

David Report

issue 5/November 2006

YOUR PATHFINDER INTO THE FUTURE

Communication Through Product

"David Report provides thought-provoking insights which give me inspiration and ideas."
Peter Bodor, Public Affairs and Communications Manager, Coca-Cola Sweden

"Reading and viewing several trend reports and newsletters daily I could simply say that David Report is the ONE to read. Other describes what's done yesterday. David Report tells what will happen tomorrow and in the long run, and does this with a design perspective and humanistic approach I just can admire, respect and agree with!
Ulrika Lövdahl, Project Manager, Communication Development, V&S ABSOLUT SPIRITS

"Finally David Carlson, the famous Swedish design-entrepreneur, takes the obvious next step by starting the David Report. He wants to change the world. He might do it."
Olle Wästberg, Director General, The Swedish Institute

Our keynote

Foreword

Last issue of David Report (no 4: Welcome to the Credibility Loop) made an impression on our readers. We have been asked to take a deeper look inside the loop. Who could argue with that, we are here for you, dear readers! This new issue is called Communication Through Product and we are really happy to present it. Not only because it consists of an interesting development of our initial thoughts, we are also proud to deliver ideas that we believe could save our fellow business men/women billions of dollars. This by using a marketing strategy based on design, creativity and innovation that we have named CTP, an abbreviation of Communication Through Product.

The lead-in

Today our world is completely different compared to the early years of industrialism or even in comparison to just ten fifteen years ago. Our modern society is more or less totally transparent and the consumers are in command. To be successful today you need a genuine interest to listen to them and to understand their needs by implementing engaged, humble and respectful conversations. Not by polluting the world with just another shouting advertising campaign.

As a reminiscence, a short resume of David Report issue 4 – The credibility Loop:

“Today advertising is a questionable effort both to build recognition and to build a brand. The academic elite as well as business professionals have a second thought how to do. It’s all about building a trustworthy and reliable partnership with your (future) customers. To become a part of their mind so to speak. And when most people are sick and tired of all advertising everywhere, there must be a better way to communicate with them, mustn’t”

As an answer to the current situation we gave the advice to go for a ride in the Credibility Loop. We are convinced that if a product will be able to speak for itself via a unique design, personality and soul, it will by far be the best and least expensive way to communicate it.

A new world order.

For a couple of decades it has been unfashionable to talk



Mini Cooper - good example of attractive design

about products and services. According to the marketers advertising has been the big solution to everything. Advertising has been the king. But it is no more. We have a new world order where online communities like YouTube and MySpace will be in command as the new message carrier. A recent example is the short movie “campaign for real beauty” from Dove which generated better feedback at YouTube than through a multiple dollar thirty seconds spot during Superbowl.

We would like to turn the telescopic sight back to the very core of brand delivery, which is the products and services. The very heart or DNA of a brand so to speak. This is where most credibility lies. And by developing and spicing up the core you can achieve competitive advantage in an ever-changing world. Still, in most cases the core is blurred by all the advertising surrounding more or less everything we buy but which is not adding anything to the world. It is just a lacquer on the top. It is just there to market the product. It is just like the peel of an orange. Something you peel off and throw away in the garbage when going for what’s good inside.

Maybe it exists other and more creative methods to make products attractive to the consumers rather than spending more and more money on traditional advertising? We think so. What if a company took some (or a lot) of the advertising and communication budget and used it on design and innovation instead? Will that help them to enhance the attraction and make a product more desirable? Will they be able to make it more particular and necessary? Of course, according us.

Advertising cannot change the word. Design and innovation can!



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Our interview

We proudly present an interview with [Acne Jeans](#). A Swedish fashion brand that by designing simple and functional clothes, aims to create a modern framework for individuality.

1. Please shortly tell us about the history of Acne Jeans.

Acne started as a creative collective in 1996, with four creative individuals who each had a different field of expertise. With time the original company grew four individual arms; Acne Film, Acne Digital, Acne Creative and, of course, Acne Jeans. The concept has always been to combine art and industry in a manner which felt both visionary and logical, and this spirit is still what drives us today.

2. Who is your target group and what are their values?

The Acne Jeans customer is someone who feels attuned to the culture industries, whether this is as a consumer or as a producer. Our customer has high demands on what they consume, and always challenge us to create the best possible product.

3. You do not market Acne through traditional advertising, please let us know why?

At the very beginning we simply couldn't afford to, and now we feel that we prefer to invest in new products, such as Acne Paper, rather advertise in the traditional manner. Seeing as we're still growing in every respect, this means prioritising, which right now equals no advertising.

