From hi-tech to hi-sense innovation: new experiences in value creation through meanings and relations

Marco Paiola
University of Padova
Dept. of Economics and Business
Via del Santo 28, 35123 Padova, Italy
Tel. + 39 049 8274054
Email: marco.paiola@unipd.it

Eleonora Di Maria
University of Padova
Dept. of Economics and Business
Via del Santo 28, 35123 Padova, Italy
Tel. + 39 049 8274069
Email: eleonora.dimaria@unipd.it

Abstract

Product and service concepts show a constant change thanks to innovation practices and theoretical evolution. In recent years products have become a source of experiences for the customers and a means of collaboration as customer knowledge becomes more and more important for innovation, in an overall context in which the dominant logic of marketing is based on services and value creation is the result of co-production and co-creation processes. In this paper the focus is on the new challenge for firms: to gain competitive advantage in the immaterial economy, where the battle is for sense-making. According to recent literature developments, sense-making is at the centre of modern competition and is a major source of innovation in companies' offers. Meanings and relations construction have become major objectives in innovative practices of advanced firms, which are more and more involved in "soft" side of innovation, where new factors for innovation emerge other than functional performances and technology per se.

Our paper offers a possible theoretical convergence by considering different contributions in emerging fields. It also proposes a theoretical model that helps understanding the different sources and managerial consequences of innovation strategies based on upcoming innovation drivers. A description of two cases regarding excellent experiences in sense-making is produced using different explorative methods. The strategic and operative marketing challenges, as well as the specific hints related to innovation and its factors emphasized in the paper are then discussed in a final section.

Keywords: innovation, meanings, relations, community, service, design

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1. Introduction

Product and service concepts show a constant change thanks to innovation practices and theoretical evolution. In recent years, products have become a source of experiences for the customers (Pine Gilmore 1999) and a means of collaboration as customer knowledge becomes more and more important for innovation (Prahalad Ramaswamy 2000), in an overall context in which the dominant logic of marketing is based on services (Vargo Lusch 2004). In this approach, the value created by the firm is the result of co-production and co-creation processes that put firm in relation with the users and their different contexts.

The paper is devoted to theoretically explore what, in our opinion, is becoming the new challenge: to gain competitive advantage in the production of superior market values, where the battle is increasingly in sense-making. According to recent literature developments in immaterial economy - as recently outlined by Italian post-industrial academic school tradition (Rullani, 2004; Rullani *et al.* 2005, 2006) - sense-making is at the centre of modern competition and is a major source of innovation in companies' offers. Sense and meaning construction have become major objectives in innovative practices of advanced firms, which are more and more involved in this "soft" side of innovation, where new factors for innovation emerge other than functional performances and technology *per se*.

A lot of innovation success is nowadays due to non-technological intervention on the offering system, and not necessarily related to the intense use of hi-end technology solutions that guarantee outstanding functional performances (Normann, 2001). Moreover, non-technological dimensions are becoming the main sources of sustainability of innovation against competitors' imitation. In this perspective, the roles of meanings (semiotics of communication and product design) and relations (services and socialization of identities) are becoming critical in the process of understanding the company's sources of value and competitiveness.

A growing body of studies are trying to fill the gap of different literature streams (services marketing, experience marketing and so on). Our aim in this paper is to offer a possible theoretical convergence, by considering different theoretical contributions. This study is intended to contribute to a new stream of research, specifically exploring the innovation strategies focusing on their non-technological dimensions. Our hypothesis is that

by blending the streams of literature mentioned, different marketing drivers for sense construction emerge, that can be used together in order to build sense-making and sustain modern innovation strategies.

We address the mentioned research themes by focalising our attention on the description and comparison of real cases regarding excellent experiences in sense-based innovation strategies. Following a multiple case study approach (Yin 1981, 2003), we present two qualitative case descriptions of Italian leading companies – Bisazza and Dainese - investigated using different explorative methods.

The paper is organized as follows: the first section is devoted to analyze the theoretical foundations of the new sense-based innovation; the following section is focused on the description of the basic drivers of this emerging phenomenon, highlighting their role in sustaining competitive advantage and their relation with modern technologies; the third section proposes a model for representing new innovation strategies and discusses the challenges for marketing and firms in the framework of hi-sense innovation; the fourth section presents two case studies and the final section offers a summary of the valuable repository of information regarding firms' choices in strategic and operative marketing, along with specific hints related to innovation and its factors.

2. The emergence of high-sense innovation

Recent research streams on innovation have highlighted the progressive growth of importance of non-technological elements in innovation management. According to Gallouj and Weinstein "innovation can exist where the 'technologist gaze' perceives nothing" (1997, p. 538).

Increasing dissatisfaction connotes research on innovation, since "the factors (innovation research, basic research in natural sciences and classic entrepreneurship) that classically have been thought to ensure innovation, firm development and economic growth are too limited for the present situation", because "both society and the market have changed and with them the art of innovation management has changed" (Sundbo 2006, p. 1).

Exponents of the research stream on service innovation have suggested that innovation must be seen in a broader context (Edvardsson et al., 2000; Gustafsson and Johnson, 2003). It has become something broader than technology-based developments of new technological products, and many innovations are non-technological or are a mix of technological and social aspects. That's why recent contributions in this area have overcome initial exclusive focus on

technology, with the emergence of a new approach, called the "integrative" view (Gadrey and Gallouj, 1998; Gallouj, 2002), in which technology is integrated with other aspects of innovation.

Research efforts regarding the new immaterial economy emphasize the intangible nature of modern competitive drivers, where knowledge, relations and services above all are considered to have a primary role (Rullani, 2004). This research stream emphasizes that a growing part of innovation in different industries is based on intangible elements, and its economic value is based on drivers that firms have yet to learn to develop and manage (Nussbaum et al. 2005).

This picture draws the complex nature of innovation, and the multidimensionality of its processes (Tether and Howells, 2007), where the management focus is shifting from technology per se to its knowledge implications, from hard to soft components of the offer, from single actions to interrelated sets of activities taken by actors co-participating in innovation networks.

