

Mario Gagliardi On Design

The relationship between marketing and design is not always easy. Designers, when confronted with conventional market research, often hit a wall such as “We can’t do that – we don’t have the data to support a decision to bring this idea to market”. But conventional market research, based on the idea of easy-to-identify target groups, has reached its limits, often failing to capture why people actually go for a product.

Here comes an argument for designers: We are living in **The Age of Stance**

The Trouble with Target Groups

Marketers worldwide see the model of target groups rapidly fragmenting, with the danger of main markets being on the route to disintegration. Often, the answer of corporations is to offer an ever broader range of products to appeal to ever broader and more finely grained target groups. But marketing budgets do not increase at the same amount as rapidly increasing market niches. The effect is that overall marketing effort ends up spread very thinly and, more often than not, fail to reach relevant target customers. It is in the inherent logic of the target group concept that product lines get subdivided into ever-increasing small segments, while actual product specs remain relatively uniform, constrained by both the need for economies of scale and present technological possibilities. Often, the only real difference between products, even of the same brand, is that they are incompatible with each other, further lowering user value. Additionally, overall brand value is lowered as consumers have troubles identifying common features within the multitude of offered products under the same brand.

The strategy of thin-spreading product offerings in the hope to appeal to fragmented target groups is getting increasingly unsustainable. The idea behind is simple and closely bound to the concept of target groups: The more target groups there are, the more products have to be made to be offered to them. That concept works fine as long as there is a manageable amount of neatly defined target groups. But once target groups disintegrate into a vast number of micro-groups, even multinationals hit the limit of their capacity. After all, production companies

are necessarily built on the model of economies of scale. But with rapidly increasing numbers of micro-markets to be served with smaller and smaller batches of specifically built products, economies of scale are diminishing.

The “thin-spreading strategy” is followed by several companies with a strong brand such as Sony or Mercedes-Benz which are effectively diluting their brand image through widely fragmented offerings. In contrast, a company like Apple manages to create new markets and profiting from economies of scale with a relatively narrow set of products. What is the secret?

Ego-brands and Fringe Groups

No doubt, consumers get more discerning, although not necessarily more tasteful or high-brow. There is now much more effort spent on defining the ego through consumption for identity-making and self-branding. People in con-

Can't see the forest for the trees





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Every single individual expresses this effort through choosing from what is available, if it is through fashion, interiors, music, books, cars, cosmetics, or electronics. This constant process of identity-making is not restricted to things currently commercially available in the consumption society. The trends of tomorrow are often defined by fringe groups coming up with new facets of identity construction through invention, re-invention, and mixing and matching of older identity constructs to arrive at new definitions of their ego, expressed through attitude and consumption. These stances usually get absorbed into the commercial mainstream quickly. For instance, Grunge, which took off with garage bands became a global look, emulated by top fashion brands with artificially aged jeans and sneakers. Rap quickly became mainstream fashion, with the stars of the genre commissioning their own fashion lines with baggy trousers and gold-plated necklaces.

Decision Making and Celebrities as Designers

The imperative for stance is fuelled by the increasing social drive for everybody to represent a social identity – an ego-brand. This demand on individuals to assemble and position their ego-brand from what is available in contemporary society also requires individual abilities to discern and choose from a huge pool of possible tokens for their identities.

Choice also means stress: In an experiment at the Psychology Department at Swarthmore College, Barry Schwartz found that when people are offered only one

product, 66% buy and 34% don't buy. Once they are offered two products, 46% don't buy. With increasing choice, less actual buying decisions are made, because deciding is a process of deliberation, weighing and trading off different options. More choice inevitably means more information to be processed. Therefore, many feel overwhelmed by choice and escape to pre-processed decisions.

Thus it happens that celebrities become an increasingly important marketing factor by offering pre-processed decisions for personality and style. Formerly having been distant role models, celebrities are now enterprises offering a commoditized imitation of themselves by consumption. There are furniture lines “designed” by Donald Trump or the tennis duo Andre Agassi and Steffi Graf, apartments by Lenny Kravitz or Jade Jagger and fashion lines by Kate Moss and Madonna, all promising that their media personality could be transferred through design. Other unfortunate escape routes for people feeling overwhelmed by choice are offered by religious and political fringe groups which are on the rise with easy to understand, pre-processed black-and-white views and seemingly simple solutions for increasingly complex realities and multi-faceted problems.

