Don't communicate, innovate.

Innovation is a more effective driver of brand equity and growth than communication. Professional services firms need to act on this.

However hard we try (and goodness how hard we've tried), brand seems to be forever associated with communications in the minds of most non-marketers. Marketing is seen as promotion of the brand image. Rebranding inevitably involves redefinition of the customer proposition, followed by a powerful new communications campaign.

We have signally failed to change the paradigm.

And yet, the effectiveness of communications is notoriously hard to measure. I never cease to be amazed by the faith of leadership teams in often mediocre and highly costly advertising campaigns.

Surely there's a better and more reliable way of building brand equity?

The answer lies with innovation.

I suppose I and most marketers have felt this intuitively for some time. "Build a better mouse trap and the world will beat a path to your door". But we have struggled to support the claim and struggled even more to make it happen, especially in professional services.

Why communication doesn't work
Or should I say "why communication works less well than innovation"?

In a recent conference on country branding, Simon Anholt made a very simple but insightful point. Speaking about country advertising, he said that, in order for advertising to work, there has to be an implicit contract between the advertiser and the audience, such that the audience gives the advertiser permission to sell their products or services to them.

In the case of a country brand, no such contract exists. You can't effectively advertise the merits of a country, because the audience has no reason to listen. You can advertise the country as a tourist destination, because, in that case, the audience does potentially have an interest in buying the product.

It struck me that this was not only true but could also be applied to products and services other than countries. It's arguable that as you move from consumer goods to B2B to services to professional services, the implicit contract with the audience becomes progressively weaker. The audience is less inclined to listen to, let alone believe, the claims of the provider, whatever the form of communication.
What they are more likely to pay attention to is the experience that they, or others they know, encounter. After all, we've long known that word of mouth from known sources is the most used reference point for buyers of professional services.

Innovation drives brand
This revelation was further stimulated by a recent article about the "Promise Index 2007". The Promise Index polls 1000 consumers on their image and experience perception of 150 leading brands. What's really interesting is the Promise Gap – the difference between consumer expectations and experience. The research shows that companies with a negative gap (image better than experience) consistently

under-perform their peers. Companies with a positive gap (experience better than image) consistently out-perform their peers.

What's even more interesting though is that year after year the Promise Index shows that focusing on your image, in most industries, is one of the least efficient ways to drive growth. The index shows that the biggest driver of revenue growth is consumer experience. And in turn, the biggest driver of improvements in experience is customer innovation. (Don't tell the ad agencies….).

This is all entirely predictable and logical, but it's really good to see some hard evidence. It makes sense that innovation provides much more tangible evidence of change than does communication. It makes sense that innovation enables a brand to stay relevant to its audience over time. It makes sense that innovation can surprise and delight a customer and re-kindle a relationship that might otherwise deteriorate. It makes sense that innovation will drive more word of mouth recommendation than any form of communication.

So what is innovation?
According to a special report on innovation in The Economist, innovation is "fresh thinking that creates value".

That's a neat summary. It's also broad enough to encompass the thought that innovation can relate to new products and services, business processes and organic changes. So innovation is not just the province of the R&D lab or, in the case of professional services, the technical specialist. It's something that everyone in the business, front and back office, can drive. I wonder how many law firm accounts clerks think of themselves as potential innovators?

From a brand perspective, this is quite exciting (I am easily excited).

Firstly, we need to agree the premise that a brand is driven by everything an organisation says or does that touches the customer – its products and services, physical environment, behaviour and culture, communications and identity.

Secondly, we need to put ourselves in the client's shoes and think of all the points at which they come into contact with the organisation – from press article, to website, to picking up the telephone, to meeting face to face. There are multiple "touch points".

Finally, we need to treat each touch point as having the potential for innovation. This presents a rich opportunity for innovations, large and small, with the widest possible involvement from everyone in the firm.

"Fresh thinking that creates value for the client" is the most obvious definition of innovation. But it doesn't have to stop there. Value can also be created for the firm and for people in the firm. So innovation in its broadest sense can be defined as "fresh thinking that creates value for clients, people and firm".

And what's stopping us?
Why aren't more firms naturally innovative? One thought is that they are simply doing too well to need to innovate. There's no driver, no burning platform. Another is that there's no culture of innovation. It's not encouraged, nurtured or rewarded. What if the accounts clerk got a bonus for every new idea that added value to the clients, the firm or the people in the firm?

But perhaps the biggest barrier is lack of information about the opportunities for innovation. How many firms run regular client feedback programmes where sources of dissatisfaction and frustration are probed? And if they do, do they only seek feedback from the most senior levels, most of whom are probably unaware of half the important issues? What about talking to the client's accounts department? Their telephonists? Their mail room? This is where many of the brand touch points reside.

Before Silverjet launched their new business class only service to New York, they talked in depth to business class flyers. They listened personally to their potential customers' complaints, frustrations, needs, dreams and they responded with 75 new ways of delivering a business class service. Some were no doubt very small improvements. Some, such as ladies only toilets, were significant innovations (especially for ladies). All driven by listening to their audience.

As marketing people we know this. We're trained to bring the voice of the customer into the organisation. It's what we do. And we know it works. But do we push it hard and far enough? If we did, I think firms would be a lot more innovative.

The real problem is that marketing generally controls communications and identity. It doesn't generally control the other brand drivers – physical environment, culture, products and services. So making change in those areas is a lot tougher. It's much easier to default to communications.

A challenge

Imagine what it would be like to stop all external communication and instead funnel all your time, attention, resource and investment into finding and delivering innovative ways of improving your clients' experience. Start by talking in depth to all the recipients of that experience and then simply respond to their needs. Stop crowing about how good you are and start delivering. Put the experience ahead of the image.

Sounds extreme but I bet you'd make more money.

Contact Geoff Dodds Consultants:

E geoff@geoffdodds.com
T +44 (0) 7802 476 126
W www.geoffdodds.com