Eventually, modern innovation management not only has a "hard" side - considered in terms of tangible features of products, processes and their technical functionality - but holds also an important immaterial side related to meanings and relations. The concern for non strictly functional innovation elements of the immaterial side reveals that the processes relevant to modern innovation refer prevalently to the social dynamics of the demand and to the way meanings related to products, services and their uses are created, transmitted and modified by the users (Sternberg, 1999; Dalli and Romani, 2007; Di Maria and Finotto, 2008). In this perspective, marketing is a critical part of the innovation process.

This paper addresses this upcoming area of research, focusing the attention on what here is defined as high-sense innovation, which is an innovation based essentially on two fundamental components, strictly related to marketing processes: meanings and relations.

Firstly, it is no new that many customers are increasingly interested in purchasing exclusively on the base of their functional features, but rather focusing on other immaterial attributes. As many scholars pointed out (Schmitt, 1999; Silverstein and Fiske, 2003; Postrel, 2003; Ravasi and Lojacono, 2005; Zemke and Bell, 2003), purchasing processes are increasingly based on immaterial features such as aesthetics, design and the many meanings that they are able to transmit (such as luxury, style, freedom, etc.). In such a scenario, products are seen as parts of hedonic consumption processes and means to obtain emotional responses (Hirschman and Holbrook, 1982) or, as post-modernity scholars have well

described, perceived as "linking objects" (Cova, 1997), semiotic elements capable to link people as belonging to the same community or sharing similar identities.

This point allows us to introduce the second element of high-sense innovation, which is connected to the role of relations in modern innovation management.

In fact, the importance of relations also stems from the evolution of marketing literature, recently interested by an intense discussion regarding its dominant logic. In this context the Service Dominant Logic (S-D logic) has emerged as a new way of considering economic activities related to immaterial economy and services (Vargo and Lusch, 2004). According to it, "organizations exist to integrate and transform microspecialized competences into complex services that are demanded in the marketplace" (Vargo and Lusch, 2004, p. 53) […] "where service is exchanged for service through a relationship" (p. 48).

Therefore, the relational dimension becomes crucial and introduces processes of co-production and co-creation among firms and customers. In fact, products are outputs that combine tangible and intangible ingredients, where the service component becomes more and more relevant in supporting the collaboration among firms and customers (Lusch, Vargo and O'Brien, 2007; Lusch and Vargo, 2006). In this service-based relational vision of value production, hedonic or expressive benefits are often more important of more utilitarian ones, cause signs play a critical role in value determination. Moreover, sense-making is a collaborative process, since sign value is the result of a co-creation process.

As we will show in the following sections, the contribution of marketing is fundamental to identify new competitive opportunities for firms, going beyond the traditional approach to innovation (focused on R&D) and considering also other contributions related to consumer behavior, community management and service economy (i.e. Veryzer, 2005). Hence, in specific industries more than in others, firms are asked to renovate their marketing approach by focusing on the drivers that allow them to enrich the intangible dimension of their offering.

3. Symbols and meanings: sensemaking as a value driver

Sensemaking is an increasingly important driver in marketing strategies. As the work of Lipovetsky (1989) and Campbell (1987) points out, the modernity of the "homo consumens" is actually an ongoing process of symbolic production and symbols exhibition (embodied in products and services), in which instability of roles in consumption and chronic consumer dissatisfaction are causing continuous consumer movements (Bauman 2000, 2006). Novelty idealization, playful relations with products and services (Lipovetsky, 1989, 1987),

"disneyzation" of activities (Bryman, 2004), the use of themes, hybrid consumption, merchandising, theatral work (Ritzer, 1993; 2001) become viable strategies in order to create new meanings, as can easily be observed in the evolution of retail towards shoptainment. In this sense firms strive to take control of market perception of their products and services in order to find or even create new - and possibly uncontested - market segments in which uniqueness is crucial and where pure effectiveness and cost competition are no longer the basic competitive factors (Kim and Mauborgne, 2005).

In regard to sensemaking, we must acknowledge the valuable work of Karl Weick (1979, 1995). In particular, the ongoing and interactive nature of sensemaking implies that it is indeed an unavoidable result of every human (and organizational) activity that is strictly dependent upon its socialization to an audience (Weick 1995: 17ss.). This latter consideration opens a parallel with the dimension treated in the following section on which we will come back in the conclusions. Its very nature is enactment (Weick, 1979), that is to say, that it begins by saying or doing something (Weick 1995: 61). Communication is therefore of foremost importance in this picture, since the relevance of the sensemaking process is based on its plausibility rather than its accuracy: sensemaking highlights that which can account for sensory experience is also interesting, attractive, emotionally appealing and goal relevant (Fiske and Taylor, 1991).

Firms recognize this condition, when they rank the brand as their first source of sensemaking. In effect, in terms of symbolic values of the offer, the activity of sensemaking is mainly driven by the work the firm does on the brand and its identity (Aaker, 1996; Schmitt and Simonson, 1997). The brand can represent a major semiotic element that provides a given meaning and sense to a specific product and service, and it must be fed by organized, structured and voluntary work (Semprini, 1992; Klaus and Maklan, 2007). As an ongoing process, work on the soft symbolic elements of the offer is dynamic and changing; its nature is not only semiotic but encompasses elements of cultural construction, since it condenses meanings built by means of an interpersonal relation with the customers. That is why even in the context of sensemaking innovation becomes more and more interactive, a sort of relational innovation that, as we mentioned, involves customers in a process of co-creation.

Sensemaking can by the way count on several sources: the success of two very different books such as Brand Aesthetics (Schmitt and Simonson, 1997) and No Logo (Klein, 2000) shows how worthy meanings for the demand can be related to factors as different as aesthetics and design - on one side - and ethics and value sharing - on the other. From our perspective, we consider specifically the design to have a primary role in the sensemaking

process - as part of the innovation process. For a long time design has been put aside in the analysis of innovation. The value related to scientific knowledge and R&D has reduced the importance of aesthetic as autonomous driver of value for the firm and the customer (Cross *et al.*, 1991). Scholars and practitioners recognized the role of design only later, by emphasizing the role of forms of products as drivers of meanings (Norman, 2003) and firm identity, also with strong communication impacts.

