Innovating from inside the brand: (Re)searching the optimum design strategy for brands a new product innovations.

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Innovating from inside the brand: (Re)searching the optimum design strategy for brands a new product innovations.

Purpose of Paper

Over the last few decades, brand and innovation management have become increasingly important for firms to secure their position on the market and to fuel growth. Company's continuity depends on the success of the introduction of new product innovations and on the other hand companies use branding to distinguish themselves and to increase their competitive advantage. Nevertheless the interplay between branding and innovation is still underexposed while both fields are clearly strongly interrelated (Brexendorf et al., 2015). Understanding the success of new product innovations will decrease the risk of new product failures and together with the powerful effect of branding, this can lead to a more successful and acceptable innovation. In short, a brand will help consumers to evaluate product performance (Maheswaran et al., 1992) and the familiarity with the brand and its performance will give consumers more confidence. We like to delineate the term "Innovating from inside the brand" by creating innovations that will evoke arousal on the one hand and use the brand as a recognizable factor on the other hand. The main question is then how to design these innovations from inside the brand? In this paper we evaluate the interplay between the brand and the new product innovation with a focus on how to design the *appearance* of a successful brand extension.

Methodology

Current literature on brand extensions focuses on answering the question how successful a certain product-brand combination will be (Aaker, 1990, Aaker and Keller, 1990, Bottomley and Holden, 2001, Völckner and Sattler, 2006, Völckner and Sattler, 2007), but this does not give any guidance to new product development and product management how the brand extension should be designed. In design literature these questions also remain unanswered. An optimal combination of innovation and branding, reminds us of the well-known MAYA-theory of Loewy (1951), where a successful design must be as innovative as possible, but not so much to be considered unacceptable. Several studies have investigated this relationship between typicality and novelty to predict aesthetic preference (Blijlevens et al., 2012, Hekkert et al., 2003, Whitfield, 1983). Hekkert et al (2003) were the first to claim that "typicality and novelty are jointly and equally effective in explaining the aesthetic preference of consumer products". But is this principle also applicable for new product innovations from a certain brand, i.e. *brand extension*s?

A strong relationship between brand fit and a new innovation will support the adoption process, when the perceived meaning of the innovation is aligned with the perceived meaning of the brand (i.e. brand fit) (Karjalainen and Snelders, 2010). To achieve that, it is important that brand characteristics are consistently reflected in the design of products to enhance the recognisability (Kreuzbauer and Malter, 2005). For brand extensions, the use of recognizable attributes is even more important. A brand design requires a combination

of existing brand typical elements with design elements from the new product category (Leder et al., 2007). Introducing a product in a different product-category will evoke a novel experience for consumers, and to assure the acceptation of the brand, it is important to connect to the identity of the brand and its core values to the product (Mulder-Nijkamp and W.Eggink, 2013). To underpin this necessity we can observe the two bikes designed for Ferrari (figure 1). The right design only uses characteristic elements of the car which are more or less copied onto the bike. The left design is also using characteristic elements like the air intake and the star shaped rims, and more important, the designers also tried to incorporate the core values of Ferrari (speed, agility, power), which leads to a powerful racing bike instead of a bike that looks more like a velocipede.

Figure 1 Two brand extensions of a bike for Ferrari

Following the previous section, it is clear that the proper translation of brand values into brand communication is crucial. Nevertheless, it is important to know more about the optimal balance between novelty and (brand)typicality of those brand extensions. A more unusual or radical innovation can be perceived as being too risky without realizing its potential, while a more common or incremental design can be perceived as boring. To investigate this we set up an experiment where professionals evaluated different designs of brand extensions, incremental as well as radical innovations.

We evaluated the designs of 81 brand extensions by design experts. The brand extensions were designed by second year old students Industrial Design Engineering at the University of Twente. They designed a snow scooter for the brand Lamborghini from scratch in 4 weeks, they also received a method to design successful brand extensions. In the beginning all students received an (artificial) design brief from Lamborghini. The results of the assignment were 81 concept sketches of snow scooters, which were made using a digital drawing tablet.

