Innovations Strategist both stressed the importance of *"working within the wider organisation's strategy framework."*

To ensure that the strategic objectives were met and that the outcomes of the project, in terms of products and marketing communications, had *'fit with the firm'*, a number of stakeholder interviews were conducted. It is here that within the data the constructs of fit with the firm and feasibility start to connect, as interviewing internal experts also ensured the feasibility of the project.

Even during some of the more creative processes which involved consumers, there was an implicit understanding that the outcomes of the process must converge with the

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overall corporate strategy. This was highlighted by a consultant describing the ranking of the concepts which emerged as a result of the 'consumer as stimulus' workshops:

"The team were allowed to argue how much they liked the concepts, and how much they fitted the company's strategy."

(Pat)

5.7.2 Internal experts

To ensure the feasibility of the project, stakeholders, i.e. experts within Nestlé UK and in Switzerland were included in the project from the beginning:

"Stakeholder interviews were done for two reasons. One is because various stakeholders have a fair amount of knowledge of the brand that we are working on. Second, because as you work through the project and invent something new, it helps to get them on board early so they know what you are doing. So, when the team comes up with solutions it is not a major surprise for the stakeholders."

(Arun)

Innovation is a process of change and the stakeholder interviews appeared to be part of a process of reducing resistance to change, rather than purely assessing the project in terms of its feasibility. It was felt that this work and the checks on the project were beneficial. Discussing the resulting new communications strategy, the Brand Marketing Manager commented:

"As part of the KicK Ass project we set ourselves a vision for the brand, and a mission in terms of how we wanted to achieve the vision..... The salmon advert is a direct consequence of the KicK Ass project. We were very pleased we have stayed true to the strategy."

(Liam)

Interestingly, an agency respondent discussed feasibility in terms of the experimental approaches that were used in the innovation process. There was a tension between the commercial realities and obligations of the brand team, and the need to experiment:

"The trading priorities kept encroaching on the work. The sessions had to be tightly knit around a certain issue, which wasn't really in the spirit of what we trying to achieve. Also, the commercial realities changed, the business was not doing so well. Pre-project there was a big appetite for trying new things. When the profits fell things changed."

(Tom)

5.8 Summary of Constructs and Points for Discussion

The first case study, Project KicK Ass, corroborates the top level constructs derived from the conceptual framework and the literature review. It also provides good support for an emerging series of sub-constructs. A summary of the key constructs and sub-constructs that have been substantiated in the data and demonstrated throughout the case study is provided in Table 5.6. These constructs are used as the starting point for the construct analysis in the second case study, project Oxygen.

➤ *Emerging trends*

A detailed analysis of the construct of emerging trends has demonstrated that Nestlé focus on the social trends that influence consumption and consumer buying behaviour. Knowledge of emerging trends is generated from a number of internal and external sources.

As suggested by Dougherty (1992), there is evidence of the project teams, and other members of the wider organisation, immersing themselves in the community of users, thus helping to identify and gather insights into emerging opportunities.

In contrast to Dougherty's (1992) conceptualisation, the Nestlé team did not recognise, or use the term 'lead users'. This term was developed by von Hippel (1986), who explored the use of 'lead users' as a source of innovation in the high technology sector. He defined 'lead users' of a novel or enhanced product, process or service as those displaying two characteristics with respect to it:

- Lead users face needs that will be general in a marketplace, but face them months or years ahead of that marketplace.
- Lead users are positioned to benefit significantly by obtaining a solution to those needs.

As Nestlé is operating in a FMCG market, dominated by multiple retailers and a heterogeneous mass of end consumers, it is unlikely that lead users could be identified. However, what did emerge was the use of 'opinion formers' as harbingers of current trends in consumer markets.

The concept of opinion formers relates more closely to the theory of diffusion of innovation and the construct of consumer innovativeness (Rogers, 1962). He defines consumer innovativeness in terms of the degrees to which a person adopts an innovation relatively earlier than members of his or her social system .The consumer adoption process begins where the innovation process finishes and attempts to describe how potential customers learn, adopt or reject new products. Rogers (1962) attempted to identify the characteristics of the more innovative consumers and their differences from other consumers. He termed these innovators and early adopters. Those in the early adopter category were found to be higher in opinion leadership. It is these consumers which the project team discussed in terms of trend development and understanding.

Table 5.6: Project KicK Ass: Summary of Constructs

Evidenced in Project Kick Ass	Evidenced in Conceptual framework (Dougherty, 1992)
Emerging Trends	**Emerging Trends**
Sources of trend knowledge • Internal project team • External: experts • External: opinion formers • Consumers-observation	**Sources of trend knowledge** • Internal team • External: experts • Lead users • Observation
Dissemination of trend knowledge • Trend story boards/scenarios	**Dissemination of trend knowledge** • Scenarios • Forecasts products and technology lifecycles
Types of trends • Fragmentation • Marketing literacy • Authenticity • Time use	
Visceralisation	**Visceralisation**
Indirect consumer involvement • Insight generation workshops • Creative problem solving • Observation • External experts	• Interdisciplinary teams • Brainstorming • Observation • Lead users • Holograms • Virtual reality/simulators
Direct consumer involvement • Interviews • Visits • Focus groups • Quasi-focus groups • Co-development workshops	• Interviews • Visits • Focus groups
Enabling Techniques • Creative problem solving • Visual images	
Feasibility and Fit	**Feasibility**
Internal experts • Strategy • Marketing/innovation strategy • Project plan	**Internal experts** **Fit with the Firm** • Renewal strategy • Sense of capabilities

The project team have used this trend information to both envisage and design future scenarios. Graphic, visual images are used to help disseminate the trend knowledge. However, there was no evidence of the use of 'hard' economic data, or forecasts of product and technology lifecycles as advocated by Dougherty (1992).

A number of trends relating to the postmodern condition, e.g. fragmentation, were recognised but were not articulated as being postmodern. The rise of the 'active consumer' and consumer empowerment are recognised only in terms of 'marketing literacy', and not in terms of the 'reversal of production and consumption' (Firat & Venkatesh, 1993).

In addition, pressure is being exerted on the organisation by confectionery suppliers and the retail distributors of the product. It is this which has prompted the organisation to review its relationship with the consumer, and incorporate them into the innovation process, as opposed to the emergence of the 'active' IT-enabled consumer.

➢ *Visceralisation*

Visceralisation lies at the core of market-technology linking, understanding issues of why people want a product (Dougherty, 1992). The findings from Project KicK Ass support this. This case demonstrates the processes of the generation and dissemination of visceral knowledge. The processes are categorised as those which directly involve consumers, and those which indirectly involve consumers.

The indirect use of consumers via the use of market research reports and observations were utilised by the project team. A collaborative way of working was evident both internally and with external consultants. The work conducted with the consultancies involved helping the Nestlé team to become more insightful, as did the process of creatively documenting and disseminating the insights. This emphasises the subtle change that is appearing in the relationship between the organisation, agency and consumer. The agencies were acting as facilitators between the organisation and the consumer, rather than as 'gatekeepers'.

A number of modes of direct consumer involvement were identified, and extend those suggested by Dougherty (1992). Having direct contact with consumers using a variety of research methods was deemed beneficial by the project team, and was explained as follows:

"Our insights came from internal people and consumers. You need to mix your methodologies to be true to real life."

(Sam)

Consumers were being used in all stages of development, but the ideation, concept design and testing were the most important stages.

The co-development workshops were the most collaborative form of working. They aided the dissemination of information, and formed a 'triangulated discourse' linking the

client, consumer and agency. However, consumer engagement is still episodic and does not appear to be underpinned by trust and commitment. Consumer involvement is seen as a form of market learning and an attempt to develop a better and differentiated product.

The use of information technology to interact with consumers and conduct market research was not utilised, nor were holograms or virtual reality simulations of the products. This may be explained by the fact that consumers are already aware of confectionery products and they represent a low involvement purchase. Also, the IT-enabled consumer does not feature significantly in the identification of emerging trends which affect the FMCG market.

➢ *Enabling techniques*

Creativity and intuition emerge as important constituents of the visceralisation process, which supports Dougherty (1992), who introduced the metaphor of visceralisation, as it invokes 'gut feel', 'intuition', and experience. Product innovation is viewed as a creative and emergent process (Dougherty, 1992). A number of enabling techniques have emerged from the findings, which help the team better understand consumers' needs, and facilitate the creative process. They also help the consumer to articulate their needs and preferences.

The findings extend beyond Dougherty's (1992) use of brainstorming and include the use of visual images, storytelling, and sophisticated models of creative problem solving.

➢ *Feasibility and fit*

There was limited data and findings around the constructs of feasibility and fit with the firm. However, the findings demonstrated that they are closely linked, and so have been merged together. The role of internal experts and the use of a cross functional team were pivotal in demonstrating feasibility and fit.

A well defined corporate strategy ensured that the project maintained fit with the firm. The role of the consumer is recognised, but only as long as any resulting concepts fit with the company's capabilities and processes.

In summary, the findings of the KicK Ass case study are largely confirmatory. The results provide good support for the emerging list of constructs. The findings support the notion of product innovation as a concept of 'market-technology' linking.

6 Second Case Study - Project Oxygen: Rowntree Nestlé

6.1 Introduction

The second case study is also set within Nestlé Rowntree, the confectionery division of Nestlé UK, which will be referred to in the case as Nestlé. The second case study provided the opportunity to study a different innovation project called Project Oxygen. This project and case study was selected because it represented what Nestlé class as an 'innovation' project. The researcher had also developed extensive contacts within the organisation whilst conducting the preliminary study and first case study research. This helped to provide understanding and an extensive background of experience and understanding in which to conduct this study.

Project Oxygen involved the launch of a range of new confectionery products in 2005 under the brand name 'Little Notions'. These products were both new to the company in terms of the type of product and the markets which they served. Thus the project became the responsibility of the innovation team, which is a function of the marketing department.

The format of this chapter is similar to the preceding one and starts with the contextual elements of the case. The difference is that it excludes a detailed description of the company, the market, and its distributors, as this was covered in Chapter Five. The chapter continues by examining the content of the change, or innovation process, and the type of interaction with the consumer. This is followed by a detailed analysis of each of the constructs. These are progressively enriched and developed with further data, enabling the transition from description to explanation. The final part of the chapter is the discussion and conclusions. Figure 6.1 provides a schematic structure for the chapter.

Figure 6.1: Schematic Outline of the Chapter

CONTEXT: case study background	An Innovation Project The Innovation Team

CONTENT: of re innovation change process	Project Time Line and Project Origins And Trend Exploration Consumer Involvement

CONSTRUCTS: vehicles to describe and explain actions and behaviours	Analysis of constructs which emerged and were refined in Case Study 1

DISCUSSION

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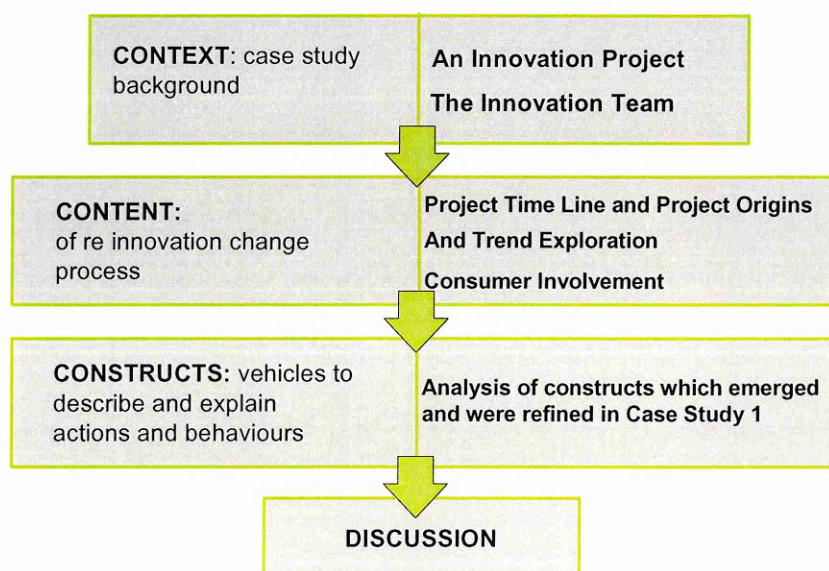
6.2 Context - the UK Confectionery Market

The market was broadly defined as the confectionery market. The project team did not want to confine themselves to the chocolate confectionery market and wanted to explore the wider market opportunities. The total confectionery market covers a wide range of market sectors, and hence potential opportunities for Nestlé. These are displayed in Figure 6.2, along with Nestlé's estimate of the total market sector size.

Figure 6.2: Confectionery Market Sectors

Confectionary Market In Perspective

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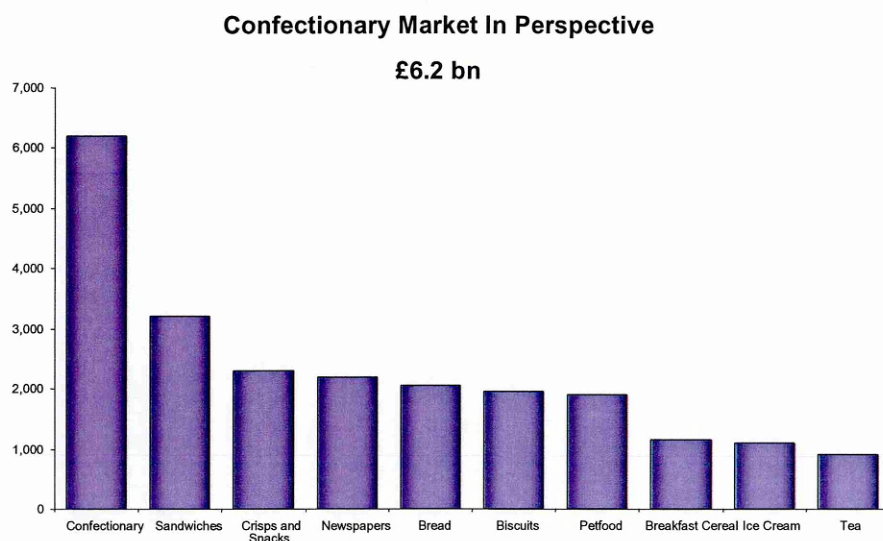
(Source: Nestlé, 2004)

Although the market sector was relatively undefined, the team's vision established that the products would be targeted at a premium market. The multiple retailers were classed as a potential distribution channel, but the independent impulse sector was not classed as being 'upmarket' enough. Therefore to enable the sale of these premium products Nestlé explored new channels of distribution:

"We were also looking at new channels of distribution such as vending, .e.g. in the workplace, coffee shops, travel etc. It's a very wide capture and they are not as easy to service as our traditional channels, and it's very new to us. We sell about 10% of confectionery this way. This project, because it is more premium, is ideally suited for this type of channel, you couldn't imagine a Kit Kat in Starbucks, but you could imagine this."

(Louise)

The target market was widely defined as female consumers. Prior research had shown that female consumers are responsible for a large proportion of confectionery purchases. This is shown in Figure 6.3. The involvement of female consumers in the project was a significant part of the innovation process.

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Figure 6.3: The Confectionery Consumer
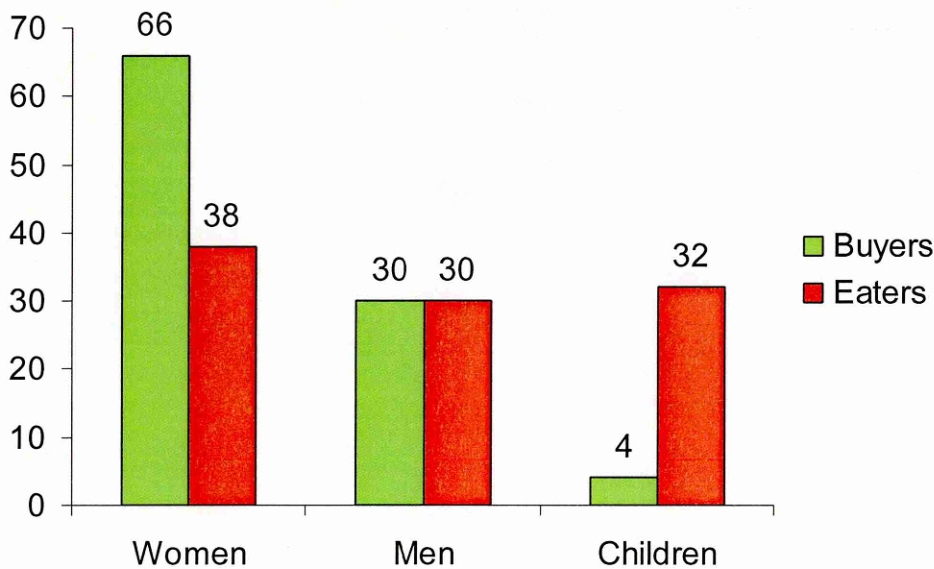
6.2.1 Innovation project

Nestlé make a distinction between innovation and renovation, highlighted as follows:

"Our CEO draws a distinction on innovation, that if you're simply modifying your products and packaging and communication to keep pace with the way the market is changing, that's renovation. But when you go beyond consumer expectation, that's really innovation."

(Arthur)

"For Nestlé innovation is going beyond consumer exceptions, and this is very true. You have to offer consumers something that they didn't expect that fulfils a need."

(Anne)

This distinction between renovation and innovation was well understood and supported by the respondents. It is also congruent with Drucker's (1954) earlier conceptualisation of the business, where he distinguishes between the need to 'serve' current customers and the need to 'create' customers. The creation of a customer can be achieved through the creation of innovative products. At the frontiers of new market creation, neither the customer nor the demand is known. Innovation projects within Nestlé involve an element of 'creation' and are the responsibility of the innovation team. After the launch of a new product, the brand's marketing team take over the responsibility for their management and the 'serving' of customers.

6.2.2 The innovation team

The innovation team was originally established to speed up the rate of NPD within Nestlé and to incorporate new ideas and thinking into the process. The innovation team have more freedom and more ability to experiment than other members of the marketing team. As such their position is unique within the organisation:

"The innovation team have enough scope to be able to work on ideas in isolation and indulge ourselves if you like."

(Arthur)

This ability to experiment, to be encouraged to try new things, is a key feature of a learning organisation (Senge, 1990), and learning is an essential component of the innovation process.

The innovation team also attract a certain personality type; individuals who enjoy working without strict guidelines and boundaries. This is reflected in the following observation made by a consultant with experience of the Nestlé culture:

"The Nestlé innovation team are slightly iconoclastic, they're quite playful...Nestlé Rowntree are a lovely team and that really encouraged me because they were the sort of people who actually crossed the boundaries quite easily. And I was very impressed by them particularly because I know Nestlé and Nestlé can sometimes be quite structured and it's quite a suburban company for such a corporate giant."

(Aileen)

The innovation team is made up of people who have previously worked in technical and marketing functions, enabling them to link the organisation's technological expertise with marketplace opportunities. The respondents in the case study comprised of members of the project team, which was made up of Nestlé employees and external consultants. The case study respondents are shown in Table 6.1.

It was evident from the data that within the ethos of the innovation team, and the subsequent project, is a strong sense of urgency and the need for change:

"We feel that the business is actually facing difficult times and we've got to move with the times and step change." "We are passionate that the business needs to change and change radically."

(Arthur)

The organisational structure of the marketing department, which highlights the position of the innovation team and respondents in the case study, is shown in Figure 6.4.

Figure 6.4: Organisational Structure
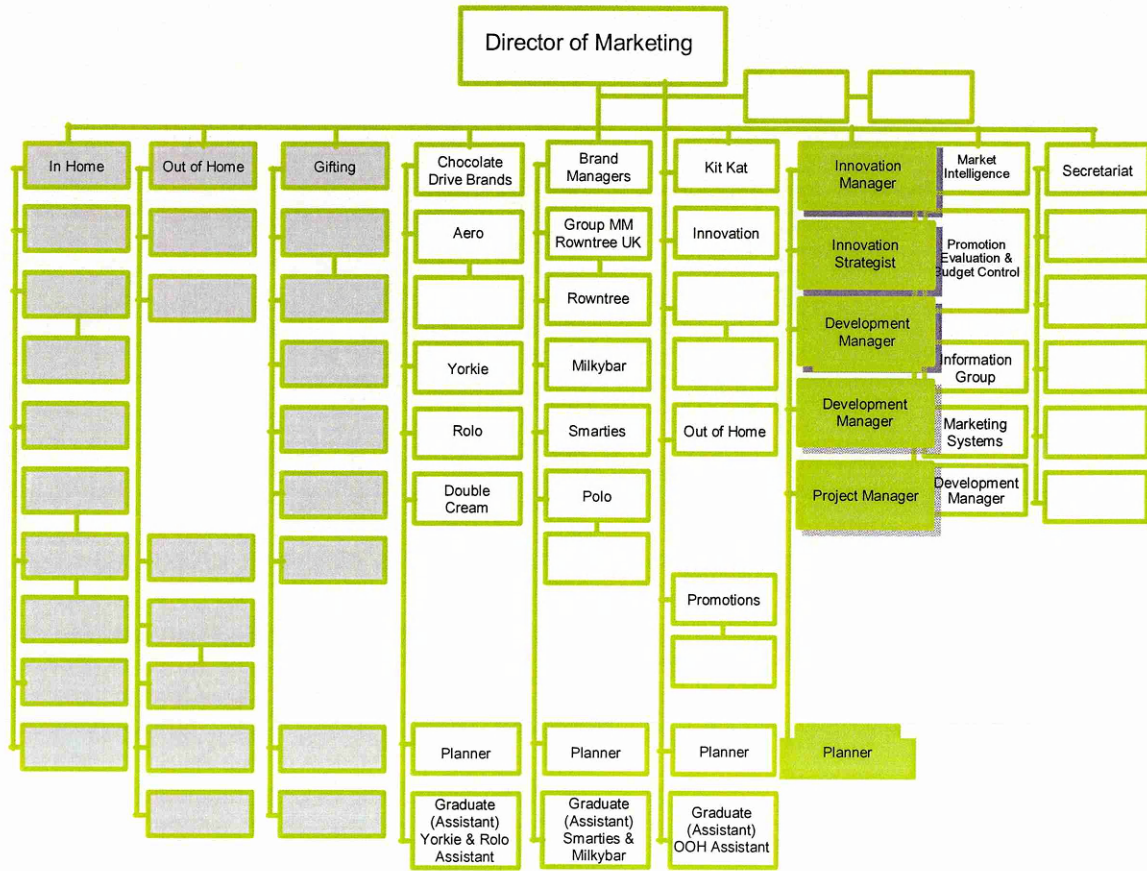
Table 6.1: Case Study 2 Respondents: Type of Interview

Respondent	Nestlé/Role	Interview Location	Interview Medium	Length	Recording of Interview	Transcribed
Arthur	Innovations Manager	York	Face to face	1 hour	Tape	Yes
Ann	Innovations Project Manager	York	Face to face	1.5 hours	Tape	Yes
Kay	Innovations Planner	York	Face to face	2 x 1.5 hours	Tape	Yes
Liz	Innovations Strategist	York	Face to face	2X 1.5 hours	Tape	Yes
Louise	Innovation	York	Face to face	1.5 hours	Tape	Yes
	Agency/Role	**Location**	**Medium**	**Length**	**Recording**	**Transcribed**
Andrew	Marketing/ Innovation	London	Face to face / Telephone	1.5 hour and 0.5hr	Tape / Tape	Yes / Yes
Paul	Marketing	London	Face to face	1 hour	Tape	Yes
Tom	Market Research	London	Face to face / Telephone	1.5 hour 0.5hr	Tape	Yes
Aileen	Market Research	UK	Telephone	1 hour	Tape	Yes
David	Innovation	London	Face to face	1.5 hour	Tape	Yes
Arun	Innovation	London	Face to face / Telephone	1.5 hour 0.5hr	Tape / Tape	Yes / Yes
Totals	**11 Respondents**		**14 Interviews**			

Nestlé's conceptualisation of the Project Oxygen team is shown in Figure 6.5. The makeup of the project team was flexible, pivoting around a core of innovation team personnel. As the project gained momentum, the project team expanded and a wider project team was formed. Both internal people, e.g. design and technical, and external consultancies were added to the project team. As the project approached the launch date the project team expanded further to incorporate brand managers, category managers and external advertising agencies. Of significance is the fact that nowhere within this conceptualisation of the project team is the consumer to be found. Nestlé's conceptualisation still places the consumer on the outside, and not as a fundamental part of the organisation or project team, as suggested by Firat et al. (1997).

Figure 6.5: Project Team
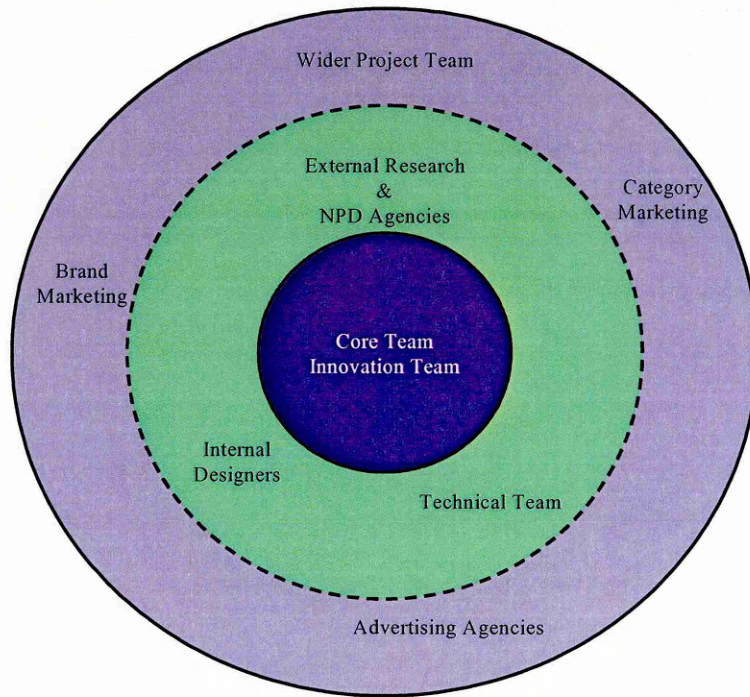
Figure 6.6: Project Oxygen Time Line
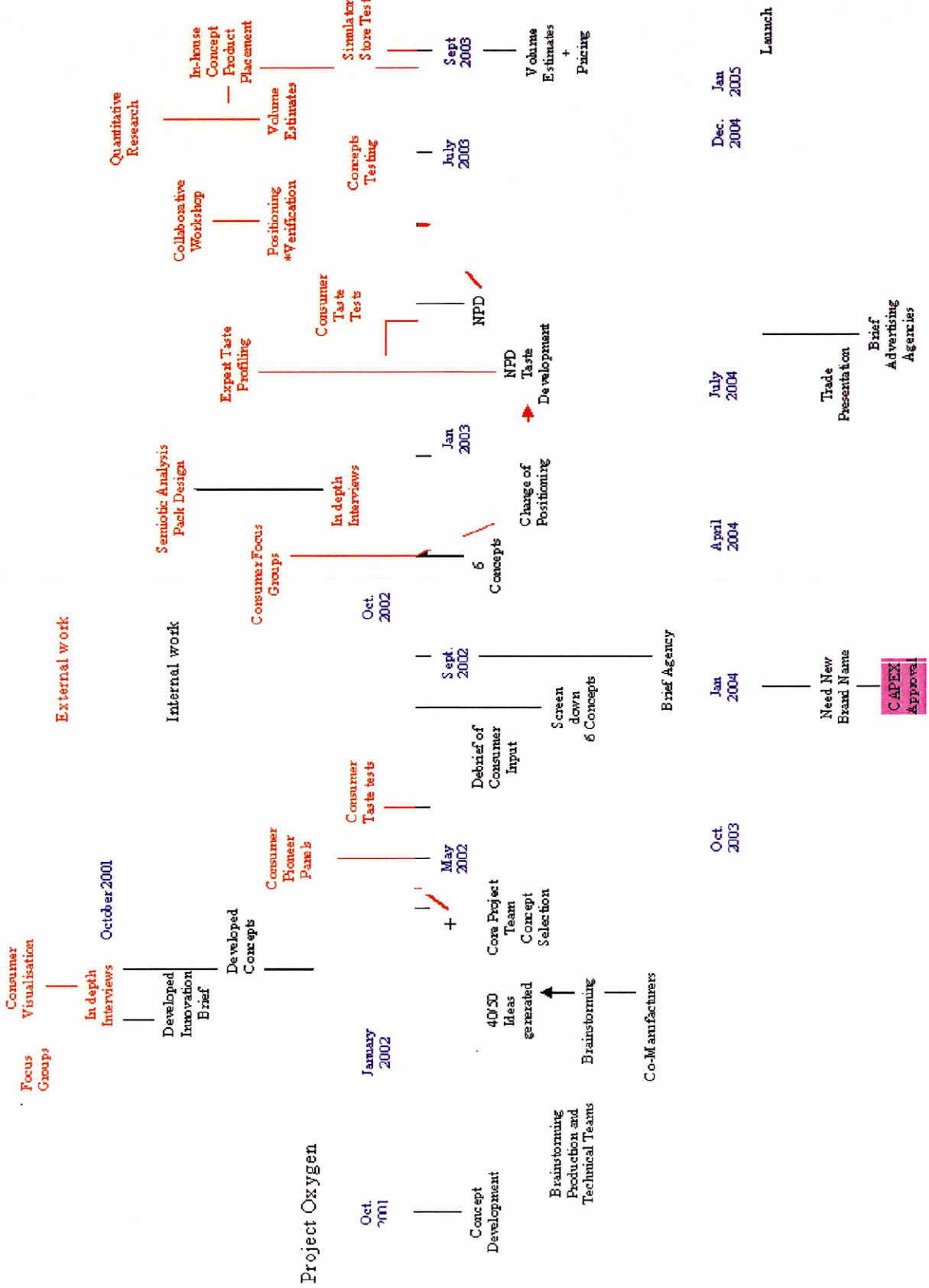
6.3 Content - Project Oxygen

The content of the changes made during the innovation process within Project Oxygen are now reported. A timeline of the main internal (company specific) interventions, and external interventions, importing knowledge from the market, and involving the consumer are shown in Figure 6.6. It can be seen from the timeline that this was a long innovation process, spanning approximately 38 months. The project started in October 2001, and ended with the launch of a new range of products 'Little Notions' in the spring of 2005.

6.3.1 Project origins

Few projects within Nestlé operate in isolation, and the origins of Project Oxygen can be traced back to Project Higher Ground. This project involved the exploration of social trends and how they could be used to facilitate market learning and the innovation process.

Three important trends in terms of food and confectionery were identified:

➢ Convenience
➢ Healthy eating
➢ Indulgence

As part of Project Higher Ground the innovation team decided to try to connect and juxtapose the three main trends, exploring what would emerge from this juxtaposition. The resulting concept became known as 'Permissible Indulgence'. The team then wanted to explore with consumers how the concept of 'permissible indulgence' could be brought to food, and also how the organisation's core competence, the production of dairy products, could be linked to this. This became the basis for Project Oxygen:

"I was then responsible for taking the idea of dairy and 'permissible indulgence' and for expressing that in a way that was motivating for consumers...To develop the products around that, develop the proposition, and basically test that again and see if that was still a motivating way to go forward in terms of the launch....That was what Oxygen was about, dairy bringing permissibility to confectionery. So, it was trying to tap into this area that we call permissible indulgence".