In our view, the discussion about the design as a form of art expression is also important in the innovation framework, as designers use their creativity to shape product forms in a unique way, reinforcing the firm process of innovation beyond efficiency and functionality towards the creation of new meanings through the products (and the brand) (Verganti, 2006). The seriality and replicability of the designer's creative effort are two key elements in the industrial design process. However, such effort has also aesthetic consequences. In other words, innovation couples technical creativity as well as aesthetic dimensions (Bettiol and Micelli, 2005; Krippendorf and Butter, 1984) and the mix between the two is a new challenge for the firm's strategy in the present competitive scenario.

Design is also included in and strongly interconnected to the communication strategies of the firm, by influencing the potentialities of sensemaking. Through the design the product communicates, as a tool that reinforces the messages proposed by the *communication mix* (Codeluppi, 2003). From this point of view, the focus is on the aesthetic component of design, as the driver for shared sensemaking and symbolic dimension in products and in the relationships with customers (Demirbilek, Sener, 2003).

A last remark is worth to be added. As we will see in the empirical section, designers can contribute to innovation as key players able to manage the whole process from idea to industrialization (Zurlo, 2003). In fact, they can be critical in linking the firm with the customers, by analyzing and translating customers' needs and desires into real objects with specific identity.

The linking value of symbols and meanings leads us to the topic of the following paragraph, which deals with the second dimension of high-sense innovation: relations.

4. Relations and co-production in innovation

In the present competitive scenario consumption is characterized by *participation* and *experience* (Pine, Gilmore, 2000; Fabris, 2003; Cova, 2003). The customer is an active player of consumption process, which becomes effective and holds a personal sense within a specific

social and values context, i.e. ecology, well-being, etc.. Moreover, customers are willing to pay to live experiences by using products or purchasing them (Grandinetti, Paiola, 2004) – hence, they outline a new frontier in the firm offering. At the same time, the experience is also recognized as a learning process (*learning-by-using*) (Rosenberg, 1982), where key players – *lead users* – are important to be involved in the firm's innovation processes, due to their knowledge and the networks of relationships they are in (von Hippel, 1988; Thomke, von Hippel, 2002).

Consumption is also a communication activity, where the customer tells stories and defines his/her identity by building new connections with other similar customers (communities of customers) (Micelli, 2000; Bagozzi, Dholakia, 2006). Through such approach, customers can help the firm in giving legitimacy to its brand proposition and sense-making process (Morandin, 2006).

Therefore, the sociologic dynamics of demand constitute a further challenging area of interest for marketing as far as innovation is concerned. Traditionally, the postmodern individualism has led companies' focus on the satisfaction of specific needs (Firat, Shultz, 1997), developing customization programs as a way of managing customer behaviour (Cova, Cova 2002).

Despite this basic idea of a social condition in which social bonds are not relevant and the society is destined to a progressive fragmentation, we assist to the emergence of new forms of social reassembling (Cova, 1997). Self-organization experiences of the demand are emerging, in a sort of alternative social arrangements in which people gather together in multiple and ephemeral groups in search of maintaining or recreating social links (Granovetter, 1973; Bender, 1978; Maffesoli, 1996), where scholars refer to the concepts of community or tribe alternately (Cova, 1997; Schouten, McAlexander, 1995; Bagozzi, 2000; Goulding et al., 2002; Bauman, 1990; Maffesoli, 1996; Cova, 1997; Cova, Cova, 2002).

In this perspective, individuals seek products and services for their linking value, thinking of buying and using them as a part of a general social behaviour. As we'll see further on, this highlights important managerial implications for marketers, such as to develop innovations both in products and services aimed to facilitate the aggregation of the individuals in a community.

The emerging collaborative dimension of innovation becomes the framework to depict new strategic challenges for firms: identifying the right sources of knowledge outside the firm and connecting to them on a stable and interactive basis (von Hippel, 2006; Chesbrough, 2003). From a marketing perspective, the relevance of this approach is linked to the

involvement of customers as co-creators in the process of new product development, by giving value to the knowledge and experience they have acquired in the use of products and in being embedded in specific contexts of use.

Innovation is then a distributed process that goes beyond the organizational boundaries and requires firm's capabilities to create and nurture relationships with the market and more specifically, with lead users and socially organized customers (communities, tribes). Communities can be at the core of innovation process, by shaping and being embedded in the locus of innovation (i.e. Sawhney and Prandelli, 2000). This is the case, for instance, of (real and virtual) brand communities building (Muniz, O'Guinn, 2001; McAlexander, Schouten, Koenig, 2002; Algesheimer, Dholakia, Herrmann, 2005; Bagozzi, Dholakia, 2006): they are seen as "specialized, non-geographically bound communities, based on a structured set of social relationships among admirers of a brand" (Muniz, O'Guinn, 2001: 412).

If we consider the three core components of a community - a shared knowledge of belonging, the presence of shared rituals and traditions and the sense of duty or obligation to the whole community as a spur to action (Muniz, O'Guinn, 2001; Cova, Pace, 2006) - it becomes possible to think about communities as "co-producers" or "co-creators" of an innovation (Gibbert et al., 2002; Rowley et al, 2007). As a matter of fact, community dynamics and especially its expansion tend to intensify customer's engagement with the "experiences" that they, as a community, co-create with the company.

5. High-sense innovation and ICT

Virtual communities and their involvement in co-production processes introduced in the previous section signal the role of modern technologies in sustaining relations and meanings. At this point of the discourse, since we have made clear what high sense innovation is, a few more words are required in order to clarify the role of technology in the high sense innovation perspective.

