BETTER BRAND MANAGEMENT THROUGH DESIGN THINKING

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Abstract

The world is evolving fast, and in a global society that is developing at an astounding pace, borders of any kind are eliminated one at a time. Moreover, the competition between companies is becoming fiercer and fiercer, so the differentiation of products and services has gradually turned into a real necessity. In this context, design thinking is one of the elements that is currently drawing new directions, often being associated with the innovation process and the gain of competitive advantages. Recent studies show that design principles applied at a strategic level, especially in the field of innovation, significantly increase its success rate. Design thinking focuses on obtaining solutions and is action-oriented, providing all the necessary premises in order to discover new market needs and, moreover, to satisfy them.

Another extremely important element in the current global context is brand, which gives the main points of differentiation for offers existing on the market. A correct and efficient management of the brand supports the creation of strong emotional relationships with consumers, bringing competitive advantages, especially by increasing their loyalty. As a result, brand management is an area of particular interest, and design thinking, together with innovation, can successfully support its specific actions, bringing with them the benefits of creativity, that translate into defining new concepts for attracting consumers and their trust.

This article addresses aspects of design and design thinking, as elements that support a successful brand management, taking the tourism domain, which is currently the world’s fastest growing industry, as a case study. The authors sought to study the connection between design, design thinking and brand management by correlating two studies, one of them conducted among consumers and the other one, among economic agents. Thus, questionnaires were addressed to consumers in order to identify their perception on design and design thinking, but also to economic agents in order to determine their actions in this regard. The way design and design thinking influences customers’ consumption behavior represents a starting point for building brand management strategies, indicating either the need to enhance their use or, on the contrary, the lack of need for design.

Keywords: brand management, design thinking, innovation, development strategy, added value.

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Introduction

In the current context, companies face multiple, and of different nature problems, which form, however, an integral part of increasingly complex business models. The continuous expansion of global transactions, supported by partnerships that no longer know barriers, gives birth to unique opportunities and challenges for companies. These challenges require multidimensional solutions and impose the definition of advanced ways of using current products and services, this being the point where design plays an essential role. Thus, this not only provides solutions to current problems and challenges, but especially contributes to achieving some clear competitive advantages. According to industry specialists, in order to remain a notable presence on the market, every company needs to innovate incessantly, this being the most advantageous way to evolve and increase profitability. Design-centered thinking is the one that provides the necessary framework for understanding and implementing innovation in a way that contributes to organic growth and added value for consumers.

Design thinking is a way to discover people’s needs and to create solutions using the tools and thinking of design practitioners. (Brenner and Uebernickel, 2016) The growing attention paid to this type of thinking in the business environment is due to the fact that the design of products and services represents a major component of business competitiveness. This “design-centered thinking” concept is simply defined as a process of creating new and innovative ideas and of solving problems, which can be applied to any aspect of life, without being limited to a certain industry or domain. Design thinking offers creative, but practical solutions to any eventual existing problems, being a solution-based process, that is primarily aimed at achieving a constructive outcome. It is not a problem-focused thinking, but one focused on the found solutions, calling on imagination, logic, intuition and systemic reasoning to explore the different possibilities and create the desired result, which brings the maximum of benefits to the consumer. This involves a careful observation in order to uncover unsatisfied needs in the context of a particular situation, while taking into account the existing constraints and the generation of creative ideas, which are then transformed into solutions meant to be tested and refined.

Design-centered thinking involves conceiving solutions and represents a creative process based on building ideas and on evolution, unlike critical thinking, which is a process of analysis and is often thought to destroy new ideas. The design centered approach is devoid of rules and judgments, thus eliminating the fear of failure and encouraging the maximum return. The emotional interpretation of the situation is the one that makes the difference, and the consumer represents the central point of this approach. Designed solutions put the consumers’ needs and requirements to the forefront, design thinking being the one that calls for sensitivity and the ability to meet them. (Brown, 2008)