(Louise)

6.3.2 Consumer involvement

It can be seen from the timeline that a significant amount of consumer interaction took place throughout the entire innovation process. The modes of consumer involvement included interviews, focus groups and co-development workshops. The latter had the highest intensity of consumer interaction and were utilised on three separate occasions.

In addition, consumers were used to test concepts and were involved in simulated store tests. Originally the idea behind Project Oxygen was to:

"Explore with consumers how the concept of 'permissible indulgence' could be brought to food."

(Kay)

"We wanted to see how permissibility could be approached, e.g. could it be through ingredients or through 'want states' etc."

(Louise)

The term 'want states' relates to Nestlé's segmentation strategy, which is not conducted using traditional socio/demographics. They have created their own segmentation model, which is based around emotions and feelings. A diagrammatic representation can be found in Appendix 6.1.

At the start, Project Oxygen was positioned as a range of dairy based product concepts known as 'Urban Cow'. However, as the project gained momentum and further consumer insights were gathered, it became apparent that the positioning was not suitable, and the project changed direction. The team recognised the value of consumer involvement in moving from the exploration of trends to changing the project's remit. The project split into two and Project Oxygen continued to be developed as a range of products based on indulgence, but with a subtle difference. The products now had:

"A subjective, emotional reason to indulge, which is still based on dairy. So dairy rather than being the lead was actually the supporting reassurance."

(Louise)

Nestlé believed that the products still represented the idea of 'permissible indulgence', but from a different perspective; that is, one which didn't tell the consumer, but allowed them to see for themselves: The Innovations Strategist explained this as follows:

"Rather than say to somebody 'this has got dairy in it therefore you can have it', the thing is you say to people 'look you know everything is bad for you, you need an excuse'.So, the brand has moved effectively to 'excuses, excuses'".

(Liz)

This also highlighted the organisation's awareness of the erudite consumer, who is no longer willing 'to be told' something and accept without question.

6.3.3 Innovation outcome

The innovation team did not achieve their goal of shortening the time to market of new products. This was partly because of the change in direction that the project took. However, the team still perceived this to be beneficial as the project split in two, enhancing the number of development opportunities. It was also felt that by listening to

consumers the new product range offered better value to consumers than competing products. As the products have only just been launched is yet to be proven. The Innovation Strategist reiterated that:

"The consumer work and research we ensured that Project Oxygen became more consumer focused."

<div align="right">(Liz)</div>

6.4 Constructs

The case analysis has been conducted by using the series of constructs which emerged and were refined in the first case study. In this section each of the constructs is discussed by reference to the case data. As is consistent with the reporting of qualitative data (Miles and Huberman, 1994), each of the constructs is depicted and explained by appropriate, condensed text units from the interviews and data displays. This illustrates how the understanding of the constructs can be enriched by the case study data. Following the first case study, the first of the constructs to be reported is that of emerging trends followed by visceralisation, and finally, feasibility/fit with the firm.

6.5 Emerging Trends

The process of importing market knowledge and attempting to understand what users in current markets will need in the future was evident in the data. Opportunities were identified through the identification and exploration of emerging trends. Envisaging the future and how this might impact on the business, and exploiting opportunities for innovation is a key part of the innovation team's role. The innovation team discussed trends in terms of the sources of trend information, and the type of trends that they felt were emerging. The data display for the construct of emerging trends is shown in Figure 6.7.

Figure 6.7: Data Display of the Emerging Trends Construct

DATA DISPLAY: EMERGING TRENDS

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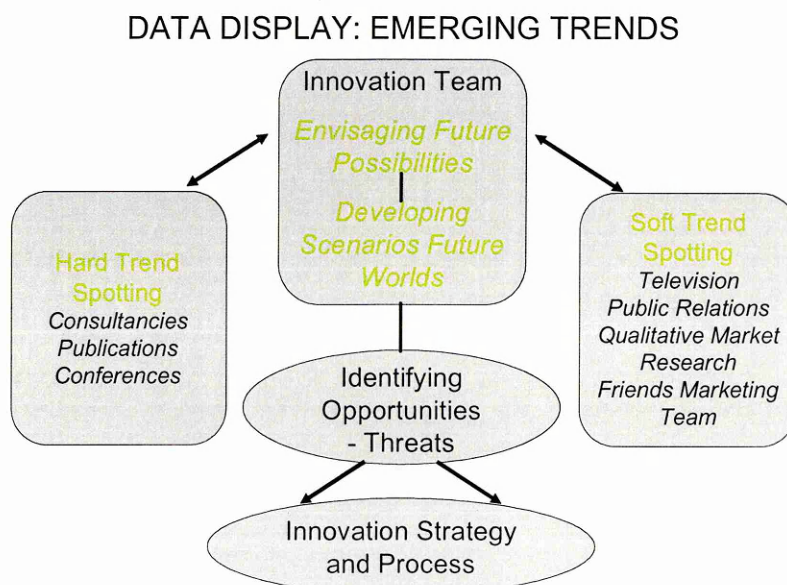
6.5.1 Sources of trend knowledge

The development of trend information was both a formal process of 'hard trend' spotting (Gordon, 1999) and an informal process of 'soft trend' spotting. Two of the consultancies, Synectics and Brandgenetics, working on Project Oxygen were formal sources of trend information. A consultant discussed this work:

"Our way of thinking about how to create innovation that can work in the world is to look for the human need and to connect that to the complex context in which people live their lives."

(David)

An understanding of emerging social trends was also developed in an ad hoc informal fashion through the process of 'soft trend' spotting:

"Oh, it's the innovation mindset - your focus is outwards. So, basically we read a lot, we watch TV, we speak to each other, we notice things, we look at friends, we use PR agencies, all those things."

(Ann)

"One thing we see is what we term this a debit and credit lifestyle. I think we have seen this referenced in a number of ways. As you read around you just pick up phrases. Sometimes they just seem so pertinent they just become the currency of your team."

(Arthur)

An understanding of this helped to the team define the direction in which the product category could evolve. The trend development work is used extensively within Nestlé and also feeds into other projects. To disseminate this knowledge the innovation team shared what they term 'thought worlds' with other members of the marketing team, and explained the implications on a project basis.

6.5.2 Types of trends

The type of trends that were most frequently identified were fragmentation, individualism, authenticity and the emergence of social networks. Other trends that relate to the postmodern condition - de-differentiation, marketing literacy, hyperreality, time pressure, and feminism - were rarely referred to, and unusually, only by the consultants who were responsible for trend development in other organisations.

6.5.2.1 Fragmentation

Fragmentation was the most frequently mentioned trend. A visible sign of fragmentation was seen to be the explosion in choice of media channels and the negative impact of this on consumers in terms of media exposure overload. This was expressed as follows:

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"We're bombarded with media and actually we've got so much now we can't cope with it, and in a lot of areas there's too much choice, so that it becomes an irritant if you're not careful."

<div align="right">(Arthur)</div>

Excess choice and the proliferation of product offerings were used to explain the condition of fragmentation. Fragmentation was seen to add to the complexity of the environment in which we live and work. This had implications for market segmentation, hence Nestlé's non-traditional approach, as individuals were no longer seen to sit cleanly in one segment any more. One respondent introduced the notion of consumers adopting 'multiple personas':

"We are noticing this thing about consumers changing during the day, are they post-modern, modern, or pre-modern, or whatever they want during the day. I think that once that's unlocked then things will really move on a pace..... However I suspect the people who are having the most success with it are the digital boys, whereas for fmcg (your guess is as good as mine!) I am not sure."

<div align="right">(Liz)</div>

A consultant also added a note of caution and felt that the fragmentation in society was being overplayed:

"People have always had disconnected lifestyles, and as a whole people's bedrock in life is their families. That doesn't change. I think the disconnection, fragmentation thing is overdone. The media is disconnected and fragmenting, but people's lives aren't."

<div align="right">(Aileen)</div>

She continued by arguing that the media were responsible for a lot of what academics and social observers are calling postmodern trends: *"people are influenced greatly by the media."*

<div align="right">(Aileen)</div>

An example of the influence of media de-differentiation (Firat & Venkatesh, 1993), the mixing of high and low culture, was given:

"Well, a lot of TV programming influences people and there is a sort of deconstruction, post-modern stuff going on. The very fact that the Celebrity in the Jungle stuff, and you have got Lord Brockett who's an aristocrat and Jordan who's white trash, and that's high and low culture mixed."

<div align="right">(Aileen)</div>

6.5.2.2 Individualism

The rise in individualism was also linked to that of fragmentation:
"In the past religion would give you a truth, government would give you a truth, they were big entities, they would give you a truth, but that is not true anymore. So, now

<div align="center">137</div>

everything that happens is your own truth, and it doesn't matter if the person next to you doesn't have the same truth as you, so I think that's linked to individualism, and that's my interpretation."

<div align="right">(Ann)</div>

Ann placed emphasis on the words 'my interpretation' to stress the importance of her own and consumers' interpretation of reality.

Individualism was also connected to financial empowerment and to the pressure exerted on organisations to innovate by more demanding and discriminating consumers.

6.5.2.3   Marketing literacy

A number of respondents extended the notion of the demanding consumer into the marketing literate, or marketing savvy consumer.

"I think the old ways of doing business people have wised up to and are quite cynical. People are very marketing savvy and they know when they're being spun a yarn, whether a spin is taking place."

<div align="right">(Arthur)</div>

"We are doing less and less, the way we speak about the consumers is less and less about telling them what the truth is, its more about them, their perceptions about your products, so its not telling them any more; I think it changes the whole way you look at things actually."

<div align="right">(Ann)</div>

The recognition of the knowledgeable consumer is encouraging the company to think about how they act towards consumers and how they can behave in a more collaborative manner. The co-development workshops discussed in section 4.5 are an example of an attempt to develop equality in the process. The consultancy Brandgenetics described an emerging trend - 'feminism' - which they describe as:

"The need for sharing, not telling, and the use of emotions and intuition as opposed to logic."

<div align="right">(Paul)</div>

They also related this trend back to the need for more collaborative processes.

6.5.2.4   Time pressure

It was felt that consumers were under time pressure and were both exhilarated and threatened by the pace of change. This has culminated in a desire for simplicity and authenticity. This trend was particularly significant for Nestlé as a food manufacturer because it was felt that due to recent food scares people no longer trusted the government or the big food manufacturers:

<div align="center">138</div>

"What we are seeing now is the need for realness and authenticity, like my grandma used to make. The retro-stuff is quite a strong trend in the food industry, and I think part of it is driven by this concern about the quality of food and where it's come from."

(Arthur)

6.5.2.5 Social networks

The importance of social networks and 'who you know' and who you are connected to was seen as an important trend that in the future may have far reaching implications for marketing products and services. The development of social networks emphasises how individuals are connected through networks of social relationships amongst friends, family, and organisations, which provide a conduit for information and resource exchange. It was felt that consumers were no longer trusting of large organisations and that a greater allegiance was to be found amongst friends and family.

The importance of friends and social networks was mentioned in terms of 'soft trend' spotting. Here the issue of trust also emerged. The importance of this was emphasised by both the agencies involved in trend development and the Nestlé team:

"I think what is interesting about this is if I ask you when you buy a new laptop or something, who do you trust, do you trust the advert that you have read, the television ad, do you trust PR, the leaflet that came through your door, or do you trust a mate of yours, a consumer? Of course it's the latter."

(Andrew)

"I'm convinced we need to observe consumers because it's a complex world and it's changing fast. People now it seems to me learn a lot from each other. It's like who do you rely on for information about your holidays? You ask your friends don't you!"

(Arthur)

6.6 Visceralisation

Visceralisation is concerned with questions of why people want a product and how it fits in with the flow of their lives. The term visceralisation implies the use of 'gut-feel' and experience. Tacit knowledge is derived from experience and observation. From the data, it could be seen that a number of processes are used to generate visceral knowledge, and to transform tacit knowledge into codified knowledge. The processes of the generation and dissemination of knowledge are closely intertwined. For clarity of reporting purposes, this construct has been subdivided into insight generation (the processes through which consumers' needs and preferences are understood), and dissemination. The dissemination of visceral knowledge is concerned with the articulation and utilisation of the knowledge in the development process. The greatest amount of data was recorded with regard to insight generation. Within insight generation direct modes of consumer involvement were the most frequently mentioned

methods. Only a small amount of data was recorded in relation to indirect methods of consumer involvement, such as internal insight generation programmes and observation.

6.6.1 Indirect consumer involvement

Consumers were used indirectly to generate visceral knowledge through observation. Observations were also used to help in the idea generation process by providing an 'empathic' understanding (Leonard & Rayport, 1998) of consumers' needs.

6.6.1.1 Observation

Observing consumer behaviour is related to the process of 'soft trend' spotting and the development of future innovation possibilities. It is an ad hoc process, one which the innovation team are trying to encourage:

"You need to be interested in people, you have to go out and you have to watch people, even in your own time. Last week I was in the supermarket at 11 a.m. one morning. I never ever use supermarkets at that time. But then you enter there and you start noticing oh those people, oh yes, okay, there are people over 50 or mums with kids. Oh my God, those are never the people I see when I go shopping, which is at 7 p.m. or 8 p.m., after work."

"So it's all about having this open mind to know people better, use this interest about real people because marketing people are just okay, they are just certain types of consumers."

(Ann)

Developing an understanding of the 'product in use' is seen as a pre-requisite for successful innovation (Dougherty, 1992; Leonard-Barton, 1998). This is supported in the data by the head of the innovation team. He used the analogy of a Starbucks coffee to explain the importance of understanding the context of engagement between consumers and products. In Starbucks people are willing to pay a premium for the coffee because of the ambience and experience provided by the café:

"If you gave people a cup of coffee in a focus group sitting around a table in a hotel room and you said how much would you pay for this coffee? They'd say 50p, it's the same as I pay at work for my vended coffee because you haven't got the context, you haven't got the environment, and you've isolated your product from the experience.

The observational is an area which is growing in importance, where just standing back and looking at the world in a broader sense is vital in terms of picking up clues as to how things are changing."

(Arthur)

Observation was not part of a formal NPD, or stage and gate process. It is a spontaneous process, and one that has received scant attention in the NPD literature to date.

6.6.1.2 Idea generation

Idea generation is linked to both observation and trend development, with each process forming feedback loops into the other, thus helping to generate a pool of articulated visceral knowledge. There was a consensus amongst the team that ideas for innovation can come from many diverse sources. Therefore, they involved people from the wider marketing department to take part in idea generation. An idea generation workshop was conducted using the consumer trend information as stimulus:

"We shared the future worlds that we had created with the planners in each brand team. So they could do idea generation workshops with their own teams."

(Kay)

"We worked with the planners. They are 'the voice of the consumer' and we gave them like an envelope with all the tools they needed to run a session with their own team. So it was us sharing all the trend work we had done with them."

(Ann)

Ideas were shared with the innovation team and were also utilised within renovation projects.

6.6.1.3 Experts

The use of experts in the field was discussed both in the context of Project Oxygen and for future projects. Experts are seen to represent a reservoir of knowledge generated by working with other clients. As such the use of experts was seen as a way of generating new insights and knowledge that would feed through into the innovation process. The experts consulted within Project Oxygen could be categorised as marketing/ research consultants and included experts in:

- Semiotic analysis
- Sensory taste testing
- Advertising
- Market research and NPD

An expert in semiotic analysis, which is a branch of anthropology that is devoted to understanding the ways that signs and symbols shape culture, was used when the project changed direction and the packaging was redesigned. The innovation planner saw this as complementary to the group work:

"To understand how the designs were working and what they were communicating, we did a semiotics analysis. That really helped us to understand why people in the groups were reacting the way they were because some of the designs were too clinical or whatever. It's just an alternative, quite complementary way to look at the project."

(Kay)

To overcome issues around the taste and texture of products in Project Oxygen, a panel of sensory taste experts were also used to help understand consumers, and to translate this into language that the technical team understood. Part of this process involved a quantitative analysis of product attributes and consumer tastes.

However, when the respondents discussed the future use of experts, they did so in terms of experts in 'the field', e.g. architects or doctors, who are unrelated to innovation management. This method of generating visceral insights was seen as something that warranted more attention in the future:

"Another way is expert interviews and that's accepting that rather than speaking to a conventional consumer within the market, let's try and get a deeper, richer insight – so that might be speaking to psychologists about what's the psychology behind eating cakes, eating chocolate, is this all about comfort food and nurturing?.....It might be talking to designers, people who design and shape technologies about what is around."

(Andrew)

This view was also echoed by Aileen, who has started to integrate experts into focus groups and co-development workshops to enhance the creative process:

"You can use semi-professionals so you get people working, you know, architecture students are obviously creative and you get them to talk about product architecture."

(Aileen)

6.6.2 Direct consumer involvement

The ability to generate and articulate visceral insights requires direct interpersonal contact with consumers (Dougherty, 1992). Evidence of this was strongly supported by the data. Direct consumer involvement was discussed in depth by both the company and the consultancy respondents. The consultants' role as part of the wider project team involved the gathering of consumer insights or the facilitation of direct consumer interaction between Nestlé and the consumer. The agency respondents focused on this area in greater depth because this is where their area of expertise lies. From the data the construct of direct consumer interaction can be categorised into three different levels of interaction, or modes of involvement with consumers. These are illustrated in Figure 6.8.

Figure 6.8: Typology of Direct Consumer Interaction

Modes of Involvement	Level and Intensity of Direct Consumer Involvement	
Co-development workshops	High	
Focus groups	Medium	
Interviews	Low	

6.6.2.1 Interviews

The Nestlé respondents often did not distinguish between interviews and focus groups and used the terms indiscriminately.

The Innovation Planner described the interviewing at the beginning of the project as a process of exploration. There were no pre-determined interview questions, or interview schedule.

" We did some consumer work just to explore this whole area of what we called 'permissible indulgence'; does it exist, what people think it is and how can we express it in a way that excites and intrigues people?"

(Kay)

At the beginning of the project there was no clear product definition or target group of consumers, which runs contrary to the traditional depiction of the marketing planning and NPD process:

"It was quite fun actually. It was cross-life stage of consumers because at the time we didn't know what type of target so it was very broad."

(Kay)

Later in the project the team defined the type of person that they wanted to involve in the innovation process. They described these consumers as:

"Self-excusing men and women."

(Liz)

This is also a non-traditional form of consumer selection, or segmentation. The Innovation Planner described the rationale behind their choice of 'self-excusing' consumers.

"We wanted to develop a premium product, which gives you the excuse to indulge. And we thought, well, it's kind of a woman/girl thing; it's kind of the logic that women use. For example, you have a cheesecake, oh, it's got a bit of cheese in it, and it's good for me that kind of thing or, you go out for a meal and you get your partner to order

chips. You have don't order chips but you do end up eating his. You have a salad and a sandwich and have a sticky pudding, that kind of thing. So we had a lot of interest on that line of thought and how it would tap into this brand that we're developing."

<div align="right">(Kay)</div>

The females that were involved in the interviews and focus groups were screened for evidence of this type of behaviour. The project team also believed that homosexual men also exhibit similar personality traits and so they were also included in the interviewing process.

Although the use of interviewing and focus groups was classed by the respondents as very traditional forms of market research, and the intensity of consumer involvement was considered to be moderate, they still provided some vital insights for the project. An example of this was the focus groups and in-depth interviews that were run by the Spinach research agency, which prompted a change in the project's direction:

"Nestlé had looked at a number of products and trends and hoped that the products would fit into this notion of 'permissible indulgence', but if you think about it, 'permissible indulgence' is a bit of a oxymoron, the more permissible you make it, the less indulgent it becomes... Our findings cautioned Nestlé against the idea of 'permissible indulgence.'"

<div align="right">(Tom)</div>

6.6.2.2 Focus groups

The findings from the interviews and focus groups were significant in that they highlighted a chasm between Nestlé's ideas and concept and how consumers perceived them. Reflecting upon these findings from the group sessions, a respondent commented:

"They were saying, these are delicious, these are a treat, don't tell me that there is a rational reason, because it doesn't set me up to expect a treat. So all this concept of permissible indulgence kind of went out of the window. There was a clear mismatch between what we are trying to do and what consumers are telling us in terms of what they want."

<div align="right">(Louise)</div>

"We started to realise that there were these women, they're excusing, but you can't tell them what they're excusing for. You can't give people what they're excuses are. You can't tell them it's dairy; they have to find it out for themselves."

<div align="right">(Liz)</div>

These findings also helped Nestlé to profile the 'self-excusing' consumers who took part in the process. It also provided inspiration for the brand identity and logo, which reads *'I will go to the gym tomorrow'*.

The focus groups were used to test consumers' reaction to the proposed new products in concept form. Here, consumers were not involved directly in the products' development.

As a result of their experience working in the field of market research and innovation, the consultants expressed a dislike for the traditional focus group method. The agencies tended to focus on the negative aspects of this method of insight generation, rather than the positive outcomes:

"We are not great believers in conventional research, we just feel if you always do what you have always done then you will get the same results."

(Andrew)

"We developed our method (Pioneer Panels) because we were frustrated in the early days of setting up our innovation business that conventional research rewards the familiar and it punishes the new."

(Paul)

*"On the whole what happens in research groups is, this is an acronym for FMCG, its f*****g marvellous that consumers go. You know, it's tedious, could you spend 90 minutes talking about Lucozade. It's damn difficult."*

(Aileen)

It was also felt that food in particular is a different area to research:

"There is a huge amount of fibbing around food. I would almost say that food is un-researchable. Women and food is a very, very... you know we are a food disordered society and women are inclined to manifest it more than men. And so we discuss food in a social dynamic way, you don't want the woman next to you on the sofa to know that you put a large Cadbury's Fruit and Nut bar in little Johnny's lunchbox because you've got to present yourself as a good mother, or as a slimmer woman who cares about sex, or cares about her figure or...it's a tricky one, food and research groups."

(Aileen)

6.6.2.3 Co-development workshops

There was evidence of collaborative modes of consumer involvement in the form of co-development workshops. These took place at the beginning and in the middle of the project. The workshops involved intense periods of consumer involvement for short periods of time. They are therefore different from the long-term collaborative approaches adopted in the business-to-business context.

The methodological underpinnings of the workshops were based on two different approaches and styles of consumer involvement. The first was run by Brandgenetics, who stated that it was based on the 'diffusion of innovation' theory, as it involved the

identification of 'adopter' consumers. This workshop was used to screen down and further develop the product concepts derived from Project Higher Ground. Interestingly, the findings from the workshop supported Nestlé's original idea and concept of permissible indulgence, which later had to be changed after further traditional consumer research.

After the project had changed direction, two further workshops were run by the Upstream agency. These co-development workshops were based on a creative problem solving process. This supports Amabile et al. (1996), who states that innovation begins with creative ideas, when previously unconnected bodies of knowledge are connected. The first workshop involved consumers working with the team on the new packaging designs and was positioned around the concept of 'subjective permission'. The second workshop used consumers to test out the new brand name and packaging format.

The co-development workshop run by Brandgenetics was called a Pioneer Panel. This research methodology resembles a Darwinian selection strategy (Leonard-Barton, 1998). It is designed to help screen the potential of a product's survival, and was described as a *'brutal selection process'* (Paul).This idea echoes Doyle (1988), who describes the business environment in which new products have to prosper as "almost Darwinian in nature".

The Pioneer Panels took the form of large group workshops. It was felt that consumers tend to be more honest and individualistic in their responses in a bigger group environment:

"Seven-eight people are the perfect number for group consensus, so we deliberately double this number, and the facilitation style is more like a management workshop."

(Paul)

"These are three hour groups, we do about 45 minuets of big picture and context and then we present everyone with the product concepts. We get them to pick out their favourite ideas. They then move into breakout groups and work on their favourite ideas with other people. We have the advocates selling to the other people who didn't like it and then everyone re-scores post advocacy. "

(Andrew)

In Project Oxygen, the consumers taking part in the Pioneer Panels worked on the original concepts developed by Nestlé, and inspired by the consumer visualisation process. The Innovation Planner described the workshop:

"It's really high energy, and you've got some debate and you can see at the end consumers are actually getting up and presenting our concept that they've worked on and made better... ...It's quite amusing. At the end they had to go and stand next to their idea of 1st, 2nd and 3rd concepts in the range."

(Kay)

The respondents from Brandgenetics discussed the Pioneer Panels in terms of diffusion theory. Rogers (1962) defines diffusion as *"the spread of a new idea from its source of invention or creation to its ultimate users or adopters."* The consumer adoption process begins where the innovation process finishes, and attempts to describe how potential customers learn, adopt or reject new products. Central to this theory is the construct of consumer innovativeness, defined by Rogers (1962) as the degree to which a person adopts an innovation relatively earlier than members of his or her social system. Using Rogers' classification of the different consumer groups, Brandgenetics have attempted to select 'early adopters' to take part in the workshops. They use the acronym ACTIVE-R, to evoke a picture of the type of consumer involved. The consumers selected for the workshops are described as being well connected and ahead in adoption. A summary of the ACTIVE-R consumer is given in Table 6.2.

Table 6.2: Profile of ACTIVE-R Consumers

	Profile of ACTIVE-R type consumer
A	Ahead in adoption
C	Connected socially and electronically
T	Travellers
I	Information hungry
V	Vocal and opinionated
E	Exposed to media
R	Respected by peers

The language used to discuss consumers and Brandgenetics' methodology is partly a reflection of Paul's background in consumer psychology and post-doctoral research at the University of Sussex in consumer contagions. The concept of the ACTIVE-R consumer implies that these consumers have the ability to adopt new products early and to spread information amongst potential users. The Nestlé respondents did not discuss diffusion theory, but recognised the importance of social networks and consumers who are respected by their peers.

This starts to introduce choice criteria for the selection of consumers who are involved in the co-development workshops and wider innovation process. A diagrammatic representation of the principles behind the choice of consumers can be found in Appendix 6.1. This was explained as follows:

"By using two separate groups, one of change-orientated consumers - 'pioneers' - and the other of change resistant consumers - 'conservatives' - we are able to establish what might be able to work in the future, but also we can see the resistance of the present market status quo. "

(Paul)

6.6.2.3.2 Creative collaboration

The collaborative workshops that were used later in the project focused on packaging design and the female psyche around treating, or in Nestlé's terms, 'girly logic'. These workshops were used to enhance creativity and facilitate divergent thinking within the process. Also of interest is the fact that they were seen as a method of breaking down the boundaries that exist between producers and consumers. The team supported the view that consumers were able to contribute to the innovation process:

"I do believe that everybody's creative and you can use consumers to create with you. It's as simple as that."

(Ann)

This also supports the findings of Kristensson et al. (2004), who found that consumers were able to generate original, valuable and realisable ideas leading to successful innovation.

The consultant from Upstream (Aileen) acknowledged that because of her training she discussed creativity and the process of co-development from the perspective of a clinical psychologist.

"We all want to avoid anxiety and discomfort but I think creativity and discomfort are real bed mates.....Companies usually believe because they find innovation and creativity so difficult, how on earth can the consumer help them?"

(Aileen)

The process of co-development, or creative collaboration, was seen as an attempt to *"inject some passion or conflict"* (Aileen) into the discussions. It was also an attempt to provide Nestlé with an extended reflective space, which in itself is creative. The process is relatively new to the company and some of the team members felt uncomfortable with it. Having observed the team members interacting with consumers, the following observations were made:

"It takes a fair amount of confidence and trust moving out of role. I remember thinking, even from these people who are very nice to consumers, what came across was a kind of superiority.....It's almost unavoidable because they have it deeply inbred into them that it's something they are going to do to the consumer. A product is something that is done, it's an unhealthy relationship in as much as they either they are supplicants, they're begging the consumer to buy it, or they are telling them to buy it......And then its quite hard to get them to think of consumers as working with colleagues."

(Aileen)

Innovation and change is seen a difficult process which causes anxiety in the company. Therefore, breaking down the boundaries between consumers and companies is not seen as a simple process:

What I'm concerned about is the partition, breaking down the boundaries between consumers and companies. On the whole what I don't believe is that moderators help

with that very much, because I think were a bit like the Catholics of old, the Priest...
You argue that I'll go and talk to consumers and think through this deep thinking and
then go back to the company with this sort of I have proclaimed on high. I think it's
slightly old-fashioned."

<div align="right">(Aileen)</div>

The need to break down barriers between the company and the consumer was also
recognised by the Nestlé team and Brandgenetics:

"It's saying I am not a supplier or manufacturer and you are the consumer. I am one of
you. And I am Ann, a consumer, and you are a consumer but it is you and me at equal
levels."

<div align="right">(Ann)</div>

Andrew also emphasised, but in a different way, the way in which the consumer and the
manufacturer are one and the same:

"I think direct consumer involvement can be a good idea, but we are also consumers. It
is a great fallacy to believe that we're clients, or we are consultancies, we are all
consumers as well."

<div align="right">(Andrew)</div>

6.6.3 Enabling techniques

A number of enabling techniques were used to:

- generate new ideas and product concepts
- help understand the consumers' perceptions and the meanings surrounding the new product concepts
- test product concepts
- communicate ideas to the Nestlé board

These are summarised in Table 6.3.

Table 6.3: Summary of Enabling Techniques

Enabling Technique	Process	Used With Consumer	Used with Internal Team
Creative problem solving	➤ Co-development workshops	√	√
Brainstorming	➤ Feasibility study		√
Visualisation	➤ Interviews	√	√
Visual Images/concepts	➤ Interviews	√	√
	➤ Focus groups	√	
	➤ Pioneer panels	√	√
	➤ In-home tests	√	
Videos	➤ Board presentation		√

Visualisation was used to help the interview process at the beginning of the project:

"We wanted to understand people's lifestyles, what would motivate them; they had different ways of expressing this permissible indulgence....We used quite an interesting technique. Kind of like visualisation technique where you get people to close their eyes and imagine this world of dairy goodness and confectionery and delicious snacks."

(Kay)

This helped the team with the development of the first visual images:

"We then created different images together. They're just different images, getting it in colours to give a feel. And then obviously from that a lead dairy emerged which was a little bit quirky but quite spontaneous."

(Kay)

Brainstorming was also used at the beginning of the project; there was no consumer participation at this stage. The expertise of people involved in the technical department and operations/factory management was used to help to assess the feasibility of the project. CAPEX was not freely available for the project, so its feasibility needed to be assessed before approaching the Board in Switzerland for the go-ahead. Brainstorming sessions were conducted with the managers of the factories. This involved taking the consumer-initiated product ideas from Project Higher Ground and exploring whether they could be made with existing technology. This can be seen as an attempt at 'market-technology' (Dougherty, 1992), linking the market's needs with existing technology. Brainstorming sessions were also conducted with external experts, with the company acting as a liaison for Nestlé's co-packers.

A vox pop video was made to enable members of the Nestlé Board to step into the world of the 'self-excusing' female consumer.

"We used a vox pop video to bring it to life for people, it was clips of women talking about the territory that we are trying to tap into, because just talking about it is quite

hard in a room full of men. So, we tried to bring it to life, showed real life women (consumers) talking about how they behave."

(Kay)

Here, video was used to provide a lens into the behaviour of consumers, providing a snapshot of their lifestyle and behaviours.

6.6.3.1 Consumer research training

To enable the team to get close to the consumer, they took part in a training and development session in the Synectics process of insight generation and creative problem solving. They were trained to facilitate the process. A project manager explained that the decision to do this was due partly to intrigue and partly from the desire to work more closely with consumers:

"After working with Synectics and consumers in the past we decided to broaden our training. After, it proved that we could organise something ourselves and speak to consumers directly ourselves."

(Ann)

This also shows a change in mindset within the organisation, as they start to take responsibility for some part of the traditional research agency role.

