

Truly breakthrough ideas are both easier and harder to come by.

Bolder and Brighter

How should innovators think about consumers?

Deborah Conrad: Innovation is about presenting information in a way that's easy for consumers. Several years ago, marketers had a push mentality, where we were shouting from the highest building and hoping that consumers would sort it all out themselves.

Digital and social media now give us the ability to offer different solutions to consumers when and where they need them. So, it's about using that innovative platform and not just relying on

kind of connection to the user at Vibram. We spend a lot of time trying to understand how people engage with our products on Facebook, as well as on the various review sites. We also encourage our people to spend a lot of time in the field, working at a store, or just spending a couple hours in a store, and talking to consumers.

We're also going to open our first store in Boston to help us engage with our consumers. It won't make a big difference in our revenue, but everyone at Vibram will be able to spend time working there, talking with consumers and getting ideas.

For example, technology enables consumers to follow and engage celebrities on Twitter, Facebook or blogs. However, that behavior is a basic, inherent human desire to connect with people you admire. It's a latent cultural behavior that has existed since the '50s or '40s, but now it's done in a digital way and you can get a lot closer than you could have 50 or 60 years ago.

On the flipside, there are some truly breakthrough innovations, such as television and the internet, that literally create new behaviors. We used to think that we physically needed to own music. Now, with the advent of streaming, we've completely changed that paradigm. That's the context in which innovators need to think about consumers.

Robert Wolcott: Innovation is about balance. Steve Jobs said consumers didn't know what they wanted until he showed it to them. There is wisdom in that, but we also need to ask, watch and engage with people. We need to *become* the customer. But if we rely on that alone, we're not going to find the game-changers and lead the customer.

Companies can strive to be responsive to customers, but not

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DEBORAH CONRAD

things like television ads. There's a real intersection between the consumer searching for solutions and our opportunity to get them excited about what we have to offer.

Tony Post: The best innovators live the consumer experience directly, along with their peers and friends. We really stress that

Ralph Santana: One way to think about consumers and innovation is to put things in the context of whether the innovation is solving for an existing need. Is the innovation enabling some latent desire that already exists? Or is it creating a new behavior, market or fundamental need that consumers didn't even know they had?

A ROUNDTABLE FEATURING

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just be reactive. They can also lead customers and help them experience new things. We have to take a step beyond connecting with customers, and try to interpret what's important to them before they know it's important to them. We need to try a lot of things to find the magic that creates new categories and rapid growth.

Beth Ann Kamikow: Consumers really need to be observed. It's less about surveying consumers and more about watching their behavior, current rituals and routines, and getting a true sense of a need that is not being met,

information overload and there's so much noise. This makes innovation harder than before because achieving breakthroughs is harder.

Look at the Old Spice campaign or Pepsi's Refresh Project. It's harder to come up with those ideas and harder for consumers to pay attention. It's certainly hard to sustain the idea. Even if you do it once, there's no guarantee you'll be able to do it again.

Post: Product innovation is really hard, but it's definitely easier than it used to be because it's easier to gain stimulus and feedback. We have so many more ways to engage with the

It's also more difficult because everybody is in the business of innovation. But it's not so much that coming up with innovation is difficult; it's whether you deliver meaningful innovation that is a true business driver. Sometimes marketers forget that the purpose of innovation is to drive the company's business model.

Now, driving a business model may not always be tethered to an immediate return-on-investment. For example, the objective may be to simplify consumers' lives and in the process create more advocacy for the brand, which leads to sales down the line.

Wolcott: It's easier to get a broader and deeper picture, but the landscape is also more complex and the competition is tougher. It is much harder to create enough attention that customers actually take the time to try something new and then tell their friends about it.

But it's also easier—or at least different—because there are more opportunities to discover and ideate with social-media environments. We're also starting to see some validation of neuro-research to see what causes various parts of their brains to respond to visual, tactical and other stimuli.

That's good, but it also takes a broader set of capabilities to leverage these tools effectively, which can put you in a somewhat negative position. You have to get comfortable with these new tools so that you're not scrambling to catch up three or four years from now.

Kamikow: Innovation is easier now than in the past, but because it's easier the risks are greater. It's cheaper, faster and quicker to test and learn. But because the traditional hurdles aren't there, there's also greater risk.

Sometimes your back has to be against the wall to be innovative.

TONY POST

or latent wants and desires. Then it's about using that insight and working with the consumer as a co-creator, collaborator or inspirer of what should come next.

This is different than simply putting consumers in control. It's more about the innovators driving innovation through observation. Consumers may not voice their needs, so the innovator needs to get into their minds. Observing consumers is the best way to glean a sense of what's next, what to hypothesize and then test.