4. Do you reach your target group without traditional advertising?

Yes.

5. Your collections are the core of your business. Are they also important for your communication?

We are absolutely design driven in every respect. The inspiration that the design team use each season pushes the whole company forward. Through the collections we are always exposed to new creative references, something which in turn also, both directly and indirectly, influences the way we choose to communicate the collections themselves. In this sense we would like to think that we always push onwards, never standing still.

6. Are your products an important part of the brand experience?

The products that we make are at the heart of Acne Jeans. Without products that reflect the high standards

that we have, 'Acne Jeans' would be a mere veneer without a solid base.

7. How important is design, innovation and creativity?

Vision, ambition, innovation and creativity are the lifeblood of the whole Acne creative collective, and the reason we continue to produce all from jeans to a high fashion magazine.

8. Tell us something about your magazine, Acne paper.

Through Acne Paper we want to share the multitude of people, places and cultural currents that inspire us. Here we want to invite our customers into a world of flair and glamour as well as a world of subtleties and reflection, and somehow bridge the gap between history and the present.

9. Are the Acne studios an important part of your communication? What are the key ingredients?

Our Acne Studios are an extension of the Acne concept, and a way to invite the customer to the 'Acne world'. We want the customer to feel familiar and comfortable, whilst still offer a taste of something new and unexpected.

10. You do a lot of different events and installations. One recent example is the shop swap with Browns Focus. Please let us know something about your thoughts and your objectives.

The Browns Focus shop swap started as a project amongst friends, and developed into something quite spectacular with a life of its own. As with everything else that we do we wanted to push the boundaries of what to expect from a clothing brand. Retailing today means being intrepid and fearless, and to always aim to give more back to the customer, whether that means sharing a good secret, as with Acne Paper, or giving a struggling artist a helping hand, as with our gallery space 'Vita Velvet', or providing something totally unexpected as with our shop swap.

11. Please let us know what is happening in the near future?

We have several! For s/s 07 we have collaborated with Tretorn to produce two sneaker styles that we hope will be universally loved (they have already created a minor 'must-have' frenzy here at the office!), and in the near future we will finally open a webshop. On top of this we have several 'real' shops opening soon, the closest one being the Gothenburg Acne Studio, which will open with a bang the 29/11.



Our private eye - Lugano

The end of the conventional advertising

by Oliver Ike

Today large companies have to invest the money that they used on conventional advertising campaigns into the product itself. Our theory, the CTP strategy (Communication through product) mentioned below, underlines the importance to improve the USP of a product through investing in its design and innovation. The product thereupon speaks for itself and hence has no need to be communicated through conventional ATL advertising as before.

The consumer of today's world is better informed than ever due mainly to the Internet. He is willing to pay a premium for a product but only if it communicates lifestyle to him. How can we achieve this? What are the rules to obey to get a positive result? I would like to explain this to you through an example of the watch industry.

10 years ago I created a watch-brand called **Ikepod**. By picking one of the most en vogue designer at that time, Marc Newson, I differentiated the looks of the product from what was available in timepieces on the markets. Combining traditional Swiss mechanical watch making with avant-garde design was the key of my success. Design for me is form and function. If it only becomes form like in the 80's and there is no function, it equals art and has nothing to do with design anymore. If instead it has function as well, as shows off an outstanding design, success is just around the corner.

The most important lesson I drew from the focus on the product design in the above example was that you have to be very precise in your briefing in order to develop a consistent brand strategy.

It should not be the designer who creates a product that he wants but it should be a team of market researchers from your company telling the designer what the market wants and then accordingly the designer will use his talent to interpret your briefing.

Through the different looks, its innovative mechanical functions and its coherent corporate identity Ikepod watches became known in the markets within a few months. We would never have been able to pay for all the free editorials and PR that we received. The so called brand ambassadors (movie stars, pop stars, etc..) bought the product at our retailers without us even being aware. We did not have to pay them anything for endorsing our product. I even recall to have received a phone call from Elton John's manager asking me to allow them to use our watches for the conventional ATL - TV advertising of the Royal Mail and they did buy watches for this! Suddenly the Ikepod brand started to become a trendsetter. In the watch industry there are a few big companies that



Ikepod watch by Marc Newson

also derived part or all of their success due to focusing on the product design. What would Audemars Piguet be today without The Royal Oak watch-lines designed by Gerald Genta. How would the sales have developed for Jaeger-le-Coultre without their Reverso model? How would Patek's image be without introducing the Nautilus or Aquanaut designed by the same Genta? These are just a few examples that show you that if you let the product speak, through its design and innovation, you can save millions on conventional ATL advertising.