6.6.4 Insight dissemination

The knowledge that was created as a result of the process of visceralisation was utilised first by the inner project team, and then disseminated to the wider project team. There was no formal method of knowledge transfer within the organisation, and popular terminology (Nonaka, 1991; Sapsed et al., 2002) such as 'knowledge management' was not evident from the data. However, great emphasis was placed on the sharing of ideas and information as a team, and is demonstrated in the following quotation:

"So all this knowledge transfers because Kay has seen something that she feels is related to your project and she knows because you've spoken about it to her, and it's all about the exchange of ideas."

(Ann)

Other methods were also used to articulate visceral knowledge to the wider project team, such as the vox-pop video, which was presented to the Board in Vevey in Switzerland.

"What we have done is taken all this girlie logic stuff and tried to really bring it to life for our senior board of directors, who are all blokes."

(Kay)

The participation of the Nestlé team in the co-development workshops negated the need for formal feedback sessions, as knowledge was disseminated as part of the process. In

particular, Aileen suggested that one of the advantages of the co-development process was the process of extending the normal reflective space that happens in a debrief, and prolongs the organisation's learning.

6.7 Feasibility/Fit with the Firm

Despite the experimental approaches taken to market learning, there was strong evidence in the data to support the feasibility/fit with the firm construct. The innovation team have the capacity to work on ideas in isolation, but eventually their feasibility has to be reviewed by committee:

"Ideas are very fragile and you've got little seedlings that you're trying to grow and fertilise, and don't need to be trampled on and killed.... We've got this idea which is new and different and we think it is a good commercial idea, when do you tell people? It's a big issue!"

(Arthur)

Within any development project there are certain Nestlé guidelines concerning consumer preference and consumer value that have to be incorporated into the process. In product development terms the criteria are as follows: nutritional value, safety, taste, flavour, texture, colour, convenience, and the pleasure that consuming a product will bring. Products have to fit with both the corporate image and culture. This contradicts the role of the innovation teams, and their remit, and sometimes causes organisational tensions.

The innovation team recognised tensions in the process. They used the expression *'cycling two worlds'* to describe their role. This involved the development of ideas and solutions working in the innovation world. The operational world is typified by procedures and rules, and at some point they have to cross over into the operational world and share their ideas.

When exploring the feasibility of the project, the differences between a large and a small company also emerged. Despite the freedom given to the innovation team to experiment it was clearly recognised that:

"We can't just work on intuition in a large company. Projects need to be evidence based."

(Arthur)

This emphasises the need to convert tacit knowledge into a form that is useable within the innovation process. To ensure 'fit with the firm' and to codify knowledge in a useable form, the innovation team produced a project plan, and documented the insights. This also links to the process of insight dissemination (section 6.1.2). Kay described the latter as "setting Oxygen in stone", which outlined the key consumer insights and the elements of the project that should never change. Obtaining the 'buy-in' of head office was essential, and the written documents were used to get approval. Within Project Oxygen the major issue surrounding 'fit with the firm' was the original

brand name. This had passed all consumer tests but was not acceptable to Head Office, and as the project was approaching completion, necessitated the search for a new name.

It was important to quantify how big an idea is, and to estimate what the potential commercial impact could be. To help make judgements on the feasibility of the project, internal and external experts were used.

6.7.1 Quantitative research

The Nestlé team are very experimental in their approach to research; traditional quantitative survey methods did not play a significant part in the project. Where quantitative methods were used they tended to support another process, e.g. they were used by the experts in sensory taste tests, and also within a simulated store test. The simulated store test was used to help determine consumers' intention to purchase rate, and where in store this new product concept should be positioned. In addition, it was also used by the Nestlé team to help determine the price point of the product:

"They basically recreated the fixture where we wanted it to be in store, both in terms of a grocery fixture and impulse. Consumers were recruited to come in and talk about what they saw and there likelihood to purchase at different price points and in comparison to other products on the shelf.... We were testing, can we increase the pricing? It also showed us how elastic the pricing was."

(Louise)

6.7.2 Internal experts

Within the organisation the Innovation Strategist was used to provide judgment and act as a sense check on the project. Liz described her role as:

"My involvement with this has been as sort of almost just a check on the project, to review whatever has happened and pass comment and makes suggestions on it."

(Liz)

Liz's role was partly to challenge the project and the ideas, to keep it focused and ensure that it was strongly consumer differentiated. It was this process of challenge that helped the team decides that the project needed to change direction. The brainstorming process with internal management experts also helped to determine the feasibility of the project and provided the justification for CAPEX expenditure.

To try to provide consistency and continuity for the project, Louise was transferred from the innovations team to become Brand Manager for the products pre- and post-launch:

"To make sure that the core idea was not diluted or lost. I think when you transfer things there is always a change in the way that people want to do things. So my role became that of a guardian. "

Determining the feasibility of the project and its 'fit with the firm' were considered to be internal issues. Nestlé stressed that responsibility for the product still rested with the manufacturer, and could not be passed on to the consumer. This sentiment was expressed thus:

"You can get a sense check from consumers, but ultimately it is my responsibility as Brand Manager."

<div align="right">(Louise)</div>

6.7.3 Summary of constructs and points for discussion

The second case study, Project Oxygen, has explored and further developed the preliminary conceptual framework. It has provided support for the constructs of emerging trends, visceralisation and feasibility/fit with the firm. A summary of the key constructs that emerged from the case study is provided against those found in the original conceptual model in Table 6.4.

➢ Emerging trends

The analysis has shown that the identification of emerging trends and the understanding of social and cultural influences on consumer behaviour is a prerequisite for Nestlé's product innovation process. This is contrary to the traditional, linear representation of the new product development process, which starts with an internal focus on the process of ideation.

In contrast, Nestlé use their knowledge of external trends to search for opportunities and spark the ideation process. Arthur also explained that the trend work was used to help the firm look forward to *'what should be'*, rather than focusing on its current competencies and capabilities. He described this almost as a *'shock tactic'*, to prevent the organisation from becoming complacent in its position as a global brand leader. Fragmentation and individualism were the trends most frequently mentioned by all the respondents. The marketing literate or 'marketing savvy' consumer also appears to be common parlance of the project team. However, there was no evidence of the use of IT to interact with the consumer. The potential role of social networks and consumer-to-consumer communication was also identified, but was not incorporated into the project. This also links with the recognition of the value of opinion formers for both identification of trends, and potential diffusion of ideas. This idea was further developed in the co-development workshops, where adopter category consumers were used.

Table 6.4: Project Oxygen: Summary of Constructs

Evidenced in Project Oxygen	Evidenced in Conceptual framework (Dougherty, 1992)
Emerging Trends	**Emerging Trends**
Sources of trend knowledge *Formal sources* • Project team • External experts • External: opinion formers • Consumers-observation *Informal sources* • Family/friends	**Sources of trend knowledge** • Internal team • External: experts • Lead users • Observation
Dissemination of trend knowledge • Trend story boards/scenarios	**Dissemination of trend knowledge** • Scenarios • Forecasts products and technology lifecycles
Types of trends • Fragmentation • Individualism • Marketing literacy • Time use • Social networks	
Visceralisation	**Visceralisation**
Indirect consumer involvement • Idea generation workshops • Creative problem solving • Observation • External experts	• Interdisciplinary teams • Brainstorming • Observation • Lead users • Holograms • Virtual reality/simulators

Direct consumer involvement
• Interviews
• Focus groups
• Co-development workshops
   o Creative collaboration
   o Adopter-consumers
	• Interviews
	• Visits
	• Focus groups

Enabling Techniques • Creative problem solving • Visual images	
Feasibility and Fit	**Feasibility**
Internal experts • Strategy • Project plan • Quantitative research	**Internal experts** **Fit with the Firm** • Renewal strategy • Sense of capabilities

➢ *Visceralisation*

The data indicates that a process of visceralisation involved both learning from the market and internal organisational learning. Learning from the market involved direct consumer interaction using both traditional and non-traditional market learning techniques in what could be termed a bricolage approach (Ereaut & Imms, 2002). These techniques increasingly rely on insight and intuition, and as such are visceral techniques of market learning.

Importantly in terms of this study, the process of co-development was used on three different occasions, supporting the view that consumer interaction can enhance the development process. However, it was also identified that this practice is still nascent within the organisation:

"If a product category is passive and the consumer's role in the process is passive, they will behave in a way that is passive... Where if their role is active and you actually ask them to co-create with you possibilities for new product concepts, new service concepts, new store layouts or any of the things we work on, they will become as engaged as any group of people generally do, and that very often we don't capitalise on this."

(David)

Tacit knowledge comes from experience and observation (Polyani, 1967). This type of knowledge was sometimes referred to as 'intuition' or a 'feeling' by the respondents. It was evident from the data that the project team recognised that such knowledge was widespread across the organisation, and attempted to codify and use within the innovation process.

Although Nestlé has a long standing reputation for research and development, the formation of the innovation team within Nestlé is relatively new. The team's freedom to experiment and ability to 'reflect' is indicative of the activities of a 'learning organisation' (Bessant, 2003). However, the innovation team can come into conflict with other departments which are focused on current trading issues. It was acknowledged that different people in the organisation have their boundaries set differently, which can be problematic for the innovation process in a project like Oxygen.

"You only innovate if you have an open mind. If it's closed you are already working within a framework. You are not going to break out of that framework if you set yourself fairly comfortable boundaries."

(Arthur)

There appears to be a micro-culture around the innovation team, which allows them to think forward, instead of just concentrating on current capabilities and resources. This was sensed by a consultant who described the innovation team as:

"Being on ID in the Freudian sense. They are more playful and they allow this to come out in the research groups."

<div align="right">(Aileen)</div>

> ## Feasibility and fit

Processes to determine the innovation's feasibility and fit with the firm based on current competencies were evident. The data supported Dougherty's (1992) notion of a "council of elders", or the use of internal managers to critique the project and provide expertise. It was also apparent that the purpose of the project and any marketing practice is to maximise profits:

"The aim of all this is to create a product that is exciting to consumers, igniting the trade and actually gets launched. That's what we do it for, let's not forget that. And that brings back money to the company so that people keep their jobs and the factories are full. It's all very good. That's what we are paid for."

<div align="right">(Ann)</div>

"Within project Oxygen we have used consumers on a few occasions where we've been at a crossroads of a decision, or were we have had difficulty, it doesn't make sense, it's not falling into place the jigsaw isn't complete. We have listened to consumers to what they are saying and thought 'ah, that's the bit of the jigsaw that's missing.'"

<div align="right">(Arthur)</div>

It can be seen from this that the modernist convention of separating the consumer and the producer is still apparent. Consumers' knowledge and creativity is valued as a resource at the behest of the organisation.

7 Third Case Study - Project Dice

7.1 Introduction

The third and final case study is set within the world's leading premium drinks company Diageo. Diageo are the brand owners of a portfolio of alcoholic beverage brands spanning spirits, wines, and beer categories. They are renowned for their successful track record in developing innovative products such as Baileys Irish Cream and Smirnoff Ice. This case study subject was chosen because of the complement it provides with respect to the previous Nestlé case studies. Both companies are global brand leaders in their markets and invest heavily in their brands. Innovation is also a strategic initiative within the business and a core element of their growth strategy. As within the Nestlé organisation, an improvement to an existing brand is classified by Diageo as a product renovation. By contrast a new product or a 'super premium version' of a spirit brand is classified as an innovation. This case study, Project Dice, is an example of the latter type of innovation.

Diageo are focused on innovation and were keen to take part in the research study. Initially a member of the Global Brand Innovation Group (GBIG) took part in the preliminary study in the co-development workshop. A number of meetings were held with Diageo personnel to identify a suitable project for the study and respondents for the study. This, however, sometimes proved problematic because of the global matrix structure of the organisation. To assist the study the researcher was given access to a number of internal documents that were used throughout the project. These were also coded and transcribed using NVivo, and are quoted in the text as (Diageo).

This chapter contains the within-case analysis of the data from the third and final case study. Following the format of the previous case studies, this chapter first outlines the contextual characteristics of the case study. It briefly describes the outer context - the wider premium alcoholic drinks market - in which the company operates. This is followed by a description of the inner context, that of the company. The analysis begins by reporting on the content of the innovation process, which highlights the main market learning activities and modes of consumer involvement. Finally, the constructs which emerged from the analysis are explored and discussed, and the findings are summarised. A schematic outline of the chapter is shown in Figure 7.1.

Figure 7.1: Schematic Outline of the Chapter

Project Dice Case Study:
Schematic Outline of the Chapter

| CONTEXT: | Alcoholic Beverages Market |
| | Diageo – The company |

⬇

CONTENT:	Project Dice
	Internal interventions (learning processes)
	External: Consumer involvement

⬇

| CONSTRUCTS: | Further Development and Refinement of Constructs and Subconstructs |

⬇

DISCUSSION AND CONCLUSION
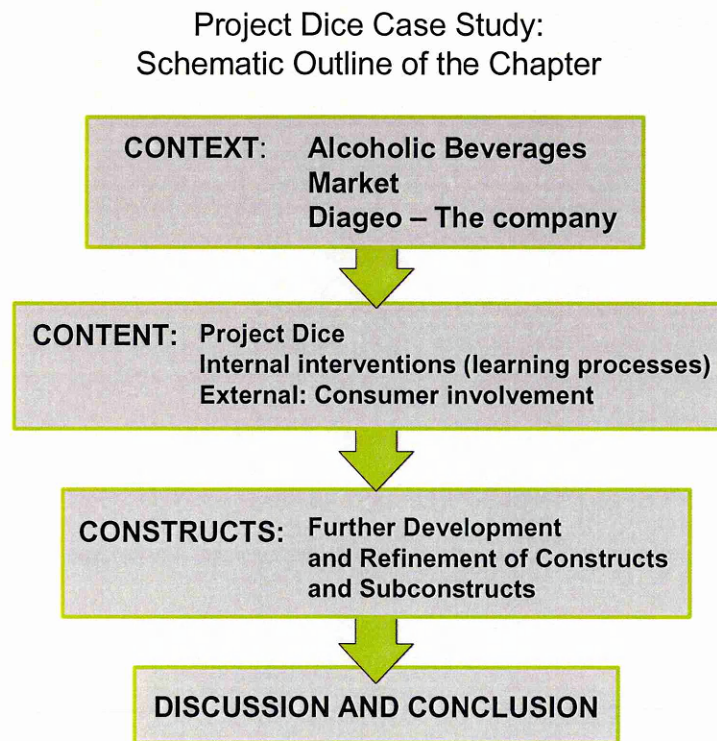
7.2 Context - Alcoholic Beverages Market

The market for alcoholic beverages is segmented into the 'on-trade' drinks, that is, drinks sold through pubs, clubs and restaurants, and the 'off-trade' drinks sold via retailers for consumption at home. The setting for this case study is the latter market, the 'off-trade', and focuses only on spirit beverages. The 'off-trade' is a rapidly growing market. The number of adults drinking at home on a daily basis increased by 2 million between 1990 and 2000 (Mintel, 2004). It is also estimated (Mintel, 2004) that 88% of the UK adult population drink alcohol in the home. The development of non-related home-entertainment products such as cable and digital television and DVDs has helped to stimulate the increase in alcohol consumption. It has also been fuelled by the keen promotional pricing that is continuously being offered by the multiple retailers.

Levels of alcohol consumption are closely related to consumers' personal disposable income (PDI) and lifestyle. The higher one's PDI, the higher the tendency to consume alcohol. Within the UK, heightened prosperity has led to more socialising and entertaining at home, involving the consumption of alcohol. In addition, an increasing number of women now hold managerial positions and as a result have heightened independence and spending power. This is reflected in the increased popularity of wines and alcoholic mixable drinks amongst female consumers. Growth within the spirits sector is currently being driven by innovation in premium brands and their variants. These products have almost become style items with new product formats, packaging,

flavours and styles being launched frequently in an attempt to remain at the forefront of fashion.

However, consumers' confidence and willingness to experiment means that competition is emerging from outside the traditional drinks sector as consumers expand their drinking repertoires. In addition, recent concerns about anti-social behaviour and the influence of alcohol on the 'youth culture' have prompted new advertising regulations on alcohol. Diageo is prominent in promoting social responsibility concerning alcohol consumption, and this is reflected in its marketing and advertising initiatives. Advertising by the large brand owners of *Smirnoff* and *Bacardi* is aimed largely at existing, rather than potential drinkers.

7.2.1 Supply structure

The alcoholic beverages market at the global and domestic level is dominated by a few multinational suppliers such as Diageo, Allied Domecq, Bacardi Brown Foreman and Blackwoods. Following closely behind Diageo, Allied Domecq is the world's second largest supplier of wines and spirits and owns *Beefeater Gin* and *Stolichnaya Vodka*. Bacardi Brown Foreman is well known for their *Bacardi Rum* brand and its many variants. They also own *Bombay Sapphire Gin* which is targeted at the younger consumer.

Although a virtual oligopoly situation is evident, innovative smaller suppliers are still able to penetrate niche markets that have been ignored by the large suppliers. Blackwood's is based in the Shetland Isles and is a relatively new entrant to the international spirits market. Despite its location its marketing proposition is based upon the value of 'Nordic' products, as opposed to 'Scottish' products.

There have recently been rumours of further consolidation within the industry, and there is ongoing debate as to whether Allied Domecq will take over another company or be taken over. According to the Financial Times (February 2005), Diageo have distanced themselves from the growing take-over speculation in the drinks industry. Paul Walsh, the CEO of Diageo, is quoted as saying that there was:

"Industrial logic behind consolidation among the leaders but Diageo was unlikely to take part."

(Paul Walsh)

7.2.2 Distribution

Alcoholic beverages are distributed in the 'off-trade' via a number of specialist drink retailers, multiple retailers and independent stores. The key theme emerging in distribution is that of consolidation, with the multiple retailers accounting for an ever increasing share of the market. This process of consolidation is highlighted in Table 7.1, which shows the UK distribution of white spirits by trade sector between 2000 and 2004.

Table 7.1: UK Distribution of White Spirits

Distributors	Year 2000		Year 2002		Year 2004	
Grocers	M litres	%	M litres	%	M Litres (est)	%
Multiples	32.8	39.5	36.4	39.5	43.1	40.8
Co-ops	5.0	6.0	5.9	6.4	6.4	6.1
Independents	2.9	3.5	3.4	3.7	3.8	3.6
Specialists						
Multiples	12.9	15.5	15.2	16.5	16.8	15.9
Independents	2.5	3.0	2.0	2.2	2.3	2.2
Total off trade	56.1	67.6	62.9	68.2	72.4	68.5
Total on trade Pubs, clubs etc	26.9	32.4	29.3	31.8	33.3	31.5

A feature of the consolidation of the multiple retailers is the ensuing price wars on alcohol as they attempt to surpass one another. This runs contrary to the manufacturers' strategy of trying to increase the perceived added value of their brands through innovation and the introduction of higher priced premium products.

7.2.3 Diageo - the company

"Today Diageo is the world's leading premium drinks business, made up of great people, brands and performance. Beyond this we have set our vision, and our strategy."

(Paul Walsh, CEO)

Over a number of years Diageo has successfully transformed and reinvented itself in line with changing market conditions and shareholder needs. Originally Diageo was a broad based consumer goods company with food and beverages as its core business. It was formed out of the merger of Guinness and Grand Met in 1997, and the family tree is detailed in Figure 7.2. Since 1997 the company has undergone a strategic realignment, refocusing its offering on global premium drink brands. On 1st July 2002 Diageo became a single global premium drinks business.

Figure 7.2: The Diageo Family Tree

Diageo Family Tree

1997   Guinness = Grand Met

    Guinness   UDV   Pillsbury   Burger King

2000   Guinness = UDV

2002   GuinnessUDV = Seagram
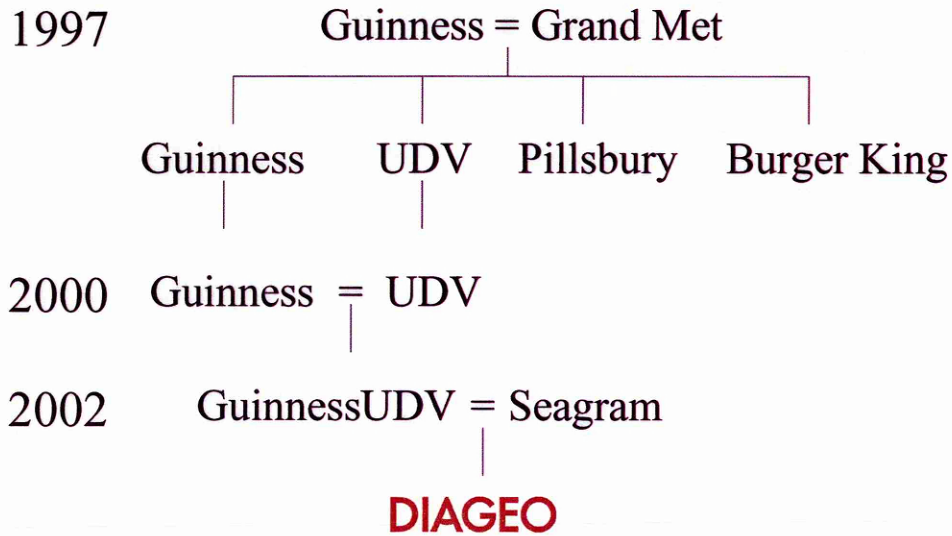
DIAGEO

The new company name Diageo and corporate brand identity is derived from the Latin *'dia'* for day and the Greek word *'geo'* for world. The brand name is intended to reflect the company's vision of:

"Celebrating life, everyday, everywhere."…….. "A truly international word we have taken to mean 'everyday, everywhere'. Our brands offer our consumers unique ways to make their days and nights special."

(Paul Walsh, CEO)

The name reflects the company ethos of placing consumers at the centre of their vision, which drives the values within the organisation, and is used to build a competitive advantage. The organisation's values are communicated widely throughout the organisation and are summarised in Table 7.2. This demonstrates both the centrality of the consumer in Diageo's thinking and the importance of innovation. The salient facts about the company are highlighted in Table 7.3.

Table 7.2: Diageo Value Statements

Values	Statements
Consumers	We're passionate about consumers-our curiosity and insights drive growth.
Brands	We care for our brands; we're courageous in pursuing their full potential.
Innovation	We're innovative, constantly searching for new ideas that drive growth.
Freedom	We give ourselves and each other the freedom to succeed because this fosters an entrepreneurial spirit.

Table 7.3. Diageo Company Facts

Diageo The Facts

> World's leading premium drinks company
> Operates in 180 markets
> Employs 25,000 people
> Market Cap £28bn
> Annual revenues £13bn
> Global Brands, eg, Guinness, and Smirnoff

7.2.4 Brands

Diageo owns a portfolio of brands, highlighted in Table.7.4. One of the most important brands in Diageo's portfolio is Guinness. However, this case study focuses on spirit products, and so beers and wines are not discussed. Brands are viewed as a key enduring asset of the company, and as such they have to be carefully managed and developed. The brands are created and revitalised to meet changing consumer needs through a process of innovation and renovation.

In the last decade Diageo and their competitors have been instrumental in creating a new market - the FAB (flavoured alcoholic beverages) market. This product group, aimed at the image conscious, younger and often female consumer, was estimated to be worth £1.3 billion (Mintel, 2003). However, this market demands variety and constant innovation, and many brands have a short product lifetime.

More recently Diageo have pursued a strategy of launching premium product variants in an attempt to encourage the consumer to spend more per purchase. For example in the white spirits markets, Diageo launched three new vodkas in the UK in 2004. These were Ciroc, a premium variant, Smirnoff Norsk, and Smirnoff Penka, luxury brands.

The brands have differing levels of strategic importance for the company. Some are priority brands, and each of the brands has a global brand team which is responsible for the brand's strategy. The brand portfolio is divided into three areas, and is described in Table 7.4.

Table.7.4: Brand Portfolio

Brand Grouping	Type of Brands
Global Priority Brands (GPBs) **GUINNESS**	The largest brands with significant presence in a number of markets around the world, e.g. Johnnie Walker, Smirnoff, Guinness, J&B, Baileys, Tanqueray, Captain Morgan and Cuervo.
Local Priority Brands (LPBs) **GORDON'S**	Brands which have strategic importance within one or more individual markets, e.g. Bells and Gordon's in GB and Buchanan's in Latin America.
Category Management Brands **Cuervo**	Brands which are important to the overall management of individual categories in a market, but are not critical growth drivers or value creators for the future.

7.2.5 Markets

Diageo categorises its business by the level of profit contribution that each country makes to its sales. The countries which make the major contributions to the profit pool are North America, Great Britain, Ireland and Spain. The market categories are shown in Table 7.5.

Table 7.5: Diageo's Markets

Type of Market	Description
4 Major Markets Account for over 50% of operating profit	North America, Great Britain, Ireland and Spain.
17 Key Markets Account for 35% of operating profit	África, Australia, New Zealand, Brazil, Paraguay, Uruguay, Colombia, France, Greece, Turkey, Japan, Korea, Mexico, Portugal, Taiwan, Thailand and Venezuela. Countries which make a significant contribution, but are not yet developed enough to operate autonomously.
Venture Markets Account for 15% operating profit	Rest of the world. Operate a different business model, with a tighter focus on fewer brands, and a more flexible organisational structure. Resource is shared and speed to market is key. This is called a 'search and spin' model of operation.

7.2.6 Organisational structure

Project Dice, the subject of this case study, was the responsibility of the Global Brand Innovation Group (GBIG), which is based in the UK and is responsible for the creation of new products. The innovation satellites within each country form the heart of the GBIG structure. These are tied to the In Market Companies (IMCs); that is, an operation in one of the markets that has its own sales and administrative infrastructure. It is within the local markets within the IMCs that the commercialisation process takes place. This includes test markets and product launches. Because of the size of the organisation and the complexity of the innovation process, the commercialisation of product innovations is not a responsibility of the GBIG. Figure 7.3 outlines the organisational structure. The central global functions are classed as support functions and include functions such as technical, R&D, HR and strategy.

Although the company is UK owned its structure reflects its global market position. A member of the GBIG described working within the structure as follows:

"Although we have a central role we are quite confederalist in our approach. The local markets really have a power base, so that makes working globally and recommending practice difficult. You have to work very hard to get stuff embedded..... I think we are much more of a consultant group than maybe in some more traditional American groups."

(Colette)

Figure 7.3: Structure of Global Brand Innovation Group

Diageo – Global Brand Innovation Group

Central Strategy & Support
-Strategic planning
-Global consumer co-ordination
-NaviGate co-ordination & management

GB Innovation Satellite	US Satellite	AUS Satellite	IRL Satellite	Asia Satellite
-Concepting	-Concepting	-Concepting	-Concepting	-Concepting
-Commercialisation	-Commer.	-Commer.	-Commer.	-Commer.

Technical Research & Development
-Strategic science
-Liquid development
-Packaging development

7.2.7 The project team

The project team responsible for Project Doorbell and Project Dice were members of the Global Brand Innovation Group. Members of the GBIG have different functional responsibilities, such as technologists and consumer planners/researchers. The consumer planners and research managers are responsible for implementing 'best practice' across the organisation. A member of the consumer planning function described their role within the group:

"We are the champions of the consumer, we want everyone in the company to be consumer focused, we really do, and I mean that as a company. I know that it is a lot of companies' mantras, but we do really try."

(Colette)

An Innovation Marketing Manager was responsible for driving the project and she conceptualised the project team as shown in Figure 7.4. The Innovation Marketing Manager was responsible for leading the core team of functional specialists. An external research agency was also integrated into the project team. As the project progressed other external organisations became involved in the project, which were both suppliers and customers of Diageo. The technical team had previously been working with a packaging supplier, and this work was reinstated and incorporated into the project. Buyers and merchandisers from J. Sainsbury were brought into the final stages of the project during the test market stage. This resonates with the networked, collaborative approach to product innovation advocated by Tidd et al. (2001). However, it is unlike that suggested by Prahalad and Ramaswamy (2000), who conceptualise the consumer as a partner in the network.

Figure 7.4: Conceptualisation of the Project Dice Team
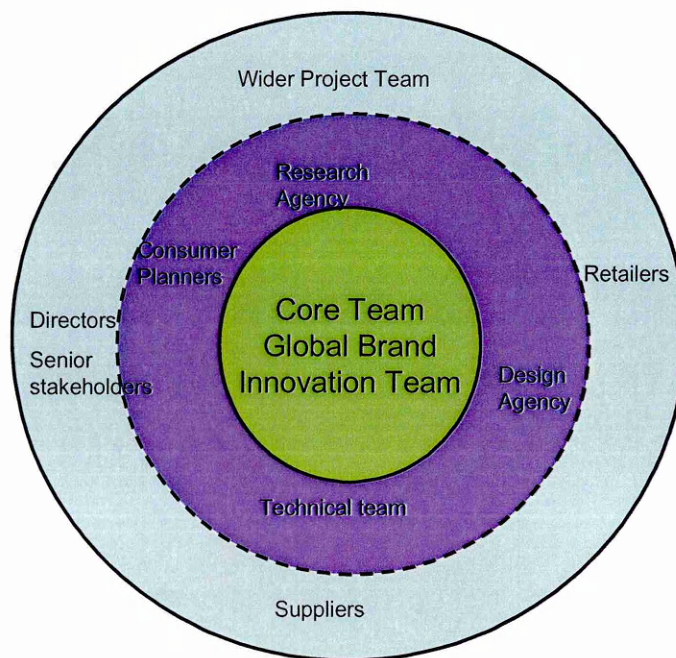
7.2.7.1   Respondents

The respondents were members of the Global Brand Innovation Team and are highlighted in Table 7.6. In addition, a consultant from the market research agency also agreed to be interviewed.

Table 7.6: Project Dice Respondents

Respondent	Role	Interview Location	Interview Medium	Length	Recorded	Transcribed
Colette	Consumer Planner	London	Face-to-face	1 hour	No	No
				1.5 hour	Yes	Yes
Doug	Consumer Planner	London Cranfield	Face-to-face	1.5 hour	Yes	Yes
				2.5 hour	Yes	Yes
Hanne	Innovation Marketing Manager	London	Telephone	0.5 hr	No	No
			Face-to-face Telephone	1.5 hr	Yes	Yes
				0.5 hr	No	No
Malcolm	Marketing Research Manager	London	Face-to-face	1 hour	No	No
Mark	Research Agency	London	Telephone	1 hour	Yes	Yes
Total			**9 Interviews**	**11 Hours**		

7.3   Content - Project Dice

This section reports on the process of product innovation in Project Dice. In particular it examines the methods of visceral insight generation, and in doing so, analyses the different modes of consumer involvement within the project. This section also briefly summarises Project Doorbell, as this project was the initiator of Project Dice. The two projects are interlinked and so the data was gathered together and summarised under Project Dice.

