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Rethinking Blue Oceans

Market innovation has long been dominated by the world view of engineers and economists—build a better mousetrap and the world will take notice. This functional point of view certainly has merit. But, because it is the *only* way that we approach innovation, the better-mousetraps approach has had the effect of eclipsing a very different innovation world view—champion a *better ideology* and the world will take notice as well.

The market power that can be garnered by advancing innovative ideology has long been understood outside the business world. For politicians, artists, and social activists, innovative ideology is the name of the game. Think about Gloria Steinhem or Ann Coulter, Martin Luther King or Nelson Mandela, John Wayne or Bono, Ronald Reagan or Hugo Chavez, Greenpeace or Focus on the Family. In fact, the phrase "build a better mousetrap" would not be so familiar if its author, Ralph Waldo Emerson, had not advanced an immensely influential romantic spin on American individualism.

These individuals and groups became immensely influential by advancing innovative ideology, and thereby developing intensely loyal followers. The same phenomenon is found everywhere in consumer markets. For example, farmer–cookbook–author–television host Hugh Fearnley-Whittingstall, author Michael Pollan, the international Slow Food movement, and the American grocery retailer Whole Foods Market, amongst others, have transformed food consumption for the upper middle class. These cultural innovators have championed an alternative approach to agriculture and food as an ideological challenge to the dominant scientific–industrial food ideology. They have brought to life the value, even necessity, of winding the clock back to some sort of pre-industrial food culture in such a way that it is irresistible for the upper middle class in the United States, the United Kingdom, and other countries. Relying upon what we term *myth* and *cultural codes*, these cultural innovators have massively transformed food preferences. We call this phenomenon *cultural innovation.*

Cultural innovation has been ignored by management strategists, despite its pivotal role in launching and reinvigorating any number of billion-dollar businesses. The Body Shop, Ben & Jerry's, Marlboro, Method, Whole Foods, Dove, Marlboro, Harley-Davidson, the Mini, Starbucks, Coca-Cola, Levi's, and Snapple, to name a few, have all profited from cultural innovations. When these enterprises advanced a more compelling ideology—leapfrogging the staid cultural orthodoxies of their categories—consumers beat a path to their doors. We assert that, in ongoing conversations to improve the management of innovation, the cultural dimension of what we consume deserves a prominent seat at the table.

Blue Oceans as Better Mousetraps

Launching "the next big thing"—the innovative idea that resonates powerfully with consumers and takes off to establish a profitable new business—is the holy grail of managers and entrepreneurs alike. Strategy experts have been offering advice on how to identify and exploit such opportunities for decades. Fifteen years ago, Gary Hamel and C. K. Prahalad offered a pioneering call to arms: to "create the markets of tomorrow," they urged managers to focus on industry foresight and strategic intent. To avoid getting bogged down in an established market's internecine tactical battles, they encouraged managers to stake out new market space—what they famously termed *white space*—in order to create and dominate emerging opportunities.[1] More than a decade later, W. Chan Kim and Renée Mauborgne introduced a new metaphor *blue ocean*—to dramatize a very similar idea.[2] Existing markets are characterized by dog-eat-dog fights to outdo competitors on a conventional set of benefits. Incumbents rely on incremental changes in product and tactical marketing to fight over thin margins. This is a *red ocean.* In order to develop future-leading businesses, companies must reject the conventions of the category to craft "value innovations" that have no direct competition—blue oceans. These marching orders have inspired many managers and entrepreneurs. But what kinds of future opportunities should we be looking for? And how does one actually go about spotting these opportunities and designing new concepts that will take advantage of the blue oceans? Innovation experts have offered us two paths.

Technological Innovation

For most innovation experts, future opportunities mean one thing—the commercialization of new technologies. Technology-driven innovations are the stars of business. From historic innovations such as the light bulb, the telephone, the television, the Model T, and the personal computer to recent stars like the iPod, Amazon.com, Blackberry, Viagra, and Facebook, the commercialization of breakthrough technologies has clearly had a huge impact on business and society. In *The Innovator's Dilemma* and subsequent books, Clayton Christensen argues that new technologies allow companies to design "disruptive innovations" that transform their categories. Disruptive innovations are products and services that trump the value delivered by existing category offerings because they are cheaper, more useful, more reliable, or more convenient. Disruptive innovations dramatically alter the conventional value proposition of an existing category, often attracting new or underserved customers, or even inventing a new category.[3]