In fact, in addition to technologies involved in the manufacturing process, nowadays firms should manage new kinds of technologies and namely ICT - Information and Communication Technologies. Specifically, firms can exploit the advantages of connection and interaction that ICT can offer in order to enrich their ability to face the customers' arena and to behave in the described competitive scenario consistently. Those electronic technologies can represent an important leveraging element in a firm's strategy, offering instruments that can increase the effects of a proper work on relations and sense.

Technology, in this sense can be a valuable tool in order to magnify the effects of basic hi-sense strategies, both in favor of the sense making that is implied by expressiveness and of the community dimension that inheres socialization. Based on information and communication technologies (ICT), firms can develop collaborative environment to foster their innovation processes on a wider scale, bringing together new active players (customers) at the local and global level. Moreover, ICT play a crucial role in order to support sense making strategies through a wide distribution of information concerning products, processes and markets among the players in the value system (firm, suppliers, designers, sales networks, and customers). The growing diffusion of broadband and interactive tools offer new opportunities for virtual context creation based on multimedia, interesting platforms for customer relationship management.

In addition, it can be the instrument for co-created meanings, since customers themselves become digital content creators and, hence, they may support extended communication networks and describe contexts of use for products in a very original way. In fact, ICT offer new independent on-line environments for customers in which they can share information, discuss interesting topics, products, and their experiences (Muniz, O'Guinn, 2001; Sonnenburg, 2004). From this point of view, investing in one-to-one marketing and community relationship management means that a firm exploits its customers' relational and cognitive capital deriving from the self-organization of demand (Nambisan, 2002; Verona, Prandelli, 2006). Through those relationships, the firm efficiently reinforces its market information system, by identifying new inputs for product development at both the functional and communicative levels.

Information dimension allows identifying tools and modalities to store, organize and give access to information and knowledge into the community. Participation dimension describes ways and conditions for members' interaction and meeting as well as relationship system. It is specifically the mix between the information and relational dimension that characterize virtual communities as key players in the innovation process (Micelli, 2000). On the one hand, information exchange allows the member of a community accessing certified inputs on products and customers' processes that enrich their knowledge and influence their individual consumer behavior. On the other hand, the participation in the (virtual) social sphere increase their reciprocal knowledge, give value and support their consumption activities off line in terms of material use of the product and meaning associated with it.

As in the case of brand communities (Muniz, O'Guinn, 2001), socialization is part of the consumption activity itself and the firm should understand, analyze and rely on such

processes to address its innovation and to elaborate its marketing proposal. It means to arrange and exploit a wide range of technology tools that allow structured and unstructured flows of knowledge at the same time.

Besides the two mentioned – information and relational dimension - there are two other key interrelated dimensions that are crucial in the process of community development and management: the virtual (on line) and physical (off line) spheres. In the virtual community prevail the interactive dynamic of knowledge exchange that may be nurtured by groups of customers that already know each other in the physical domain. However, the web allows extending such networks of relationships well beyond the local proximity to support wider socialization processes. At the same time, in fact, virtual communities may give the opportunity to create special occasions for real face-to-face meetings. The community members may self organize such events or they can be part of an explicit firm's strategy, which can include those initiatives into its marketing strategy to offer new experience to specific targets of customers (i.e. lead users). Moreover, there could be a synergy between the places in which such events are organized and the firm's spaces (i.e. retail stores), to reinforce the relationship between the company and the community within a shared environment (and meaning).

As pointed out by Pine and Gilmore (1999), the economy of experience shows a new approach to value creation, where the relevance for customers is not the good or service itself, but the experience he or she can live while purchasing and using it (Carù and Cova, 2007). From our perspective it is also a key process for innovation purposes as the locus of experience becomes the locus of innovation, where the social interaction among customers and their intimacy support knowledge sharing and meaning creation (Prahalad and Ramaswamy, 2003; Di Maria and Finotto, 2008).

6. Sense-based innovation strategies: a model

In the preceding pages we have highlighted the theoretical foundations of high sense innovation, stressing its character of upcoming area of research and describing its two basic components – meanings and relations. As the description clearly highlights, these components represent also fundamental strategic drivers at firms' disposal in order to explore high-sense innovation.

Therefore, in this section we focus on managerial consequences of the new immaterial dimensions in innovation, proposing a model that shows different strategic approaches to

innovation. The innovation strategy can be represented by the firm's different approach to meanings and relations as basic drivers of sense-based innovation. Firm's decision for each driver can be represented by a basic dual choice:

- the relational dimension (*Relations)* can be achieved both at an individual (low intensity) and a collective (high intensity) level; this driver highlights different typologies of subjects that the enterprise may want to target: at one extreme are the individual identities - or single individuals - not considering social ties and group identities; at the other extreme common identities can be built both by the means of new communities purposely created around the enterprise offering and by pre-existing communities;

- Low levels of the *Meanings* driver mean that those benefits offered to the market are excellent functional performances essentially based on efficiency, which favour cost leadership strategies or new functional applications. A more subtle and immaterial creation of symbolic benefits coincides with higher driver values: here the focus is on sensemaking and the ability to share meanings, clearly increasing the value in the offer and differentiating it from those of competitors.

Figure 1. Approaches to sense-based innovation.

Approach/ Driver	**Relations**	**Meanings**
Traditional (low-sense innovation)	Individuals	Functions
Advanced (high-sense innovation)	Communities	Sense-making

This polarization reveals two different approaches to sense-based innovation. As summarised in figure 1, drivers that rank low express a more "traditional" approach to innovation, whilst an "advanced" innovation strategy is in place where drivers reach higher levels. This advanced behaviour is precisely what we consider to represent high-sense innovation strategies, and it is indeed the object addressed by the empirical qualitative cases we'll describe in the second part of the paper.

High sense innovation is contrasted by low-sense innovation. While (as reported in figure 1) the latter shows traditional segmentation strategies and an orientation to product functionality, high sense innovation entails an advanced approach in the management of two very important marketing areas, that relate to several strategic marketing decisions. It means

to invest heavily in the exploration of the world of values and symbols. It means open this exploration to the interaction and co-creation with users.