Here again are the main ingredients that I consider necessary to succeed with a CTP strategy:

- Importance of an exact briefing: Firstly analyse your markets and find out who your main brand ambassadors are (clients, retailers, distributors?). Listen to their needs before you even start creating a new product
- Choose at least two good industrial designers that know material properties as well as modern production technologies. This way you do not risk to be dependant on just one designer.
- Do not be afraid to spend money on the design to achieve as many USP's for your product as possible. You can recover this investment entirely through the premium price of your product.
- Develop a coherent brand corporate identity and a consistent product strategy. Spend money on creating or improving your CI (logo, graphics, catalogues, Internet site).

You will in a short time see that the investment is much less than in conventional ATL advertising and the results will be more effective. By communicating through product you reinforce your brand and you create a lasting value. Some of your products may even write "design-history" and generations later people will still remember your brand because of them.

ATL - BTL - and now..... CTP

Years ago Jackson Five played with figures and letters in the song ABC, "ABC, 123, baby, you and me!" In an easy way they communicated the way to go: After A comes B and after B comes C.

The discussion on how to communicate is intense. Disputes whether to use ATL and/or BTL instruments for a communication campaign. ATL stands for Above-The-Line using mass media such as TV-spots, print-ads and radio campaigns. Today ATL has most part of the marketing investments even if it is emotionally poor. BTL or Below-the-Line is the umbrella term of more creative methods such as PR, events and word-of-mouth. A common denominator for ATL is the PUSH strategy. As a consumer you can not really decide if you would like to be the addressee or not. Because it is everywhere.

We doubt that this is a smart strategy when we are in the middle of a strong and fast shift from marketers to consumers. Today consumers are in command. They are sick and tired of all the buzz out there. They want to find relevant information by themselves. And this from credible sources (advertising does not count as one any longer...). It is given nowadays that it is the consumers that "owns" your brand. At least if you think that the perception of your brand in the mind of the target group is paramount. If we hold this as true, isn't it strange that so many companies do not still listen to the desideratum of their customers?

We recommend a PULL-strategy that attracts the customer and pulls him/her to the product or service like a fly to sugar. PULL is driven by credibility. One (and the best?) example of a credible PULL strategy is a marketing and communication strategy we have named Communication Through Product (CTP).

Communication Through Product (CTP) is about using your budget for design and innovation instead of trying to hide poor products behind loads of expensive advertising. It's about letting the products communicate by themselves instead of building up costly communication around them and to make the products their own ambassadors by adding elements that communicate the identity of the brand which at the same time will pull people to them.

What makes a product communicate by itself then? We think it has to do about delivering experiences and creating a sense of belonging. By letting the products solve problems, provide benefits and evoke meaning. They will be able to achieve this by offering sensory stimulation and by providing cognitive adventures.

Be sensitive to what the consumer thinks and feels. Create attraction and they will voluntarily seek, find and accept your products. We say - be proactive, make a difference and take control of the situation. Skip A and B



Apple iPod Shuffle

and go directly to C, the trustworthy core. Try Communication Through Product (CTP), you'll like it.

The drop metaphor

A drop is our metaphor for Communication Through Product (CTP). Like rings on the water the product (and brand) reaches the consumers. The experience is stronger closer to the center and fades the further out you get.

The closer to the core, the more trustworthy results you will achieve in your communication efforts. By using Communication Through Product (CTP) you will be able to work inside out with the necessary humanistic ingredients in focus, not just putting some varnish on the surface.

The closer to the core you will get, the bigger the sensory experiences are. ATL makes you see and hear, BTL tickles a little bit more but Communication Through Product (CTP) fully evokes taste, touch and smell as well. You will get a subconscious and intuitive feeling of something real and credible, your sixth sense! Communication Through Product (CTP) is actually the best sensory marketing strategy there is.

By starting the communication with the products themselves, or in their logical nearness, they will from the beginning have a PULL-factor incorporated that attracts consumers without a major advertising campaign. This because the product itself substantively is the best messenger you can get.

Design, innovation and creativity are the key ingredients that builds the unique DNA of Communication Through Product (CTP). Communication Through Product (CTP) is marketing 2.0.