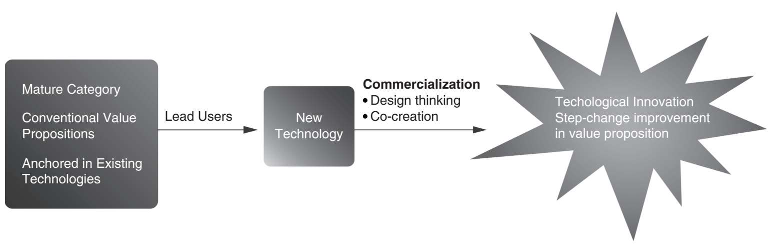

Figure 1. Blue Ocean Type 1: Technological Innovation

Mix-and-Match Innovation

In recent years, a "mix-and-match" approach to innovation has become influential. In the view of Kim and Mauburgne, blue oceans are untapped opportunities that can be exploited through unique value combinations that had not yet been formulated. In order for companies to offer customers a significantly better value proposition, they must methodically break the rules of their existing category: subtracting and enhancing conventional benefits, as well as importing new ones from other categories.

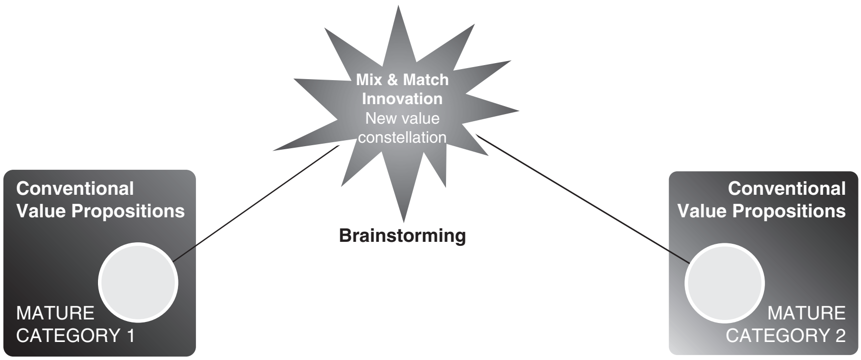

Figure 2. Blue Ocean Type 2: Mix & Match Innovation

For instance, in *Blue Ocean Strategy*'s lead example, the authors describe how Cirque du Soleil created a blue ocean by borrowing from theater and Broadway musicals to reinvent the circus. Andrew Hargadon's *How Breakthroughs Happen* and *The Medici Effect* by Frans Johansson both advocate a similar idea—the unexpected mixing and matching of existing features and technologies across different categories, leading to a unique constellation of benefits for the consumer.[4]

Despite the considerable differences between these two models, they rely upon a common notion of what constitutes an innovation. Innovation boils down to providing a step change in the value proposition (or, if you prefer marketing language, significantly better benefits for a given price). Innovations beat out existing competition on the tangible benefits that count in the category: medical instruments that save more lives, cars that run longer with higher miles per gallon and less carbon emissions, cell phones that have more applications, hard drives that hold more data and are cheaper and smaller and more reliable. In other words, these two better-mousetraps innovation models are based upon the world view of the economist and the engineer—a world in which it is only the material properties of what we buy that is important. Blue oceans exist where there is latent demand for products and services with truly novel whiz-bang features.

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Curiously, this is not how consumers see it. Consumers—the ultimate arbiters of market innovation efforts—often find offerings to be innovative even though they seem quite pedestrian from a product-design standpoint. It turns out that blockbuster new businesses do not necessarily require radically new features that fundamentally alter the value proposition.[5]

Consider beer. From a better-mousetraps perspective, the American beer market has long been a mature category—a notoriously red ocean that resists innovation. Many product innovation efforts have been tried, and the vast majority have failed despite their seeming combinatorial creativity. Brewers have tried to follow blue-ocean strategy for many years. Combining concepts across categories, they have launched beer + energy drinks (Sparks, Be), beer + tequila (Tequiza), beer + soft drinks (Zima), and so on. All these supposed innovations were failures in the mass market.