In design thinking, both the familiar and the ambiguous elements of a situation are taken into account to define the parameters and alternative solutions that could lead to the objectives being achieved. Thus, given the iterative nature of this process, intermediate solutions can be considered as starting points for alternative pathways that allow the redefinition of the initial problem and, as a result, the permanent evolution of the defined problem, but especially of the found solutions. (Dorst and Cross, 2001) The uncertainty and risks of innovation are minimized, and consumers face prototype solutions that are undergoing permanent improvements just by getting feedback from clients and using real experiments, not just historical data or market research.
Considering all of these, in general, in a design-based approach, everything is about the existence of a problem and solving it by finding the best solutions. The emphasis is on testing and validating ideas and concepts from the very first moments of their development and on their modification, improvement as a result of the feedback received from consumers. In the context of brand strategies, consumers’ issues represent the main element, and solving them, the only reason for which a brand and a business exist. Thus, design thinking has common points with brand strategy and it can be said that this represents one of the important premises for developing a successful brand management.

Design is an essential component of brand-driven innovation, as it solves an important dilemma – that of how to create a visionary brand that inspires, but can still be associated with real, tangible products. It creates connections, transforms abstract ideas into concrete solutions and plays an extremely important role in shaping strategies and brand management. (Abbing, 2017)

1. Value-oriented brand-design relationship

Brand is one of the most important elements of a company, and a positive brand image can lead to success, especially through its impact on consumer perception. In today’s global society, brands are ubiquitous and hallmark all aspects of life, so that branding doesn’t mean just a simple product name or labeling products with a company’s logo anymore. The branding process requires long-term involvement and a significant level of resources and skills, but its development contributes not only to the differentiation from the competition, but also to gaining important economic benefits. (Kapferer, 2004)

From a financial point of view, even financial analysts generally prefer companies with strong brands because these are considered less risky. The brand works for them the same as it does for consumers – it offers confidence and limits the risks. By paying a high price for a company embodying one or more brands, financial analysts get almost guaranteed future financial flows because, if the brand is strong, it benefits from a high degree of loyalty from consumers, and therefore, from stability in terms of future sales.

Design, in the context of a brand, is fundamental to its value, and a harmonious use of the two in parallel can lead to obtaining higher economic values. A better design translates itself into brand consolidation and, implicitly, into increasing a company’s market share. As an example, a recent study in the field of smartphones showed that in over 30% of total sales, the most important criteria that prompted the acquisition were those related to their design. In addition, the same study showed that design improvements could generate a 13% increase in purchasing probability. (Design Council, 2014)

In an increasingly dynamic global economy, design plays an essential role in the struggle for differentiation, this being the element that structures consumer expectations, evokes the values of a brand and creates the most visible differences, all in order to gain competitive advantage. Thus, Jean-Noël Kapferer states in his paper, “The New Strategic Brand Management” (2008), that, in terms of design, some basic principles are important:

- the principle of radicalisation – design should not be ambiguous, and brands must be clearly defined, with a specific design; the identity of a brand must be visible through design, and a radical design must compensate for the growing lack of differentiation caused by the current industrial logic
Better Brand Management Through Design Thinking

- the principle of externalisation – a company is responsible for creating the identity of a brand, but it is important for this to assign an outside designer, who can dedicate to each brand separately; in an organization, design has to position itself at brand level, not at corporate level, and this can be done by calling on designers from outside.

- the principle of business – the function of design is that of promoting and developing the business, and not strictly artistic; in other words, the purpose of design is not only to make a brand look good, but especially to function effectively.

- the principle of courage – generally speaking, design is a risk element, the way consumers perceive it can not be accurately predicted.

The tourism industry, the fastest-growing economic sector at the moment, is an area where design and aesthetics have an extremely important role. From the way a hotel room is decorated or the simple uniform of the staff to the landscape design of tourist destinations, everything shows that in this industry everyone is looking for beauty or even perfection. On this market, the first element with which tourists get contact is the visual, aesthetic one, and this creates an idea of what follows, which expresses the importance of design and, furthermore, of branding, whether it comes to the brand of companies that activate in this sector, or even to the brand of a destination. (Barretto, 2013)

As far as the hospitality industry is concerned, the design of the buildings themselves, the design of the spaces, but also the design of the services can be discussed about. Constructions have evolved as time passed by, the used materials are more and more different, and the emphasis is now mainly on the development of environmentally friendly buildings that do not have a negative impact on the environment, but which, at the same time, completely meet the requirements of the functions of a hotel, restaurant, event space, etc. Buildings are increasingly innovative, with novel building materials and shapes (for example, ice and underwater hotels), and their positioning is possible in places that were hard to imagine decades ago (for example, artificial islands built in the ocean, such as the one where the famous Burj Al Arab hotel is situated). Technology is also a factor that majorly influences this industry, constantly evolving and fundamentally transforming the tourist experience.