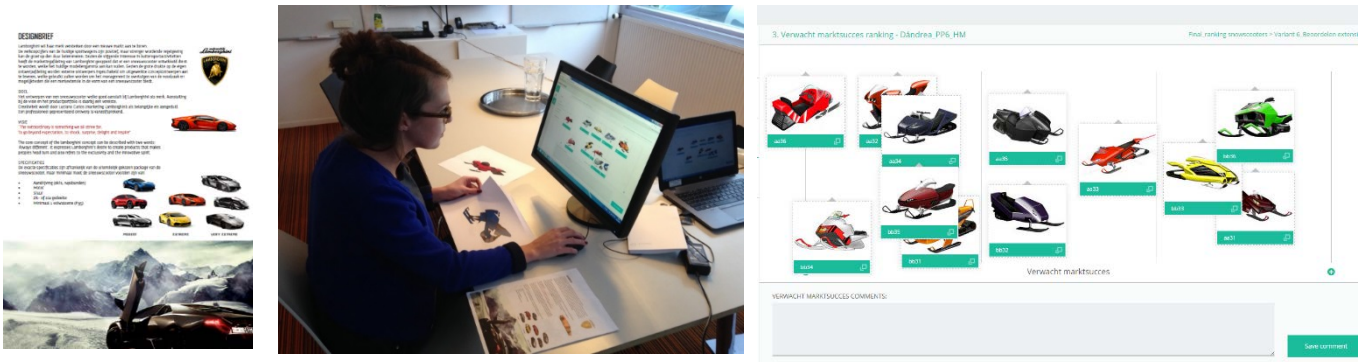

Figure 2. Design expert ranking the designs according to the design brief (left), overview of a ranking (right)

The proposals are obviously not yet market ready and also seem to vary from designs that were completely realistic to completely unrealistic. Therefore we decided to evaluate the design concepts by design experts, which are familiar with 'reading' concept drawings and are more capable of understanding the designer's intent. Nevertheless we explicitly asked the respondents to rank the designs the way they are presented at this moment. We used 47 design professionals to rate the designs. Every expert ranked 12 different designs on a screen (figure 2) and they had to position the designs together on a scale from 0 (not at all) to 1000 (really well).

The respondents were asked to rank the designs on the quality of the drawing, to compensate for the drawing capabilities of the students. After that, they were asked to read the design brief and subsequently rank the designs based on the expected market success (degree of success – do you think this snow scooter will be successful on the market). Then they were asked to rank them on (proto)typicality (goodness of example – does it look like a snow scooter), brand fit (connection with the brand – does the aesthetic appearance of the design fits the brand), novelty (newness of the aesthetic appearance – does the design elicit newness compared to current snowscooters) and aesthetic appraisal (do you like the aesthetic appearance of the design).

Findings

We investigated if there is a significant relationship between the designs that use typicality and novelty in the most optimum way (that is, maximizing both typicality *and* novelty) and the level of market success.

In figure 3 the market success is plotted against the product of typicality and novelty. We only plotted the results that were indicated with a level of drawing quality from 333 till 1000 to filter out the designs that can be misinterpreted due to the bad quality of the drawing. It seems that the more successful products indeed use a combination of higher

rates of both typicality and novelty, compared to the less successful products. The red line shows the correlation of both aspects.