Now let us look at the beer category from an ideological viewpoint. While the product—the beer itself—has seen only minor changes over the past thirty years, the category has been very dynamic in terms of the cultural expressions that consumers value. Incumbents have been pushed aside by new entrants with better ideology. In the popular price tier, Budweiser took off in the 1980s with branding that showcased men working cheerfully and industriously in artisanal trades, men whom Budweiser beer saluted with a baritone-voiced announcer proclaiming "This Bud's for you!" The results were startling. The beer brand quickly became the go-to choice for working-class American men. By the middle of the decade, Budweiser was unchallenged as the most desirable beer in the country.

By the early 1990s, Bud's ideology had lost resonance and the business sank, to be replaced by its stable mate. Bud Light took off in the 1990s to become by far the dominant American beer brand, speeding by the brand that had pioneered light beer as a product innovation, Miller Lite. Bud Light tastes little different from Miller Lite. Rather what was different was a decade's worth of silly Peter Pan stories of men who engage in all sorts of juvenile high jinks, which conjured up a new kind of rebellious masculinity for adult men.

At the same time, Corona became the leading import brand, rocketing ahead of the long dominant Heineken, by offering a new way of thinking about how to relax with a beer—escaping the American white-collar sweatshop to do absolutely nothing on a Mexican beach. These beers were me-too product offerings, not original at all as mousetraps. But, as brands, they offered very innovative cultural expressions that resonated perfectly with the ideological needs of their target.

Or consider soft drinks—a category that would seem to be one of the most masochistic red oceans around. The two leading soft-drinks marketers in the world, PepsiCo and The Coca-Cola Company, have invested hundreds of millions of dollars to innovate their way out of this mature category. Both companies have aggressively pursued mix-and-match concepts to create new value propositions. For example, The Coca-Cola Company has made big bets on Coke Blak (coca-cola + coffee) and Enviga (a "calorie-burning" green tea). Both of these ambitious efforts—supposedly targeting distinctive consumer "need states"—have failed to break through.

Likewise, many drinks entrepreneurs have tried their hand at mix-and-match strategies, and also with little evidence of success. A basic problem with undertaking blue-ocean-styled product innovation in mature categories is that it forces the innovator to pursue ever smaller niches—aimed at ever narrower "need states"—to carve out a truly new offering. For example, some British entrepreneurs got their food engineers to concoct Alibi—billed as "the world's first pretox drink"—to serve a very focused niche of young partiers who might be interested in downing a prophylactic drink to prepare them for a weekend binge. A blue puddle does not an ocean make.

While the food scientists were struggling to make oddball mix-and-match drinks combinations, cultural entrepreneurs were playing an entirely different game. They pursued radical innovations in culture, not product. We recount in *How Brands Become Icons* the cultural restagings of Snapple and Mountain Dew, two spectacularly successful cultural innovations in the 1990s. In Chapter 7, we analyze Vitaminwater—another startlingly successful drinks brand based upon cultural innovation.

We find this same phenomenon—enormous and durable new businesses created out of what innovation experts deem to be red oceans—to be widespread across many categories around the world. Georgia Coffee—a chilled ready-to-serve canned coffee, one of many on the market in Japan—became The Coca-Cola Company's most profitable business when it offered a pep talk to Japan's salarymen as the economic meltdown of the "forgotten decade" threatened their status in Japanese society. The British soft drink Tango transformed from an also-ran brand to a powerful challenger to Coke and Pepsi—not by inventing some non-traditional flavor or through some new-fangled packaging innovation, but by delivering a potent new cultural viewpoint. The soft drink playfully appropriated "lad culture" to propose a nationalistic rebuttal to the American brands.

More recently, in the United Kingdom, Innocent Drinks did the same thing. The market for alternative natural fruit smoothies had long been established in the USA, pioneered by Odwalla (est. 1980) and Fresh Samantha (est. 1992). The big UK grocers such as Marks & Spencer, Sainsbury's, and Tesco imported the concept and developed their own versions. Innocent grabbed hold of this well-established mousetrap and added a heavy dose of leading-edge ideology that was beginning to resonate widely amongst British middle-class consumers. Innocent asserted through its package design—featuring a childlike anthropomorphized apple sporting a halo, and a stripped-down transparent listing of ingredients such as "ingredients = 3 apples + 1 banana + 16 raspberries + 43 blueberries"—that their smoothies were the antithesis of the scientific-industrial foods that big corporations marketed. Innocent easily won over consumers worried about health issues by making a cultural assertion—championing the pre-industrial purity of "only fruit" against drinks full of preservatives and synthetic ingredients. Further, Innocent turned the personal act of drinking a smoothie into a broad environmental statement through a diverse range of provocative guerilla communications efforts, all of which suggested that Innocent was an anti-corporate green company wishing to transform the drinks marketplace toward sustainability. The Coca-Cola Company, which had paid $180 million to buy out the ideologically innovative Odwalla in 2001, followed suit by paying $50 million for about 15 percent of Innocent in 2009—a $333 million valuation. Failing at its better-mousetraps innovation strategy, Coca-Cola has had no choice but to acquire ideologically innovative brands at very steep prices.

