

BENCHMARKING ON ALESSI'S SUCCESS IN PRODUCT DESIGN

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ABSTRACT

This essay aims to outline the success that Alessi has had in the past to the present time. Looking at the success of product development in the Italian product design company, key points would be drawn and applied to the British clothes brand Burberry. Burberry could possibly apply these key points to achieve a higher differentiating profitability for the future.

Keywords: Alessi, Britain, Burberry, Business, Exhibitions, Italy, Marketing.

1 WHAT MAKES ALESSI TICK

Roberto Verganti, a professor in the management of innovation at Politecnico Di Milano reveals the secrets and steps Alberto Alessi (CEO) took to achieve Alessi's most iconic success; the model 9093 kettle.

Currently products on the market are designed with a "tech push" to improve performance, with a "market pull" to accommodate consumer demand or with open innovation, where marketability relies on the sole efforts of the company to change consumers and technology available (according to Verganti). But Alessi have a free floating community of prized professionals to develop products for the market. This ensures that the product created as a result from the skilled workforce will already have the background and research of the product's role, identity and meaning in the market. This is particularly important to Alessi's success as it ensures that the products are innovative which have a longer market lifecycle, continuing a brand identity, a tool for marketing to create sales for future products and to differentiate products from what's already on the market.

Another defining factor of Alessi's success is the geographic location of labour both local and global. Locally, the area of Lombardy is one rich in design. Looking at the success of Ettore Sottsass' Memphis design group, meetings were held a few times a year to discuss trends, styles, materials and technology. This form of research doesn't involve the user; it allows the creation of a product for the future without colluding with ideas of the past and feelings of the present. These meetings allowed the findings to be noted in a design journal. From the findings of these discussions, conclusions drove the direction of products in ways that shaped the future. This allowed Alessi to have the first mover advantage and therefore capture market share before any competitors had a chance. This also helped create a brand for Alessi which allows them to charge a premium price.

Globally, the mix of “free floating” design labour allows the brand of Alessi to stay close to their links to the design capital Milan and yet allow the best designers of the world help create products that sell well internationally. Therefore it allows to create products within the context of cultural and technological advances from around the globe. Namely the “design-driven innovation” methodology which Alessi has perfected is one to admire. In the case of the model 9093 kettle, the success was largely due to the architect designer Michael Graves’ insight into playfulness in the modernist context. Applying forward thinking theologies of the architect’s research, and a playfulness which was realized in the form of a whistle (a success in a previous model of kettle), helps with differentiating the product on the market, extending the product lifecycle and achieving a high profitability by allowing a premium price to be set.

As part of the design driven innovation of products, Alberto Alessi derived a three part design process; absorb, interpret & address. Absorb involved idea generation as a result of discussion and research. Interpret was to show off the design in an exhibition to the design community and tweak the design. As a result of the interpretations, a design is chosen and exhibited to a wider audience to test the market reaction before selling full on. This process allows the product to gain good design with the consensus of opinions and free marketing, as design theology acts as a secondary product alongside the object.

Alessi also teamed up with other larger companies to create products. Alessi teamed up with Philips to create sets of toasters and espresso machines. The research methodology of Alessi applied to the technology and marketing muscle of Philips allows Alessi’s theology continue to be spread on a mass scale. This lead to in-direct marketing of Alessi’s core products and theology resulting in Alessi’s sales accelerating while Philips gained a new style of research which allows futuristic product concepts such as Philips’ ambilight.

2 WHO ARE BURBERRY?

Burberry was founded in 1856. An entrepreneur, Thomas Burberry, made clothes for the local sportsmen in Basingstoke. In 1880 Burberry created the material Gabardine; a material breathable, weatherproof and tear proof. The clothes were a success with Norwegian explorers being the first to reach the South Pole thanks to the innovation by Burberry. Coats were adapted to suit the climate of war in 1914. Commissioned to produce officer’s jackets the “trench coat” was born at Burberry. In 1920’s the classic check was patented to be used as the lining of trench coats. In 1955 Burberry received a royal warrant from Her majesty the Queen and in 1989 from His majesty The Prince of Wales.

Since then Burberry has built on becoming a global brand, creating a reputation for quality and style in outerwear. Its unique selling points include authentic British heritage rooted in the integrity of outerwear, forward thinking “catwalk” design clothes, consumer appeal across genders and generations, recognizable trench coat and its trademark check.

2.1 STRENGTHS, WEAKNESSES AND THREATS FOR BURBERRY

Burberry's website clearly outlines the challenges which it faces. Challenges facing Burberry today include increasing competition in the luxury goods sector. Companies such as Barbour are making progress in areas dominant by Burberry. As time continues the new companies of today are becoming brands of tomorrow and the luxury market is becoming highly competitive. More competition and an ageing brand loyal customer base mean Burberry consistently have to re-invent themselves to keep their market share and brand image. This has a very high cost over a long period of time.