Is innovation easier or harder than it used to be?

Conrad: On the one hand, innovation is easier because we have all these great platforms like the web to reach people. But at the same time, consumers have

consumer and so many more tools that make it easier to gain insight, information, and collaborate.

It's not like years ago when brands stayed inside the castle walls, tinkered away, built something and then dropped the gate and sent it out to the consumer. There's more collaboration today with consumers, retailers, and, in our case, internally.

It's not about the design team working alone in a vacuum. They are collaborating with the marketing and sales groups. The energy that you get when ideas are exchanged, and creating the right kind of culture for that exchange, is really important.

Santana: Innovation is both easier and more difficult. It's easier because technology democratizes information. Smart marketers are more connected to underlying consumer behavior and are savvier about consumers than ever before.

This also creates more tensions within organizations in terms of the company's culture of innovation. Companies that aren't clear about their guiding principles or philosophical approaches have a harder time with innovation.

What is the best way to separate good and bad ideas?

Conrad: For me, the answer is pretty simple: does it fit our brand promise? Intel's brand statement is: We are sponsors of tomorrow. What that really means is that we are here to make a better future possible for you. That is the filter we use day in and day out.

Whether it's a good idea or bad idea, it first has to pass that test and continue to pass that test as we go through an evaluation. Some ideas aren't "bad" so much as they are just not "on brand" or don't fit the priority of the day.

Bad ideas often are masked as clever, cheeky or funny. Everybody loves humor. But there's a fine line on taste, especially when it comes to humor. We try to keep ourselves in the space where we can be funny and irreverent and quirky, but not to the extent that we look like we're just being goofy.

Post: A lot of ideas can seem foolish or wrong at first but they just need time and attention. FiveFingers, our brand of "barefoot" running shoes, was a creative idea that we thought would help people think about our brand differently.

But when we showed it to our customers, everyone thought: toe shoes? It seemed like kind of a bad idea. Retailers said they were going to be too hard to fit, and were too ugly and weird. On top of that,

they seemed too expensive for what they were.

Those obstacles forced us to get better at delivering a better user experience. They made us a smarter, better company. So, you need to let things percolate.

Santana: This will sound like a cliché, but I don't know if there's

because it's all about speed-to-market. You end up launching things that really aren't the big, transformative ideas you could have launched had you spent a little bit of time iterating, exploring and challenging assumptions.

Kamikow: Ideas are not the right unit of analysis. I think innovation

Ideas that last are those that have some cultural currency and relevance.

RALPH SANTANA

such a thing as a bad idea. True innovators identify ideas that have both positives and negatives. But since the purpose of innovation is to drive a company's business model, some ideas are better than others because either the innovation is going to move the business forward or it's not.

Another way to frame the question is to ask whether the innovations are "lasting" ideas. Ideas that last are those that have some cultural currency and relevance. If you come up with an idea that sits in the sweet spot of your brand's DNA, and also overlaps with deep consumer passion points, it will be more lasting.

Wolcott: Many companies tend to converge too early on solutions. In the normal course of business, you're executing against plans so that you hit your numbers. In that environment, it makes perfect sense to focus on the constraints, identify problems and come up with solutions so you can move on to the next thing.

In the further-out innovation space, this can be a dangerous impulse because you're liable to find a concept and launch it quickly

can go off-course when it's just about choosing between good or bad ideas. It really has more to do with the potential for flawless execution than the idea itself.

That's why the ability to rapid prototype and test and learn quickly is critical. It's an advantage because it makes it possible to make sure the idea can be executed and produce the intended result.

Why aren't more companies good at innovation?

Conrad: Innovation, at its core, is about change and change is disruptive. At Intel, we have a powerful instrument to address this called "Disagree and Commit."

It's the idea that we all have different points of view, but we all have the same goal and at some point we have to move forward. So, I may disagree on how to get there, but I will commit to leaping over the chasm of my concerns so we can reach the higher goal.

The result is a level of promise and of a devoted effort that is incredibly powerful. It's



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like the “x” factor. You can’t bottle it. It puts Intel in a more agile environment than one would expect from the typical 100,000-person company, with 100,000 points of view. It does help breed the freedom to fail and to take risks, versus doing nothing.

Post: Sometimes your back has to be against the wall to be innovative. In Vibram’s case, we had this aging demographic of consumers who knew the brand when it was associated with hiking and backpacking, which were not really growth markets.

We knew that if we didn’t find a way to update to reinvent ourselves, we were running the risk of becoming a commodity or being washed out altogether.

When you have a success, it can encourage you to try to do more, or it can make you more conservative. There’s that balance that you need to be measuring constantly. But you still have to encourage people to take risks and not be afraid to fail.