These businesses have been every bit as innovative as the technological and mix-and-match businesses celebrated by innovation experts. But what was radical about them was what the product stands for—its ideology, which, when staged through myth and cultural codes, becomes a distinctive cultural expression. And these examples are anything but idiosyncratic. The list of cultural innovations that have launched or reinvigorated businesses worth billions goes on and on: Marlboro, Coca-Cola, Levi's, Diesel, Dove, Axe/Lynx, American Express, American Apparel, The Body Shop, Target, Virgin, Pepsi-Cola, Polo, Harley-Davidson, Seventh Generation, Method, Burt's Bees, Brita, Whole Foods, Patagonia, Jack Daniel's, Mountain Dew, Absolut, Starbucks, Volkswagen. Just as important, cultural innovation often serves to turbo-charge better-mousetraps innovation: witness Apple, Google, MINI, Red Bull, JetBlue, and Wikipedia.

Conventional Marketing Creates Red Oceans

We might expect that the discipline of marketing would play a leading role in the development of strategy for cultural innovation. Yet, conventional marketing—what we term *mindshare marketing* because it is couched in psychology—emphasizes the day-to-day stewardship of existing businesses and, in so doing, slights innovation.[6]

The Functional Benefits Trap

Depending on the company and category, today's mindshare strategies focus either on "functional benefits" (sometimes termed "rational benefits"), or on "emotional benefits," or on both. The functional benefits mode of mindshare marketing was introduced by adman Rosser Reeves in the 1950s, with his *unique selling proposition* (USP), a concept made famous through ad campaigns like M&M's "melts in your mouth, not in your hand." This view came to dominate marketing strategy, propelled by the publication of Ries and Trout's incredibly influential book *Positioning: The Battle for your Mind*.[7] Mindshare marketing relies on an easy and intuitively appealing metaphor: brands succeed when they colonize valued "cognitive territory" in consumer minds. The model directs managers to determine the cognitive "gap": which functional benefit in a given category is most valued by consumers and least dominated by other brands? Targeting the gap, the marketing goal is to stake out a claim to the cognitive association in consumers' minds, then hammer home the connection between the trademark and the benefit claim as simply and consistently and frequently as possible. Over time, the theory maintains, consumers would unconsciously associate the brand with the benefit, and as a result the brand would come to "own" (in a cognitive sense) the benefit.

The functional benefits model is most useful when a product really does command a novel functionality that gives the brand a substantial and durable advantage over competitors. In such instances, the mindshare model simply reinforces what economists have been preaching about reputation effects for decades. Such advantages, however, are hard to come by, and, when a new technology with a truly improved performance is introduced, it is summarily copied by competitors. Incumbent firms like to believe that they are innovation-driven organizations industriously pursuing blue oceans. But, in reality, brand competition is usually mired in the red ocean of what we call "benefits slugfests," where companies try to avoid commoditization by claiming that trivial and ephemeral points of difference are crucial to consumers. As a result, the functional benefits model has become a marketing whipping boy in recent years, with leading experts like David Aaker counseling marketers to avoid the "functional benefits trap."[8]

The Commodity Emotions Trap

Unfortunately, the new style of mindshare marketing has proven to be even more problematic. To avoid the functional benefits trap, many marketers now focus on identifying what they term "emotional benefits," the softer values, thoughts, and feelings that consumers associate with the product, brand, or category. Although the intentions may seem noble and sophisticated, "laddering up" to the consumer's "higher order values," or "probing deeper" to unveil the consumer's "fundamental need-states" and the "brand truth" is anything but. In practice, the result is simply to push for vague abstractions that hold a negligible value for consumers. At least functional benefits forced marketers to remain grounded in the product's material performance. There are no constraints at all for emotional benefits: all emotions are fair game. We are witnessing an emotions arms race in which companies vie to own one of the short list of top *emotion words.*