In order to better understand what high-sense innovation means in terms of marketing strategies, we will describe some basic marketing ways through which high-sense innovation can be deployed. In fact, aiming to support the sense-making and the relational potential of its offer, a company may follow different strategies that entail relevant and different marketing implications and challenges. In this description, we will begin with treating the driver of meanings. As we see the work on meanings can be a valuable basis for the construction of relations.

A first way to deploy a high-sense strategy through sensemaking is to build a valuable brand image based on sense-making, constructing and communicating the meaning of the product provided to customers. Instead of detailing the specific functional performances of a product, moving into the sense-making framework requires to stress the intangible dimension of the offering: product value is linked to the signs and images that accompany it, with a work that belongs to marketing strategy tradition and that is continuously renovating, related to brand construction and the communication of the brand discourse (Aaker, 1996; Semprini, 1992).

This approach may of course exploit the potentialities of communication media (mass communication as well as network technologies) to diffuse the brand discourse – and company's – identity. In this perspective, the communication driver is a key element in the marketing mix, able to shift the positioning of products towards the intangible sphere – strongly associated with brand strategy. Storytelling is becoming a successful strategy (Rosica, 2007; Mathews and Wacker, 2008) that allow firms to shape their identity in front of customers, by stressing specific and peculiar elements of the company or founder's history, as well as their link to territories that feed the meaning of products.

The complexity of this strategic work can obviously vary depending on the scope of messages construction that, coherently with figure 1, can be carried on having in mind customers segment statistical profiles or communities of customers. Among many factors, the effectiveness of storytelling depends on the presence of a sharing social context between the teller (the company) and the receivers (the customers), in which however the customers are more and more involved in the process of communication, brand development and construction of meaning (i.e. Ladwein, 2007).

"Consumers, not marketers, have become the de facto co-branders without portfolio of the twenty-first century. Put another way, the audience has become the storyteller. Increasingly, brands are

being defined not by those who bring them to market but by the market itself" (Mathews and Wacker, 2008, p. 46).

A second approach to sensemaking, interlinked with the previous mentioned, expands the meaning of industrial products working on design. As discussed in the previous paragraph, design is part of the innovation strategy of a firm, able to shape the intangible features of a product on the basis of aesthetic elements. However, in our perspective, design is not an independent process carried out by designers on an individual level, but it is part of the marketing strategy of the company (Svengren Holm, Johansson, 2005). The network of relationships between the designer and the firm – acting through the entrepreneur, the marketing department or the R&D office – is crucial for understanding how the competitiveness of firm can be developed and sustained in the framework provided (Maffei, Simonelli, 2002). The main advantages that an internal designer can offer are organizational: better coordination and synergies with other functions, capacity to act consistently with the firm's goals and innovation strategy. Instead, if recourse is made to external independent designers, the focus shifts to exploration, and hence emphasizes external creativity based on inputs from the global economy and variety of projects managed across sectors (designer as a *knowledge broker*, Bertola, Teixeira, 2002). Designer may help the company to enrich the meaning of their products, their brands and identities through continuous interaction with the firm, on the one hand, and with the social contexts of customers' experience, on the other hand.

As we have seen in the high-sense innovation frame shown in figure 1, a fundamental role is played by relations. They allow the passage from sense-making to sense-sharing, and ground product's or company's identity in a community of consumption, that guarantees a mechanisms of diffusion and also a resource to further improve and evolve company's identity. In this socialization process of the meaning, the firm could develop specific activities oriented to support such process and to increase the effectiveness of its innovation strategy.

First, a valuable way to move into the sense-making framework stressing the intangible dimension of the offering may be building or emphasizing the social dimension (interaction, collaboration) that characterizes the process of purchasing and/or use. At a managerial level, in this case the role of services and their relational nature is crucial to link production with customers (Gummesson, 1999; Gronroos, 2007; Zeithaml and Bitner, 2003; Zeithaml, Bitner and Gremler, 2006).

Adopting a service-based logic in the corporate marketing allows the firm increasing the process of value creation by expanding their relational side of supply-demand interplay

(Gronroos, 2007; Gummesson, 2006). In the service-dominant approach (Vargo and Lusch, 2004), value is not driven by the firm to the market, but it is co-created through intense collaboration between customers and the company. Most important, such collaboration is linked to all the four "Ps" of marketing, going beyond the product to include also the communication (co-creation of conversations and dialogues) as well as the distribution (context of experience and socialization) (i.e. Badot and Filser, 2007). Interaction with customers is not an option for a firm, but is the bedrock of its strategy and competitiveness.

Another relational approach could be to open the firm to the social context through the creation of a community around a sense making initiative (or cultivate an existing one), linking marketing value of product and services to innovative consumer behaviors (lead users). While the service-dominant logic mainly focus on one-to-one interaction between customers and the company, literature on communities stresses the fundamental role of such social groups of customers in the process of innovation and the firm's need for a community-management explicit strategy.

A third strategy a firm may follow refers to the use of interactive communication to share and diffuse sense and to support its evolutions and extensions. Information and communication technologies, and specifically the Web, become the virtual platforms for dynamic interaction between the firm and its customers, both at the individual and community level. By exploiting asynchronous and synchronous communicative tools supported by network technologies it emerges a complex virtual environment that brings together exchange of information (data level) and the coordination of activities or social contacts (relationship level). This environment should not be developed based on a one-to-one marketing approach (customer relationship management). Rather the community dimension should be stressed, when the interaction among customers (many-to-many) is part of the process of value creation.

According to Hagel and Armstrong (1998) who analyzed the virtual community management, membership can offer interesting benefits for both the members (customers) and the firm when some conditions are satisfied. Firms should invest to increase the critical mass of visitors and transform them into registered users and then into stable members. This will enlarge and enrich the knowledge circuit. Second, firms should promote active participation of members, then the development of mutual trust relationships. The web can become the place where to offer memorable experience, tailored on the customers' environment and nurtured by their own contributions, in addition to physical places (Morandin, 2006). Finally, firms should consider the community as a knowledge management system, able to provide

insights about products and social contexts of use able to develop consistent innovation strategy. In our perspective, this is specifically important not just in terms of e-commerce aims, but for the non-functional side of innovation and sense-making.