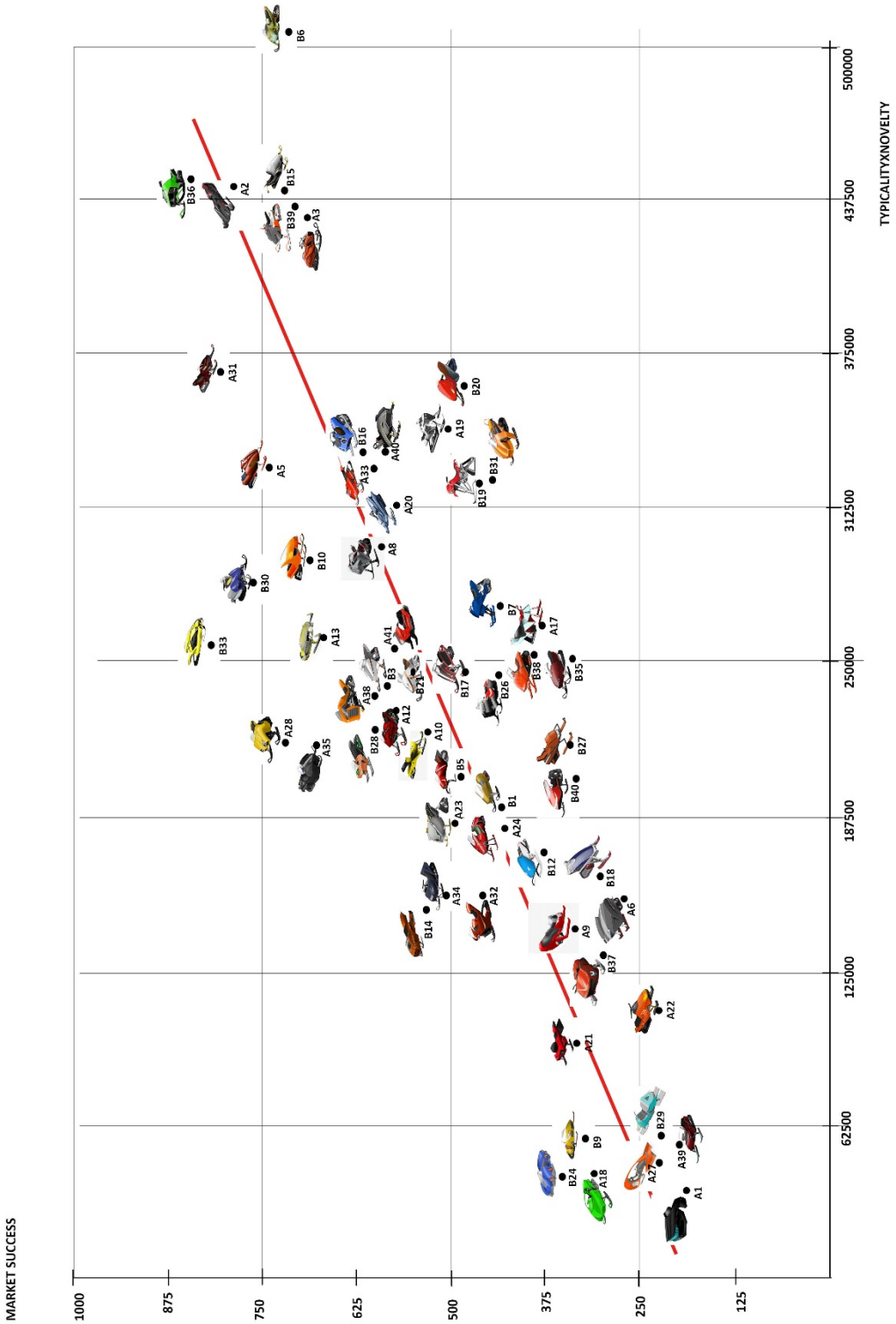

Figure 3. Plot of market success versus typicalityxnovelty

In order to know more about how to design a certain brand extension, we need to know the ratio between both aspects and the relation to the success of those brand extensions. In a second step we will visualize the ratio between the level of typicality and novelty (horizontal axis) and market success (vertical axis) in more detail. The left part of the graph shows the more incremental designs with a high typicality and a low novelty, at the right part the more radical designs are plotted with a high novelty and a low typicality.

The plot shows an inverted U curve where the more successful designs are on the top of the red line. The designs that use a high level of novelty and a high level of typicality do not all seem to be successful. Designs A18, A39, B7, B31, A23, A20 and A19 have a high level of novelty and typicality but are perceived as less successful products. A plausible explanation could be that these design have a more extreme styling and therefore are judged with a higher level of uncertainty regarding the performance of the product.

Finally we need to investigate if the designs that are on top of the quadratic curve (all designs in the purple oval in figure 4) are also the designs with the highest brand fit. Indeed the designs B36, B10, B6, B15, A2, A3 all have a level of brand fit of 650 or higher.