Santana: It takes a lot of time, effort, energy and capital to be innovative. Not all organizations have enough access to the

and smart experiences. All of those things are fundamentally grounded in some type of consumer insight.

Wolcott: Established companies actually are quite a bit better at innovating today than they were ten years ago. Starting in the early to mid-2000s, there were a number of new programs, initiatives, procedures and processes that companies were using to drive innovation.

Mike Lippitz and I wrote about this in *Growth from Within*, which was published in the midst of the global economic meltdown. Every one of the programs we highlight in the book, except for Motorola (it’s understandable why that one was shut down), still exists today.

More executives are starting to recognize that it’s their responsibility to protect the balance between the present and the future. The present always outweighs the future unless we have the guts and the vision to protect our investment in the future. Leading companies are recognizing that they need to connect new opportunities to

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ROBERT WOLCOTT

resources you need to break through in this day and age.

Some companies also suffer from pursuing innovation for the sake of innovation. Innovation has to be grounded in real consumer insight — if it isn’t, you will be led astray.

As a company, Samsung is focused on smart designs, smart connections

existing business units, so that they have a place to transition and scale later on.

Kamikow: The reason some companies aren’t good at innovation is similar to the reason they aren’t better at customer service. It’s because they are not disciplined and focused enough about defining their culture of innovation.

Companies need a blueprint for innovation in terms of levels of commitment, methodologies and how that is transferred throughout the organization. Who's responsible? How collaborative is it?

Because of the cost of entry or the ability to innovate is easier than it was in the past, companies need to be clear about the model, methods, the investments they are making and who owns it. Sometimes these are the harder questions to ask.

What is your favorite innovation of all time?

Conrad: There are so many, but when I think about innovations that knocked me off my feet, it's iTunes. I'm a huge music fan and I have thousands of CDs. The challenge to move to digital was a

to capture and share ideas and images. Through film, you can create a strong emotional response in people; you can make art. You can inspire ideas. You can preserve memories from the past. It's almost a way to build or recreate a life.

The camera is a simple, technical device, but it has helped connect the world and cultures in a way that just can't be done through books or words alone. It's not just the technical benefit of capturing an image. It's really about the emotional connection that's created by seeing a remarkable place in the world or remembering a time in history and making you feel that time again.

Santana: One of my own personal passion points is that I love the kitchen. I love to cook. I'm the chef in the household. The kitchen is

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BETH ANN KAMINKOW

big, clumsy thing. As soon as iTunes came out, the gates opened up. It was like oh, look what I can do: I can make play lists, I can organize my music, I can go shopping.

The idea of making a playlist and giving it to somebody else was just mind-blowing for me. iTunes made me comfortable with the idea of digital content and the idea that I could have all this great information and entertainment around me in the way I want it. So far, in my life, iTunes is way high up on my list of innovations.

Post: I'm a very visual person, so for me the most remarkable innovation is the camera because it gave us the incredible ability

the hub of our house and it's where everybody wants to congregate. So, my favorite innovation is a Samsung innovation—the LCD Panel refrigerator.

This refrigerator is not just a gratuitous TV screen. It's connected and wired to the web. It enables you to pipe music into the kitchen in a different way, to access recipes and information in a different way. It's still in its infancy but it modernizes the kitchen in a contextually relevant way.

Wolcott: I'm fascinated by the innovations that happen in the world that change entire economies and entire paradigms to transform periods of history

where an analog happened hundreds of years before and nobody noticed. The most exciting example is the steam engine. Most people think that the first steam engine was invented in Scotland in the late 17th century.

But the first documented steam engine was invented in 100 AD by a guy named Hero of Alexandria. He created a metal orb with spigots on it that you could put water in and light a fire underneath. When it heated up, it would spin and the energy would be converted to open and close doors.

But nobody was looking for a way to apply the steam engine in 100 AD because they didn't have that frame or context in mind. Nobody said: what if we put that on a mill? What if we had steam energy applied to the economy 1,500-1,600 years before we did?

Kamikow: Nike has had many great innovations and my favorite innovation of theirs is the Nike Free running shoe. What was amazing to me was that Nike's whole innovation platform has come from pushing technology and being leading edge. But then, all of a sudden, their innovation is to take all of the technology out of their shoes!

On top of that, they charged as much, if not more, for these technology-free shoes. It was just wild; the shoes were flying off the shelves. Only Nike could get away with this, but it actually made perfect sense.

When you're landing on something that's more like a bare foot, your whole body prepares, lands and acts differently. It truly has a different effect. It was so perfectly timed with the whole barefoot running shoe craze and just created a revolution. ■