Community management requires the identification of clear and shared rules of participation and use of the on line platform, able to organize and give structure to the users' contributions and involvement to the community (Verona, Prandelli, 2006). It is also important to give value to the profile of customers, in order to increase the visibility of more active or expert ones into the on line environment. Moreover, in the case of knowledge shared among customers – and used by the firm – the definition of standards and procedures concerning the intellectual property right management facilitate the innovation process and increase the value of membership.

Firm can also organize the community management consistently with its innovation organization, by involving members into the different steps of the process. The social dimension of consumption and its strong relation with costumers' identity and creation of shared meaning (Jenkins, 2006) can be leveraged from the beginning of the product life cycle (new product development) to its end. More specifically firm can involve community members into the product development in terms of new ideas about product features and, most important, about how to characterize its intangible dimension. In this perspective, the analysis of on line communities, the development of connections with lead users and the company's embeddedness into customers' *loci* of consumptions are activities equally critical to outline new innovation inputs.

However, community contribution to innovation should also be considered in the definition of the other elements of the marketing strategy – communication and distribution. As many examples in the movie or game industries demonstrate (Jenkins, 2006), by exploiting the opportunities offered by ICT, firms can arrange world wide product development processes in which the members of the community are active players in the definition of product elements, in the characteristics of tangible and intangible (i.e. style) features of the offering, as well as in the promotion of the product itself (i.e. viral marketing).

Through the interaction with the community the company can acquire remarkable inputs in the way the members perceive the new product, the meanings they build around it also with implication on their identity and consumption activities. Based on such inputs, the content of the communication, the languages and tools used are designed around the consumption desires, attitudes and behavior.

7. High sense innovation in practice: two case studies

In this section, following the well known case study approach (Yin 1981, 2003), two case-studies are described, in order to represent two different experience of exploration in the high-sense world. They are related to two Italian medium firms that are well-known all over the world for the quality of their products and for the originality of their strategic ideas: the case of the producer of glass mosaic and high-quality covering for private and public buildings Bisazza and the case of the producer of protection systems for the sports Dainese. Given the opportunistic method used in their selection, the cases cannot permit any generalization. Nevertheless, consistently with the recent qualitative methodology developments (Siggelkow, 2007) they can offer unique insights into innovative fields of research involving the exploration of new value territories. We therefore argue that they represent two relevant success cases in the use of marketing strategy in high-sense innovation that can be exemplary and helpful for other firms.

The following cases have been prepared basing on information gathered through different explorative methods. Primary data come from semi-structured interviews and behavioural observation during 2008. Integrative information comes from secondary documental sources.

7.1. Bisazza: craft competencies at the base of sensemaking

In the last few years, Bisazza has developed a new strategy based on a mix of local craft competencies, technological innovation and marketing (brand strategy and focus on distribution) (Di Maria, Micelli, 2007). Founded in 1956 in a small town in the Vicenza province (Alte − Montecchio Maggiore, in the North East part of Italy), Bisazza is now a global leader in the production of glass mosaic and high-quality covering for private and public buildings. In the Italian context, Bisazza distinguishes itself because of its orientation to the culture of design-based products and its international vocation, by transforming its products into luxury ones.

The Bisazza group has now more than 1,000 employees, three factories, 13 branches and six shops, plus more than 6,000 points of sales worldwide. Since 2005, Bisazza has been a member of Altagamma, the Italian association of firms specializing in luxury products, and its

turnover is about 100 million Euro. In 2007 Bisazza ranked 2nd in the top 250 Italian companies in design and luxury market (Pambianco research).

The firm is characterized for its focus on classic mosaic production (glass) and gold-leaf based mosaic. The upgrading transformation started in 2000, when Piero Bisazza (the founder's son) became CEO. Piero Bisazza outlined a twofold strategy. On the one hand, the focus is on product extension: the mosaic should overcome the covering use, to also become a fashionable product with furnishing applications. On the other hand, Bisazza's brand strategy is oriented to transform the meanings linked with the brand and upgrade product position to the luxury niche. To obtain such goals the firm invests in distribution and commercial sales networks (with brand stores, flagship stores and shop-in-shop), also participating in the most famous design fairs. The brand and flagship stores located in the most important and fashionable cities worldwide have been designed to create an experience for customers and to bring them into the Bisazza's world.

Hence, the firm's strategy is difficult to imitate, while the market positioning is based on strong internal production competencies as well as an innovative communication approach: with a product application shift from bathroom and private house areas to living rooms and public spaces (i.e. museums).

Mosaic production is internally managed. Concerning the artistic and limited edition mosaic productions, Bisazza involves knowledge and competencies of the historical district of Spilimbergo (North East Italy). The manufacturing process includes local and international suppliers. All the processes are controlled through network technologies. Beyond ERP systems, Bisazza in fact supports information sharing about production steps and commercial details through digital connections (quality control, content management at a distance). It is important to stress the firm's investment in developing a customized software solution able to describe and manage mosaic production and its technical application. Through such a solution Bisazza can share key knowledge with its partners within the value chain. Moreover, the company also invests in customer relationship management (CRM) solutions to interact with its USA branch, in addition to e-commerce tools. Recently, the firm is oriented to create new technological collaborative tools to support interior designers and architects' activities, as well as an e-learning platform.

The marketing and branding strategy of Bisazza is based on a coherent mix of elements (source Bisazza web site): a wide range of luxury decorative and furnishing solutions for internal and external; collaboration with world-leading architects and designers; an in-house team of architects and designers plans for a single-brand spaces and develops the Bisazza

Collection; co-marketing with high range brands; communication to the consumer: advertisements in design fashion and lifestyle magazines; PR: communication aimed at opinion leaders (specialized journalists and interior designers); Communication as point of sales; Flagship store, shop in shop and corners.