The development of boutique hotels is more and more accentuated, this trend being largely due to the resilience of this type of business in the current economic climate. This sector of the hospitality industry is an extremely profitable one, and success comes as a result of the constantly changing demands of tourists, who want to experience as much as possible from the local specificity of the destination they choose and, at the same time, to benefit from comfort and luxury services in unique locations. Thus, the emphasis is placed on an increasing differentiation and personalization of services, which draws the directions of a new branch of design in the field of tourism – the design of services. Service design refers not only to the ability of a company to come up with an offer on the market, but at the same time, to the design of that offer. (Lüders, Andreassen, Clatworthy and Hillestad, 2017) It puts the consumer at the forefront, but does not simply reduce to the identification of the consumers’ needs, wishes; in many situations, the “designer” tries to discover what the consumer will want in the future, even if he/she can not express his/her wish at this time. Service design is based on the way the different actors create value together with consumers, trying to understand the needs and expectations of the latter. (Clatworthy, 2014)

Tourism is based on experiences, and these are created through service design, considered to be a way of (re)defining services so that they are as useful, easy to use, effective and desirable.
as possible. While product designers create objects, service designers are trying to understand the way a series of interactions build an experience, such as searching for information regarding a hotel or a restaurant, or making an online booking. A service design-based approach can provide a deep and holistic understanding of consumers in order to create memorable experiences, worthy of success. The competitiveness of a service almost exclusively depends on the satisfaction of consumers, determined by their perception of the lived experience, mainly in the tourism industry, an industry in which the human factor is the central element. The more a company better understands the experience generated by a service, the better it can build it, and identifying the opportunities for introducing new services becomes much easier. In short, service design in tourism bets on positioning of tourists at the heart of the actions of companies that activate in the field. In order to be able to offer a relevant, integrated and attractive experience, the entire duration of the journey must be taken into account, so that the needs and expectations of consumers can be correctly identified; the added value brought among tourism companies by such an approach based on service design is immeasurable.

Although innovation has been one of the watchwords in recent decades and this is also being applied successfully in the tourism industry, whether it is about, for example, the way in which hotels or restaurants are built, about technological facilities that are constantly evolving or, why not, about new and new offered services, this is an industry where, at the base, the offer is very little differentiated. Thus, the role of brands has become increasingly important, having a strong influence on consumers’ perception and acting in the sense of gaining their confidence. Every brand is a promise of quality, even more so in the hospitality industry, a global domain in which consumers need to know that they receive the same services, at the same qualitative level, anywhere in the world.

Brand management is an extremely demanding and costly demarche and, at the same time, an evolutionary process, designed to communicate brand values to an as large as possible audience. This is a dynamic activity, that requires constant attention, all the more so as the perception over a brand changes as time passes and needs revitalization. In fact, a brand not only represents a logo and a name but, on the contrary, it is the ensemble of the intrinsic values that it transmits, the values and benefits that matter for the consumer more than the strictly functional purpose.

Currently, hotels, for example, rely on emotion-based advertising campaigns, with a subliminal message, that appeal to consumer feelings. The values of a brand represent its DNA, its own identity, the one that creates “uniqueness” in a consumer-oriented society. International hotel brands have significant advantages over competitors, including access to more complex distribution platforms or a greater reservation conversion rate. On the other hand, small hotel operators face difficulties in gaining market reputation and in the competition with the big players in the field. As a result, in these cases, differentiation arises from the service offer, and the struggle is not gained at the level of hotel architecture or room design, but at the level of consumers, through the image these entities create and especially through the transmitted emotions. However, branding does not only refer to differentiation, but it also is a process of strategic match with the external environment, core values and brand positioning. An extremely important role in this regard is held by the human resource, taking into account the fact that employees form the first line of contact with customers, they being the ones who “deliver” the promises of the brand.
2. Identifying the success factors of some brands