Figure 7.5: Project Doorbell and Project Dice Timeline

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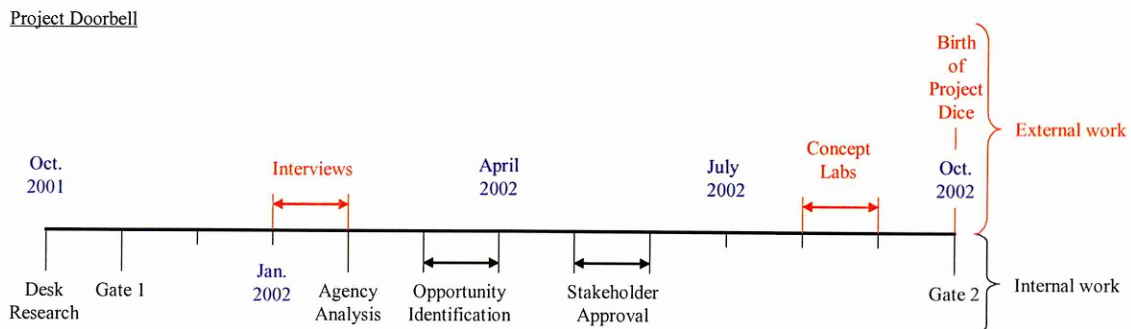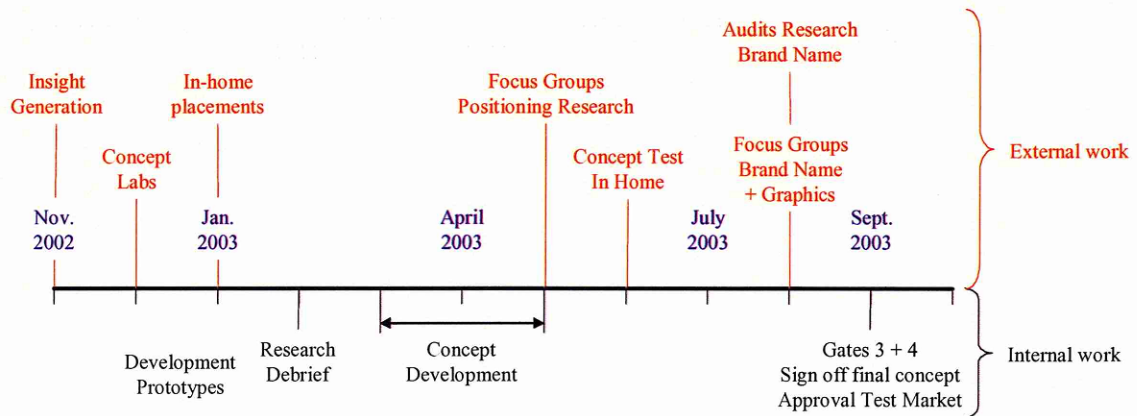
Project Dice

7.3.1 Project Doorbell

The timelines for Project Doorbell and Project Dice are shown in Figure 7.5. The timelines highlight the external market learning interventions that took place during the project, and the internal organisational learning activities. As can be seen from Figure 7.5, Project Dice was the progeny of Project Doorbell and thus first warrants some explanation. Project Doorbell was an 'umbrella' project designed to examine the opportunities for innovation and sales in the growing 'take-home' market. The Innovation Marketing Manager described the rationale for Project Doorbell thus:

"In the UK Diageo are an 'on-trade' driven company; approximately 70% of the business is 'on-trade'. There is a growing trend towards in-home consumption but Diageo were not tapping into it .We needed to look at new look at new profit pools."

(Hanne)

Project Doorbell was the equivalent of the first phase; opportunity identification and selection (Crawford and Di Benedetto, 2000) of the new product process. The project was designed to explore how the company could exploit opportunities within the growing take-home market. As the project was about the exploration and understanding of opportunities, there was no formal product innovation definition at this early stage. Consumers were described as the start point and the inspiration for the project:

"We needed to know more about consumers holistically, for instance, how they interact when socialising."

(Hanne)

This comment highlights the importance that Diageo place on understanding consumer behaviour at the macro-level, and the environmental influences that affect behaviour, as opposed to understanding the 'individual' at the micro-level of analysis. The project team involved in Project Doorbell went through a process of what Diageo term *'thinking big'*, which involved:

"Scrutinising every bit of thought. Continuously questioning, where can we go with this? Could we position it like this, like that? etc. "

<div align="right">(Hanne)</div>

The term '*thinking big*' suggests an unbounded exploratory approach to opportunity identification. At this stage in the process, issues of feasibility and fit with the firm were not a consideration. The process of 'thinking big' drew on a pool of existing knowledge within the organisation. This was supplemented by secondary desk research and the use of exploratory focus groups and interviews.

A number of project opportunities were generated as a result of Project Doorbell and the exploration of the 'in-home' alcohol consumption opportunities, of which Project Dice was one.

7.3.2 Project Dice

The findings from Project Doorbell were integrated into Project Dice, which started immediately afterwards in November 2002. The timeline for the project is shown in Figure 7.5, and maps both the external market learning and internal learning interventions. The consumer was seen to be the start point for the innovation project, as in Project Doorbell. The project was based on the findings from prior consumer research. Diageo's research had shown that:

- 61% of drinking occasions take place at home.
- Beer and wines dominate the 'take-home' market.
- Beers and wines are more suited to consumers' casual lifestyles.
- Spirits are underperforming, representing only 41% of off-trade volume.

Thus there was seen to be a major opportunity - '*in-home socialising*' - the off-trade market sector that Diageo were not currently exploiting. In addition, it was felt that the lack of innovation in the spirits sector and the lack of suitable offerings were contributing to the poor sales performance. This was seen as an opportunity to innovate and to:

"Inject newness into a dull category. "

<div align="right">(Diageo)</div>

Project Doorbell also identified a number of barriers that discouraged consumers from purchasing spirits:

"Project Doorbell identified six critical barriers we need to remove to change consumers' mindsets about spirits at home...this is what Project Dice seeks to do. "

<div align="right">(Diageo)</div>

Figure 7.6 outlines the key barriers to purchase of spirit products and the desired change in consumer behaviour that Project Dice seeks to address.

Figure 7.6: Inhibitors and Enablers to Purchase

Current Consumer Perceptions...	...Change to
• Back of cupboard	• Front of mind
• Physically/emotionally expensive	• Good value & Instant reward
• Predictable	• Innovative/constantly changing
• Dull and stuffy	• Exciting and engaging
• Special/formal & infrequent	• Informal and everyday
• Occasion specific	• Occasion/flexible neutral
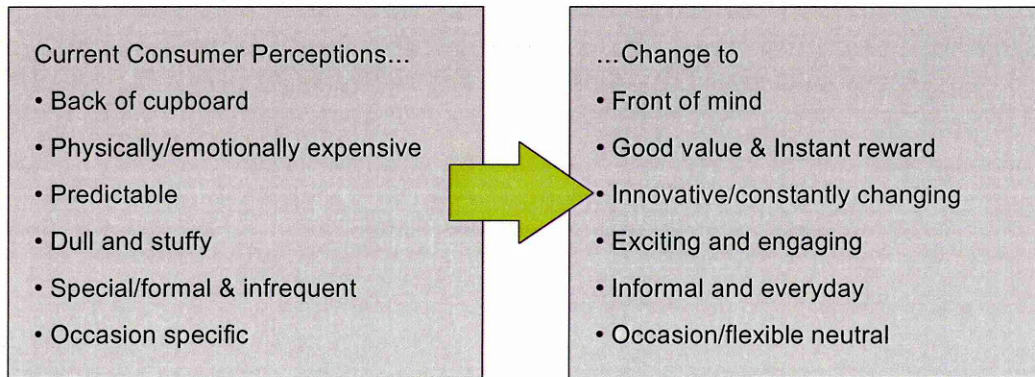
Therefore, the product innovation in Project Dice was designed to influence and change consumers' perceptions about spirits, and their buying behaviour. Diageo described the project and resulting product as:

"Creating a new-to-the-world brand proposition that offers variety to the consumer. Is fun and different."

(Diageo)

7.3.3 Internal interventions

From the timelines in Figure 7.5 it can be seen that a number of internal interventions took place. The internal team were initially involved in some 'blue sky' thinking, but also utilised desk research and existing market knowledge in this process. The benefits of this were described as follows:

"Thinking big exploded out the development in the early stages, elevating functionality into emotional benefits, creating a category, not just a concept."

(Diageo)

Despite the early emphasis on exploration in the project, Diageo have a number of models and formal processes that are used for product innovation. The interventions undertaken by the internal team had to conform to the organisation's systems and procedures, in particular the utilisation of the Navigate process, which is an amalgamation of Cooper's (1993) Stage and Gate model for the management of risk:

"Navigate is our name for the Stage and Gate model; it is not dissimilar to ones you might have seen in other companies. It goes through six stages from identifying an opportunity, to doing the preliminary investigation, developing the product concept, commercialising it, testing, launching and finally tracking it."

(Doug)

The Navigate process was used throughout the project, starting with the opportunity definition in Project Doorbell. The consumer planners continued to explain the involvement of the GBIG in the Navigate process:

"The GBIG are responsible for processes up to and including stage two. Within each market we then have innovation satellites, which are like pods implanted in the local market. And the reason we do this is that it is easier to share and spin ideas and knowledge as a kind of central team around the world this way."

(Colette)

From stage three, the commercialisation stage, employees in the local markets are responsible for creation and implementation. The Innovation Marketing Manager, who was the leader of the project, was a member of both the GBIG and the UK Innovation Satellite and managed the project through all of the stages. As part of the authorisation process to proceed to the next stage of development, approval had to be obtained from a number of senior stakeholders within the business.

7.3.4 Consumer involvement

It was evident from the data, and is shown in the timeline in Figure 7.5, that consumers were involved, particularly in the ideation, concept development and test marketing stages. The intensity of consumer involvement ranged on a continuum from 'passive' to 'active' involvement in the concept development labs. The concept development labs are a form of co-development workshops where the project team work alongside consumers to develop concepts. The Innovation Marketing Manager explained the rationale for consumer involvement:

"As a company we are now experimenting with and searching for different start points for innovation. In the past the brands were the start point for innovation. Now we are looking more towards the consumer."

(Hanne)

7.3.5 Innovation outcome

After the test market was conducted with a leading retailer, J. Sainsbury, the following observation was made:

"This project is a huge success. It's a huge success that Diageo have in their hands."

(Mark)

Despite this tribute the decision was made by Diageo in November 2004 to terminate the project. In spite of the investment in development and the positive test market feedback, the company made a strategic decision to stop the project. The rationale was based on the amount of marketing investment that would be needed to launch and further develop this new drinks category. This was seen as being more than just a new product; it was a whole drinks category, and would need a substantial marketing budget to launch it successfully. The Innovation Marketing Manager was philosophical in her

approach, and recognised the need for experimentation and learning within the innovation process:

"In Diageo we have had some successes and some learning; we don't like to use the word failure."

(Hanne)

7.4 Constructs

The following section discusses the constructs that have emerged as a result of the data analysis. Constructs are used as a vehicle to describe and explain actions and behaviours. A similar approach has been taken to that used with Project KicK Ass and Project Oxygen. Within each section a data display of the constructs is presented.

7.5 Emerging Trends

Consumer needs and wants are not static. Changes in the wider macro-trading environment have the potential to affect consumer buying behaviour. The emerging trends construct explains how Diageo have attempted to develop a 'sense' of the forces of change, and utilise this knowledge within the innovation process.

The data display for this construct is displayed in Figure 7.7. It is made up of a number of sub-constructs, which have been verified in the previous case studies. These are the sources of trend knowledge, the types of trends recognised, and the utilisation of trends.

Figure 7.7: Data Display Emerging Trends Construct

Data Display – Emerging Trends Construct
Emerging Trends

Macro-factors
Social, economic, political, cultural change

↓

Macro-consumer behaviour
Social focus

↓

Develop Consumer Insights

Internal Team ←→ External Agencies

Links to
Segmentation ←------- Trend development -------------→
model

Type
Of
trends

Input
Innovation
Process

Input
Marketing
Communications
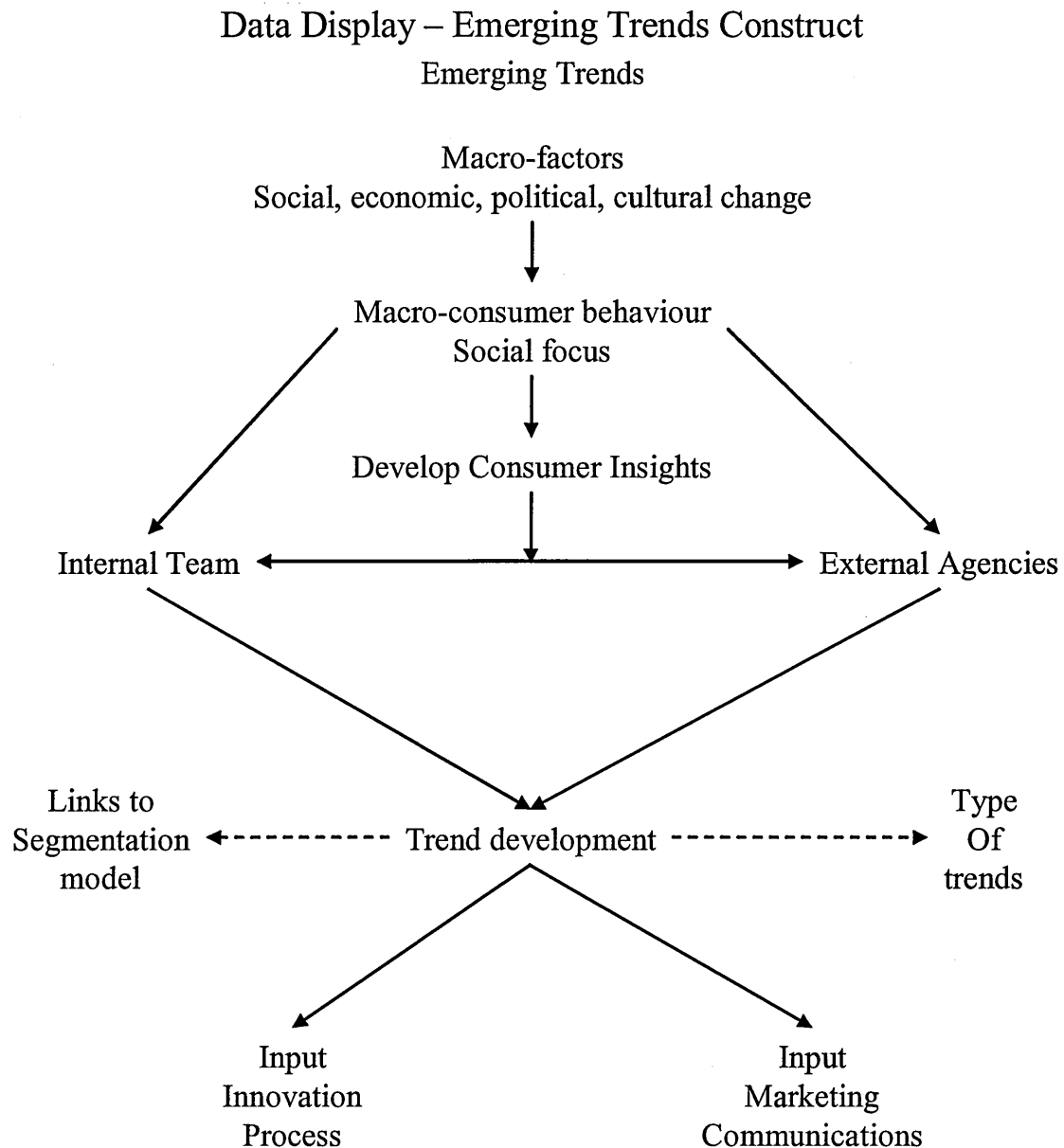
7.5.1 Sources of trend knowledge

Knowledge about emerging market trends is generated internally with the help of external research consultancies. External consultancies are used for their professional expertise in this area of social and cultural trend analysis. They are also used to support the 'sense making' process (Weick, 1995) within the organisation. Sense making is the process through which ideas and information coalesce into something that is useful (Dougherty et al., 2000), i.e., useable within the innovation process.

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The consumer planners were responsible for facilitating this sense making process, and helped to develop a shared (global level) understanding of emerging consumer needs and societal trends:

"We provide trend information, which none of the In Market Companies do. We are complementary in a sense, and it's our responsibility to search for new ideas of how to research opportunities across the different markets we work with."

<div align="right">(Colette)</div>

"Within Diageo there is a team of us who have a background in trends and strategy and we got together and said 'these are the trends that we have identified globally, let's look for evidence of the.'.....So, we briefed an agency who have what they describe as trend scales all over the world, they have people in all different countries, not just Britain".

<div align="right">(Colette)</div>

Diageo search for inspiration and possibilities across the globe in a process similar to Dougherty's (1992) concept of 'strategic scouting':

"With the advent of global communications distribution networks and easy travel, ideas spread across the world with ease. Ideas flowing from one country to another can be seen in different levels of maturity in different markets; mature in one, emerging in another. By looking to the world, insight and inspiration for local as well as global markets can be found."

<div align="right">(Diageo)</div>

There is a recognition of the ubiquity of trend information, it is available everywhere, to everyone. As such, it doesn't provide the competitive advantage that Diageo requires for product innovation:

"We are getting trends information from a whole bunch of different sources .... And everyone was going to trends presentations and were saying fantastic, and then were going back to their day jobs and doing bxxxxr all about it."

<div align="right">(Doug)</div>

Thus, it is the utilisation of the trend information, and the embedding of the information in the process that is the significant issue.

"So what we did was had an external agency pull it all together for us, with people from our consumer planning and strategy department. We looked at the external reports that we had bought and all of the previous research that we had done and pulled it together in a consistent approach across the world. We wanted to be able to say 'here are the trends that we believe are globally relevant.'"

<div align="right">(Doug)</div>

This process produced evidence of the major global trends which affect the buying behaviour of the consumers of Diageo's products. Another outcome of this process was

the development of a structural framework to help better utilise the trend information within the business.

Diageo appear to have adopted an 'etic' perspective to their trend development programme that is a focus on commonalities across cultures. They have also adopted a common approach to understanding consumer motivations globally:

"It's interesting because we had two different goes at it. First, we allowed the local markets to kind of define themselves and seek out different motivations, but it was a headache centrally."

(Colette)

"We look at consumer motivations on three levels. We look at them on emotional levels, on social levels and on a functional level..........and interestingly really powerful brands have those three things aligned."

(Doug)

7.5.2 Type of trends

Diageo have identified and communicated 18 trends globally, across the entire organisation. However, it is acknowledged that not all trends are relevant to all countries or innovation projects.

"It's interesting when we have people come in from Thailand or India and you show them this trend stuff and they say, what are you talking about?....We have a trend which is around taking risks, and the thinking in an increasingly safe world is that people are pushing the boundaries. So, in this trend board you have visuals of a soft drug culture and you get skateboarding, and you get all this stuff that is risky but within a fairly safe environment. We had a planner from Columbia come and visit us and she commented: "People from Columbia don't do things like that, extreme sports etc. Don't you think we have enough risk in our life already?"

(Doug)

The team working on an innovation project are responsible for selecting the three or four most relevant predominant trends and working with them. Diageo are currently looking at methods of quantifying the trend data to help decide which trends are relevant, and where.

"Currently, to be honest, our trends are based more around societal impact than anything else. Some economic impact would be in there, they are very broad actually. We tend to look at a range of societal influences and then pull them together as a trend, and out of that trend you then observe a series of what we call micro trends, which are the kind of things that tap into that trend."

(Colette)

The data reveals that main trends identified and used within Project Dice were fragmentation and individualism. There was also evidence in the data of the recognition

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of the emergence of a society that is both connected (the network economy) yet at the same time disconnected. This supports Cova's (1997) contention that consumers are making attempts at social recomposition and reconnecting with each other. Table 7.7 summaries the most frequently mentioned or documented trends within Project Dice.

Table 7.7: Types of Trend

Trend	Expressed as
Individualism	*"In terms of consumers' identity the trend we are seeing is this rise of individualism. The decline of the traditional identities, the family man etc..."* *"I think it's a function of the economy of disposable income, education, that type of thing."* *"We are not seeing so much evidence of individualism in Asian, Latin American or Catholic countries.*
Fragmentation	*"What we call a connected/disconnected society is all about the breakdown of community structures and technology filling the voids that this leaves. Not just technology; businesses are filling voids as well, for instance Nike run London."* *"The social identity is becoming more important, especially with these repertoire identities that consumers are adopting more and more these days."*
Decline in Trust	*"There is a lot of corporate mistrust around food and drink."* *"If you don't live by the standards that you are trying to aspire to people just see straight through it."*
Time Use	*"Time as currency is a big trend that we are seeing."* *"New consumer needs are evident in a time starved world."* *"Time as currency is all about not having the time to do anything these days."*

7.5.3 Use of trends

The development and subsequent usage of trends is an embryonic activity within Diageo. They are still in the exploration stage, thus using trends as a start point for innovation is a recent process.

"The issue we have is that a lot of the trend information is interesting but how do we use it... ...The value is not in identifying the trends because we can all go out and buy

the top ten trends. The value is how you start to use those trends within the business, and we are quite early days on that journey."

(Doug)

This was also emphasised by the project manager:

"To date we haven't used trends as start points, but we want to start doing more of this. In the past the brands have always provided the start point."

(Hanne)

There was unity in the view that trends are useful in identifying new product opportunities, rather than just building on existing brands and making incremental improvements. The data also revealed that the use of trend information helped the project team to contextualise the consumer's environment and better explain consumer buying behaviour:

"Trends help to 'contextualise' things and bring 'relevance to the different markets'. We use them in ideation, we use them for insight generation, and we use them to guide communication. We use them to them to identify opportunities etc."

(Doug)

The trend development workshops helped to contextualise the situation and directed product development efforts into areas where a new product category might evolve. This is exemplified in Project Doorbell and Project Dice, where a trend towards home consumption was identified. The trend towards the desire for connecting socially, e.g. home entertainment, can be explained by the postmodern condition of individualism. The need to form social links and friendships can be seen as an antidote to individualism (Cova, 1997). Its relevance was illustrated in the following:

"With increasingly individualistic and disconnected lifestyles consumers need to reconnect on a regular basis.... Sharing (of the product) is a focal point, which helps bring the group together."

(Hanne)

This insight was seen as significant in that it informed the company about consumers' need to connect with others, and helped Diageo to develop the product around the concept of 'sharing'. It also supports Cova's (1997) notion of the need for product innovations to have a 'linking value'. In this view extreme individualism is seen to be promoted to consumers' desire to search for a social link.

7.6 Visceralisation

A number of processes for the development of visceral knowledge were evident in the data. These included both indirect methods of consumer involvement and direct methods of consumer interaction. The latter was the most frequently discussed process. These are explained by a number of sub-constructs, which are reported below.

7.6.1 Indirect consumer involvement

At the beginning of the project the internal team members, together with the research agency and packaging designers, took part in a workshop in which:

"We basically brainstormed what Diageo refer to as the inhibitors to the 'take-home' market. We basically brainstormed for solutions, and that was without any consumer involvement at all....The idea was that the team would actually all get to work together for a day, and that in itself was beneficial."

(Mark)

Consumers were involved indirectly in that existing reports and the team's tacit knowledge of their issues was articulated through the use of creative problem solving techniques. As part of the consumers as stimulus workshops reported in section 7.6.2.3, the same internal team worked together to envisage the product concepts:

"This was quite interesting, we had a day with designers who were visualising solutions based on our brainstorming sessions.

(Mark)

Mark continued by explaining:

"The first day was brainstorming and generating broad territories of the solution and bringing them to life as competitive statements and kind of mood material....The mood material was really just market visuals, they were really done on the hoof, as were the brand names. These were then taken into the consumer groups as part of the Concept Labs."

(Mark)

7.6.1.1 Observation

A limited amount of consumer observation took place within the actual project, although observation is a feature of the trend development process. The cost of ethnographic studies and the ability to leverage the findings across a number of projects appeared to be an issue:

"There are ethnographic studies around the business, but it is very hard to justify it on the project level, a massive piece of ethnography. We are not very good at looking politically at the consumer and saying there is one piece of ethnography which services six projects going forward."

(Colette)

Despite the above observation, the value of this type of work was acknowledged:

"I would like to make sure we understand the consumer better, even if we do accompanied nights out. At least we should try and understand the totality of their lives, not just their lives and alcohol."

The Innovation Manager had empathy with this view and attempted to understand consumers' lives holistically through the use of observation and in-home placements of prototypes:

"In-home placements are unusual for Diageo but because the product was so radically different we needed some interaction with the consumer. We did a warm up session with consumers to talk about their lives and then gave them some product prototypes to take home."

<div align="right">(Hanne)</div>

"We placed the products with consumers and asked them to keep video diaries of their use of the products. They all use their own cameras etc, which caused us enormous nightmares as they all came back in different formats............I found it worked apart from the administrative nightmare of course. It allowed us to get really close to the consumer and see the product in use. I think what was really important for Diageo was that they saw the product being used in a real life situation, and I think they were quite impressed by some of it."

<div align="right">(Mark)</div>

7.6.1.2 Experts

A number of external experts were incorporated into the project team, as can be seen in the form of a data display in Figure 7.8. These were not lead users in a market, or experts in the sense that von Hippel (1986) suggests incorporating experts. Instead, they had expertise in the various functions needed to develop the product, e.g., designers and market research agencies. It can be seen that the use of various experts to generate visceral insights forms a type of extended, collaborative innovation network. This network includes both experts from the supply side of the business and experts in retail distribution.

Diageo explained their rationale for extending the innovation network to include experts from other fields as follows:

"We partner up with specialist suppliers for their input and expertise, from exploration to implementation ....We utilise suppliers to deliver real solutions faster and cheaper."

<div align="right">(Diageo)</div>

An example of this work was the work that the technical team had done prior to the start of the project with Tetrapak, the packaging manufacturer. The unique pack format was an integral part of the product innovation, and so Tetra was incorporated into the team. In addition:

"We wanted to understand the in-store environment so we took the concept to Tesco and talked to their merchandisers and buyers."

It was also felt that it helped to ground the project, which had started out as very exploratory, in commercial reality from the beginning. The Innovation Manager also acknowledged the need to incorporate other experts who were not related to the drinks or research markets into the process:

"As we are also becoming more externally focused, we are trying to weave experts into our process, for instance comedians, cake makers, etc."

(Hanne)

They are used to provide inspiration for idea generation, and again, to increase the level of diversity and resulting creativity within the organisation.

Figure 7.8: Data Display: Experts
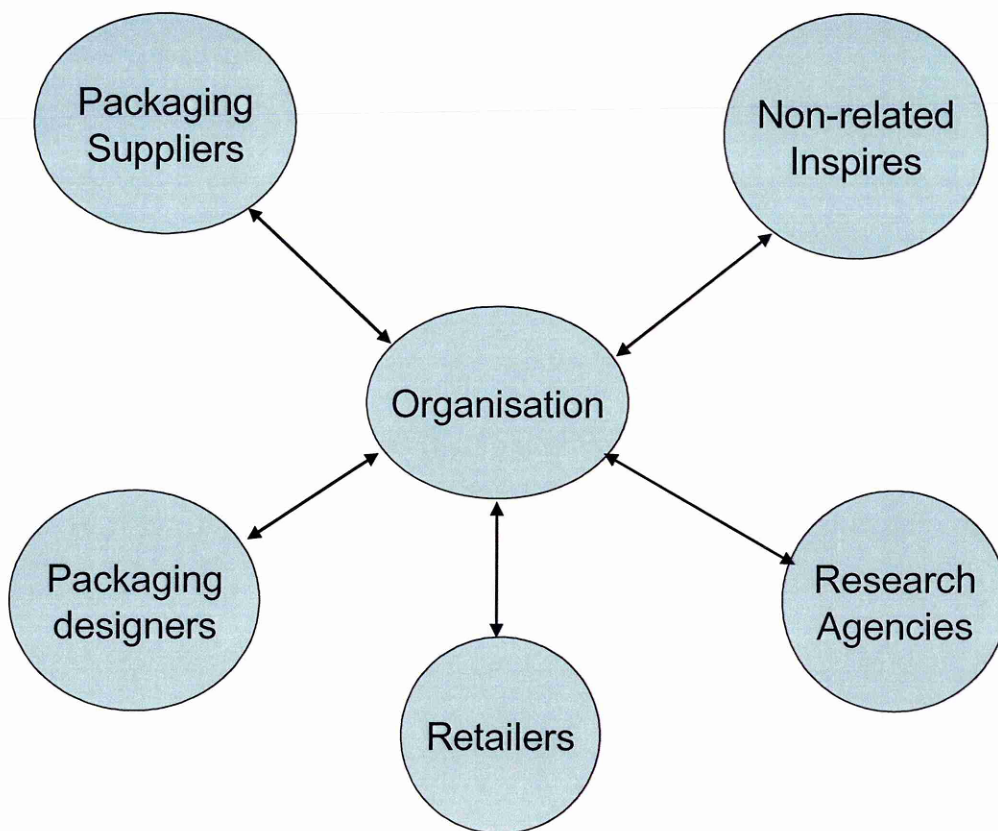
7.6.2 Direct consumer interaction

The ability to articulate visceral knowledge relies heavily on the propensity to develop direct interpersonal relationships. The case data is particularly rich with respect to the different forms of direct interpersonal relationships and direct consumer interaction. It provides evidence to support the literature (Dougherty, 1998) around the development of relationships with potential users of the product to enable the articulation of visceral knowledge. A number of modes of consumer involvement have been identified, and these are shown in the form of a data display in Figure 7.9.

Figure 7.9: Data Display Direct Consumer Interaction
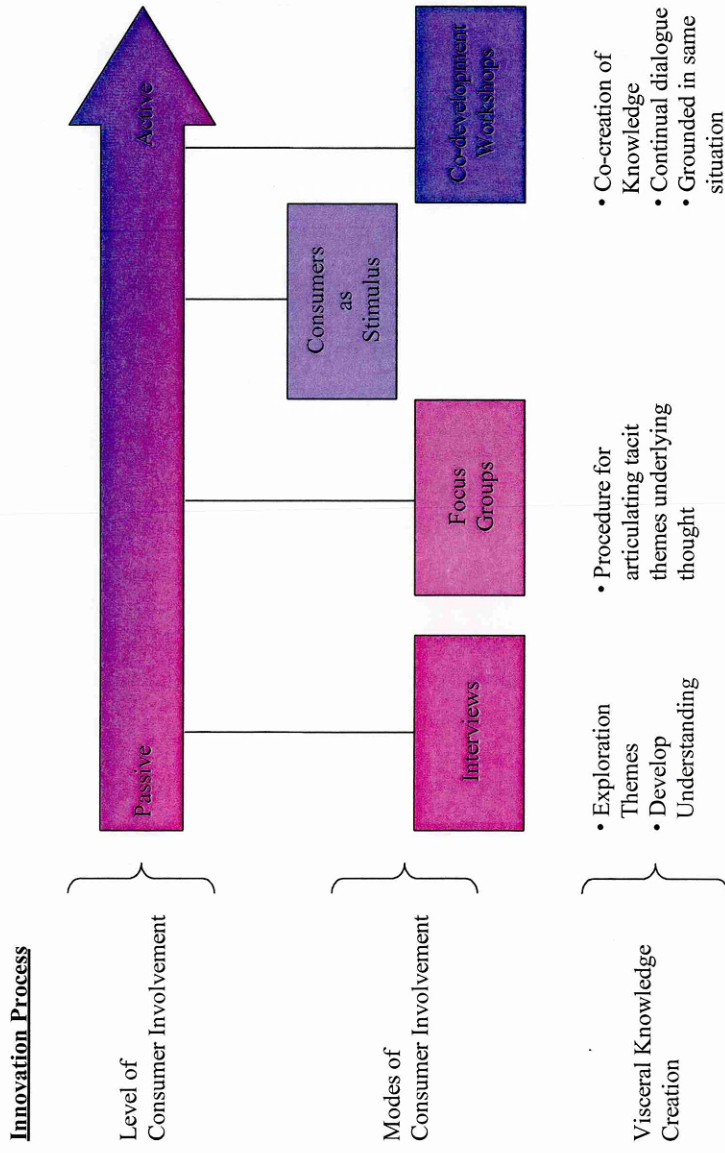
7.6.2.1 Interviews

Interviews are linked to the use of focus groups as they were often used in conjunction with focus groups. The Innovation Manager conducted a number of interviews herself and so had direct interaction with consumers. The external research agencies were brought in to help with the analysis of the data. Interviews were an important form of consumer interaction towards the end of the innovation process, during the test market. A test market was conducted with J. Sainsbury and 267 short, in-store interviews were conducted with shoppers. A further 80 in-depth interviews were conducted with 80 consumers who were intercepted in-store. However, these were conducted by research agencies, and so internal members of the project team did not interact directly with consumers at this later stage. The results were fed back to the team in the form of an agency report and presentation.