From Consumers to Co-creators

Stance is enabled on a large scale by the growing ease of self-expression through the web, which in turn enables like-minded souls dispersed over the surface of the globe to connect, creating a wide variety of new groups, sub-groups and communities connected solely by common interests and attitudes. Self-expression creates content which gets accessible on blogs or on YouTube. The result is a vast and growing daily, repository of “amateur” content competing with “professional” content for the time

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Mario Gagliardi skriver i hvert nummer af inform lounge edition om et selvvalgt emne under overskriften "Mario Gagliardi On Design". Alle artikler er på engelsk.

and attention of customers worldwide. This "amateurization" marks the entry of a new and rapidly growing mass of competitors for established media companies and content providers: The new competitors for the established media companies are their own customers.

The strategy of the old media giants consists of calculated deterrence and ductile retreat – individual file-sharers get penalized, while at the same time more and more content is made available without Digital Rights Management on platforms such as Amazon. But customers are not any more cattle waiting to be fed. Every customer today is at the same time a potential competitor, able to deliver his own media content to the marketplace anytime. For media companies, since years on the retreat, it is indeed high time to rethink the way they go about their customers. Customers are now co-competitors and co-creators. With this view on customers, the entire business model of media companies would fundamentally change from a linear top-down to a managed collaborative and creative approach. One step into this direction is the video competition for the music video "Missed the boat" by Modest Mouse: Fans can download footage of the band on green screen and put together their own video using Apple software. The next step would be to have also the software online and easier to operate in order to enable a broader public to co-create media contents such as music videos.

Software such as SketchUp has made it easy to build virtual houses, while Demo authoring tools and Machinima enable the creation of virtual narratives and films. The ease of use and wide availability of publishing tools for text content (blogs), mashups (Microsoft Popfly), photographs (Flickr) and videos (YouTube) has broken down the barriers of entry for a vast variety of creative content. This creates ever-new fragments of formerly coherent target

groups by enabling people worldwide to publish user-created content, and others to find this content, material which formerly has been far below the publishing threshold of media companies. That way people continuously discover new interests and create new communities around them.

Product Presence and Communities of Stance

How can a company (such as Apple) manage to sell one and the same product to a multitude of different target groups? The answer starts with two different ways of looking at people: The target group view and the "stance view". The target-group view classifies people by categories which can easily be found out and put into statistics, such as age, gender, income, or educational background. In this view, a young student inevitably falls into a different bracket than a middle-aged housewife or a retired former government employee. Still, these three people, although belonging to very different target groups, all own the same model of iPod.

What connects these people is not age, income, or gender, but stance. What people have in common is not captured in conventional market research – it is in fact very difficult to capture at all with conventional methods. What makes them go for a product is its stance, expressed in the strength of presence a product commands. This is not presence in terms of just being everywhere by mass advertisement, but presence in terms of cognitive quality: being more easily distinguishable and more memorable through product expression and overall experience wins against other less distinguishable, less memorable products.

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confused with lifestyle models: stance is a moving target at the core of choices for identity and attitude. Stance is a much deeper - and more difficult to capture - approach to marketing, as it is a mix of factors embedded within various cross-sections of conventional target groups, evolving and changing just as the life of every individual changes. The only way to discover and reach fragmented customer groups is through offerings – products, services, experiences – which bind various groups together with the offering itself: products and experiences with stance realize a latent demand, bringing into being something which people wanted but did not know that they actually did and, thus, create customer groups which cut across conventional target groups and lead to the coagulation of new “communities of stance”. For instance, what motivates buyers of iPods is the iPod itself, which is resonating with different individuals through factors such as a shared sense of aesthetics, a shared worldview, or the desire to belong to the group of people who own one. The iPod created its own mass market. Its presence and simple design reduces the stress of buying choice, and its simple interface and integration with iTunes makes accessing and listening to music easy. And although it is a mass market product, it still manages to be perceived as a “cool” product for “different” people.