Burberry's product nature is very seasonal which creates high cost when designing with a short/repetitive lifecycle. This has meant that since 1989 Burberry have not really diversified their product range to help create a buffer (profit which is not seasonal) and therefore the risk they carry is very high. But in recent years, the world has seen more unpredictable global weather patterns. Burberry's business (especially with outerwear products) has an increase in sales in the Autumn/Winter season and looks to be even more so in the future. As you cannot predict the weather and when the season will start, the uncertainty of when to release the seasons range may mean an inconsistent profit numbers between years.

Burberry's corporate website explains how the economic downturn could affect consumers' purchases of luxury items; adversely affecting Burberry's sales. Alongside all Burberry's competitors, there are many factors which affect the level of consumer spending on luxury items. During a recession, when disposable income is lower, a downturn in high-end markets may adversely affect Burberry's sales. A significant proportion of the Group's sales are generated by customers, (in particular Middle Eastern, Russian, Japanese, Chinese and other Asian customers) who purchase products while traveling either overseas or domestically. As a result, shifts in travel patterns or a decline in travel volumes could materially affect trading results. These external factors are a threat that the customers will not be able to reach its potential market in the future if they continue to pursue travel touch points.

Another point is that Burberry's trademarks are crucially important to the success of the brand and the longevity of its products. Unauthorised use of the 'Burberry' name, the Burberry check, the Prorsum horse logo and the distribution of counterfeit products damage the Burberry brand image and its profitability in the market. Knock off designs by the high street and illegal copycats brings down the value of the Burberry brand and therefore tarnishing its future sales and current investment. Having only a few defining brand points, Burberry products can easily be cloned showing a loss in potential profitability.

On the Burberry corporate site it states,

'Burberry's performance depends largely on its senior managers and design teams. The resignation of key individuals and the inability to recruit people with the right experience and skills to facilitate future business growth could adversely impact Burberry's results.'

This shows the difficulty that the company faces with employees. Burberry have a system whereby it requires the loyalty and dedication to solely designing for Burberry. This exclusivity comes at a premium which could be avoided. In the wake of globalization many managers and executives are needed to co-ordinate the success of the brand from the mother country to emerging markets. This extra excess of top heavy management is very expensive and encroaches on potential talent available in emerging markets.

2.2 CHANGING BURBERRYS PRODUCT DEVELOPMENT AND CORPORATE STRATEGY; OPPORTUNITIES FOR THE FUTURE

As the essay has established, Burberry's corporate strategy is focused on entering emerging markets and capturing new consumers. This strategy captures the market for the short term and has a workforce which is high cost and top heavy. Burberry has a range of products all with high development cost, short life cycles and seasonally fluctuating sales, all of which they could improve.

Burberry's brand identity needs to be strengthened by following the example of Alessi and its roots firmly grounded in Italy. Burberrys heritage needs to be promoted to take advantage of the "British" brand. British architects, engineers and designers have created the most iconic buildings, the most pioneering technologies and the most beautiful creations on earth. With this in mind the "Britishness" of the brand needs to be promoted further specifically outlining the design and engineering quality of Burberry products to create a brand differentiating from the fashion and luxury competitors. This would help create a brand identity and marketing suitable ideal for the global audience.

Burberry could adopt Alessi's three part design process; absorb, interpret & address, to develop its products. This is already carried out in the fashion industry with fashion shows within the fashion community imitating exhibitions that Alberto Alessi coordinated for the kettle model 9093. But there are two issues that Burberry needs to address; absorb and interpret:

Burberry could benchmark on Alessi's talented workforce of designers to achieve the absorb stage. Like Alessi, Burberry could outsource the most talented designers in the world to create products which are different but still within the brand identity and limits of the brief set. This may create a completely new look between the ranges to help the longevity of sales within each range. There is also an opportunity to use the designers name or a celebrity endorsement to help drive sales further i.e. Anna Sui at Burberry or Sir Alex Ferguson at Burberry. This way the cost of designers would be slashed as only payment given for product designed and assets and facilities could be greatly reduced. The opposite of this would also be successful. Alessi working at Philips created some really pioneering technology. In the same way if Burberry designers were to collaborate with companies of mass consumer appeal the Burberry brand would get some indirect promotion and the designers may invent the new style for tomorrow.

Burberry's distribution of its product is very narrow. To date, it has helped them to create the illusion of exclusivity compared to other products on the market. Therefore it has allowed Burberry to charge a premium of huge proportions. But as explained earlier the exclusivity of the brand is exactly that....exclusive to the sales needed. So the

narrow distribution needs to be expanded a little but only to the extent that it does not tarnish the value and efforts made to the current day. To use the interpret analogy in Alberto's methodology, Burberry could give exclusive designs to its current distribution network of shops. It could give tried, tested and sold designed products to exclusive and select retailers, charging a premium for a consumer gripping name and added income from the products sold to a different demographic (a demographic which might not be as hard hit by the economic down turn).

5 REFERENCES

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