7.6.2.2 Focus groups

The traditional mode of consumer involvement in the form of focus groups was used on three different occasions. Focus groups were used to improve understanding of consumers, rather than as a method of enhancing creativity. Within Project Dice focus groups were used to:

"Understand the design direction and positioning areas.....Focus groups were used to nail the final packaging graphics and brand name."

(Hanne)

Focus groups as a direct form of consumer interaction were concerned with testing and validation of the concept and later brand, as opposed to the co-creation of the concept. The consumer planner explained:

"Focus groups are often used to test our insights and ideas qualitatively. The focus groups are really standard, and we often have several rounds of that until you come out with another recommendation.....So, I would say the interaction we have with consumers here is fairly traditional."

(Colette)

"Clients such as Diageo often revert back to the conventional methodologies. Partly, it is not having the confidence to argue for something too radical. Because at the end of the day they will have a review and they will have a kicking if a new methodology backfires once they get in front of the board."

(Mark)

7.6.2.3 Quasi-focus groups

Within Project Dice there was evidence of experimentation with some forms of non-traditional research methodologies, which involved close consumer collaboration. Diageo use the term 'concept lab' to describing a cross between a focus group and a co-

development workshop, which involved consumers building upon the visual concepts and ideas generated earlier by the internal team:

"Concepts were taken into the consumer groups the same evening and really explored. At that point the consumers were used to help develop the ideas rather than assess them. We didn't want to lose anything at that point."

<div align="right">(Mark)</div>

"We used the concept labs to generate ideas. We went through a process of the sequential recycling of ideas using consumers as builders.........This is an example of accumulating stimulus over time and making connections. It is the people who make connections."

<div align="right">(Hanne)</div>

This mode of consumer interaction was form of 'consumers as stimulus', where the project team developed concepts that were then presented to consumers, who help the team to develop them further. The Innovation Manager describes the process in more detail as follows:

"On day one, the Ideate session, the innovation team, research agency, technical people and our packaging suppliers came up with sketches. That evening we 'buddied up' with consumers, took the sketches to them and worked on them. We then used the findings as stimulus for day two. In the evening of day two we took a more refined coloured sketch back to the consumers."

<div align="right">(Hanne)</div>

From this workshop emerged *"a group of bigger areas to explore further."* (Hanne),

A data display of direct consumer interaction is shown in Figure 7.9. The use of 'consumers as stimulus' within the concept labs is seen as a medium level intensity of involvement. It is a hybrid approach between the co-development workshop approach and traditional focus groups. There appears to be no formal description of this approach within the literature. The respondent from the research agency also acknowledged that:

"We basically just worked with consumers; it was just the approach we took to moderating the groups, rather than some sort of formal research methodology."

<div align="right">(Mark)</div>

The concept labs were utilised for short periods of time, and involved periods of intense 'active' consumer involvement, where consumers were encouraged to build upon previously developed concepts. The approach was not as collaborative as a co-development workshop, nor did it use any kind of creative problem solving.

7.6.3 Enabling techniques

As part of the process of generating visceral insights, a number of enabling techniques were used to help the organisation better understand consumers' needs and motivations. These included:

➢ **Graphics and visual images**: coloured sketches were used in the concept labs as aids to stimulate thinking. Storyboards and PowerPoint presentations of the global trends are utilised throughout the organisation. Figure 7.10 is an example of a visual image that is used to denote a trend and stimulate thinking around the innovation process.

Figure 7.10: Visual Image
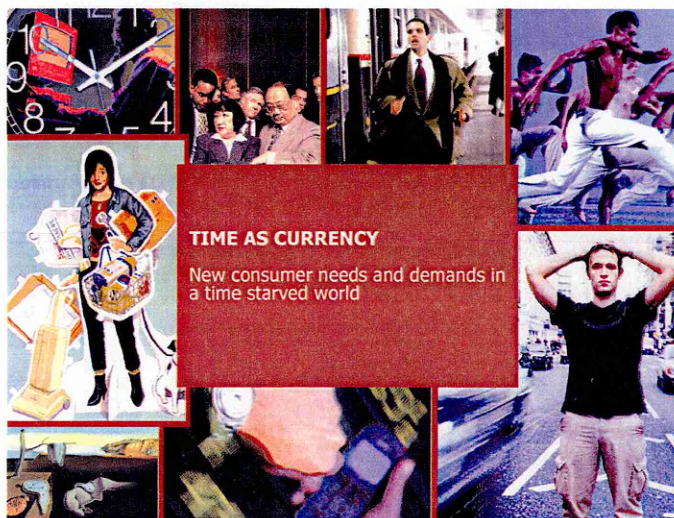
➢ **Prototypes**: Product concepts were given to consumers to trial at home.

➢ **Videos and photographs**: Cameras were given to consumers taking part in the home trial placement. Video clips and photographs were then fed back to the project team by the consumers.

The latter technique, the use of videos and photographs, provided the team with some deep insights, particularly in relation to the packaging, which was seen as very innovative:

"It threw up some real issues with the way the packaging was delivering. Some young girls had parties with the products and filmed the aftermath. The product was basically squirted on the walls all the time. This was great feedback for the technical bods, because they would never have believed us if we had just told them."

(Mark)

The use of these enabling techniques are supported in the literature by Nonaka (1989) who suggests that tacit knowledge is transformed into articulated knowledge through the creation of concepts, which are condensations of tacit images into language, drawings, etc. This also helped the project team to understand consumers' latent needs and those that were difficult to articulate.

7.6.3.1 Quantitative techniques

The data illustrates that quantitative techniques are used as part of the market learning and innovation process. They were used too as part of a brand naming omnibus to check for any negative brand name connotations. Consumer involvement in this process can be described as 'passive' as it only involved the answering of pre-structured questionnaires, and didn't involve the creative flow of ideas.

In addition, a test market was conducted during the final stages of the project which involved the use of questionnaires and quantitative forms of analysis. These surveys were conducted by the agencies working within the project team, and so did not include direct interaction between the organisation and the consumer. The in-home placement research was analysed using quantitative methods to "*try and define the size of the opportunity*" (Hanne). This links with the following construct of feasibility, as they were used to quantify the size of the opportunity to assess whether the project was feasible.

7.7 Feasibility and Fit with the Firm

As in the previous case studies, the interviews and data collection focused on consumer involvement, which is situated within the emerging trends and visceralisation area of the conceptual framework. However, some data did emerge around the constructs of 'fit with the firm', and feasibility. Interestingly, the feasibility of the project was an important issue throughout the project, and ultimately led to its pre-launch termination. The data display for the feasibility and fit with the firm construct is shown in Figure 7.11.

Figure 7.11: Feasibility/Fit with Firm Construct

SENIOR
MANAGEMENT
TEAM:
Approval

BUY-IN
(yes/no)

SIGN OFF

PROJECT PULLED

Concept/branding

Profit and loss profile

Test market

Resource implications

Stage 0	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Opportunities	Preliminary Investigation	Product Concept Development	Commercial Development	Test Market	Launch

Identified barriers to:
• Consumption
• Desired change in consumer behaviour

Based on validated consumer insight

Opportunity: in-home socialising

Concept 'informal' facilitating sharing
re-framing old world spirit values

PROJECT
TEAM:
Presentation

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The feasibility of a project is assessed and built into Diageo's innovation process through the use of its Navigate (Stage and Gate) process. The Innovation Manager discussed how products' strategic fit is linked to feasibility and the Navigate process:

"We always start a project with strategic fit. This also happens every time a project goes through the Stage and Gate process."

(Hanne)

Hence the assessment of the product's strategic fit and its feasibility is interrelated, and is part of a continuous process of assessment and iterations.

This structured process was not without its critics, however, and the Consumer Planner described the Navigate process as follows, highlighting some of its limitations with regard to consumer involvement:

"You have to pass a gate basically to proceed with a project. We have a group of gatekeepers, and I think that it is quite an interesting point; we are not very consumer focused. They are very business focused. We have to submit a gatekeeper paper to your gatekeepers for approval."

(Colette)

The Consumer Planner continued by suggesting that there is more scope for consumer interaction, particularly within the preliminary investigation stage. Also, she commented on the gatekeeper papers, which are used to help assess the feasibility of the project:

"They are very dry papers, they talk about the size of the opportunity, how much profit we can deliver, etc. This is where we could bring some more life to the report. This is where we could introduce consumers into our innovation process."

(Colette)

The above mentioned papers are part of a 'score-carding' system. The Innovation Manager felt that the Navigate system of score-carding projects helped to foster debate. The gatekeepers are company directors, e.g. the Finance and Marketing directors:

"The scoring system is used to create debate. At each stage the senior stakeholders challenge us with their concerns or their delights."

(Hanne)

This resonates with Dougherty's (1992) use of the metaphor of a 'council of elders' to conceptualise the creation of knowledge of 'fit with the firm'. The directors have 'know how' to make things happen; they can provide advice to the project team, and can easily identify the product's fit with company strategy.

It is down to the individual project owner, i.e., for the Innovation Manager to inject some creativity into the process in an attempt to meet the senior managers' assessment criteria and overcome any concerns that they might have.

"Within the innovation team the nature of the project manager, their behaviours, and motivations has more impact than if you are a brand manager, which is far more formulaic in its role... There is a balance in our work between methods versus madness. We are good at madness but big companies also have methods, thinking templates to help communicate to stakeholders who help to sign off on projects."

(Hanne)

The Innovation Project Manager continued by explaining that:

"We have to struggle with the different mindsets."

(Hanne)

Feasibility was also seen as an issue with regard to the development and use of trends:

"We are at the stage in the process where we have been given the endorsement to go off and play around, and if we don't deliver in the next 6-9 months people will say forget it."

(Doug)

Essentially the company was viewed as a global marketing company that is *'risk averse'*, and uses the Navigate process to help to mitigate risk. In addition, the company utilises a number of models and frameworks, such as the Consumer Scope, and Consumer Motivation State Model.

"It is a global tool that maps out all consumers of legal drinking age and what motivations they have in terms of socialising. Within it we have six segments, e.g. 'Release, the big night out.' Some consumers have all motivations, but some more than others. They can display different motivations throughout the day or the week. Then we map the different type of consumers, different types of venues, drinks, brands . It allows Diageo to manage a portfolio and to identify white spaces."

(Hanne)

The use of this model ensures that product innovation is kept within the company guidelines. However, it does not help to generate deep insights. This was echoed in the following response:

"What Consumer Scope doesn't do is to give richness of data. It is the first tool of desk research."

(Hanne)

Despite this there was a desire within the project team to attempt to embed the consumer deeper into its innovation process.

7.8 Discussion and Conclusion

The Project Dice case study provides support and confirmation to the emerging series of constructs and sub-constructs. All the top level constructs that have been elicited and developed in the previous case studies, Project KicK Ass and Project Oxygen, have been confirmed in Project Dice. There are a few differences amongst the sub-constructs, and these will be examined in the cross-case analysis. A summary of the constructs is presented in Table 7.8.

> ➤ *Emerging trends*

This case reveals the importance of the identification of emerging trends, particularly for the opportunity identification stage of the innovation process. It is clear that a significant amount of work is being conducted at the 'fuzzy front-end' of the innovation process. This supports Barringer and Bluedorn (1999), who found that opportunity recognition was the result of the environmental scanning and sense making process, as opposed to a 'flash of genius'.

As in the previous two case studies, the concept of lead users was not found to be of importance, whereas opinion formers and trend setters were found to be more relevant in the context of FMCG markets. This was particularly evident within Diageo, where recent product launches have an element of a fashion item about them. The product in development in Project Dice was intended to appeal to a younger, more fashionable consumer.

The societal trends of fragmentation and individualism were also evident in the trend development work. However, the project team were not concerned with the marketing literate consumer; this was treated as a given, as a commercial reality.

Table 7.8: Summary of Constructs

Constructs evidenced in Project Dice	Evidenced in Conceptual Framework
Emerging Trends	**Emerging Trends**
Sources of trend knowledge • Project team • External experts • External opinion formers • Consumers-observation • Qualitative market research	**Sources of trend knowledge** • Internal team • External experts • Lead users • Observation
Dissemination of trend knowledge • Trend storyboards/scenarios	**Dissemination of trend knowledge** • Scenarios • Forecasts products and technology lifecycles
Types of trends • Fragmentation • Individualism • Time use	
Visceralisation	**Visceralisation**
Indirect consumer involvement • Observation • External experts	• Interdisciplinary teams • Brainstorming • Observation • Lead users • Holograms • Virtual reality/simulators
Direct consumer involvement • Interviews • Focus groups • Quasi-focus groups	• Interviews • Visits • Focus groups
Enabling techniques • Brainstorming • Prototypes • Visual images • Videos and photographs	
Feasibility and Fit	**Feasibility**
Internal experts • Strategy • Project plan • Quantitative research • Stage and Gate process	**Internal experts** **Fit with the firm** • Renewal strategy • Sense of capabilities

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➤ *Visceralisation*

Collaboration and learning through collaboration was an important part of generating visceral insight. A review of the visceralisation construct has also demonstrated that the work is essentially a collaborative process, and can be seen in the structure of the project team, and the involvement of external experts. Collaborative relationships were also evident with downstream packaging suppliers and upstream retailers. A premise for cross-expertise collaboration is the need for diversity of knowledge (Cohen & Levinthal, 1990). The case study also demonstrates the importance of organisational learning; the learning resulting (indirectly) from consumers.

A detailed examination of the visceralisation construct has demonstrated the importance of direct consumer interaction. Consumers were used at different stages in the process to generate ideas, develop concepts, and test and validate the final product.

Diageo recognised that creativity and diversity of experience was essential for the innovation process. Direct consumer interaction was seen as a method of increasing diversity, as consumers had different backgrounds and life experiences from a Diageo manager:

"In the new world, the world where innovation is key, we are looking at increasing the number of start points for innovation. We are looking at the different ways of increasing diversity... We are constantly looking to work with new people and new techniques."

(Hanne)

➤ *Enabling techniques*

Enabling techniques took the form of basic brainstorming techniques and the use of visual and graphic images. In addition, prototypes in the form of product concepts were given to groups of consumers to trial at home. These consumers were also provided with video recording equipment and cameras to record the consumption process.

➤ *Feasibility and fit*

This case also demonstrates a number of examples where the company is clearly driven by formal processes such as the Navigate (Stage and Gate) process. This is illustrated as follows:

"We have frameworks that we use to ensure that everything we do has an insight attached."

(Colette)

Feasibility is continuously built into the innovation process through the use of such frameworks and models, which often act as a safeguard on a project. This starts at the 'fuzzy front-end' of the process, at the opportunity identification stage. In the original

conceptual model, Dougherty (1992) uses the term 'a council of elders', for people in the organisation with 'know-how' and experience. The findings in the Project Dice study reflect this idea of having a 'council of elders'; these are the directors, who are responsible for vetting projects at each gate within the process.

In summary, the findings of Project Dice are largely confirmatory of the previous case studies. The next chapter will present further findings in the form of a cross-case analysis.

8 Cross Case Analysis

8.1 Introduction

The overall aim of this research is to explore and provide an understanding of the market learning processes for innovation within FMCG organisations. The study was approached from a realist ontological stance and adopted a retroductive approach to inquiry. Following a preliminary study, a conceptual framework was identified from the literature and used as the point of embarkation. The subsequent chapters, five, six and seven, presented the within-case analysis, which progressively refined the framework. This provided the data for the cross-case analysis. This chapter presents the cross-case analysis, which represents the culmination of the sequential, iterative, analytical methodology adopted.

The cross-case analysis has further contributed to insights and understanding of the methods of market learning, and the modes of consumer involvement in the innovation process. This cross-case analysis ensures a third level of data reduction, allowing the expression of the findings in the form of an emerging theory, which is generalisable to all three case studies.

Firstly, the data and analysis from the three case studies are brought together and summarised. Following the structure of the within-case analysis, the contextual characteristics of the three projects are discussed. This is followed by a review of the content of the innovation process. The similarities and differences between the three cases are compared and contrasted, and some further findings are presented. Secondly, the finalised list of constructs are summarised and discussed. All the constructs have been developed and grounded in data provided by the case studies. The salient constructs are presented where relevant within a model or data display as recommended by Miles and Huberman (1994). The subsequent finalised theoretical model, which incorporates the final list of constructs, is presented in the concluding Chapter Nine.

8.2 The Marketing Environment

All three projects are situated within the context of the food and alcoholic beverages market, in global brand manufacturers. Here, fragmented markets, fierce competition, retailer consolidation, and demanding consumers are creating a unique set of challenges. A prominent feature of those challenges is the recognition that organisations must continually innovate and develop products which offer superior consumer value. The continuous improvement or renovation of existing brands and the development of new products is a strategic imperative.

The presence of a corporate level innovation strategy was apparent within all three projects. Within Project KicK Ass and Project Oxygen the innovation strategy is one of the organisation's *'four strategic pillars'* (Nestlé). Within Diageo and Project Dice, a

strategy of innovation is termed a *'strategic imperative'* and is also conceptualised as a supporting pillar in Diageo's *'strategic triangle'* model of corporate strategy.

The three project teams are all experiencing similar pressures, such as the effects of retailer consolidation. However, the effects of the latter appear to have affected the two projects within Nestlé more profoundly than within Diageo, and this is exemplified by comments such as:

"They are not a big help in terms of product innovation...Our agendas are different. They are only interested in margins and low price."

(Liam)

"The retailer is trading the consumer inch by inch; we need to leapfrog the retailer to the consumer."

(Liz)

A possible explanation for this may be that Diageo have other major outlets for their products; the 'on-trade', which includes bars and clubs. Nestlé are more dependent on the whims and internal agendas of the multiple retail buyer. Also, within Project Dice, Diageo actively involved the retailer in the development process. They discussed the concept with the multiple retail buyers, and in the latter stages of the project, secured a test market with J.Sainsbury.

In general the three projects were operating under similar contextual market conditions. Innovation is a key strategic objective for both companies, and is seen as a method of achieving brand differentiation and organic growth. Both companies are key players in their markets, and there is a general acceptance that growth through mergers and acquisitions is now waning; in the future growth is expected to come from new avenues from innovation in both product and the marketing process.

8.3 Renovation and Innovation

Each of the three projects reflected a process of change. The first case, Project KicK Ass, was slightly more complicated, as it represented a process of change along a number of dimensions. Firstly, in the marketing process, in the way that the product was communicated and delivered. Secondly, it represented a process of brand repositioning, and also included a number of new products in the form of line extensions. This process of building upon and improving existing brands is referred to as *'renovation'* within Nestlé. Diageo also use the same terminology to describe the same change processes of brand improvement and product line extensions. In both organisations existing brands are seen as a means of providing a guarantee of quality to the consumer, and as a means of delivering innovation. It can be seen from Table 8.1 that Project KicK Ass, the renovation project, ran for the shortest period of time.

In contrast, the second and third case studies, Project Oxygen and Project Dice, were both classified by the companies as *'innovation'* projects. Here, both projects were concerned with the development and launch of a totally new range of products under a

new brand name. For both of these projects, the market was relatively undefined, and this is reflected in the length of time that each project took. A comparison of the projects' time scales is given in Table 8.1.

Table 8.1: Projects' Time Scale and Ownership

Project	Type	Time Period	Launch	Project Owner
Oxygen	Innovation	38 months	Yes	Innovation team A sub-section of marketing
KicK Ass	Renovation	20 months	Yes	Brands Marketing
Dice	Innovation	24 months	No	Global Innovation Group

Project Oxygen and Project Dice were also the responsibility of the innovations group, whereas Project KicK Ass was the responsibility of the Brands Marketing Team. The innovations group within Nestlé is a part of the marketing department. Within Diageo the innovation team are a separate global team, and operate almost as independent consultants to the various markets. The innovation teams within both organisations are responsible for the creation of new products and new markets.

Product newness is a spectrum, which carries increasing amounts of risk for the organisation .The Booz, Allen and Hamilton (1982) typology identifies six categories of new product innovation in terms of the product's degree of newness. Utilising this classification (see Appendix 5.1.) Project KicK Ass can be classified as a low risk project as it involved presenting the brand in a revised format. However, there was a slight element of risk in the project team's ability to realign the brand with contemporary consumer expectations. In contrast, Project Oxygen and Project Dice represented a higher degree of risk for the organisation. The products were new to both the consumer and the organisation. This element of risk eventually led to the termination of Project Dice just before the launch. This was explained as follows:

"The decision was made because we believe that with such an innovative idea, it will take quite an investment to get the return we're looking for in terms of volume and profit. However, the test did confirm (in line with previous research) that the concept is motivating, meets a consumer need and ultimately changes the way people think about and use spirits. "

(Hanne)

Interestingly, Project Dice was also the project that was most stringently managed in terms of following a formal stage and gate review process.

8.3.1 Learning interventions

The data shows differences between the projects in the amount of market learning interventions that took place. Figure 8.1 highlights the number of external market learning activities that took place within each project and the number of internal, firm focused activities. It can be seen that the two innovation projects had the highest

number of market learning activities, i.e., those which directly involved the consumer. They also had the highest number of internal, organisational learning, insight dissemination, and product development activities. This also helps to explain the extended timescale of the innovation projects. The renovation project had the lowest number of internal and external market learning interventions. This could be explained by the fact that the managers were already cognisant of the processes needed to manage the brand, and are not venturing so far into new territory.

Figure 8.1: Total Number of Learning Interventions
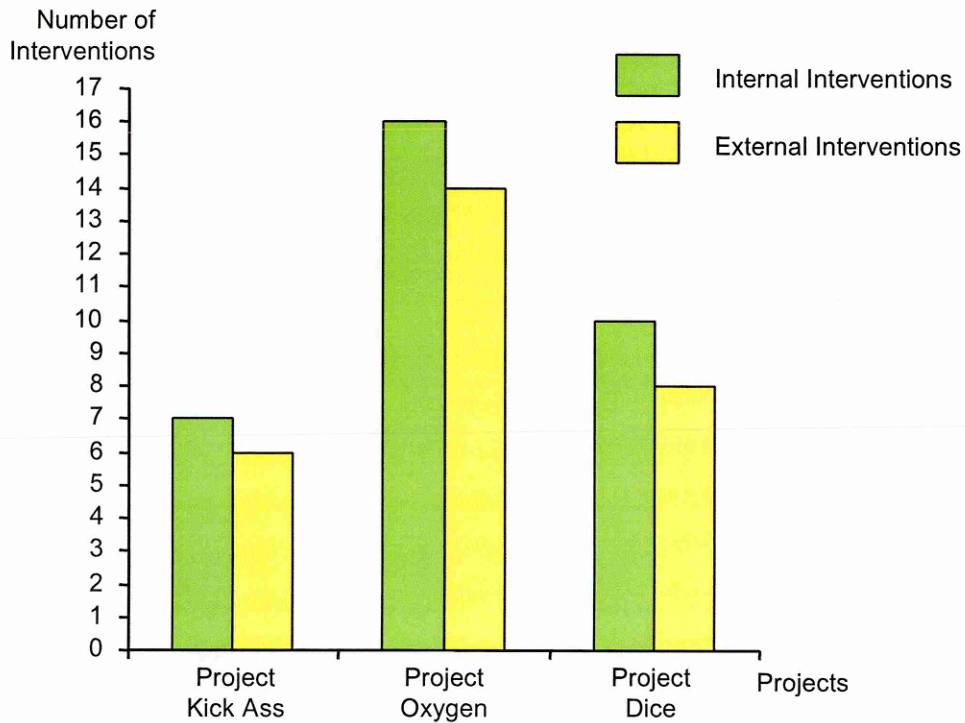
It is discernible from Figure 8.1 that, within each project, the number of internal, firm focused interventions exceeds the number of external market learning activities. This starts to suggest that the basis for value creation still lies within the organisation, in the activities of the internal team. This runs contrary to the emerging body of literature (Prahalad & Ramaswamy, 2004) that conceptualises the consumer as a co-creator of value. Although the consumer is directly involved in the projects the timing and type interaction is determined by the team's project manager.

8.3.2 Project teams

Each project team was asked to describe and conceptualise the composition of the project team. From this it was apparent that all three project teams were made up of a fixed core team and a wider team containing a number of functional specialists. The value of team work and this type of approach has long been recognised (Tidd et al.,

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2001). A team working approach helps to combine expertise and brings different perspectives together in a problem solving approach to innovation.

All the project teams were fluid entities and spanned organisational boundaries, that is, they included external consultants, and in the case of Project Dice, suppliers and retailers. Packaging suppliers were included in Project Dice because a major part of the new product design was based around innovative packaging. This then starts to define product innovation as a collaborative and boundary spanning process. It also supports Crawford's (1983) suggestion that innovation is second only to corporate strategy in the way that it involves all aspects and functions of management. Having a core team that is committed and responsible for the entire product effort fits with Dougherty's (1992) view of successful innovators.

The composition of the core team reflects the nature of the project, e.g. innovation or renovation. The structure of the wider project team also reflected the nature of the project and the stage in the innovation process. For instance, JWT, the advertising agency, were incorporated into the Project KicK Ass team, as the innovation included a new marketing communications strategy. Although the organisational respondents viewed the external agencies as collaborators and members of the project team, this was on a sporadic basis. The exception was the Synectics consultancy, with which Nestlé have extended their work into a number of other areas and projects. The collaborative relationships with the external agencies were driven by the needs of the organisation and arose in response to the needs of the task.

8.3.3 Projects' rationale

The rationale for the three projects is compared and contrasted in Table 8.2. The rationale for the conception of the three projects shows marked similarities in the case of the two innovation projects, Project Oxygen and Project Dice. Both of these projects were offspring of other projects, Project Higher Ground and Project Doorbell. In each case the organisations were exploring and pursuing multiple innovation opportunities concurrently. Projects Oxygen and Dice represent the culmination of this exploration and opportunity identification process. This also highlights the considerable amount of market learning that is taking place at the 'fuzzy front-end' of the innovation process. It also meant that for both innovation projects there was a solid existing base of market knowledge from which to draw.

Table 8.2: A Comparison of Project Rationales

Project Oxygen	Project Dice	Project KicK Ass
Driven by external consumer related factors.	Driven by external consumer related factors.	Driven by internal factors ' gut feel and instinct'.
Based on articulated knowledge.	Based on articulated knowledge.	Based on tacit knowledge.
Pre-project identified trends/consumer needs: ➢ Convenience ➢ Healthy eating ➢ Indulgence	Pre-project identified trends/consumer needs: ➢ Belonging/community ➢ Home consumption	No pre-project. Based on intuition and visceral knowledge. Instinctive feeling that the brand no longer seen to be connecting with consumers.
Opportunity for exploration and juxtaposition of the trends.	Opportunity to tap into trend for home consumption. Opportunity to change consumer perceptions of spirits.	Opportunity to develop a brand vision based on changing consumer lifestyles.

In contrast, project KicK Ass did not spring from a previous project and identification of a specific consumer opportunity. The rationale for this project was described as follows:

"It was more of an instinct of everyone that came on the team that something wasn't right, that there was a better way to do things on Kit Kat. There was this huge brand, it was doing very well, but there had to be more to go for. It started with a belief that we can do better than this."

(John)

This rationalisation is based on the deep seated intuition located within the team members. Intuition is defined as:

"Knowledge or perception not gained by reasoning and intelligence; instinctive knowledge or insight."

(Collins English Dictionary)

The use of intuition and tacit knowledge was evident at the beginning of Project Kick Ass. The intuitive feeling of the new brand team that the brand could connect better with contemporary consumers led to the inception of project KicK Ass. The project team used storytelling to help them articulate their intuitive feelings to the Nestlé Board. This also converges with Dougherty's (1992) ideas and description of the tacit aspects of visceral knowledge; of 'gut feel' and instinct.

8.4 Constructs

This section of the cross-case analysis goes on to compare the constructs that emerged as a result of the within-case analysis. Following the format of the case study chapters, the first construct is that of emerging trends. This is followed by visceralisation and feasibility/fit with the firm. The sub-constructs are further developed, and where appropriate, data displays from the cross-case analysis are presented as models, tables and diagrams. This helps to further synthesise the findings and the process of data reduction.

8.5 Emerging Trends

The data from all three studies supported the importance of the need for the organisation to understanding emerging trends (Dougherty, 1992) and to develop market sensing capabilities (Day, 1994). Both organisations were aware of the broader social and economic issues and have incorporated this understanding into the innovation projects. There are three sub-constructs within the emerging trends, which are supported by all three case studies. The three sub-constructs are:

- ➢ Sources of trend knowledge
- ➢ Types of trends
- ➢ Usage of trend information within the innovation process

8.5.1 Sources of trends

There was consistency across all three projects with regard to the sources of trend information. Figure 8.2 provides a typology of the sources of trend information used within each project.

This typology shows that sources of trend information can be categorised into external sources and internal sources, those generated by the innovation teams. For each project the major external form of trend information was that generated by specialist consultancies. However, the resulting trend development work was not project, or product specific; it was designed to cover all innovation projects within both companies. Across all three projects the innovations team were classed as the prime source of trend information as they were actively involved with the consultancies in their development. In addition, within Project Dice a number of strategists from Diageo also worked on the trend devlopement programme. The trend information within Diageo had to have 'global relevance', as it is used by the entire Diageo group.

Figure 8.2: Typology of Sources of Trend Information

Cross Case Analysis:
Typology of Sources of Trend Information

	Hard trend spotting	Soft trend spotting
External sources	CONSULTANCIES THINK TANKS PUBLICATIONS	OPINION FORMERS LEADING EDGE CONSUMERS QUALITIATIVE RESEARCHERS
Internal sources	INNOVATION TEAM	INNOVATION & MARKETING TEAM "LIVING THE TREND"

The sources of trend information can be further analysed into 'hard' and 'soft' trend spotting (Gordon, 1999). Hard trend spotting includes the use of external consultants and published data relating to the emerging social and economic conditions. This process was more formal and tended to be data driven. Soft trend spotting, as its name implies, is not a formal process, and is not based on official data, but is based more on observation and an intuitive feel for what is happening in the marketplace. According to Gordon (1999), good qualitative researchers are *"skilled at spotting patterns and shapes in the contextual fabric of their field of study."*

The use of soft trend spotting was emphasised in Project Oxygen and Project KicK Ass, the Nestlé projects. This is demonstrated in Figure 8.3, which shows an extract from an internal company presentation, which states that *"inspiration is all around us"*, and emphasises the need to be in constant contact with consumers and the environment.

Although the term 'soft' trend spotting was not mentioned directly in connection with Project Dice, the Diageo respondents showed an awareness of its use within the wider organisation. The use of the internal marketing and innovation teams as sources of trend information was evident across all three projects. This was expressed in terms such as:

"We tend to have a young interesting marketing team who are at the forefront of the fashion and club culture."