If you ask different people belonging to different social environments what they might have in common, they will most likely not know. They would, however, find out once they have a conversation with each other: They don't share a common background, but they share a certain product or experience. What binds people together in contemporary society are common interests, often expressed in consumption. Conversations many of them indeed have, enabled through blogs, email groups, and ad-hoc comments left on websites – a repository of customer

insights many businesses still seem to regard as a nuisance instead of what it really is, a valuable source of information and feedback and at the same time the easiest way to capture information on what you won't get through standard questionnaires: Stance, attitudes and open opinion. There are, for instance, about 136.000 hits for “Dell hell” on Google.

Brands, Stance and Motivation

The moral of all this: You have to stand for something. Consistency counts. Consider Bang and Olufsen, for instance, which since the tough critique of Poul Henningsen in 1954 has profited from stance and consistency, expressed through design. Examples for the opposite - loss of stance and presence – abound: Sony offers a vast range of products catering to wide target groups but lost its former strong presence (which was to a large part driven by the success of the Walkman, a radically innovative product which created its own market in the 1970's, similar to the iPod today). The current strategy seems to lack in vision, observable in the decision to discontinue some of their most visionary products - the Aibo and Qrio robots. Vision not only needs to be there, it also needs to be appropriate: Mercedes-Benz, the classical epitome of quality and luxury in cars, expanded into companies and markets which contradicted its own brand stance, diluted its image and finally produced huge losses. Chrysler produced losses of €1,6 billion in the first three months of 2007 alone; the Smart car incurred losses of beyond €2 billion since its launch.

To achieve stance, it doesn't help to fine-slice target groups, conduct elaborate surveys and assess the competition. This is because it simply doesn't make much sense to ask people things they don't yet know. To proceed suc-



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cessfully, grand brands have to tap into latent demand and reinvent themselves – not by thin-spreading and diluting, but by updating their brand stance and essence. A good example is Louis Vuitton, smartly catering to changing trends and cultural environments with, for instance, the anime-inspired promotion “Superflat Monogram” in Japan, created by Japanese artist Takashi Murakami (www.youtube.com/watch?v=4C84FLwm3DA).

There is now a whole new generation of micro-market brands and “auteur” companies appealing to communities of stance. These brands enjoy cult-like status in their communities while being virtually unknown in others, such as, for instance, Australian jeans brand Ksubi (www.ksubi.com), French lifestyle magazine Purple (www.purple.fr), or German shoe brand Zeha Berlin (www.zeha-berlin.de). A large part of the appeal of these companies, working primarily through stance, is that they are not widely popular and thus appear as a more discerning alternative to larger brands. At the same time, large brands trying to appeal to everybody without a defined stance increasingly run the danger of appealing to nobody.

Both the new mass markets (such as the market for iPods) and the new micro-markets (such as the market for Ksubi Jeans) have not been waiting to be discovered: They have been created by the products themselves. Stance creates presence and resonance, and thus its own market.

The Finding Experience

In a world of ever-growing choice, finding and choosing the right thing becomes a valuable skill in itself. Some try to simulate the lifestyle of celebrities through buying celebrity-branded products; some find pre-made identities and simplistic answers in religious and political fringe

groups. No doubt, getting through the constantly growing forest of offerings is a challenge. Hence, recommendations become important: Top spots in search machines become increasingly vital for product success. Yet, there is still nothing rivaling the power of personal word-of-mouth recommendations and the joy of having found a great product yourself.

This opens a great potential for design in improving not only the purchasing but also the “finding experience” through attention to cognitive factors. Automated online recommendation routines only work with relatively narrow interests. For example, I am regularly buying a wide range of books including topics such as economy, sociology and art. There is, of course, a red thread in my interests - design - but the Amazon recommendation engine does not comprehend that, instead regularly recommending me quite strange books. Amazon works well when you know what you want. But when you don’t quite know yet what you want and would like to be inspired first, brick-and-mortar stores still have the latent advantage of being able to provide a finding experience- not through a bland search box, but in experienced space. The owners of Shakespeare and Co. booksellers, a book store, hand-pick every book they offer on merit of its quality. Of course, the number of books on offer cannot even remotely rival Amazon’s, but in Shakespeare and Co. I can find red threads leading through space from bookshelf to bookshelf. Browsing through actual books I get quick glimpses of interesting passages and that way often discover inspiring books. It is not large choice, but the attention to cognitive factors - the finding experience, the presence of products and the ease of accessing them - which can culminate in products creating their own market: books which not only fit my interests, but inspire me to make my interests fit to them.