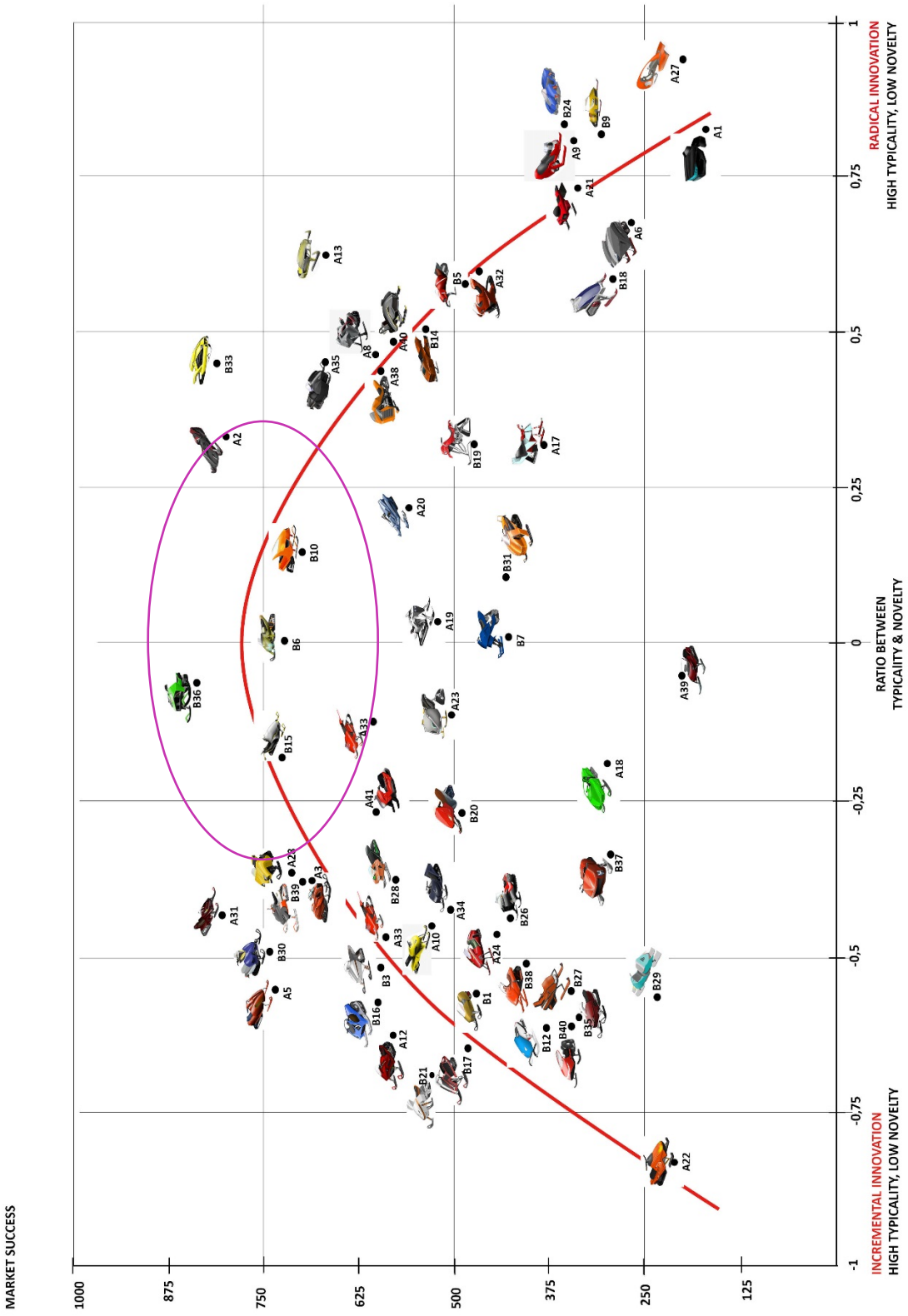

Figure 4. ***Ratio between typicality and novelty.***

Theoretical implications & Practical implications

This paper shows the integration of branding and innovation and the preliminary results show a linear relationship between the product of typicality and novelty, and market success. This market success seems to be the largest when the levels of typicality and novelty are high *and* the ratio of both aspects is (almost) equal (B36 and A2).

The results can be important for designers as well as design managers to take into account the several effects to create new successful brand extensions and to better plan strategic design decisions. Theoretically it will contribute to the much investigated relationship between novelty and aesthetic preference with a focus on linking brands to innovation management.

Limitations

A limitation of this research is evaluating the designs with design experts instead of real consumers. Despite the fact experts are trained to design products for consumers so they should be able to indicate what is best suitable, there is a possibility these designers are focusing on the potentials of an idea. On the other hand the designs are developed by novice designers who do not have a lot of design experience, this could also influence the end results.

Originality/value

Undoubtedly there is awareness of the fact that a brand extension has to fit the mother brand, but it is still underexposed how the interface of the brand and the innovations can be designed. Linking brands to innovation and design in a mere systematic and quantified approach can lead to new product developments who are more successful.

Keywords: brand extensions, design interface, new product innovations

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