(Doug)

This was also evident from observing the working environment (office furnishings and artwork) and dress code (casual/trendy) of the respondents in both organisations. In addition, the international makeup of the project teams and members of the wider organisation helped to promote diversity and bring together different perspectives and views of the changing social and cultural conditions.

Figure 8.3: Nestlé Trend Presentation
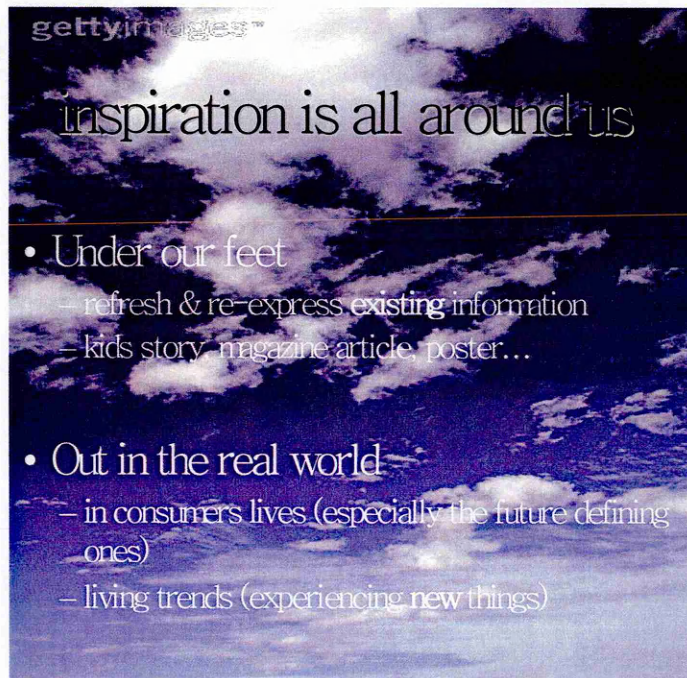
8.5.2 Types of trends

To help with the dissemination of trend knowledge each organisation has categorised the trends and developed typologies to represent them. These were evident in the visual storyboards that are displayed in the offices. The trends used in each project were predominantly based on societal and cultural changes. This is illustrated as follows:

"To be honest, ours are based more around societal impact than anything else. So, some economic impact would be in there, but they are very broad actually. We tend to look at range of societal influences and then pull those together into a trend. And out of that trend you then observe a series of what we call micro trends, which are kind of things that tap into that trend."

(Colette)

There were marked similarities in the types of societal trends that were identified in the projects. The five most frequently mentioned types of societal trends across all the case studies are shown in Table 8.3.

Table 8.3: Types of Trends

Type of Trend	Project KicK Ass	Project Oxygen	Project Dice	All Projects
	Text Unit Count	Text Unit Count	Text Unit Count	Total Text Unit Count
Fragmentation	8	25	7	40
Individualism	4	10	12	26
Marketing Literacy	14	5	1	19
Authenticity	4	11	2	17
Time Use	1	11	4	16

8.5.2.1 Fragmentation

Fragmentation was the most widely recognised trend. The respondents all acknowledged that consumers' lifestyles often appear to be disconnected and fragmented, giving rise to the appearance of consumers with multiple personas. These fragmenting and sometime conflicting consumer identities were discussed by both Nestlé and Diageo respondents:

"We are often finding that consumers are wearing different hats, at different times. The same person can be mother, career woman, and party girl, whatever they want to be."

(Kay, Nestlé)

"Especially with these repertoire identities that consumers are adopting more and more these days. The social identity becomes more important."

(Doug, Diageo)

The trend described as individualism was often discussed and linked with that of fragmentation. Within Projects Kick Ass and Oxygen the term '*we the individual*' was used to describe individualism and its counter trend, the need for *a sense of belonging*. This theme was also picked in Project Dice where the term '*connected/disconnected society*' was used. In a similar vein, Wilmott and Nelson (2003) describe this as *"collaborative individualists"*; individuals who retain a sense of community but in a form that embraces the new individualism.

8.5.2.2 Marketing literacy

Marketing literacy is a trend that was constantly referred to within the two Nestlé projects, but was not a major feature of Project Dice. The Nestlé participants discussed marketing literacy in terms of consumer knowledge and cognisance of the marketing process. The high text count shown within Project Kick Ass may be explained by the nature of the renovation project, which included the development of a new marketing

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communications strategy. Consumers' ability to deconstruct advertising campaigns is well documented within the literature (Brown, 2004; Mitchell, 2001).

It is possible that little mention was made of the marketing literate consumer or the 'new consumer' (Baker, 2003) by the Project Dice team because they are just taken as a given in the current climate. This was illustrated as follows:

"The new consumer, it's just a mindset thing really, I think... We don't talk about the post- modern consumer, I think people know what it means though, it's just different terminology."

<div align="right">(Colette)</div>

8.5.2.3 Authenticity

Authenticity was a trend that was linked to the nature of the marketplace and the product innovation, that of food and drink. There was consensus across all respondents that there is yearning within some consumer groups for the authentic, for the pure, for traceability in food production. Anxiety amongst consumers has grown in parallel with freedom and individualism. This can foster volatility in both the food and drinks market where recent health scares have caused uncertainty and anxiety.

8.5.2.4 Time use

The high number of text counts within Project Oxygen for each type of trend is partly a reflection of the makeup of the project team. It contained two external consultants whose expertise was in the identification and analysis of trends. The external consultants were also familiar with the postmodern literature and terminology. In contrast, the internal team members did not use the postmodern terminology to describe trends, preferring to adopt a more pragmatic turn of phrase. An example of this is the trend of 'time use'. Essentially this relates to people's perceptions of time pressure, and is symptomatic of the complexity that is being felt in society. The term 'time use' to categorise this trend is also used by Wilmott and Nelson (2003), and although the trend was not discussed openly within Project KicK Ass, it was still recognised. The exploration of the relevance of breaks in a *'time pressured 24/7 society'* identifies the importance of time in consumers' lives.

8.5.3 Utilisation of trends

In terms of the innovation process there was unity in the view that:

"The value is not in identifying the trends, because we can all go out and buy the top ten trends. It is more how you start to use the trends in the business."

<div align="right">(Doug, Diageo)</div>

It was also acknowledged that this is the most difficult part of the process, and one which both organisations are struggling with. The problem is:

"How do we embed trends within the innovation process?"

(Liz, Nestlé)

Diageo are attempting to identify and utilise trends on a global basis, whereas Nestlé's trend work reflects the European market. Within both companies trend information is utilised throughout the organisation. The relevant trends are selected for a project. The main areas of trend utilisation across the three projects are shown in Figure 8.4.

8.5.3.1 Opportunity identification and ideation

The identification of innovation opportunities proved to be an important area for the use of trend information. The exploration of trends and opportunity identification is the first stage in the product innovation and renovation process:

"We use our knowledge of trends to spark the ideation process."

(John, Nestlé)

Trends were used in the ideation process across all projects. The trend towards home consumption was seen as an opportunity for exploration within Project Dice. Within Project Oxygen the trends that represented consumers' need for indulgence were used to generate ideas. The respondents within Project Dice and Project Oxygen both discussed opportunity identification and insight generation in terms of the *"juxtaposition or clashing together of trends"*. This is further illustrated in Project Oxygen:

"Obviously we had projects looking at all these trends separately but we thought 'What would happen if we actually tried to actually connect all three together and we tried to call that, this connection of all these trends, the area of the Holy Grail?'"

(Kay, Nestlé)

8.5.3.2 Insight generation

The trend work was used internally by the project team in the insight generation process across all three projects. Within the renovation project, Project Kick Ass, this was described as follows:

"I would define the work for Nestlé as market-led or insight-led innovation, which is about discovering insights into human behaviour and human needs within the shifting context in which people operate."

(David)

Within Project Dice and Project Oxygen the respondents both mentioned a process of juxtaposing the trends to see what this would reveal. This supports Dougherty (1992)

who states that *"trend knowledge creates a vital thought space for envisioning the evolution of a product category."*

8.5.3.3 Communications

The use of trends in the communications project was most evident within Project KicK Ass. The recognition that it was no longer appropriate to tell consumers what to do;

"We can no longer tell consumers what to do, to take a break etc."

(Liam, Nestlé)

This was a key insight which informed the new marketing communications strategy.

Diageo also stated that they used trends to develop market communications, but the early cessation of Project Dice meant that this process had not been followed through. Respondents from all the projects used the term 'energy', or 'energies' to explain and communicate trend utilisation. The use of the term in this context is unfamiliar in the literature. Nestlé talked about searching for where the energies within trends are flowing:

"Are consumers pleased or antagonistic to be going in a certain way? And how do we capitalise on that?"
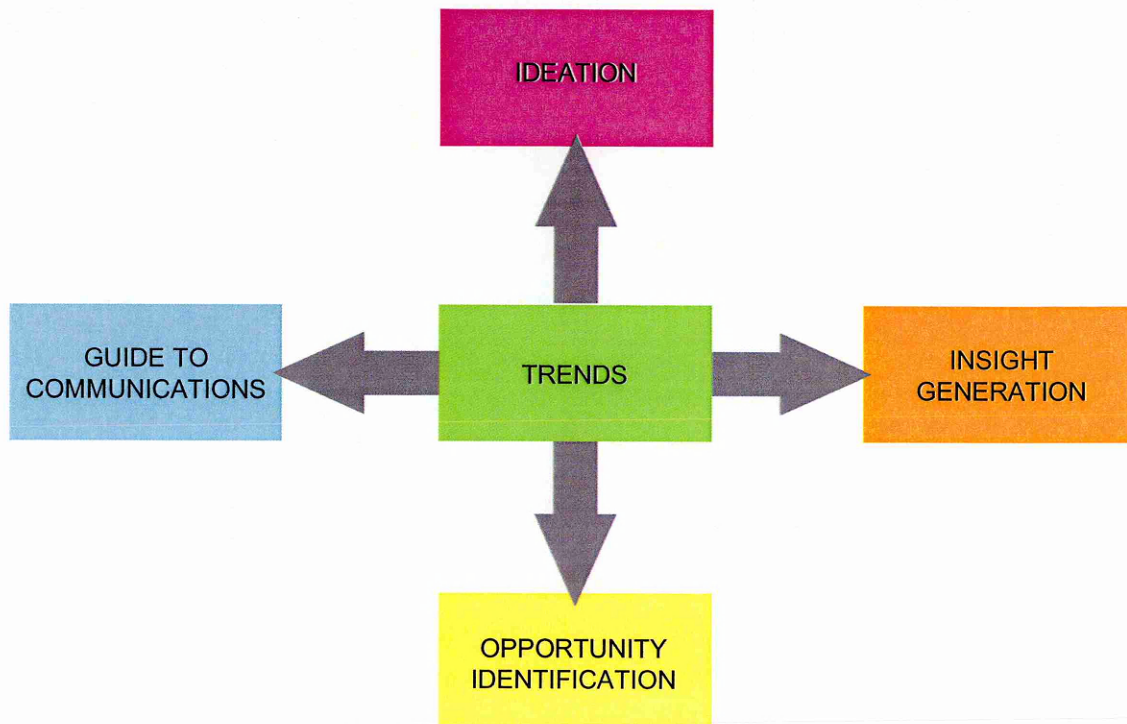
(Liz, Nestlé)

"Energies are created by the changes occurring in the world. What we are struggling with is how to convince senior management that we can exploit those energies."

(Doug, Diageo)

The utilisation of trend knowledge across the three projects is summarised below in Figure 8.4.

Figure 8.4: Use of Trend Knowledge

8.6 Visceralisation

Visceralisation is the second of the four clusters of market-technology knowledge creation that have been explored in the within-case analysis. The issues of why consumers want a product innovation and how it will fit in with their lives are at the core of market-technology knowledge creation. According to Dougherty (1992), through visceralisation, *"product innovators come to imagine the product in use, develop a real sense for the problem that the product will solve for customers and see how customers perceive value"*. Gathering tacit visceral knowledge and converting it into articulable knowledge requires direct consumer interaction.

8.6.1 Direct consumer interaction

Five major modes of direct consumer interaction were mentioned, including consumer visits, interviews, focus groups, quasi-focus groups and co-development workshops. All of these methodologies are recognised in the literature relating to practioner methods of qualitative market research (Gordon, 1999). Figure 8.5 shows the total number of times that each method of consumer interaction was used across all three projects.

Figure 8.5: Total Number of Consumer Interactions By Type
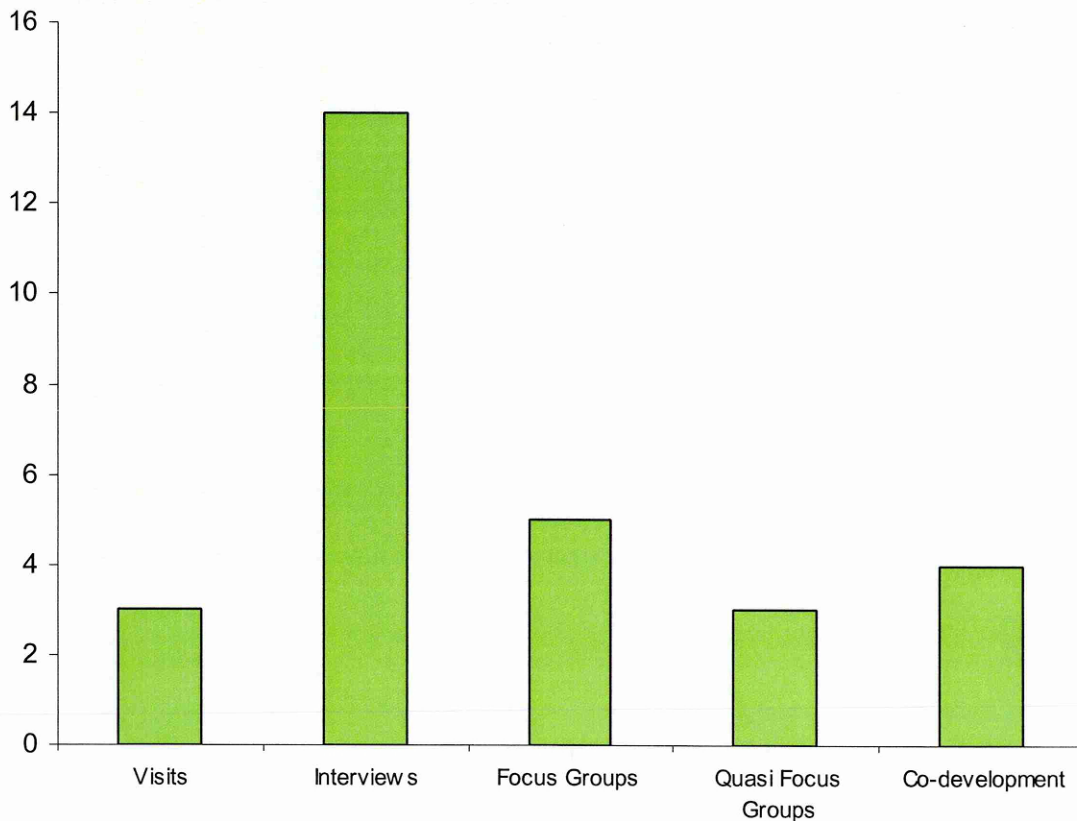
8.6.2 Interviews

It can be seen that the traditional method of interviewing was the most frequently used mode of direct consumer interaction across the three case studies. This figure also includes the in-home concept and consumer taste tests, as they were conducted in an interview format. These findings differ from the literature, as Gordon (1999) cites individual interviews as declining in popularity.

Even though interviewing was the most common approach, both the internal teams and the consultancy respondents were critical of traditional qualitative methods of inquiry such as in-depth interviewing and focus groups:

"I think we have to challenge ourselves about the techniques we're using and try and find better techniques. If we really believe something but the interview, or focus group doesn't unlock the opportunity or capture it in the way we were hoping, maybe that's real and that's the end of the road for that project, and the consumer's not interested. Or maybe our approach isn't the right approach."

(Arthur)

Although the respondents across all projects were to keen to experiment with non-traditional methods of market-learning, the use of non-traditional techniques may be

explained by the feasibility construct. All the project teams, and in particular Project Dice, had procedures to follow and had to prove the project's feasibility. It was suggested by a consultant working on Project Dice that:

"The project team sometimes felt safer with tried and tested methods."

<div align="right">(Mark)</div>

He continued by explaining:

"I think sometimes the clients at a more general level, they somehow need to objectify consumers, and they find it very difficult to relate to consumers as peers or people, and they need to objectify it so that somehow marketing becomes a science."

<div align="right">(Mark)</div>

8.6.2.1 Participant observation

Observations supplemented by interviews and records of conversations are known as participant observation. This process was used within Project KicK Ass and Project Dice. In the latter project the team were involved in viewing 'home made videos' and interviewing consumers about them.

8.6.3 Consumer visits

In the literature consumer visits are an important part of the visceralisation process, but are only mentioned within Project KicK Ass. This can be seen in Figure 8.6 which shows the breakdown of direct consumer interaction by project. Within Project KicK Ass, consumer visits were linked to the process of interviewing as they were conducted in tandem.

"We thought about where people take breaks and what kind of breaks they take. So we went to a small office, we went to a garage. So, the office would be the place where breaks are not that formal, people would just take a break when they are working."

<div align="right">(Arun)</div>

Although the act of visiting consumers is only mentioned in relation to Nestlé's renovation project, it was revealed that in the future the 'consumer buddy' system will continue as it proved successful, and the insights from this can be utilised in other projects, e.g. innovation projects. Thus consumer visits are seen as a process for developing a repository of visceral knowledge.

Figure 8.6: Direct Consumer Interaction by Project

Project Oxygen	Project Kick Ass	Project Dice
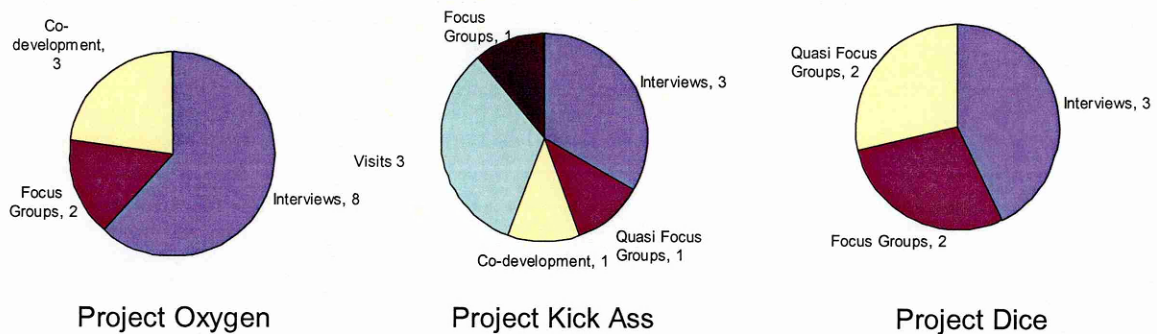
The lack of consumer visits in the two innovation projects may be explained by the cost and time involved. These projects were not efficient in terms of 'time to market'. When Dougherty (1992) and von-Hippel (1986) discuss visits, they do so in terms of customers, not consumers, who are fewer in number and stand to gain from the visit. From the data it is difficult to assess whether any of the 'consumer buddies' working with Nestlé benefited, unlike von Hippel's (1986) lead user customers.

8.6.4 Focus groups

Despite the following observations and disillusionment with conventional focus groups, they were the second most commonly used method of direct consumer interaction:

*"On the whole what happens in research groups is, this is an acronym for FMCG, it's 'f*****g marvellous that consumers go'. You know, it's tedious, could you spend 90 minutes talking about Lucozade. It's damn difficult."*

(Aileen)

The consultancy respondent within Project Oxygen continued by providing an explanation for why focus groups are still popular with the organisation.

"Producers like safe sanitised consumers, and the consumer is as risk averse as the company.....There is a lot riding on innovation. There is a lot of anxiety about it, and when there is anxiety, people become very structured."

(Aileen)

This comment highlights the fact that although the organisation purports to be more far-reaching in their approach to the consumer and the innovation process, they are still conservative in their approach. Diageo also claimed that they are still:

"A very 'risk averse' company' and failure is remembered for a long time."

(Colette)

Within project Kick Ass, focus groups were used late in the process to validate the products and advertising campaign. The focus group resembled a type of laboratory situation where consumers' response to stimuli, the advertisements, could be explored. They were not used or regarded as innovators within this process. Within Project Oxygen focus groups were used at the beginning of the project, during the exploratory stage of Project Higher Ground. The rationale for their use was given as:

"We wanted to see how permissibility could be approached, e.g. could it be through ingredients or through 'want states' etc. "

<div align="right">(Louise)</div>

"We wanted to understand people's lifestyles, what would motivate them; they had different ways of expressing this permissible indulgence. "

<div align="right">(Kay)</div>

The findings from the focus group interviews were invaluable as they contributed to Nestlé's decision to change direction within the project. A further focus group was conducted in the middle of the project to verify some of the findings. The use of focus groups within Project Dice mirrors that of Project KicK Ass. They were used to test and validate the concept, the brand name and packaging. They were used to test rather than develop consumer insights.

8.6.4.1 Quasi-focus groups

Within the renovation Project KicK Ass and the innovation Project Dice there was evidence of the use of a quasi-focus group. This term is used to describe a departure from the conventional focus group into the territory of co-development. Although the groups run over two or three days and encourage active participation, the consumer is not an active participant in the sense of a co-development workshop. Also, the advanced creative problem solving techniques utilised in the co-development workshops were not used. The literature discusses variations on the focus group methodology, such as extended creativity groups and conflict groups, however the type of groups utilised in the projects are not mentioned.

The term *'consumers as stimulus'* was used in Project Kick Ass and the term *'concept labs'* was used in Project Dice. The fact that these techniques are not mentioned in the literature is a reflection of the continuous experimentation with market learning techniques that is taking place within organisations and their associated agencies. Four agency respondents commented on the fact that they were experimenting with and had developed proprietary methodologies.

"We were using and abusing consumers frankly, because we had a huge task which was to fill the innovation pipeline for the next five years over a period of six weeks. And the timing dictated us, forced us, you know it was mother of necessity; it forced us to create the approach. The team who worked on it from Green House had used similar techniques before but we had never condensed it into such a timeframe. "

<div align="right">(Pat)</div>

<div align="center">211</div>

Within Project Dice the concept labs were used at the beginning of the project to help generate ideas. Both the Nestlé and Diageo respondents stressed the use of *'consumers as builders'* of ideas, recognising their competence and ability to contribute, given the right environment. The following is a quote from a member of the Project Dice team:

"We used real external people – they were then taken into consumer groups that same evening somewhere in London and really explored and at that point the consumers were used to help develop the idea rather than assess them – we didn't want to lose anything at that point."

(Mark)

The description of consumers as *'real external people'* is insightful as it highlights the perception that the consumer is still someone outside the organisation. Also, the comment, *"we were using and abusing consumers"* does not indicate that the consumer is regarded as an equal member of the team. This also runs contrary to Millier's (1999) assertion that the real value of co-development lies in the mutual changes in customer/supplier attitudes. He describes how customers working on technology projects gradually start to feel that the project is their own as the work progresses.

8.6.5 Co-development

Co-development is currently seen as a new approach within FMCG markets. This approach was only used within the two Nestlé projects, although Diageo did participate in the co-development workshop described in Chapter Five and expressed an interest in this approach. The use of this approach was stimulated by the need to find a more relevant and insightful means of understanding the complexity of consumer behaviour, highlighted in the trend development work. A number of respondents recognised the need to get closer to the consumer and saw the co-development workshops as a means of doing so.

"The benefit for Nestlé is that they are getting in front of the consumer, and developing a rapport and understanding. Traditionally it would be the agency that gets in front of the consumer, not Nestlé."

(Sam)

This also highlights the fact that the notion of the detached researcher is gradually being eroded. The use of this approach also starts to recognise that by treating the consumer as a 'passive object' of study, their potential contribution to the innovation processes is being undervalued.

The agency respondents who facilitated the co-development workshops all recognised the potential of the consumer. The respondents from Upstream and Synectics worked on the same basic premise that all consumers can be a creative and a problem solving resource for the company, given the time and an environment conducive to creativity. This was echoed by the respondents from Nestlé:

"I do believe that everybody's creative and you can use consumers to create with you. It's as simple as that."

(Ann)

In contrast, the two respondents from the Brandgenetics agency discussed consumers as a competence for the organisation based on their ability to form social connections and diffuse information about an innovation. They also compared their methodology and product selection process to Darwin's theory of natural selection. Again, most of the co-development work took place in the early stages of the project, with the exception of Project Oxygen, where a collaborative workshop took place later on to explore the product's positioning strategy.

8.6.6 Indirect consumer involvement

The visceralisation construct was also made up of a number of market intelligence and dissemination activities that did not directly involve the consumer. Instead, they used both tacit and codified knowledge of the consumer to create visceral knowledge. Key elements of a market orientation are intelligence generation and dissemination (Kohli & Jaworski, 1990). In order to both generate and disseminate knowledge all the project teams attempted to access the tacit knowledge that resided within the team and the wider organisation.

In Project KicK Ass this was achieved through the use of insight generation workshops, which were facilitated by two external consultancies. This was also evident in the idea generation workshops that were a part of Project Oxygen. Both Project Oxygen and Project KicK Ass incorporated an element of staff training, which was designed to develop skills in qualitative research, data collection, analysis and interpretation. This also involved the team in developing their sensing and awareness skills:

"We wanted to help the team to be more insightful and develop their intuitive skills."

(Tom)

Gordon (1999) argues that intuition is an essential component of qualitative research. It is *"the eureka moment during a research project when all the patterns of thread, juxtaposition of colour and highlights of texture make the picture meaningful."*

Although both projects were run independently, they were still within the same organisation, which is promoting this organisational learning approach. There was no formal insight generation programme within Project Dice. However, it was felt that the Navigate process also supported internal learning as it fostered debate and a deep analysis of consumer data:

"The Navigate process creates debate and learning."

(Hanne)

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The use of conventional brainstorming techniques by the project team was consistent across all three projects. Within Project Dice this was termed *"thinking big"*, and the name reflects the nature of the process. This took place at the beginning of the project; the aim was not to be constrained in their thinking. Brainstorming also took place with the internal team at the beginning of Project KicK Ass and Project Oxygen.

8.6.7 Observation

In observational work the primary emphasis is on what consumers do, rather than on what they say they do. Simple observation where the observer operates impartially and records details of consumer behaviour was a feature of the 'soft-trend' spotting highlighted in section 8.5.1. This was a common process across the projects.
The information gleaned was captured for later, further analysis, and used as a stimulus for research.

8.6.8 Experts

The use of experts within the process to help generate insight was evident in all three projects, but in different degrees. Project Dice had the greatest amount of external expert involvement, as it included both downstream packaging suppliers and upstream retailers. This may be explained by the nature of the product's design, which was built upon a new innovative packaging concept. The project team also wanted the get the buy-in of retailers and secure a test market for the product. In contrast, the new Kit Kat products in Project KicK Ass were developed along traditional lines and the packaging for Little Notions in Project Oxygen were conventional.

Figure 8.7 presents a data display for the use of external experts. It can be seen that the use of external market research, NPD consultants and advertising agencies was common to all projects. A second tier of experts emerged, that which Diageo term *'unrelated inspirers'*. These included the use of therapists and actors within Project Kick Ass. From the data it could be seen that members of the Project Oxygen and Dice teams discussed the need to incorporate these experts in future.

Figure 8.7: Use of Experts
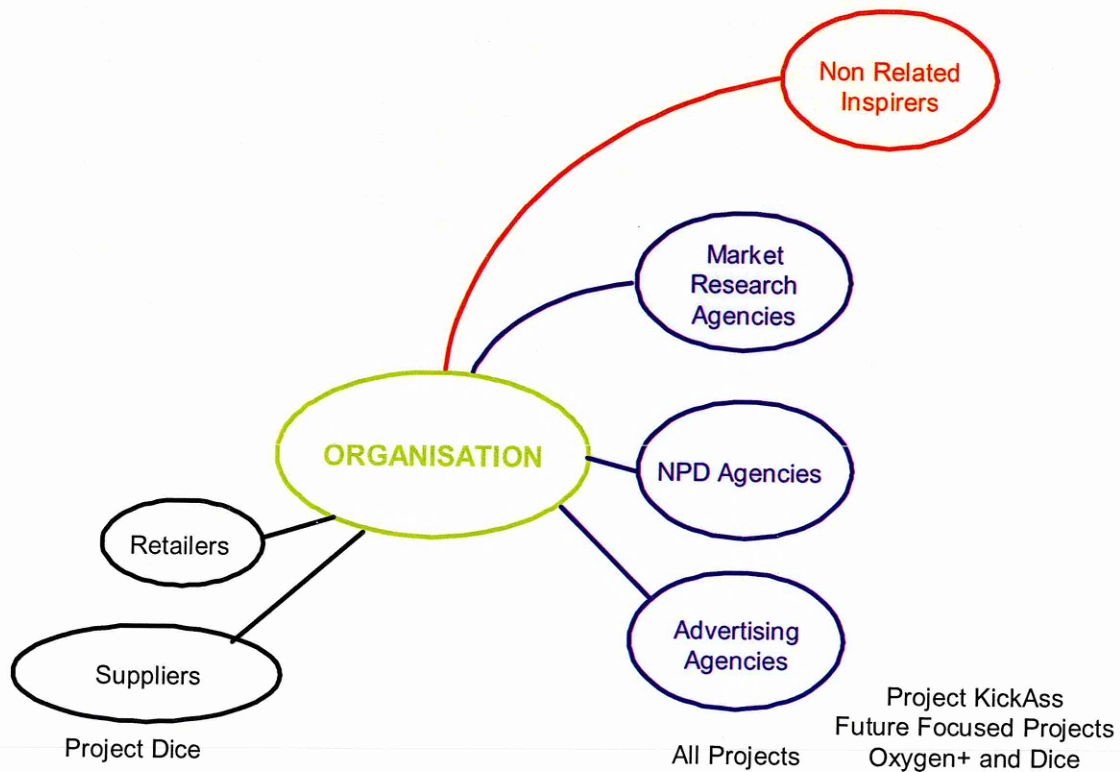
8.6.9 Enabling techniques

The following Table 8.4 summarises the enabling techniques that were used within each project to enable the team in creating visceral knowledge, helping them to better understand consumers' needs and motivations. They were also used to enable consumers to better articulate their preferences, issues and latent needs. This is an essential component of a pro-active marketing orientation (Slater & Narver, 2004).

It can be seen from the table that brainstorming and the use of visual stimulus material were the most popular techniques. These are well known methods and are simple to use. More advanced creative problem solving techniques were used within Project Kick Ass and Project Oxygen. This can be explained by the use of co-development workshops in both projects. Creative problem solving is a key constituent of the co-development workshops.

Table 8.4: Use of Enabling Techniques

Enabling Technique	Project Kick Ass	Project Oxygen	Project Dice
Brainstorming	√	√	√
Visual Images/concepts	√	√	√
Creative problem solving	√	√	
Videos/cameras		√	√
Visualisation		√	
Prototypes			√
Story telling	√		
Metaphor/analogy	√		

Video recordings were made by consumers of fellow consumers' trialling the new drink prototypes in Project Dice. This helped the technical team to make some improvements to the pack design. This was the only project that involved consumers using prototypes of the products. In contrast, video recordings of young female consumers were used to help the Nestlé Board of Directors understand what being young and female is all about. It was designed to generate support and understanding for the project, as opposed to developing a product.