Bisazza strategy is oriented to position its offering on fashion and luxury, through an upgrading process that involve design and culture as key assets of the new brand strategy. The company starts from the new concepts associated to brand to outline its innovation strategy: from product the firm is now investing in creating new meanings around the concept of houses and experience, then followed by product development. The starting point now becomes the sense-making, created and nurtured through continuous interaction with key players in the industry – architectures and designers – but also with artists.

On the one hand, the Bisazza collection is built around themes (i.e. floral motifs, timeless, urban safari, etc.), where creativity is at the core of innovation process, by blending classic decoration with contemporary design trends. On the other hand, interior and exterior designers are asked to apply the mosaic to spaces and to renovate the meaning of the product through original decorative applications for private and public spaces, as well as in artistic installations. Based on the mix of aesthetics, distribution (flagship stores) and interaction with opinion leaders, as well as co-marketing, Bisazza wants to offer a memorable experience for their customers, interested in buying an atmosphere instead of a simple product. All the stores are in fact conceived and design by Bisazza Design studio, which is in charge for the coordination of the company's identity and product collection.

The relationship with opinion leaders is crucial for the innovation and communication strategy of Bisazza as they influence trend setters in the design and fashion domain and, hence, they are part of the meanings attributed to products. Such opinion leaders – as well as designers involved in the process – can be considered as lead users, able to influence the sense-making and play an active role in elaborate such meanings in their related communities (design, art, architecture). Through an established network of relationships and socialization with them Bisazza can nurture its strategy, acquire new insights about lifestyle, consumer behavior and expectations and translate them into offering.

This approach is also enriched by the company orientation toward the rediscovering of the ancient Venetian mosaic tradition, coupled with technological innovation of products and manufacturing processes. Through this mix, the meaning associated with the product in the context of old productive tradition is renovated on the basis of inputs and works of modern famous international designers.

7.2 Dainese: the protection as a valuable meaning

"The future of Dainese is to sell ideas". This sentence pronounced by Lino Dainese, founder and President of the firm, summarizes very well the spirit of the firm and the reason why it is interesting for our purposes.

Dainese is a leading firm in the design and production of protection systems for the sports. Based in Vicenza (in the Veneto region), the firm begins in 1972 with the production of leather trousers for motorcycle and motocross racers. From the very beginning its name has been tied to leaders racers names in MotoGp, like Giacomo Agostini, Barry Sheene in the past; today its brand is associated to the 7-times world champion Valentino Rossi.

Collaboration with drivers has always constituted a strategic matter, far beyond pure sponsorship tactics. It is in fact tied to research and development of new solutions, that possibly can be incorporated in future products and solutions and then industrialized. The competitive context of championships is fundamental in stimulate the firm in searching innovative solutions in order to better the protection performances of its products, helping also in building meanings for the market, first of all in transmitting the high end quality features of Dainese offering system.

The Dainese group is composed of a series of interdependent companies each of which is specialized in a particular production. Nowadays, after a series of mergers and acquisitions, it encompasses some of the most glorious brands in Italian motorcycle tradition, like the famous helmets producer AGV. The principal company (Dainese Spa) employs 255 people and has a turnover of €110 millions (2007). Thanks to the action of a well projected distribution system - in which approx. 90 flagship franchisees and 20 direct points of sale are present - it holds leader positions in several important European and American markets, like Germany, UK, France, Spain and US.

"We must ask ourselves what sports and transportation will become in 20 years, and also what distribution of our products will be at that time" says Lino Dainese when interviewed about the future of its firm. This tension towards the future has in fact always marked the strategic decision of the firm, that from a mono-product niche company has turned itself into a producer of protection solutions for a wide range of sports and leisure activity. During the time it has widened its range of action annexing a series of lateral niches presenting similar needs and correlated by the theme of "protection". Today, besides motorcycle, it operates in different sectors such as skiing, mountain biking and snowboarding. We could say that the

original idea has been declined in a series of application in which the same meaning could be exploited. Such a range extension is in turn the basic force driving the huge investment Dainese has done in the distribution function, in particular regarding the development of a direct-owned series of shops (called Dainese-Store) in some of the main urban locations in Europe.

This important transformation took place in the 90's. Then the management understood that its huge knowledge base accumulated in years of work in the "protection" business could be considered an asset ready to be exploited in other businesses. Then the firms transfers its technological capabilities from the world of motorcycles to other related worlds, that they call "dynamic sports" and that can be very different from motorcycling.

For that purpose a technological lab (called D-Tec) is built in order to solve any problem arising from the application of their knowledge, a real R&D department that nowadays holds the ISO 9000 certification. Last outcome of this organizational unit is the D-Air, an air-bag system for motorcycles that at present is available only in the racing version but once the ongoing testing phase will be finished, will become a standard product.

But Dainese is also conscious that an internal lab won't produce all the solutions needed by its diversification strategy. That's why it has always shown a tendency to interface with organizations with different and interesting competencies, in order to achieve a complementary specialization and learn from the collaborations.

Remaining in the focal business, that situation is well represented by the case of the collaboration with the mobile surgery of Dr. Costa (an Italian itinerant clinic, that follows the racers in the different locations during the championship). The collaboration with this team of specialized doctors has in fact allowed Dainese to keep in touch with the extreme consequences of accidents and constituted a precious opportunity to learn how to better protect the driver against the potential injuries. This learning process has of course been the engine of a series of fortunate ideas for products and solutions that we now can see in every Dainese store.

In this complex evolution, marketing - with organization and culture - has been a crucial factor in helping firm's transformation. Besides, as we'll see further on, an intelligent use of technology (especially Information and Communication Technologies) has been an important variable in shaping firm's strategy.

Regarding marketing strategy, we have to say first of all that Dainese distributes its products in approximately 2.300 shops all over the world. International markets are extremely important since 60% of sales are abroad.