This process encourages companies to pursue generic "emotional territories" that any brand in any category can claim. Coca-Cola becomes the champion of "happiness," Pepsi becomes the champion of "joy," Fanta becomes the champion of "play," Snapple becomes the champion of "fun." The marketers at Oscar Meyer, the lunch meats and bacon brand, have launched a $50 million advertising campaign consisting entirely of slice-of-life vignettes featuring people being happy while eating Oscar Meyer and the tagline "It Doesn't Get Better than This." The company expects that these ads will "recapture the joy and exuberance" of the brand.[9]

These emotion words blur into a fuzzy sameness. Levi's becomes the champion of "confidence" and "freedom." But so do Lee Jeans and Guess Jeans. For that matter, so do Oxford Health Insurance, Volvo Station Wagons, and Verizon Mobile telephone plans. Only through such a process could Procter & Gamble house a pregnancy test, a washing powder, an oral hygiene brand, a feminine hygiene brand, a line of cosmetics, and an antiperspirant, all of which offer "confidence" or "confidence in results." While the pursuit of emotional benefits has helped many a brand manager avoid the functional benefits trap, the unintentional consequence is to land in an even more strategically bereft space—what we term the *commodity emotions trap.* Emotional benefits render the brand even less distinctive from a consumer's perspective. As with the functional approach, emotional branding drives brands to mimic the cultural orthodoxy of the category. Mindshare marketing not only limits innovation; it creates red oceans.

Ultimately, both the functional and emotional benefits tangents of mindshare marketing are severely limited as innovation tools because they are rooted in psychology. Both approaches imply that marketing is about embedding associations between brand and valued benefits in consumers' minds. As a property of mind, the brand and its benefits are both assumed to be durable and contextless. Mindshare marketers' favored terms for a brand's key benefits—brand essence and brand

DNA—reflect this assumption. Because the strategic core of the brand has no connection to society or history, mindshare marketers push the job of making their brands resonate with consumers onto their creative partners. They are charged with injecting some "trends" or "fame" or "cool" into the brand in an effort to make it relevant.

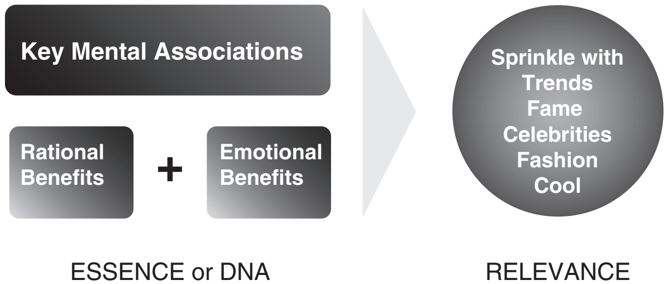

Figure 3. Mindshare Strategy

Conceiving of brands as a phenomenon of the mind—rather than of society, culture, and politics—means that opportunities for innovation created by historical changes in society are totally ignored. Mindshare marketing can be useful for keeping an existing business in healthy shape in the short run, but it is dysfunctional for pursuing innovation, as well as for ensuring that a brand sustains a leadership position over time. Managers and entrepreneurs are left in the dark as to how to locate and exploit new market opportunities, or revive a failing business that has been made irrelevant by historical changes.

Part 1: Cultural Innovation Theory

How does cultural innovation work? In the first part of this book, we draw upon a decade of academic research to propose a theory of cultural innovation. We have conducted detailed historical analyses of more than two dozen important cultural innovations. We systematically compare our analyses of these different cases to build a theory explaining why these efforts succeeded. In this part, we review seven of these cases: Nike, Jack Daniel's, Ben & Jerry's, Starbucks, Patagonia, Vitaminwater, and Marlboro. Three of these cases—Nike, Starbucks, and Marlboro—are part of the pantheon of breakthrough branding stories that have circulated in management folklore for decades. Our