8.7 Feasibility and Fit with the Firm

Dougherty (1992) conceives innovation as the creation and exploitation of new and existing knowledge that links market and technological possibilities. The feasibility and fit with the firm construct focused on the link between the market and what is feasible for the organisation. It is here that 'tensions' occur between those working on the innovation projects and those responsible for the general management of the organisation.

It was evident from the data that there were similarities across all three projects. These are depicted in Figure 8.8. All projects were guided by the organisational strategy, which ensured the project's 'fit with the firm', and the vision and objectives of the company.

Formal process was also evident in the form of codified routines or practices. Within Projects Kick Ass and Dice there were documented guidelines around things such as nutritional value, safety and convenience to the consumer. It is within the area of formal documented processes that there are also marked differences between Nestlé and Diageo. In Diageo's Project Dice the innovation process followed a very structured stage and gate process, the Navigate process, whereas there was a lot more freedom to experiment and innovate within the Nestlé processes, both of which resulted in a product launch.

In terms of similarities, each project team documented their process and presented to a number of internal experts and key stakeholders within the business. To provide continuity and to ensure that any guidelines were adhered to, each project had a project team leader or 'guardian'.

Figure 8.8: Project Feasibility: Similarities

Feasibility/fit with the firm
All projects

STRATEGY
- Guiding framework
- Ensures 'fit with firm'

ORGANISATIONAL PROCESSES
- Codified routines

PROJECT PLAN
- Documentation
- Presentations

REVIEW PROCESS
Internal experts
Early & late stages of project

PROJECT GUARDIANS
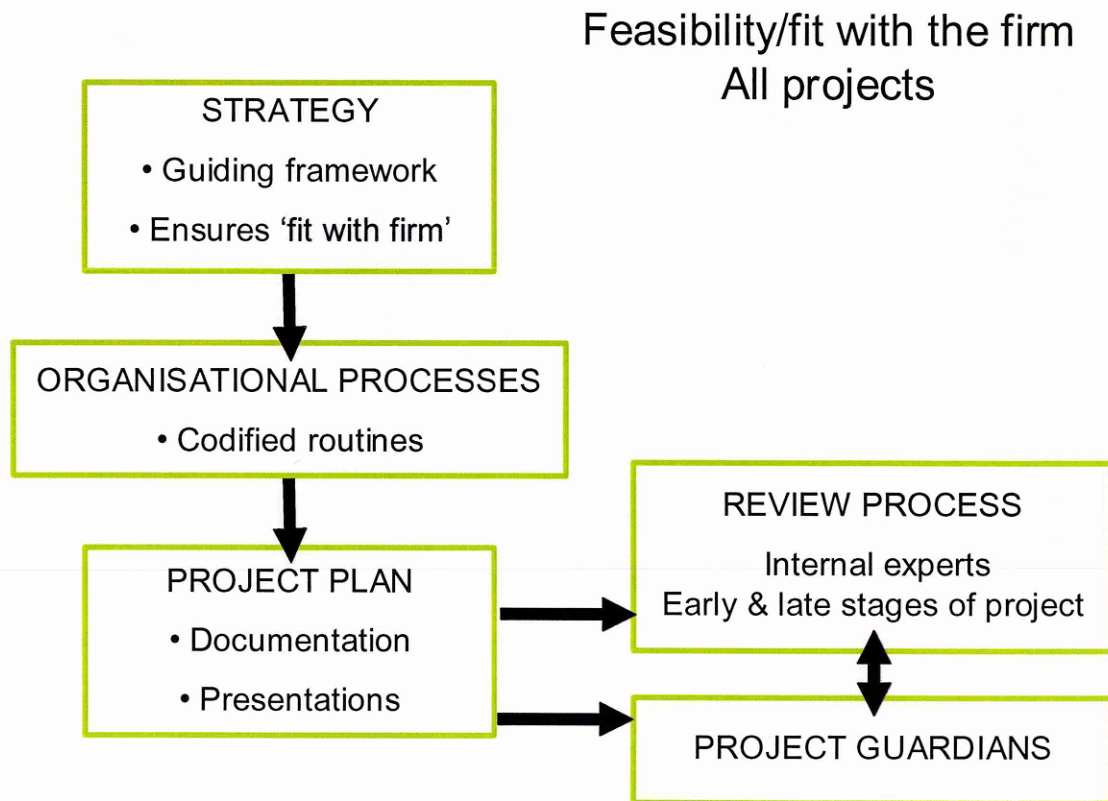
8.8 Discussion

This chapter has presented the within-case analysis. Similarities and differences between the projects and the constructs that have emerged from the analysis have been presented. A number of additional findings are now discussed.

8.8.1 A collaborative approach

The findings support a collaborative approach to market intelligence generation and dissemination. However, this is a collaborative approach within the boundaries of the organisation and its expert advisors, e.g. market research consultants.

What is most revealing from the conceptualisations of the project team is what they exclude, rather than what they include. The consumer is most conspicuous by their absence from the organisations' notion of a project team. This is in direct contrast to von Hippel's (1986) concept of the customer active paradigm (CAP). Within the CAP the

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customer is openly acknowledged as an active participant in the innovation process, and supplies ideas, designs and product concepts. The data from the three case studies highlights the fact the organisations are still working within the manufacturer active paradigm (MAP). Here the manufacturer assumes responsibility for the sequence of events within the project. This can be seen within all the projects, where the project team directed the process leading up to and beyond the product launch.

8.8.2 Market sensing

Market sensing, or environmental scanning, is an important process across all projects. It occurs prior to the first stage, ideation, in the NPD process. This involves holistic, qualitative thinking (Gordon, 1999), which challenges assumptions about the market place, and helps to identify opportunities.

8.8.3 Market learning

A predominately qualitative approach is being adapted to market learning. The findings also support Smith and Culkin (2001) who state that market researchers:

"Need to start by assessing the believability of evidence. Gone are the days when the market research presentation could start by examining the classic scientific concepts of the validity and reliability of information." The scarcity of data around the use of quantitative techniques for market learning is apparent. Where they are mentioned it is in connection with demonstrating the project's feasibility.

8.8.4 Organisational learning

The number of internal interventions identified from the timeline helps to show the high degree of organisational learning and knowledge creation that is taking place. Knowledge is generated from consumer insights, the ability to reconfigure existing sets of information in new ways, and creativity.

8.8.4.1 Creativity

The sub-construct of creativity emerged clearly within Project Oxygen. Here, the use of creative problem solving processes was evident within the co-development workshops. The use of brainstorming to enhance the creative process was evident across all three projects. Within Project KicK Ass it was acknowledged that the whole process of insight generation is one of creativity.

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8.8.4.2 Intuition

Intuition is central to Polanyi's (1967) conception of tacit knowledge. Here, informed guesses, hunches and imaginings are part of exploratory acts, but they are not necessarily in a form that can be stated in formal terms. Polyani (1967) terms this pre-logical phase of knowing 'tacit knowledge'. Tacit knowledge comprises a range of sensory and conceptual information that can be brought to bear in an attempt at sense making. The process of generating visceral knowledge involves the codification of tacit knowledge into a form that is useable within the innovation process. The term 'intuition' was used and demonstrated by managers in each project.

The following chapter presents the finalised theoretical model and the conclusions of the research.

9 Discussion and Conclusions

9.1 Introduction

This final chapter draws together and presents the conclusions of the research. The first section of this chapter reiterates the objectives of the research, and presents the theoretical model, which represents the final stage in the theory building process. The next section establishes the contribution to knowledge in three principal areas: theory, methodology and practice. A critical appraisal of the research is offered in terms of the limitations of the study. The chapter concludes by identifying the areas for further research that have emerged as a result of this exploration.

9.1.1 Revisiting the research objectives

A review of the field in Chapter Two identified a number of gaps in the literature that this thesis set out to address. These were from three key literatures; post-modern marketing, market orientation, innovation management, and were informed by a fourth, strategy. The gaps within the three key literatures are briefly summarised as follows.

9.1.1.1 Postmodern marketing

The postmodern marketing literature contextulises the dynamic changes that that are occurring in the marketplace, characterised by fragmentation, diversity and contradiction (Brown, 1997). In essence the literature provides a case for rethinking approaches to marketing and innovation within the context of a consumption driven era. It advocates the need for acceptance of plurality in marketing theory and practice, and draws on creativity and insights from the liberal arts. It also provides a broader conceptualisation of consumer participation and suggests that marketers should open up more of their processes to active consumer involvement.

Whilst providing some interesting insights and a different perspective of marketing, the postmodern quest for diversity contradicts the notion of having a core theory. It is relativistic in the sense that it abandons the idea of having universal criteria for truth.

> ➤ *The work of the postmodernist authors is largely conceptual, with the occasional use of anecdotal evidence. There is a deficit of empirical work; there is also a gap in understanding of the implications of the postmodern era for marketing managers.*

9.1.1.2 Innovation management

A review of the innovation management literature revealed the following:

Models of the innovation process and NPD process were developed in a supply-driven era and attempt to simplify and capture what is a complex phenomenon. Research frequently focuses on the role of technology ('technology push' models), or the role of market forces (the 'market pull' model of innovation); whereas innovation is a coupling and matching process, where interaction is the crucial element (Tidd et al., 2001). In addition, creativity is an essential element of the innovation process, yet remains isolated from the innovation process, largely as an analytic convenience (Adams, 2003).

> *Intensive communication with customers is a determinant of success, but there is a gap in understanding around the processes of interaction. In particular there is a paucity of empirical evidence around consumer participation in the innovation process.*

9.1.1.3 Market orientation

The market orientation literature has demonstrated the links between market orientation and innovation performance. It has done much to illustrate and describe the need for market learning and the understanding of consumers' latent needs (Narver et al, 2004). However, authors have only made theoretical comment on the need for new and improved methods of market learning, referring to work conducted in the field of strategy and innovation management.

> *There is a gap in understanding around the types of market learning methods that are being utilised in the innovation process. Also, generalised statements have been made about market learning, which are not industry specific.*

9.1.1.4 Research objectives and questions

Following a review of the literature, this research project initially set out to explore the concept of co-development, or working together with 'consumers as innovators' in the innovation process. However, following a preliminary study, which indicated that whilst the concept is theoretically appealing, in practice, within the context of FMCG markets there is little evidence to support it. However, the preliminary study revealed some interesting findings, which helped to focus the research around market learning for innovation, and within that, the role of consumer involvement. Thus, the overall aim of the thesis was:

> *To explore and provide an understanding of the market learning processes used for innovation within large, global, UK based FMCG organisations.*

In keeping with a realist approach to social enquiry, a conceptual model was identified from the strategy literature (Dougherty, 1992) as the starting point for the study. The two main elements of the model which relate to market learning, emerging trends and visceralisation, were used as a non-too-rigid guide to data collection and analysis. The overarching research question became:

> How are organisations in FMCG markets using market learning in the innovation process?

From the primary question flows two sub-questions:

> What are organisations doing to recognise the changes taking place in contemporary consumer markets?

> What modes of consumer involvement are being adopted?

9.1.1.5   The research approach

The paucity of empirical studies, together with the research questions posed, suggested a theory-building research approach. An exploratory preliminary study, followed by three in-depth case studies using qualitative methods of data collection and analysis was adopted. Qualitative data collection techniques are well suited to the study of complex, rich, contemporary phenomena, such as the live innovation projects, which were the subjects of the study. The contribution made to research methodology is discussed in section 9.2.1.1.

9.1.2 Refinement of the model and discussion

This section builds upon the findings from the case studies and presents a contribution of the thesis in the form of a refined model, with emphasis on the market learning aspects of the innovation process.

The original framework shown in Figure 9.1 emphasises the need for a simultaneous understanding of consumers and technology. This is because "...*a product constitutes the integration of markets and technologies, and can be understood as one or the other separately. This point is emphasised because both academics and practioners often refer to technology alone or a market when they speak of products.*" (Dougherty, 1992:78). This integration of market learning with what is feasible for the firm relies heavily on the art of direct interpersonal relations with potential users. Product innovation was also conceptualised as a creative and emergent process, which acknowledges the role of intuition and tacit knowledge. These themes were also evident in the findings of the preliminary study, and so the framework provided a good fit with the objectives of the research.

Dougherty (1992) supports the original conceptual model with anecdotal evidence; however, there is no published evidence to suggest that it has been the subject of empirical investigation. As such it may be described as a paramorphic construction (Harre, 1970), in that it speculates on the characteristics of the phenomenon. Consequently, this research contributes to knowledge by refining and redefining the framework through the three extensive case studies. The resulting framework is a homeomorphic construction (Harre, 1970) in that the subject and the source of the model is the phenomenon itself.

Figure 9.1: Original Conceptual Model
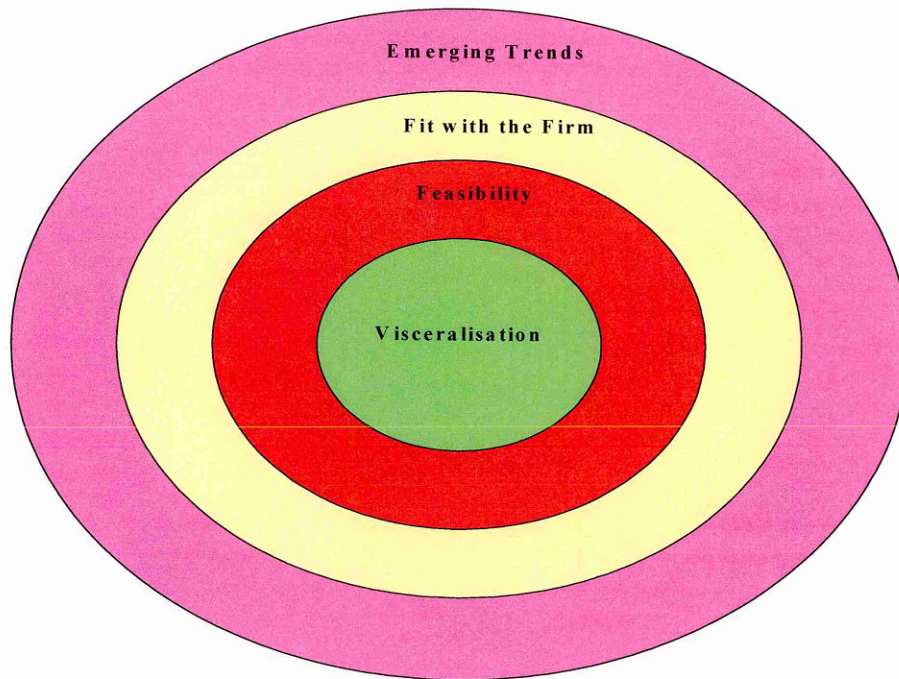
The original framework draws widely on ideas from product innovation, strategy, organisation design and human resource literatures, suggesting how they can be integrated around practice. It focuses on the practice of product innovation as a process of organisational renewal, and does not take into account the different types of innovation. P*roduct innovation is conceived as the creation and exploitation of knowledge, which links the market with technological possibilities (firm competencies). The revised framework also conceptualises the practice of product innovation as a process of market-technology linking,* but is based on data from innovation and renovation projects, and amalgamates the two types of innovation. A summary of the nature of the original and revised framework is presented in Table 9.1. The revised framework is presented in Figure 9.2 and discussed below in section 9.1.2.1.

9.1.2.1 The revised model

What has emerged from the main study is a novel theoretical concept that combines the theory of product innovation management and market orientation with the involvement of the consumer in the innovation process. It also draws upon ideas from the strategy and postmodern marketing literature. The latter supports the model in that it reflects the changing market dynamics, which affect product innovation, and incorporates a view of contemporary marketing practices. In doing so, it responds to calls from Van de Ven (1989), who states that for theories to be useful they must speak to everyday reality. Figure 9.2 shows the new refined conceptual model, where the focus is now clearly on market learning and the generation of visceral knowledge. As the data is highly concentrated on the visceralisation element it has led to the refinement of the model to
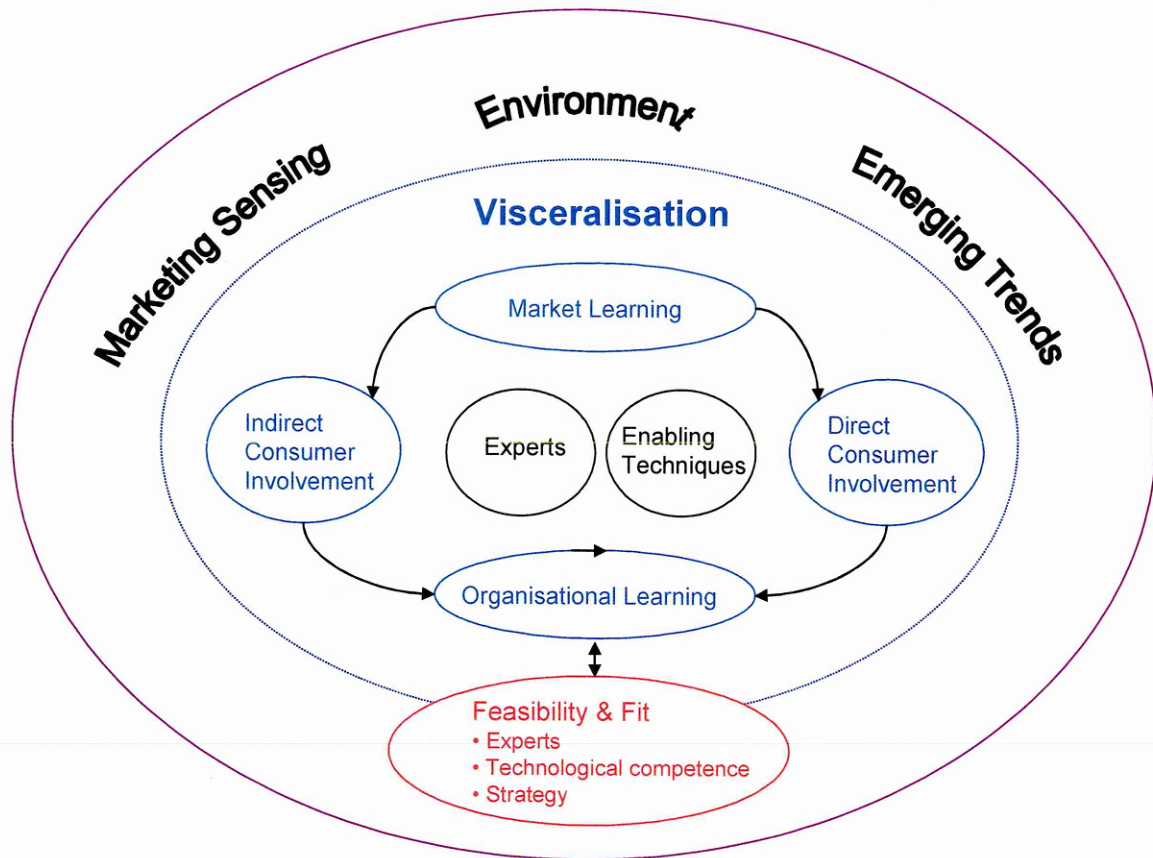
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reflect this phenomenon. The graphic in Figure 9.2 depicts three interlinking clusters of market-technology content and the processes of knowledge creation as follows:

- **The environment**: refers to the social, cultural, political and technological changes that make up the marketplace in which the firm operates. The processes of market learning used to understand the market are termed market sensing, these are detailed in section 9.1.2.2.

- **Visceralisation**: refers to the processes of market learning and knowledge creation that involve 'visceral feel', that is 'gut feel', instinct and experience that are important to innovation. The processes involve both direct and indirect consumer involvement and are elaborated in section 9.1.2.3. Visceralisation is at the core of market-technology knowledge creation as it helps the organisation develop a real sense of what consumers' value, which is then embedded in the innovation process.

- **Feasibility and Fit**: links the needs of the marketplace with the technology, or competencies of the organisation. It ensures that any innovation project is a viable business proposition. This is discussed in more detail in section 9.1.2.4.

Table 9.1: Summary of the Nature of the Models

Initial Model of Market-Technology Creation	Refined Model of Market-Technology Creation
➤ Conceptual	➤ Theoretically grounded, empirically informed
➤ Paramorphic	➤ Homeomorphic
➤ Non-industry specific	➤ FMCG sector based
Four Clusters of Market-Technology Content	**Three Clusters of Market-Technology Content**
➤ Visceralisation	➤ Visceralisation
➤ Feasibility	➤ Feasibility and fit
➤ Fit with the firm	➤ Environment
➤ Emerging trends	
➤ Delineated boundaries between clusters, which fit together to form a whole.	➤ Permeable boundaries between the clusters environment (emerging trends) and visceralisation.
➤ Emphasis on the content and process of market-technology knowledge that functional integration is intended to produce.	➤ Emphasis on market learning through direct and indirect consumer involvement.

Figure 9.2: Revised Model

9.1.2.2 The environment

The element of the model entitled 'the environment' relates to the emerging trends cluster of the model. This supports Dougherty's (1992) original notion of the need to be future focused and understand *'what might be'* for the organisation. The conceptual model identifies the use of 'market-sensing' capabilities, which allows the organisation to exploit external opportunities and anticipate market trends ahead of competitors. The role of 'market-sensing' capabilities was identified by Day (1994) as crucial to developing a market orientation.

Market sensing is a form of environmental scanning, which has its origins in the strategic management domain; however, it was articulated earlier in Levitt's (1983:12) expression of the marketing concept, which "...*alerts us to a world of constant change where survival requires studying and responding to what people want and value."* What has emerged from the study is an understanding of this, and the processes that are used to achieve this anticipatory capability needed for innovation.

Contrary to the traditional view of organisations where a dedicated 'environmental scanner' searches for, collects and filters information, the process here is more

participatory. Although the innovation teams were the nominated collectors of information, it was widely acknowledged that the information was generated from a number of different sources. A process of 'soft' and 'hard' trend spotting involved both members of the organisation and external consultants. This process of environmental scanning and engagement by different organisational member's supports Pettigrew and Whipp (1991), who argue that, is dangerous to assume that any one specialist function can provide a satisfactory interpretation of the environment.

The principal process for the dissemination of trend information is through the development of scenarios, which represent possible 'future states'. Combined with this are the use of graphic storyboards. The use of graphic storyboards provides a richer method of communicating with and engaging employees (Young, 2003). The use of these methods also encourages managers to re-examine and modify how their mental models of the markets work (DeGeus, 1988). This is important in that having a market sensing capability alone is not sufficient; it is the ability to act upon and incorporate the information into the innovation process that is important. The above process aids the dissemination of market intelligence, breaking down organisational silos and presenting the information in a useable form.

The model does not include the study of competitors' moves, or 'informed imitation' (Day, 1994). This may be explained by the fact that new products within the FMCG market tend to be incremental improvements and are instantly visible once a product is launched. To try and move beyond this state of incrementalism, the organisation's focus is primarily on consumers and the changing social and cultural trends.

In the refined model the boundaries between the emerging trends cluster, which has been termed 'the environment' and the organisation, represented by the visceralisation cluster, are permeable. This is explained by the fact that managers interact with the market place, with consumers, and with other organisations in their daily activities. Managers not only observe the trends, but make the trends through their actions and through the introduction of innovations. According to Brownlie (1994), environmental scanning is embedded in organisational interactions and interdependencies, and is not separate from them. This also introduces the notion of 'sense making' that takes place within the organisation. The managers are both members of the organisation and consumers who are 'living the trends'. Using the biological process of osmosis as a metaphor, learning about the environment may be seen as a gradual and subtle process of diffusion.

9.1.2.3 Visceralisation

The visceralisation cluster of the model is concerned with market and organisational learning, which is depicted as a reciprocal and iterative process. The process of market learning is conceptualised as one of learning 'about' consumers, via indirect consumer involvement, and learning 'from' consumers, via direct modes of consumer involvement.
The process of indirect consumer involvement recognises the fact that organisations are often data rich, and are an abundant source of tacit knowledge gained from managers'

experience. However, the process also involves transforming this tacit, implicit knowledge into explicit knowledge that can be used in the innovation process.

The organisations in the research achieved this via the use of secondary market research data, reports, the trend storyboards and scenarios, and expert insights. These provided stimuli to aid thinking and the generation of consumer insights. In addition, observing consumers in a quasi anthropological mode was an indirect method of learning about the consumer. The insight generation process was further facilitated using creative problem solving techniques and insight generation workshops. The latter process promoted the recognition of new ideas through re-examining and expanding the current knowledge base.

The model recognises a number of modes of direct consumer involvement in the innovation process, ranging from passive to active consumer participation. The modes were consumer visits, interviews, focus groups, quasi, or extended focus groups and co-development workshops. The analysis suggests that the traditional methods of interviewing and focus groups are still the dominant modes of involvement. Although not without their critics, they are still regarded as easier and cheaper modes of obtaining user input than the quasi-focus groups and co-development workshops, which last for a number of days. In the services industry Alam (2002) also found interviews, but not focus groups, to be the dominant mode of consumer involvement.

The use of co-development workshops is a novel extension to the model. This approach allows consumers to be integrated into the process in a collaborative mode of involvement. The process allows the organisation to *"tap into the creative potential of users"* (Kristenson et al., 2004). However, the approach is not a universal panacea; a critique of the workshop methodology is provided by Roberts et al. (2005). It does however represent a break from traditional methods of research and representations of the consumer. Albeit for a short period of time, the consumer is placed on the inside of the organisation as a member of the project team. In this way the organisation is gradually beginning to open up some of its processes to active consumer participation, as advocated by Firat and Venkatesh (1995).

A common thread running through the model is that of creativity. The process of generating visceral market knowledge is a creative and emergent one. Creativity is represented in the model in the form of enabling techniques. These were used to enhance market learning, and to facilitate organisational learning. Creative problem solving techniques ranged from simple brainstorming techniques, the use of analogy and metaphor, to the more sophisticated 'Synectics' process of creative problem solving. These processes also assisted in the transformation of tacit knowledge to that which is explicit and can be utilised within the innovation process.

Organisational learning is a new element within the refined model. Bessant (2003) describes how organisations need creativity and active learning in order to survive in a competitive environment. The findings from the research and resulting model indicate that both elements are in place. Although the term 'organisational learning' is often referred to in the literature, learning is essentially a human process. The innovation process can be portrayed as a learning cycle of experimentation, drawing from

experience, reflection and consolidation. This learning cycle was very evident at the front-end of the innovation process where the products were still undefined. This process also allowed for the factoring in of intuition and prior management knowledge into the development process.

Smith and Culkin (2001) discuss the need for practical training for market researchers to operate in a bricolage mode, piecing together imperfect data from multiple sources. The findings take this suggestion further, as there is evidence of the actual team members being trained in this approach. A number of processes and training initiatives were in place to help the project teams make sense of the information jigsaw, and also to conduct their own qualitative market research inquiry.

9.1.2.4 Feasibility and fit

From the findings it was evident that the innovation's fit with the firm and its feasibility were intertwined. Although this was not the focus of the research and data collection, some interesting findings emerged. Firstly, the importance of having a corporate strategy, which mandates for innovation, was revealed. This means having the capability to align the organisation's vision and mission and strategic action (resources) in order to deliver the innovation. Bessant (2003) states that corporate strategy should also be seen as a form of organisational learning, using analysis and experience, which helps the organisation to cope more effectively with complexity and change.

Bessant (2003) also states that the process of formal strategising can help organisations link markets to technologies, supporting Dougherty's (1992) earlier notion of linking the outside (the market) to the inside (the firm). An understanding of the firm's technologies from the inside enables it to provide benefits through the attributes of its products (Daneels, 2002). Expertise from senior managers was used to assess the innovation's feasibility and fit with the firm. They provided expert judgement and challenged the project and mindset of the project team members who were closely involved with the project.

The use of marketing and NPD models and frameworks was also more evident in assessing feasibility and fit. Examples were the use of segmentation models and the linear sequential stage and gate model to help manage risk in the product innovation process. There was less room for experimentation within this process. Quantitative methods of analysis and positivist demands for measurement and validity were used as part of the assessment of feasibility.

The description and explanation of the market learning processes in the refined model answer the overarching research objective - that of developing an understanding of the processes of market learning for innovation within large, global, UK-based FMCG organisations. Table 9.2 provides a summary of the characteristics and nature of the initial model, which was the point of embarkation for this research project, and the final refined model, which was a result of the data collection and analysis.

The resulting model has been developed in the realist perspective. It has been subject to several iterations from and development of the constructs. The model represents the structures and underlying mechanisms that help to explain the relationship between the constructs. The model does not claim to represent truth in the positivistic sense that it can be proven or disproven. From the realist perspective it represents an explanation and closer approximation of the underlying mechanisms (Blaikie, 1995). The originality of the model, which has been informed through field work, supports the claim of making a contribution to knowledge.

9.1.3 Other findings

The theme of consumer involvement runs throughout the research project, from the literature review and preliminary study, to the in-depth case study analysis. However, with inductive work the opportunity always exists for unexpected and serendipitous findings (Eisenhardt, 1989). One of the most interesting findings elicited from the work is the amount of direct and indirect consumer involvement that is taking place at the 'fuzzy front-end' of the innovation process. This is now discussed, and is followed by the presentation of a typology, generated from the empirical observations of consumer involvement. Finally, the discussion ends with reference to the question of what organisations are doing to recognise the changes that are taking place in contemporary consumer markets. This helps to locate the research and theoretical model within the context of a demand-driven era (Juttner et al., 2005).

9.1.3.1 Fuzzy front-end

The fuzzy front-end of the innovation process is described by Khurana and Rosenthal (1997) as the processes of opportunity recognition, product concept definition, and the assessment of business and technical feasibility. To date most models of the new product development process have focused on the nature of activities once the project has been approved and has definition. Prior research has focused on the success factors for NPD, such as issues of product design and project management.

The findings revealed that a considerable amount of both direct and indirect consumer involvement is taking place at the innovation fuzzy front-end, and at the early stages, the ideation stage, of the NPD process. Here, all five modes of consumer involvement were used to conceptualise new product opportunities. Often more than one product opportunity was identified and projects had to be ranked in terms of importance and 'fit with the firm'. In the case of Project Oxygen early consumer input helped the project team to reassess their goals and redirect the product innovation, helping to achieve 'external integrity' (Clark & Fujimoto, 1990), which integrates the needs of consumers into the project.

**Table 9.2: Comparison of the Original and Refined Model**

Process of market-technology creation - **Initial Model**	Process of market-technology creation - **Refined Model**
Creation relies on expertise from: R&D, marketing, manufacturing, sales and finance.	Creation relies on internal and external expertise**:** ➢ Innovations, marketing. ➢ Design, technical and manufacturing. Innovations/NPD consultants, market research, brand and advertising agencies.
Emerging trends ➢ Tacit knowledge - a sense of forces of change. ➢ Scenarios of likely events.	**Environment** ➢ Market sensing capability. ➢ Observation. ➢ Scenarios of likely events. Trend storyboards.
Visceralisation ➢ Metaphor expedition. ➢ Direct interpersonal relationships with users. ➢ Customer visits, focus groups. ➢ Lead user analysis. ➢ Brainstorming, visualisation, experimentation. ➢ Holograms, virtual reality simulations, prototypes.	**Visceralisation** ➢ *Direct consumer involvement* ➢ Consumer buddies, visits, focus groups. ➢ Quasi-focus groups, co-development workshops. ➢ *Enabling techniques* ➢ Creative problem solving, brainstorming, visualisation, visual images, metaphors, analogy. ➢ *Organisational learning* ➢ Observation, experimentation, experience in the field and reflection. ➢ *Collaboration* ➢ External experts, consumers and functional specialists
Feasibility: ➢ Metaphor-research scientists ➢ Insight and informed expert opinion. Application of knowledge and know how.	**Feasibility and Fit** ➢ Strategy ➢ Project plan and communication, formal presentations. ➢ Internal expert knowledge ➢ Use of models and frameworks.
Fit with the Firm: ➢ Metaphor - Council of Elders. ➢ Renewal strategy bases on firm's competencies.	