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Save and earn money by using CTP

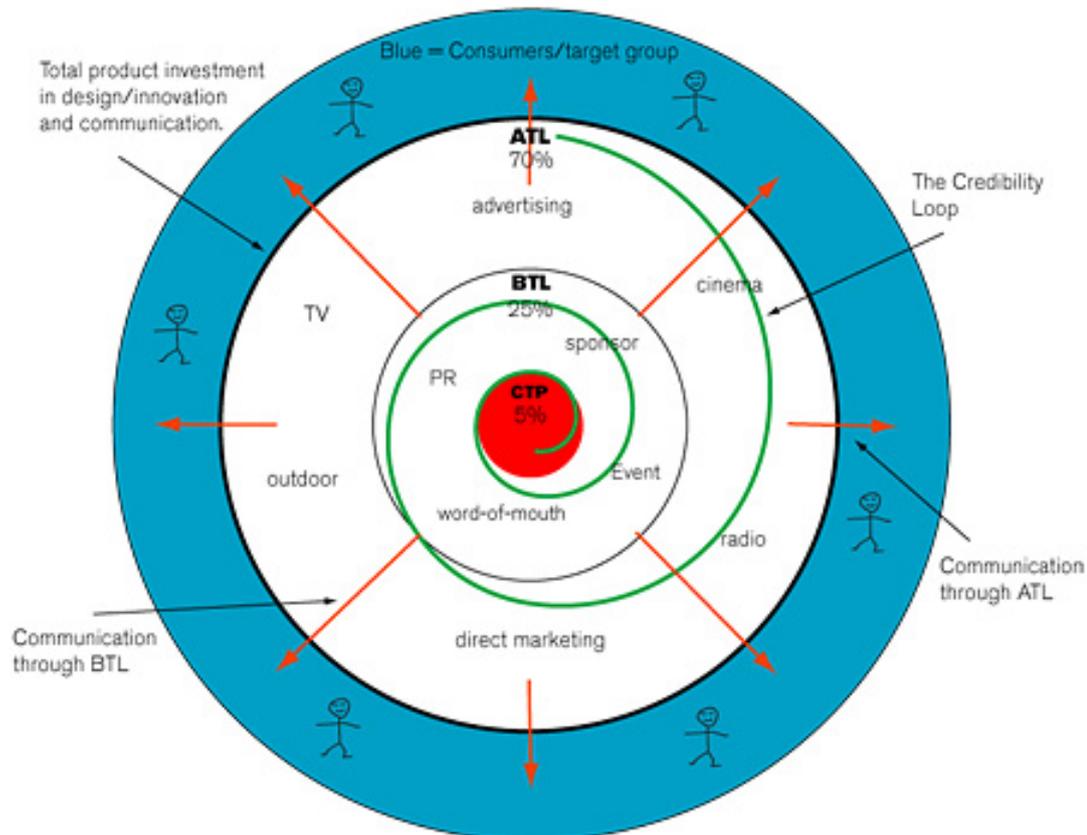
Today, in general, the media budget compared to the investment in design and innovation is divided approximately like this: 70 percent ATL, 25 percent BTL and 5 percent design and innovation. How is it possible to defend a strategy that “waste” nearly 3/4 on questionable advertising?

We mean that the total amount spent will decrease when investing more resources on design and innovation. Because by boosting the core, less money will be needed for ATL and/or in some sense BTL activities (even if we believe that BTL is a good transmitter because it is interpersonal and experience related). The estimated figures in the models below tells us that you could save something like 20 percent of spending, and which is as important, it will increase the credibility level hugely.

Our examples excludes production, distribution and administration costs etc. We are only counting the cost of communication plus design and innovation. Our figures are just roughly presented and should be seen as an experimental and alternative thinking. But if this is the reality, can you afford not going for a ride in the Credibility Loop? And best of all, be able to make a big difference?