An example of a highly appreciated brand especially among the millennials is that of the W hotels, part of the Starwood hotel group. They are renowned for their special design, for the futuristic lobbies, known as Living Rooms, but also for a variety of services whose names begin with the “w” letter. Thus, customers can discuss with the concierge regarding the Whatever Whenever service at the W London Leicester Square Hotel or they can swim in the Wet swimming pool at the W Amsterdam Hotel. W hotels’ design differs according to their location and combines classical elements that fit the history of the place with novelty elements aimed at surprising guests. One of the newest hotels of the brand is W Las Vegas, which features unique design elements; for example, the lobby bar is inspired by casino gaming tables, and behind the reception there is an installation featuring poker chips signed by those who contributed to the building of the hotel. The offered facilities are also unique, including the spa and outdoor pool on the W Hong Kong rooftop (otherwise, the outdoor pool at the highest elevation in the city) or the rooftop basket and tennis courts at the W South Beach Miami. In addition, another special service is the in-room cocktail preparation, which involves serving drinks prepared by a mixologist at the portable bar in one of the hotel’s E-Wow suites.

For the Intercontinental international hotel group, another important player in the hospitality industry, the brand development strategy focuses on the human resource, its leaders considering that customer promises in terms of service offerings can not be met without dedicated and motivated employees. In the context of the challenges existing in the recruitment process, IHG’s staffing strategy involves attracting, retaining and developing the most talented people in the industry and is defined in two directions: the development of a BrandHearted culture (each IHG brand promises something different to its customers, and being “BrandHearted“ means that the brand is the essential element of any activity) and the creation of an excellent work environment through the development opportunities offered to employees and by encouraging the freedom of speech.

For years, the French group Accor has continuously developed its brand portfolio without, surprisingly, having a clear strategy for their positioning, with overlapping in the target market. Accor representatives, however, realized that there was confusion and finally decided to revise the brand offer. Thus, currently, “IBIS” is the anchor mark and brand extensions have been created through “IBIS Styles” (replacing “All Seasons”) and “IBIS Budget” (replacing “ETAP”). The company has worked at both brand portfolio level and visual identity level, the basic symbol becoming the pillow as an indicator of rest, the main purpose of a hotel, regardless of the standard. Generally, an identity makeover is not risk-free, and customers are the ones who decide whether it is appropriate or not. Visual identity must fit perfectly with the message the brand wants to convey, with the positive experience the hotel wants its guests to have.

3. Design thinking and consumer perception in the services market

In the field of tourism, branding is not only applied at microeconomic level, but also at macroeconomic level, when it comes to the brand of a destination, an important part of the destination management process. Touristic destinations management represents an essential aspect regarding the control of the impact that tourism has on the environment, and this includes all planning, regulatory and control activities. The term “destination” refers to that
area where tourism is an important activity and where the economy as a whole can be significantly influenced by the revenue generated by this sector. For any such destination, the existence of Destination Management Organizations (DMOs), formed of governance structures run by local authorities, local NGOs, community representatives, academia and local chambers of commerce, is extremely important. Often, these organizations take the form of local tourism councils or development organizations that encourage the promotion and evolution of the destination, of course, alongside local businesses (hotels, restaurants, transport services, tourist attractions and various other tourism providers).