The findings show that market learning for innovation is happening much earlier than the traditional conceptualisation of the NPD process portrays. This research supports Khurana and Rosenthal (1997), who advocate the need to better integrate the fuzzy front-end of the new product development process.

9.1.3.2 A typology of consumer involvement

Direct consumer involvement in the innovation process was identified in each project, and is a major element of the refined model. This is broken down into five different modes of consumer involvement. A typology based on the empirical findings is presented in Figure 9.3.

Figure 9.3: Typology of Modes of Consumer Involvement
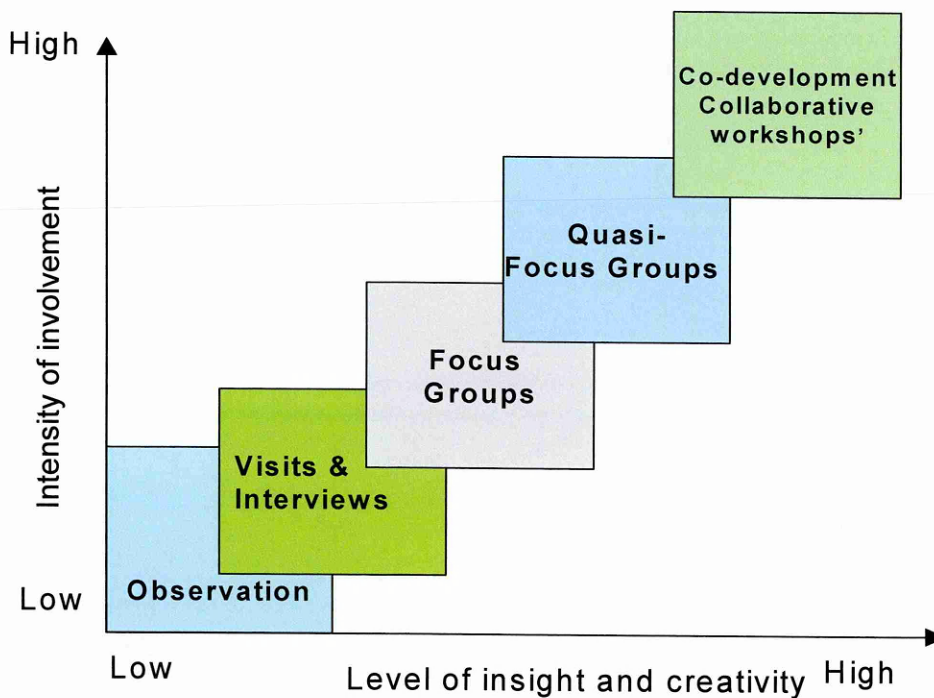
The typology builds upon and advances the one proposed by Alam (2002) in the services sector. In particular it provides more detailed analysis around the use of quasi-focus groups and co-development workshops. This is in contrast to Alam (2002) who only refers to the use of brainstorming at the idea generation and screening stages.

9.1.3.3 Postmodern marketing

The findings lend some support to the idea that marketing practice has become postmodern (Firat et al., 1994). Firstly, the identification of the macro-social trends associated with postmodernism are recognised and are being leveraged within the innovation process. Of these, fragmentation is the favourite theme running throughout

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the work of the postmodern authors and the findings of the research. The diversity and multiplicity of post-industrial life, and the associated micro-level consumer behaviour is widely acknowledged.

The area where the influence of postmodern thought on marketing practice is most apparent is in the domain of market learning. Postmodernists often challenge the modernist notion of truth and the search for the one best way of knowing. In particular they challenge the claim that sensory perception is more truthful and more valid than other ways of knowing, which can include the use of aesthetic experiences and intuition. The postmodern perspective allows for reconciliation of different and competing views on knowledge.

The findings reveal that a bricolage approach is being taken to market learning. There is a greater emphasis on qualitative approaches to market learning and on the use of experiential and quasi-anthropological approaches. The use of intuition and tacit knowledge was evident in the approaches to market and organisational learning. Insights were drawn from artistic artefacts and the humanities to help to provide more meaningful insights into the market conditions and consumers' lifestyles. They were also used to challenge the teams' existing mental models and ways of thinking.

A variety of methods were used, but what were important were the insight they provided, and its use in the innovation process. The findings support Smith and Culkin (2001) who assert that the organisational researcher is in advance of commercial market researchers, as their research is not undertaken or constrained by the classic scientific mode of research.

9.1.3.3.1 Consumer participation

It was evident from the data that on a general level, several societal trends associated with postmodernism were recognised. When examining more deeply how the emergence of the empowered consumer was impacting their marketing processes, there was agreement that the 'demanding' consumer is just one of the many commercial realities facing the organisation. Whilst the consumer occupies centre stage in academic debate, the project team were insouciant in their account, as expressed in the following quotation:

"Some people use the term 'new consumers', but I think that we just see these 'new consumers' all the time. Thinking about the 'new consumer' you have to understand what the old consumer was, and to somebody in our marketing department, they might not have had any contact with an old consumer."

(Sam)

Knowledge and consumers' ability to communicate with other consumers, and directly with the organisation, are key drivers of empowerment. The findings revealed that the organisation discussed consumer knowledge in terms of 'marketing literacy'.

Although there is much academic thinking on the subject of consumer participation, significant theory generation has not yet occurred. This early work would suggest that that whilst the opportunity for consumer participation in the innovation process is more widely appreciated, this is still within the context of the organisation's current business model and modes of thinking.

9.2 Contributions

The contributions to research can be categorised in three ways: theoretical, methodological and practical. These are now examined each in turn.

9.2.1 Theoretical

The research encompassed an in-depth review of the literature in the fields of innovation management, market orientation, postmodern marketing and strategy. These areas are traditionally treated as disparate fields of study. This has often led to conceptualisation of the innovation process as one of 'technology-push' or 'market-pull'. The research has contributed to knowledge through the combining of the four sets of literature outlined in Figure 9.4, thus bringing together several fields within the literature to provide coherence.

Figure 9.4: Combinations of Literature Sets
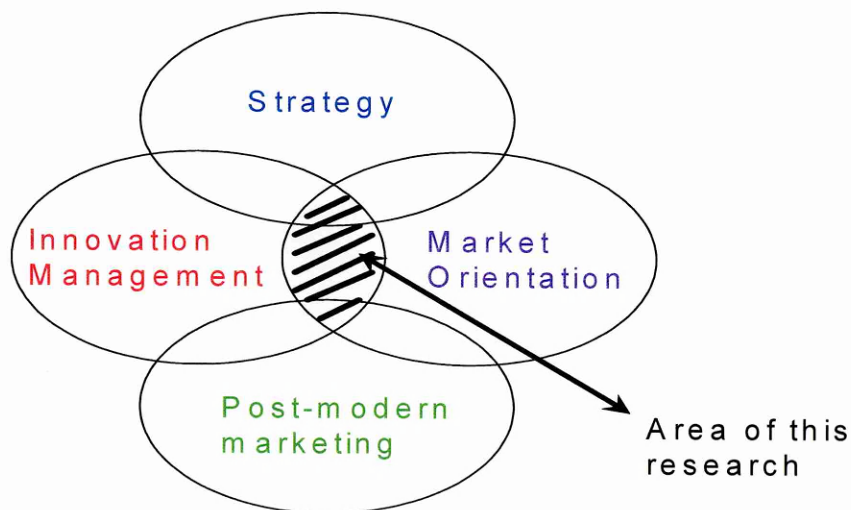
As far as can be ascertained, a novel conceptual model has been developed empirically from the findings. It also represents a move away from the normative approach of how things should be to one which explains what they are within the context of FMCG.

The model provides a detailed description and explanation of the market learning interventions used within the innovation process. This is important in that most research

focuses on the need for market learning, as opposed to the 'how' and 'what is' happening. In doing so it also provides taxonomy of consumer involvement, which is detailed in section 9.1.3.2.

Finally, the model has articulated the processes of market learning in the form of a model that recognises the role of intuition and creativity in the innovation process.

9.2.2 Methodology

This research contributes to methodology in two ways; firstly, through the preliminary study, and secondly, in the main case study research. The use of the Synectics creative problem solving model in the preliminary study was a unique method of collaboratively collecting data from both consumers and organisations. This approach has been reported and presented in depth by Roberts et al. (2005). As such, the uniqueness of the approach and its use in academic research provides a contribution to methodology.

The main study followed a theory building procedure proposed by Eisenhardt (1989), Yin (1994) and Carson et al. (2001). As the objective of the research is theory development and the philosophical position of the researcher is one of critical realism, case study research is considered appropriate for knowledge production in this new and complex area. The case study methodology used for the main study adds to previous research that utilises this approach, and moves away from the positivist methods that are often associated with research in marketing.

9.2.3 Practice and managerial implications

The research emphasises the difference between being customer-led and truly market orientated. It provides managerial guidance on how to enhance the market orientation of the organisation by adopting a market orientated approach to product innovation. In particular, it helps to integrate the fuzzy front-end of the innovation process, capturing consumers' latent needs with the traditional NPD process.

Innovation is about connecting with the outside world and developing peripheral vision. There is a strong emphasis on environmental scanning as a broader marketing activity; that is, it is not one that is just contained within a strategic planning department, or activity, but is something that is being fostered by the wider organisation. Managers need to foster the 'market sensing' capability to enable them to link opportunities to the technological capabilities of the firm, and also to help them identify what new capabilities may need to be fostered.

The opportunity identification part of the innovation process provides the opportunity to accumulate a mass of ideas and knowledge that can be diffused into a number of different innovation projects. However, this goes beyond the purchase of a 'bespoke set' of trend information. It involves generating knowledge about trends from a number of sources and identifying and integrating the relevant ones into the process.

Managers should critically review the role of the consumer, and the practice of engagement, in the wider marketing and innovation process. The potential of consumers in generating creative, innovative ideas should not be ignored. However, what is important is the appropriate use of the traditional and non-traditional methods of market learning. The sole use of traditional techniques of market learning will only intensify the view that consumers are constrained by their own real world experience, and are inept at articulating their needs. In contrast, enhanced techniques based on observation, indirect questioning and involvement can help to identify breakthrough ideas.

The findings also start to question the role of the market research agency in the future as they move more towards the role of facilitators of the process, rather than gatekeepers to the consumer.

Learning for innovation can be seen as a collaborative and social process. It involves a process of mutual and iterative learning with a number of internal and external parties. Joint problem solving and exploratory creativity becomes a feature of the work organisation. The external parties include experts, consultants and consumers. Consumer collaboration and involvement can serve as a vehicle for innovation and market orientation, and in doing so, developing consumer relevant innovation that provides true consumer value.

The findings of this research should also assist managers operating outside of the context of FMCG markets, where the aim of the organisation is to develop a superior differentiated product. The issues highlighted above, developing peripheral visioning and opportunity identification are pre-requisites for the innovation process in general. The findings have emphasised the need for time and resources to be spent at this early stage of the process. Managers also need to be more pro-active in identifying and collaborating with potential users throughout all stages of the NPD process. When making incremental type improvements working with 'typical' users that represent the mass market is appropriate. However, identifying and working with 'opinion formers' may be necessary for the development of differentiated products.

Managers also need to be willing and able to experiment with various approaches to market learning. The typology of consumer involvement shown in Figure 9.3. provides insight into the effective techniques/modes and intensity of user involvement that can be used at various stages throughout the project. For example intense user involvement in the form of a co-development workshop may be used in the early stages of the NPD process to help define the product concept. Consumer interaction leads to tacit idea generation, which ultimately shapes the product offer. Thus, the findings illustrate that user involvement is as much about organisational innovation as it is about product innovation. Innovation in the marketing and NPD process becomes antecedents for the product innovation.

9.2.4 Further work and limitations

In many respects the research has provided a starting point, and has highlighted opportunities for future research.

According to Deetz (1996), every piece of research is limited by its methodological perspective, and is thus partial and unfinished. The study is unfinished in the sense that it is a theory-building study; this however provides opportunity for further study.

The development of the theory was based on a limited number of cases. Further research could take the findings from this study and apply them to a wider sample of FMCG organisations in order to validate and strengthen the theory developed. The study is context specific to the food and drinks sector within the FMCG sector. The research could be applied in a different context or industry to see whether any differences to the model emerge.

The types of FMCG product innovations have relatively low significance due to their low price point. They also have relatively low involvement as this is not an iconic consumer product and users are unlikely to be considered as tribes (Cova, 1996), unlike for example Harley-Davidson. Opportunities for further work may be found by working with consumer products of varying significance/involvement in order to gain a more complete understanding of the spectrum of innovation practices.

One of the practical drawbacks of qualitative research identified by Miles and Huberman (1994) is that it is both time consuming and labour intensive. The next stage of the research is the development of a number of propositions, which starts to move the research into the domain of theory testing.

The research has highlighted a number of interesting issues, such as the experimentation with market learning at the fuzzy front-end of the innovation process. This is an area that is currently neglected within the marketing literature and provides an opportunity for further research.

The empowered consumer is a recognised phenomenon in many markets, and whilst this research has shown that this was not the main driving force for the involvement in the innovation process, continual changes in the markets dynamics make this a nascent research area.

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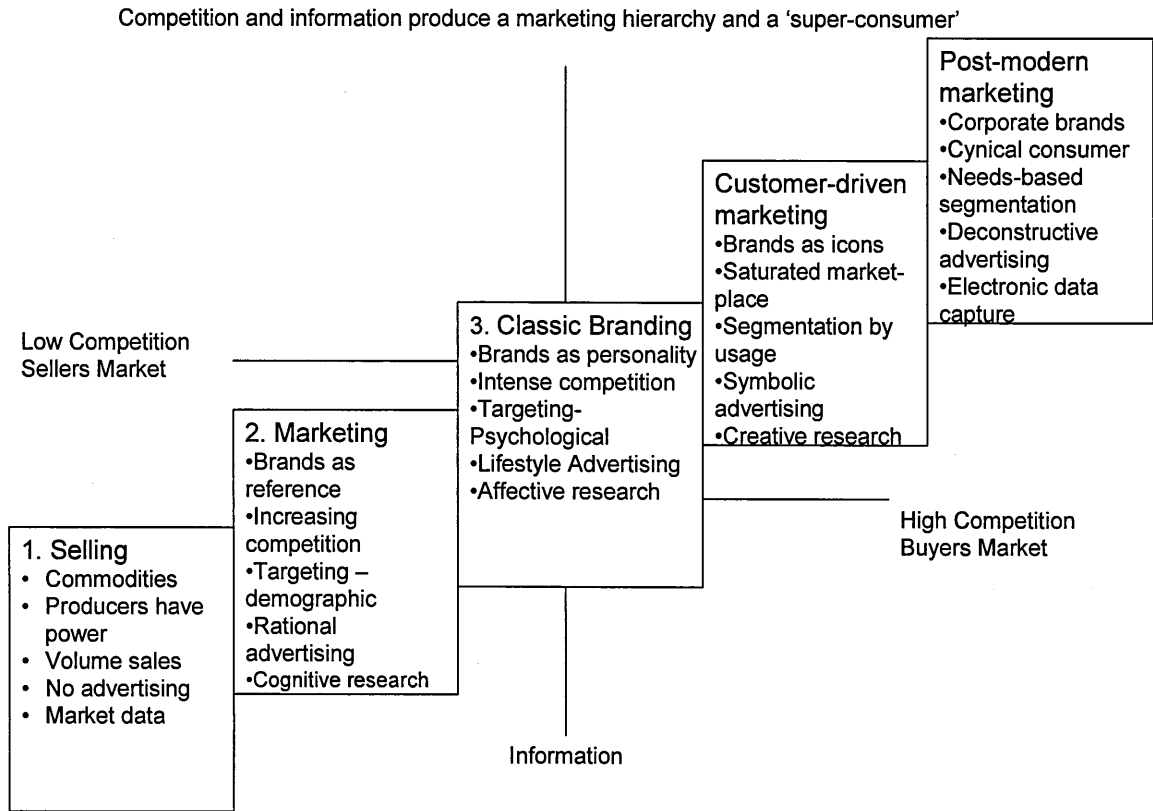
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Appendices

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Appendix 2.1: Evolution of Marketing and the Use of Qualitative Methods of Market Research

Competition and information produce a marketing hierarchy and a 'super-consumer'

Low Competition
Sellers Market

Post-modern marketing
•Corporate brands
•Cynical consumer
•Needs-based segmentation
•Deconstructive advertising
•Electronic data capture

Customer-driven marketing
•Brands as icons
•Saturated market-place
•Segmentation by usage
•Symbolic advertising
•Creative research

3. Classic Branding
•Brands as personality
•Intense competition
•Targeting-Psychological
•Lifestyle Advertising
•Affective research

2. Marketing
•Brands as reference
•Increasing competition
•Targeting – demographic
•Rational advertising
•Cognitive research

1. Selling
• Commodities
• Producers have power
• Volume sales
• No advertising
• Market data

High Competition
Buyers Market

Information

(Adapted from: Wright & Crimp, 2000)

Appendix 3.2. Four Categories of Scientific Paradigms and Their Elements

Element	Positivism	Critical Theory	Constructivism	Realism
Ontology	Reality is real and apprehensible	Virtual reality shaped by social, economic, ethnic, political, cultural and gender values, crystallised over time.	Multiple local and specific 'constructed' realities	**Reality is 'real' but only imperfectly and probabilistically apprehensible**
Epistemology	Objectivist: findings true	Subjectivist: value mediated findings	Subjectivist: created meanings	**Modified: objectivist findings probably true**
Common Methodologies	Experiments/surveys: verification of hypotheses, chiefly quantitative methods	Dialogic/dialectical researcher is 'transformative intellectual' changes the social world which participants live	Hermeneutical/dialectical: researcher is a 'passionate within participant' within the world being investigated	**Case studies/ /convergent interviewing: triangulation, interpretation of the research issues by qualitative and by some quantitative methods e.g. structural equation modelling.**

Appendix 2.2. Four Categories of Scientific Paradigms and Their Elements

(Source Healy and Perry, 2000); based on Lincoln and Guba, 1994)

Appendix 3.2: NVivo Coding Framework

Example of NVivo Coding Framework
NVIVO Revision   Licensee: Cranfield University

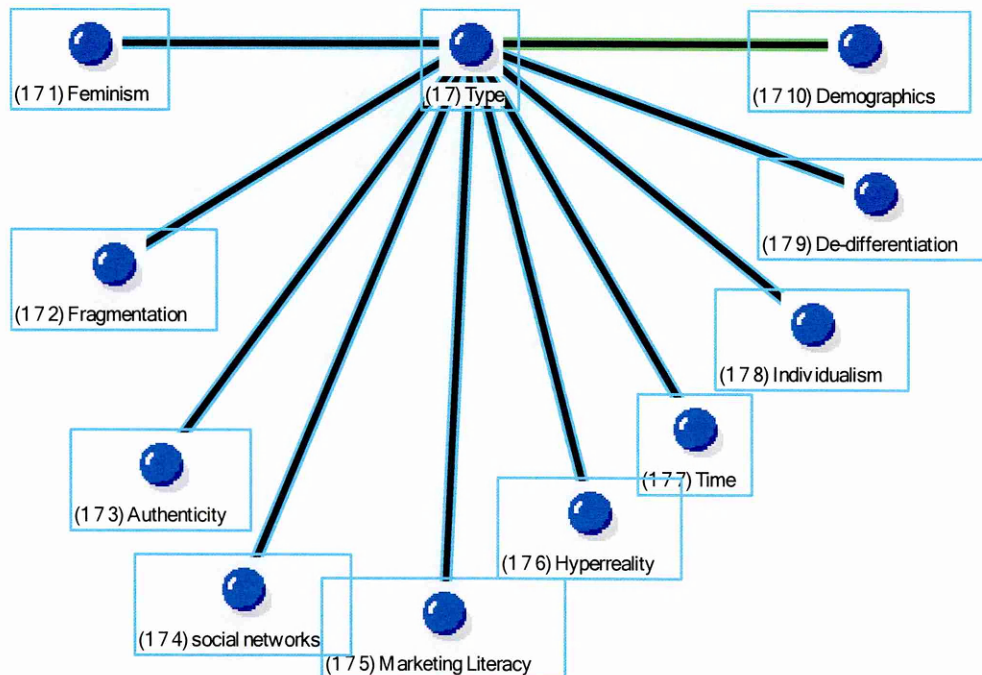Project: Thesis 2   User: Administrator
NODE LISTING

    Nodes in Set: All Nodes
    Number of Nodes: 62
1	Background
11	(1) /Emerging Trends
12	(1 7) /Emerging Trends/Type
13	(1 7 1) /Emerging Trends/Type/Feminism
14	(1 7 2) /Emerging Trends/Type/Fragmentation
15	(1 7 3) /Emerging Trends/Type/Authenticity
16	(1 7 4) /Emerging Trends/Type/social networks
17	(1 7 5) /Emerging Trends/Type/Marketing Literacy
18	(1 7 6) /Emerging Trends/Type/Hyperreality
19	(1 7 7) /Emerging Trends/Type/Time
20	(1 7 8) /Emerging Trends/Type/Individualism
21	(1 7 9) /Emerging Trends/Type/De-differentiation
22	(1 7 10) /Emerging Trends/Type/Demographics
23	(1 8) /Emerging Trends/Sources

Example of Model for Emerging Trends Node

253

Appendix 4.1: Operational Version of Synectics Model

Consumer Group **Client Group**	Step 1 Pre-briefing
	Step 2 Initial discussion
	Step 3 Problem-statement
	Step 5 Creative thinking / springboarding
	Step 6 Selection
	Step 7 Idea development
	Step 8 Consolidation & action planning
	Step 9 Final discussion
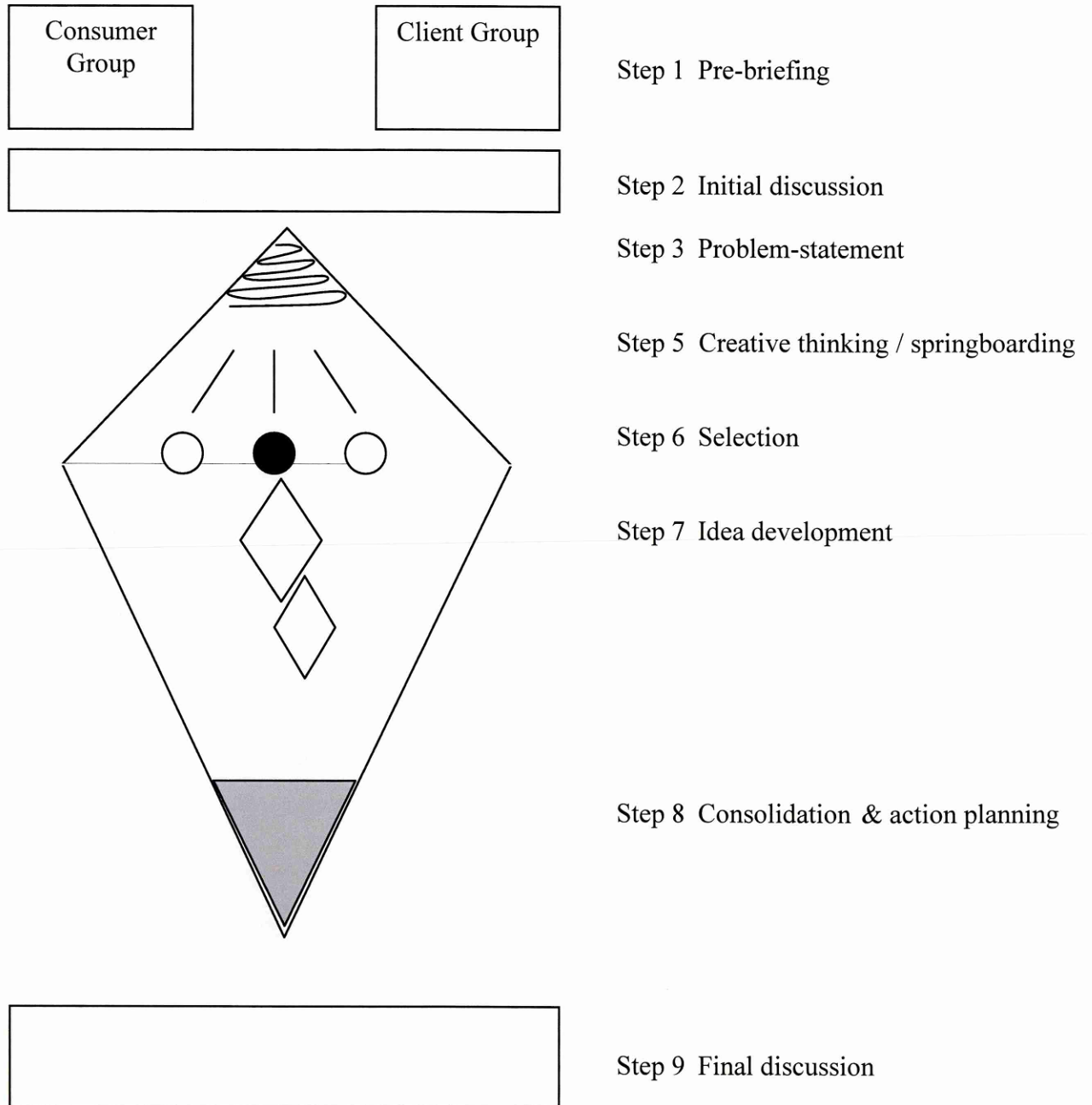
Appendix 4.2: Concept of User Involvement: Time Travel to the Future

Full of gadgets
mags, posters

Types of
music

Hi-tech

Music

The visual

gallery

Pathways into different
futures

**The White
Space!**

Progressional
screenings around
room (time period) +
virtual reality

**Outdoor
room**

**The taste
experience**

Like the relaxation zone
at Millennium Dome

Trained chefs and
barman offering
expertise

**Future
tactility**

Clothes, textiles and
material samples filling
room

Appendix 5.1: Booz, Allen and Hamilton (1982) Typology

New Lines — 20%		**New to the World** — 10%
Improvements to existing products — 26%	**Additions to product lines** — 26%	
Cost Reductions — 11%	**Repositioning** — 7%	

High ↑

New to Company (vertical axis)

Low → **High**

New to Market (horizontal axis)

256
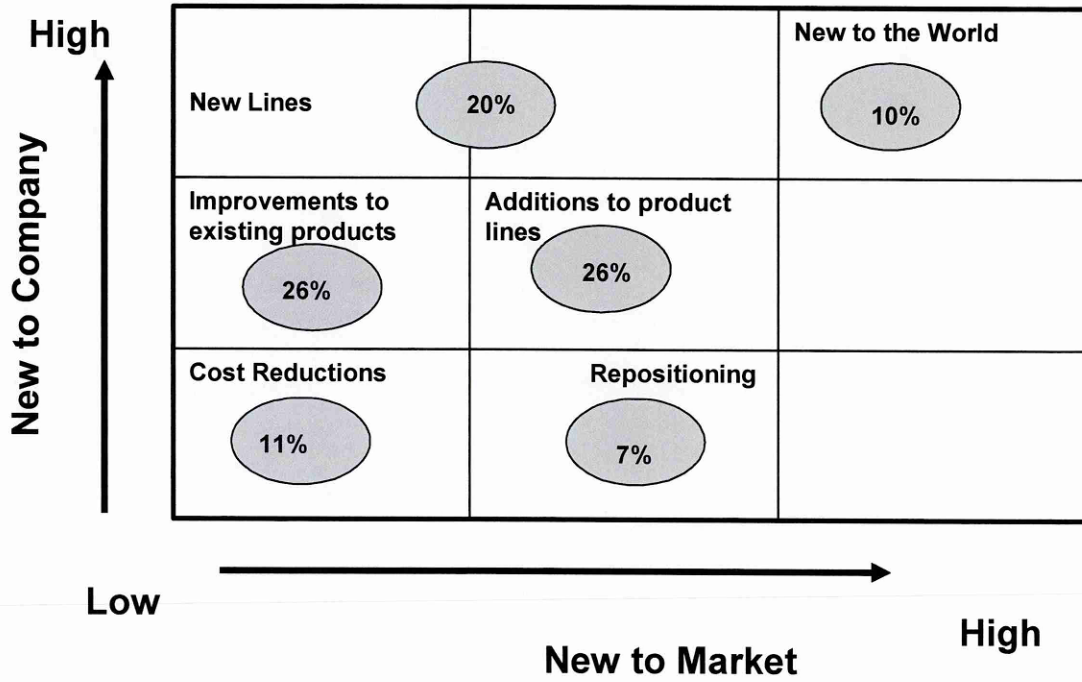
Appendix 6.1: Nestlé Segmentation Model

Nestlé: Segmentation Model

Consumer 'want' states

Rational ———————————————→ Emotional

Mars bars   Kit Kat   Maltesers   Cadburys Caramel

'Want' states   Hunger ——→ Snack ——→ Play ——→ Pleasure
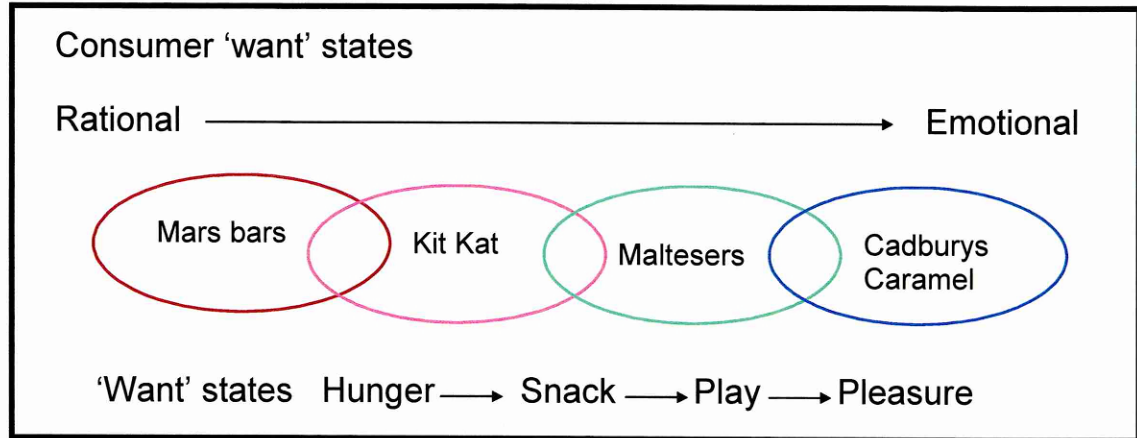
Nestlé have created their own segmentation based on 'want' states rather than 'need' states.

"Consumers can talk about the above. Their language becomes much richer in the play and pleasure areas".

(Nestlé, 2004)

"It is quite an emotional market place that is based on feelings and emotions rather than rational decision making".

(Nestlé, 2004)

pioneer panels® - principles

Juxtaposes Conservatives and Pioneers to contrast
the resistance of the present with a glimpse of the future

Conservatives

Pioneers

0   1   2   3   4   5   6   7   8   9   10

Degree of change orientation