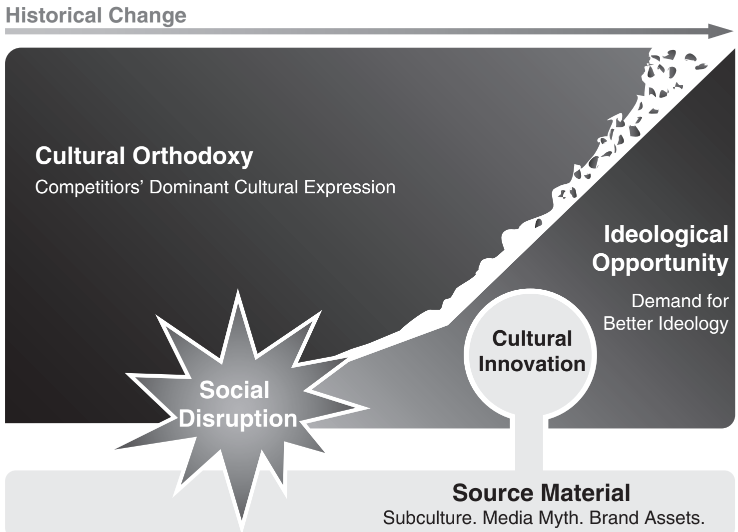

Figure 4. Cultural Innovation Theory

analyses of these cases directly challenge this conventional wisdom. The result is a model that is shown in summary form in Figure 4.

We explain how this model works as we take the reader through these seven analyses, introducing the key concepts along the way. The name of the game in cultural innovation is to deliver an innovative cultural expression. Since cultural expressions consist of an ideology, which is "brought to life" with the right myth and cultural codes, we examine how innovation works across these three core components.

Cultural blue oceans are fundamentally different. From a cultural perspective, blue oceans are defined by latent demand for ideology, not latent demand for functionality. According to technological and mix-and-match models, opportunities are always out there in the world, lying dormant, until the right new technology or creative mix-and-match offering comes along. People always want better functionality. Ideological opportunities, in contrast, are produced by major historical changes that shake up cultural conventions of the category, what we call a social disruption. These shifts unmoor consumers from incumbent brands, and prod them to seek out new alternatives. It is an emergent kind of opportunity that is specific to a historical moment and a particular group of people.

Likewise, the cultural innovations that respond to these opportunities are fundamentally different from better mousetraps. They are composed of specific cultural expressions, which are conveyed by the brand across consumer touchpoints. We demonstrate throughout the book that powerful cultural expressions can be dramatized via product design (Ben & Jerry's, Starbucks, Vitaminwater), print ads (Jack Daniel's), guerrilla stunts (Ben & Jerry's, Fuse), corporate business policies (Ben & Jerry's, Fat Tire, Freelancers Union), retail design (Starbucks), packaging (Starbucks, Vitaminwater), the service encounter (Starbucks), naming (Vitaminwater), outdoor media (Freelancers Union), and television ads (Nike, Marlboro, Clearblue, Fat Tire, Levi's, ESPN). All touchpoints are fair game for cultural innovation.

Ideological opportunities provide one of the most fertile grounds for market innovation. Yet, these opportunities have gone unrecognized because of the extraordinary influence of economics, engineering, and psychology on management thinking. These disciplines, as different as they are, share a common assumption—in order to simplify the world, they purposely ignore cultural context and historical change. These theories remove all the messy bits of human life in order to present a tidy theory that is easy for big companies to work with. We argue that it is in these untidy hard-to-measure parts of social life that some of the greatest innovation opportunities lie.

Part 2: Applying the Cultural Strategy Model

Can cultural innovation become a systematic pursuit? What sort of strategy can guide companies and entrepreneurs to identify and leverage these ideological opportunities? What research methods are most suited to inform this kind of strategy development?

In the past, cultural innovation has been a serendipitous crapshoot—lucky discoveries that are all too rare. Cultural innovation theory opens the door to a novel approach to strategy, which can significantly improve the odds of success. But only if we allow ourselves to rethink what a "strategy" is. Strategy is a blueprint that guides action. But strategy is usually conceived in highly abstract generic terms. In conventional innovation strategies, the more specific and contextual directives are left out because such nuanced details are considered to be outside the domain of strategy. But these abstract strategies are of no use for cultural innovation. Since cultural innovation is about locating a specific historic opportunity and then responding to this opportunity with specific cultural content, cultural strategy must be tailored to these more specific historical and contextual goals. Because cultural strategy directs the details of the brand's cultural expression, it provides considerably more structure and guidance to what has always been the "creative" side of branding—a domain that heretofore has been ruled by the intuition of creative practitioners.