Main challenge in marketing strategy is "to make protection become a fad", as the marketing director says. Co-marketing initiatives are very important for this purpose. They involve European most dynamic firms, aiming at combining the Dainese brand with other brand sharing similar values. An example of this strategy is definitely the partnership with KTM (the Austrian motorcycle producer). Marketing communication strategy regards also sports champions that are also innate communicators, like in the case of Valentino Rossi. But many of them inhere also sports other than motorcycling: in that cases Dainese testimonials are or have been famous champions like Kristian Ghedina and Deborah Compagnoni for skiing, and the several times world champion Nicolas Vouilloz for the Mountain Bike Dowhill.

The overall strategic mission that affects also marketing strategies is the aim of building a system composed of products and services, connected through an immaterial component, that is a common meaning: man's protection from head to toes in dynamic sports. From a managerial perspective, this view represents an important change, since it means that an increasing work on immaterial values is to expect for the future and this impacts also on the way the firm represents itself and its objectives in the long and short term.

As we have seen co-creation experiences have a crucial role in current customer relationship marketing strategies; in this very interesting part of marketing strategy, Dainese shows a modern use of ICTs (information and communication technologies). In particular the company's web site (www.dainese.com, translated in 6 languages, opens directly in english) is a central element in the mass customization strategy, where customers can order custom-made products, as in the case of the motorcycle suits that can be adapted to singular requirements through the use of a web based service called Fitnet.

The latter point allow us to build the bridge to the last topic of this case description, that relates to technology. Technology is obviously very important in Dainese: the different innovations we have explained in the preceding paragraphs are only a little part of a long series of initiatives that testify a constant effort in exploring possibilities offered by technologies. But in this context we want to underline that Dainese is an example of how technology can be used to increase immaterial value of the product-service system of a firm. The use of the website is the focal element in this context, since it is used not only to communicate and to distribute services, but also to expand products features and socialize the companies values and the product meanings.

Co-creation processes involve Dainese's virtual initiatives in order to gather feedbacks from people and involve clients and prospect in social activities around the product brand, using all interactive possibilities offered by web 2.0.

D-Club, the company's on line community, is hosted on dainese.com and is an important resource in order to interact with users and to strengthen company's image and identity. It has the aim of shortening the distances between the firm and its market, between the products and their users. Moreover it has the aim also of exploring and intercepting the great potential of capabilities distributed in the world of consumption. First of all, it has a lot of interaction possibilities. The engine of the system is the technical forum, a virtual space in which users can find answers to all their questions regarding Dainese's products and services. Members of the D-Club community can also interact with the technicians of the D-Tec, who frequently leave posts in threads regarding particular topics.

A particular project is intended to test new products or particular developments of products. It is a specific partition of the web space (www.beta-zone.dainese.com), that has been opened with the launch of the pre-series of a new wi-fi helmet, the Stream Tourer. The web allowed the firm to collect a lot of interesting and also unexpected comments about different attributes of the product that have been used to obtain the official distributed version.

Another interesting use of the technology in order to boost sense making strategies is represented by the case of the telemetry system, that hi-end suites hide in their back "hunch". Data regarding the riding performance of communitarian members (only gathered in circuits) can be uploaded on a special section of the website, thus feeding the sense of competition (and belonging) between riders that have Dainese's virtual space as its center.

People in Dainese use to call this way of designing products as technology "inspired by humans".

8. Conclusions and future research: the need for new relational capabilities

In this paper we sketch the picture of emergent dimensions in innovation strategies, acknowledging the importance and the role of different literature contributions, both in the innovation stream and in marketing-related schools of thoughts.

We believe our study contributes to the current research in marketing from both a theoretical and a practical perspective.

From a theoretical point of view, the contribution of this study is the proposal of a conceptual model in order to better understand innovation strategies that are based on new

sense-based dimensions, that are mostly related with the firms' marketing management. In particular, the role of relational knowledge in marketing is stressed: capabilities related to communication, ability of interaction, possibilities of co-creation are being emphasized, evidencing a growing importance of a new breed of relational capabilities in the firms and the need for the firms to fill the gap in knowledge assets.

The scientific contributions mentioned in the paper emphasize the new role played by resources like relations and meanings in emergent innovation strategies: in particular, we took account of the new explorations of two basic dimensions related to the creation of meanings and sense in the offer and to the aggregation of people around a common identity. We argue that the advanced use of both dimensions - *meanings* and *relations* - represents a high-sense innovation strategy, which is becoming at least as importance as high-tech innovation.

As far as managerial aspects are concerned, the study offers several relevant hints for marketing management, describing effective marketing strategies related to high-sense innovation. Moreover, the paper reports valuable managerial information regarding current innovation strategies of two successful medium size Italian manufacturing enterprises.

In this regard, the theoretical model proposed demonstrates also to be a useful tool for reading in a new way or highlight different aspects of the innovation challenges firms are facing. In particular, as drivers inherently referring to marketing capabilities, a valuable synergy exists between meanings and relations from a managerial point of view, that suggests the opportunity to work on both the drivers in order to exploit their full potential. In practice, collective sensemaking (high levels of relations) can be developed in synergy with work on product symbolic value (high levels of meanings). In fact, as Weick pointed out "sensemaking is grounded in both individual and social activity, and whether the two are separable has been a durable tension in the human condition." (1995: 4).

Moreover, the marketing knowledge-base of the basic dimensions of our model makes high-sense innovation a viable strategy for those firms that already possess strong marketing capabilities. As an approaching rule, in order to reduce the risks and to be able to use the knowledge they have developed most, those firms may start dealing with the area that proves to be more familiar, then passing onto the less familiar. In addition (or in alternative) to this, firms can strategically consider which factor is less developed by competitors in their sector or segment, activating different bundles of resources and contributing in the creation of more defendable, less imitable, unique innovation.

As a concluding remark we could say that in modern competitive settings innovation thrives thanks to co-produced value creation processes, fostered by sense-making and

relationships with the customers; in this context, technology, being a powerful enabler, can therefore offer several precious solutions in order to exploit the potential of high-sense innovation.

This work presents some limitations, which could be faced by further investigation in order to extend the empirical base and better explain components and managerial factors of high-sense innovations.

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