The branding process supports both vendors and buyers, one of its most important roles being that of assisting buyers in identifying products and establishing their quality, which allows, on the other side, to trace the responsibilities regarding a supplier's performance level and to ensure the increase in the company’s financial value. A brand simplifies the decision-making process and, more importantly, for consumers, it also often has a mitigation role for the risk perceived by them. Thus, branding has become an essential tool for tourism destinations, meant to make explicit the complexity of the experiences tourists expect while visiting them. Sometimes defined as the “dream industry”, tourism represents a mix of promises, and travel destinations transmit the credibility of these promises through their brands. (Almeyda-Ibáñez and George, 2017) The brand of a destination is defined by some specialists as “a name, a symbol, a logo, a word mark or any other graphic element that identifies and differentiates at the same time the destination; moreover, this communicates the promise of a memorable travel experience that is uniquely associated with that destination.” (Ritchie and Ritchie, 1998) This definition has gained more complex valences with the passing of time, the experience of Destination Management Organizations, which came with additions regarding recognition, consistency, brand message and emotional responses, having an important role. A more complete definition of the destination brand is considered to be the one given by Blain, Levy and Ritchie in 2005: “A destination brand represents a set of marketing activities that support the creation of a name, symbol, logo, word mark or graphic element that easily identifies and differentiates a destination, that constantly conveys the expectations of a memorable tourist experience that is uniquely associated with a destination, that serve to strengthen the emotional link between the tourist and the destination and that reduce search costs and the level of the risk consumers perceive. Generally, these activities facilitate the creation of a destination image that positively influences the consumer’s choice.”

An extremely important aspect to consider is represented by the fact that the brand of a destination has some particularities compared to the brand of a classic product or service. Tourism destinations are constantly changing, making destination brands to lack the stability that brands generally have. There are several market segments that the destination addresses to at the same time, and each consumer creates their unique product by combining the offered services. Thus, a destination can offer different experiences for each and every tourist, and promoters have little control over the experience offered by the brand itself. In addition, as a result of the intangible nature, tourist destinations can not be “returned” the same way as a product that does not meet consumer expectations can. Tourists’ decision-making process is extremely complex, and they do not have the possibility to test a destination before purchasing the tourist package; generally, products and services that incorporate a certain degree of uncertainty and are of high value are purchased.

Recent research has shown that, at present, it is more difficult for tourist destinations to be strictly differentiated by elements such as infrastructure, economy, accessibility or the
existence of financial incentives. Although there are many countries that get very good ratings with respect to these criteria, in the case of a destination, aspects regarding environmental issues, indigenous people's hospitality, local art and culture, recreational activities, etc. are increasingly important for tourists and investors. (Almeyda-Ibáñez and George, 2017)

The natural attributes of a destination no longer represent an unbeatable competitive advantage; the development of a sustainable strategy, which attracts tourists and investors, is translated into the diversification of the destination brand with intangible elements that are important on a large scale. As the company turns into an increasingly complex technological system, destinations’ branding requires a holistic approach, and design-centered thinking is the right tool for this paradigm shift. Design is no longer a strictly aesthetic aspect, but a way of thinking that can simplify complex, intangible systems and can contribute to humanizing them.

4. Research regarding the demand and supply for design in the tourism industry

Determining the link between design and, implicitly, design-centered thinking and brand management requires a two-way research. On the one hand, consumers’ perception on the two elements needs to be identified, in order to determine the extent to which these influence their consumption behavior. On the other hand, it is important to find out if economic agents are focusing on design and design-centered thinking when it comes to brand management, but also what are the trends in this respect. Thus, starting from the two perspectives, that of consumers and of economic agents, one can determine the extent to which the demand and offer for design currently meet and, further, viable strategies for a better brand management can be developed, taking into account the market requirements.

The current two-directional research was conducted during the first half of 2017, at national level, being applied in the tourism sector as the world’s fastest growing services sector and the first to have restored after the economic crisis triggered in 2008.

In order to identify the perception of consumers in the services market on design and, implicitly, on design-centered thinking, a questionnaire with 15 questions was conceived, to which 107 respondents answered. The study was conducted among Romanian and foreign tourists, and the survey found that the structure of the respondents was balanced in terms of gender, age, education and monthly income, which supports the achievement of the most reliable results.

The main objectives of the research were the following:

- the study of the impact of design on the consumption behavior of tourists
- identifying the effects that valuing design might have on the economic performances of tourism services providers

The main conclusions that can be drawn from the study are as follows:

- in a hierarchy of the elements underlying the formation of a positive image of a tourist service provider, the most important elements are: quality of service, location design, staff friendliness and high level of personalization of the offer.
• in terms of choice of an accommodation structure, the most important is the design of the rooms, followed by state-of-the-art technological endowments and only then the existence of a new theme or architecture of the building.

• exceptional location design and innovative technologies are two of the elements that could bring higher revenue, customers being willing to pay more for these.