In Part 2, we transpose cultural innovation theory into an actionable six-stage strategic framework—what we call the *cultural strategy model.* Cultural strategy is a detailed blueprint guiding the development of a cultural innovation. We detail a step-by-step approach, which is derived directly from our cultural innovation theory and supported by a systematic toolkit of cultural research methods.

We have used this model to develop cultural strategies for many dozens of clients, including PepsiCo, Brown-Forman, Microsoft, BMW, Bacardi, and The Coca-Cola Company. We have used the cultural strategy model to launch new brands (e.g., Svedka, truTV, Planet Green), to reinvigorate struggling brands (e.g., Coca-Cola, Mike's Hard Lemonade, Big Lots, Qdoba), and to help successful brands sustain their historic cultural leadership (e.g., MINI, Mastercard, Jack Daniel's, Ben & Jerry's, Mountain Dew). In this part, we provide four diverse examples of projects where we have applied cultural strategy to develop brands with innovative cultural expressions: Clearblue pregnancy tests, Fat Tire beer, the Fuse music television network, and the Freelancers Union.

Part 3: Organizing for Cultural Innovation

How should companies and entrepreneurs organize to pursue cultural innovation? How does this form of organizing differ from conventional organization structures? Management experts have long recognized that organizational structures can facilitate or hamper innovation. One of the quandaries that initially motivated this book was the following: why is it that the world's best consumer marketing companies—such as Procter & Gamble, Unilever, and The Coca-Cola Company—routinely fail at cultural innovation? We have found in our research that the innovation processes routinely used by blue-chip companies are actually dysfunctional. Coming up with innovative cultural expressions is a very different task from commercializing a better mousetrap.

In this part, we demonstrate that cultural innovation requires a new mode of organizing. In the first chapter, we develop an organizational critique pinpointing the dysfunctional institutional logic that derails innovation at big companies, which we term the *brand bureaucracy.* In the following two chapters, we use two cases—Levi's 501s in Europe, and ESPN—to detail the alternative organizational structure that facilitates cultural innovation, which we found lurking in all our cultural innovation cases. We term this new organizational form the *cultural studio.*

Social Innovations as Well

Cultural innovation is just as important for social and environmental applications: for example, launching businesses that contribute to environmentally sustainable markets, or for designing new brands that contribute to the economic progress of the global South. While the main focus of the book is commercial applications, much of our current work focuses on developing applications to social innovation. As a precursor to this ongoing work, in this book we include four cases—Ben & Jerry's, Patagonia, Fat Tire, and Freelancers Union—that show how the cultural strategy model can be used by social entrepreneurs and social enterprises working toward social change.

Notes

1. Gary Hamel and C. K. Prahalad, *Competing for the Future* (Boston: Harvard Business School Press, 1994).
2. W. Chan Kim and Renee Mauborgne, *Blue Ocean Strategy* (Boston: Harvard Business School Press, 2005), 4–5.
3. Clayton M. Christensen, *The Innovator's Dilemma* (New York: Collins Business, 2003). Clayton M. Christensen and Michael E. Raynor, *The Innovator's Solution: Creating and Sustaining Successful Growth* (Boston: Harvard Business School Press, 2004).
4. Andrew Hargadon, *How Breakthroughs Happen: The Surprising Truth about How Companies Innovate* (Boston: Harvard Business School Press, 2003); Frans Johansson,

The Medici Effect: What Elephants and Epidemics Can Teach Us about Innovation (Boston: Harvard Business School Press, 2004).

5. Cultural innovation and better-mousetraps innovation are powerful complements. Cultural innovation can lead to extraordinary new business success without significant product innovation, as the examples at the beginning of the chapter illustrate. And, just as important, better mousetraps are much more likely to succeed when combined with cultural innovation. We will argue that new value propositions are far more powerful when harnessed to new ideologies, the two working synergistically to create new businesses and renovate failing ones.
6. We first developed this term in Douglas B. Holt, *How Brands Become Icons: The Principles of Cultural Branding* (Boston: Harvard Business School Press, 2004).
7. Al Ries and Jack Trout, *Positioning: The Battle for your Mind* (New York: Warner Books, 1980).
8. David Aaker, "Beyond Functional Benefits," *Marketing News*, Sept. 30, 2009.
9. Stephanie Clifford, "Oscar Mayer Counts on the Joy, Not the Jingles," *New York Times*, Jan. 14 2010, www.nytimes.com/2010/01/15/business/media/15adco.html?ref=business