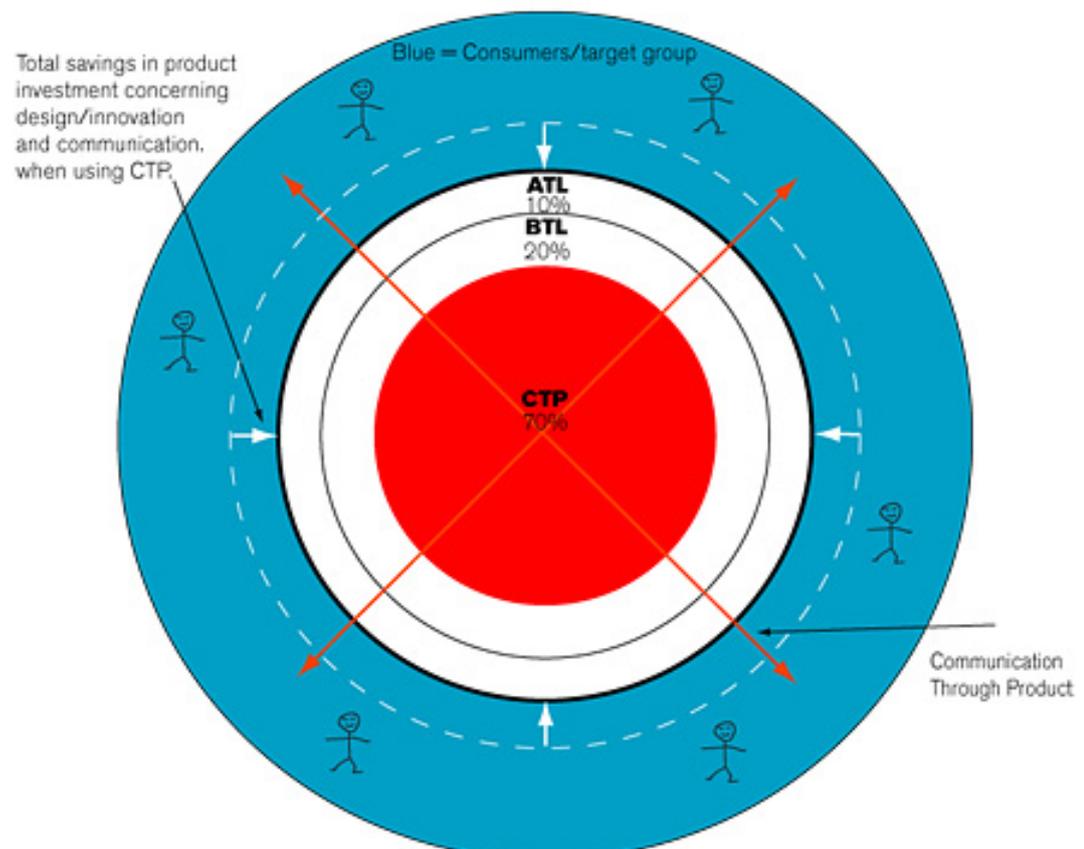
Traditional breakdown of communication investment.

(all figures are estimated)



ATL - Above-The-Line, **BTL** - Below-The-Line, **CTP** - Communication-Through-Product (design & innovation)

Communication investment using CTP - Communication Through Product.



ATL - Above-the-line **BTL** - Below-the-line **CTP** - Communication-through-product (design & innovation)

Our windup - in six logical steps

1. Advertising has lost its credibility.
2. Everybody are talking about how to communicate in a new way.
3. We say - go to the very core - the product or service and communicate through it. It's the best way to build a credible brand.
4. Use design, creativity and innovation to make products and services relevant enough to attract the target group and they will find them voluntarily.
5. You will save money because Communication Through Product (CTP) is the most-cost-effective communication solution there is! This really attracts business men/women!
6. As a bonus you will be able to make a difference. This really attracts the consumers nowadays!

There it is, our supermodel, that hopefully will make business executives think twice before buying another expensive advertising campaign. Communication Through Product (CTP) is a model to use to get more attention, more sales and more credibility for less investment. Sounds to good to be true!

Our calendar

To not miss events in the near future concerning design, brand strategy, creative communication, trend forecast and future visions.

Please visit <http://www.davidreport.com> for a complete event calendar.

Making sense of the future

November 22-24 in Lucerne, Switzerland.

Mobility and Ubiquity

November 21st in Montreal, Canada.

St Etienne Biennale

November 22 - December 3 in St Etienne, France.

Marketing 3

November 28-December 1 in Utrecht, Netherlands.

Innovation Playground

November 30 in The Hague, Netherlands.

Youth Power 2006

December 5-6 in San Diego, USA.

Art Basel Miami Beach

December 7-10 in Miami Beach, USA.

Le Web 3

December 11-12 in Paris, France.

David Report Team

Editor-in-chief:

David Carlson

Contributing Editor:

Claes Foxerus

Writers:

Oliver Ike

Michael Ekeblad

Olivier Rohrbach

Yoichi Nakamuta

Address

David Report

Strandbadsvägen 2

SE-239 42 Falsterbo

Sweden

info@davidreport.com

www.davidreport.com

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About David Report Bulletin

The David Report bulletin is a visionary trend report with a humanistic approach in the intersection of design, innovation and brand communication. Here you can read what's going on in the future, and get ideas on how to manage it... By challenging conventional thinking we are always trying to make a difference. Four issues a year.