The results obtained from the conducted study support the continuation of research, design being, from a consumer perspective, one of the most important aspects in choosing a product / tourist service. Incidentally, successful companies now embody design in their organizational culture, this being among the main issues that still matter right from the development phase of products / services.

On the other hand, another study was also carried out by us among economic agents in the tourism industry, to identify the trends for the use of design as an element of innovation and the vision regarding the branding and brand management processes. A questionnaire with 25 questions was conceived, to which responded representatives of 209 hotels of different sizes, both independent (77.99%) and part of a hotel group (22.01%), from Romania (64.11%) and abroad (35.89%).

Design, which is now considered one of the support elements for innovation, is viewed differently at each company’s level. According to the study, most of the surveyed companies (35.61%) said that design is integrated in the innovation process, but it is not an extremely important element for their activity. On the other hand, 26.34% of respondents see design as a central element for the company. Some hotel units (25.37%) still consider design to be a simple product / service finishing element, and for 12.68% of these, design is not even taken into account. Thus, it is important to note that the vast majority of hotel units taking part in the study consider design as an important element to be taken into account in the innovation activity.

Most of the surveyed units use design from the very beginning in the development of the original idea (45.32%), while 33.99% use design to study consumer behavior, and 20.69% turn to this element only in the launch and promotion phase of the new product / service.

By analyzing the answers received following the study, it can be concluded that design is considered to be a quite important element, so, when it comes to innovation, this is an aspect that companies take into account in the decision-making and development of the product or service processes.

Conclusions

The profound changes in the global economy over the last decades have acutely intensified the competition, and newer and newer elements are needed to help companies gain competitive advantages. Thus, design, viewed as a strictly aesthetic aspect until recently, has become a way of thinking, a real tool meant to adapt the products and services offer in such a way that it fits as much as possible consumers’ requirements. In this context, starting from the idea of design, the brand has become more and more important, acting as a promise of quality.

The tourism industry, considered to be the world’s fastest growing economic sector, represents one of the areas where the two elements, design thinking and branding, become more and more important. This is due both to the intangible nature of the supply in this industry and to the fact that expectations in this area always refer to positive aspects.
At the hospitality industry level, it can be discussed about design thinking based on the simple design of the rooms or public spaces, the development of the concept of boutique hotels or even the emergence of the ‘service design’ concept. In addition, the need for customers to have the certainty of having the same services anywhere in the world has contributed to brand development as a promise from suppliers. At the tourist destinations level, the need for a brand has also increasingly been recognized, which is why brand theory is now part of the development strategy of many of them. It is important to note that a brand not only represents a logo or a name, but an image building process, starting, first of all, from the creation of the most suitable products and services, at a certain quality standard.

It can be stated that the tourism industry represents an extremely important sector for the study of design thinking and branding process, which can serve for drawing directions regarding the success obtained by using these two tools. First of all, many of the current innovations originally featured in hotels, as an important part of tourism, which allows testing the consumers’ reaction. In addition, taking into consideration the nature of this industry, consumer research is extremely frequent and extensive, bringing important contributions to using design thinking and branding.

As a result of the research carried out in the two directions (consumers and economic agents), it can be concluded that design is still viewed differently by the two sides. If, for consumers, the preference for design is clear, this being an element that attracts them and influences their consumption behavior, for hoteliers, design is not yet used, in many cases, in the true sense of the word to increase visibility and attract customers. It is necessary for hoteliers to pay more attention to design and to value it, thus taking advantage of the benefits it can bring with it, in the context in which consumers are currently highly receptive in this regard.

It should be noted that any scientific action is limited, and, in the present case, these are found in the fact that it is difficult to collect concrete data on, for example, the economic performance of the surveyed hotels (in order to identify the economic, real impact design has) and in the subjectivity of the answers provided by both consumers and economic agents. However, the study offers pertinent information that can help shape strategies to improve brand management and, furthermore, tourism performance through the use of design-centered thinking.

For the future, we propose, taking into account the conducted analysis, to continue the empirical research by applying similar studies in other fields as well, considering that the similarities and differences that will result from the comparative analysis could ultimately support the construction of a brand management model based on design thinking, with the goal of increasing economic performance.

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