Sponsor

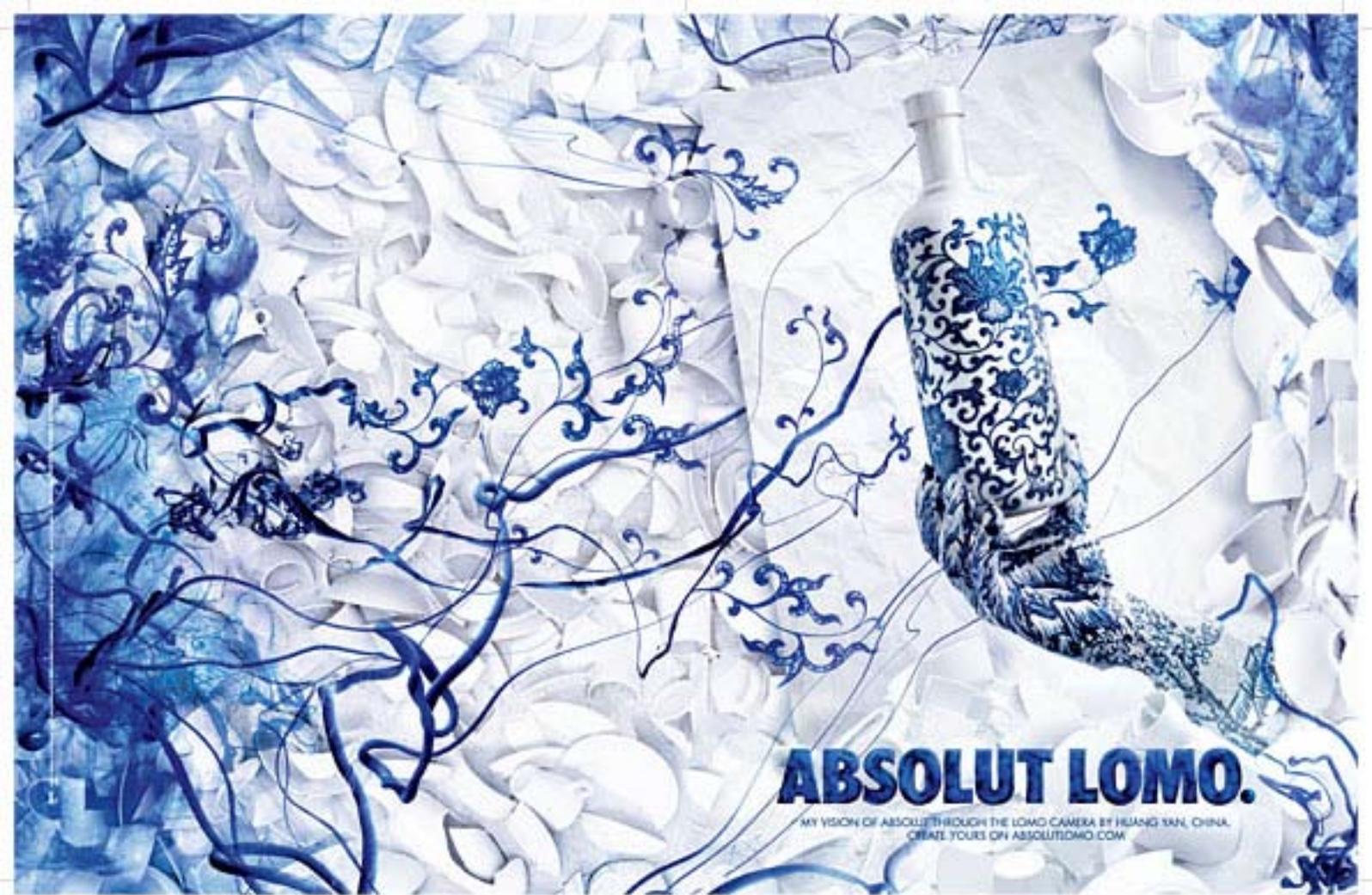
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David Report is a creative arena where the sponsor contributes with sophisticated and highly relevant material.

Our readers are smart and proficient. The profile of the sponsor always has to match the profile of the visitors.

To be able to make an impression only one sponsor are invited each quarter to participate on our web page and in the current David Report bulletin issue. Your information will be permanently present in that issue, of course.

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