

10 POINTS

ATTITUDES, PROFITABILITY AND

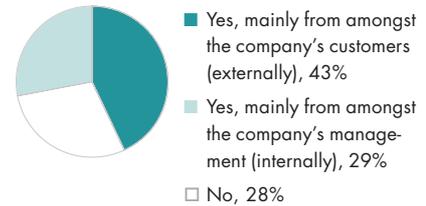
DESIGN MATURITY IN SWEDISH COMPANIES



1 Demand for design is growing

There is a steadily growing need for design. 72 per cent of over 1,000 companies interviewed say that the demand for design has risen over the past few years. This is especially true for the demand from their customers. The demand for design is also growing internally via company management, but the companies seem to have a reactive rather than proactive attitude to design.

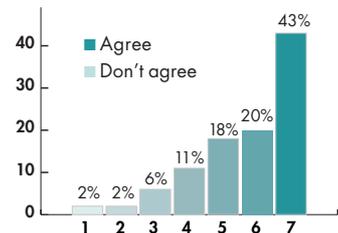
Has the demand for design grown?



2 Swedish design way ahead of the field

Less than one tenth of design costs relate to purchases from abroad. One reason for this is that design in itself is not a great export product. Instead, its significance lies in its contribution to other production and product development. Another reason is that businesses are aware that Swedish design is way ahead of the field, and argue that there are enough proficient designers in Sweden to meet their needs for the next few years.

Sweden can meet all your company's design needs



3 Three out of four invest

The use of design is widespread. No less than 75% of the companies interviewed invest in design, either by having employees who work with design or by buying design competence from the outside. The number of companies that only engage external designers is relatively small. Over two thirds of the companies that buy design invest in design both externally and internally.

Does your company buy design? And if so, how?



4 Companies are investing more in design

Over half of the companies (51%) say that their design costs have increased over the past few years. Only a small proportion of them (7%) say that their design costs have declined. This is consistent with the rising demand trend, which also suggests that investments will continue to increase.

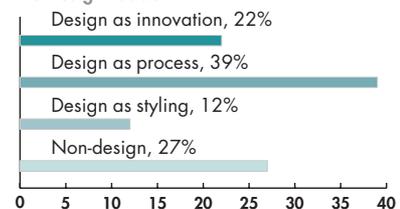
Have your company's design investments increased?



5 The design ladder shows the companies' design maturity

The design ladder (see back of brochure) allows a company's design maturity to be defined on four different levels. At the top is "design as innovation". Most companies find themselves on the step below, on "design as process". Under that is "design as styling". The group of companies on the "non-design" step corresponds with the 25% that do not purchase design (see point 3).

The Design Ladder

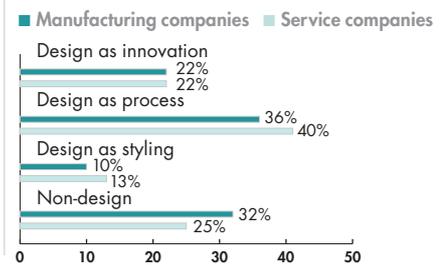


These observations are derived from Swedish companies on design—attitudes, profitability and design maturity (May 2004). The report is based on 1,308 telephone interviews carried out with design managers from companies in Sweden with 20 or more employees. The survey was conducted between December 2003 and March 2004 by Medialect AB.

6 Manufacturing and service companies are all investing

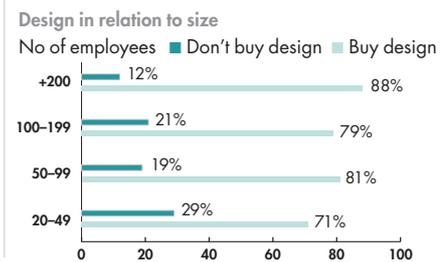
There is little difference between the attitudes of manufacturing companies and service companies towards design, (78% as opposed to 70%).

Service companies also exhibit a slightly greater design maturity than manufacturing companies. Most significantly, there are more manufacturing companies that do not invest in design and that end up at the bottom of the design ladder.



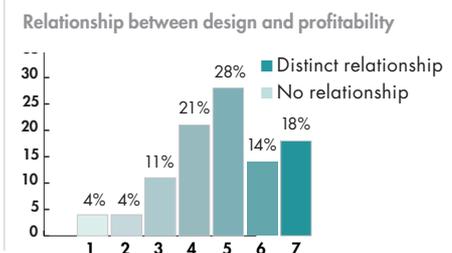
7 Large companies invest more

A company's attitude to design depends very much on its size. A relatively high number of the largest companies buy design. Large companies also exhibit a greater degree of design maturity and are thus higher up the design ladder. Is this because they can afford it or because they can't afford to be without it? Larger companies also export more. This is probably why companies that invest more in design export more.



8 Design pays off

Most of the companies in the survey are convinced that design pays off, but the responses very much depend on the sector to which a company belongs. Some companies see no relationship at all. Others see design as a critical competitive factor. Others totally disagree. Amongst the sectors that believe most strongly in design as a competitive factor are the furniture industry, the hotel and restaurant sector and the retail sector.



9 Some sectors buy more

Some sectors buy more design than others. The furniture industry buys more design than any other manufacturing sector. Amongst the service companies are several sectors for which investing in design is extremely common: culture, entertainment and sport, retail, hotels and restaurants, and transport and communication. It is clear that in sectors where design had once been largely neglected it can now be of the utmost importance.

Sectors that buy the most/least design

Manufacturing companies

Furniture	89%
Soil and stone industry. Steelworks	66%

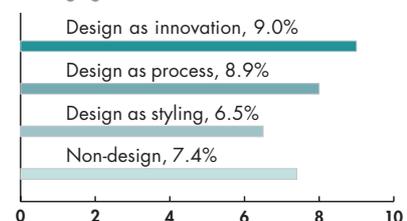
Service companies

Culture, entertainment and sport	94%
Property	73%

10 What's important is how — not if

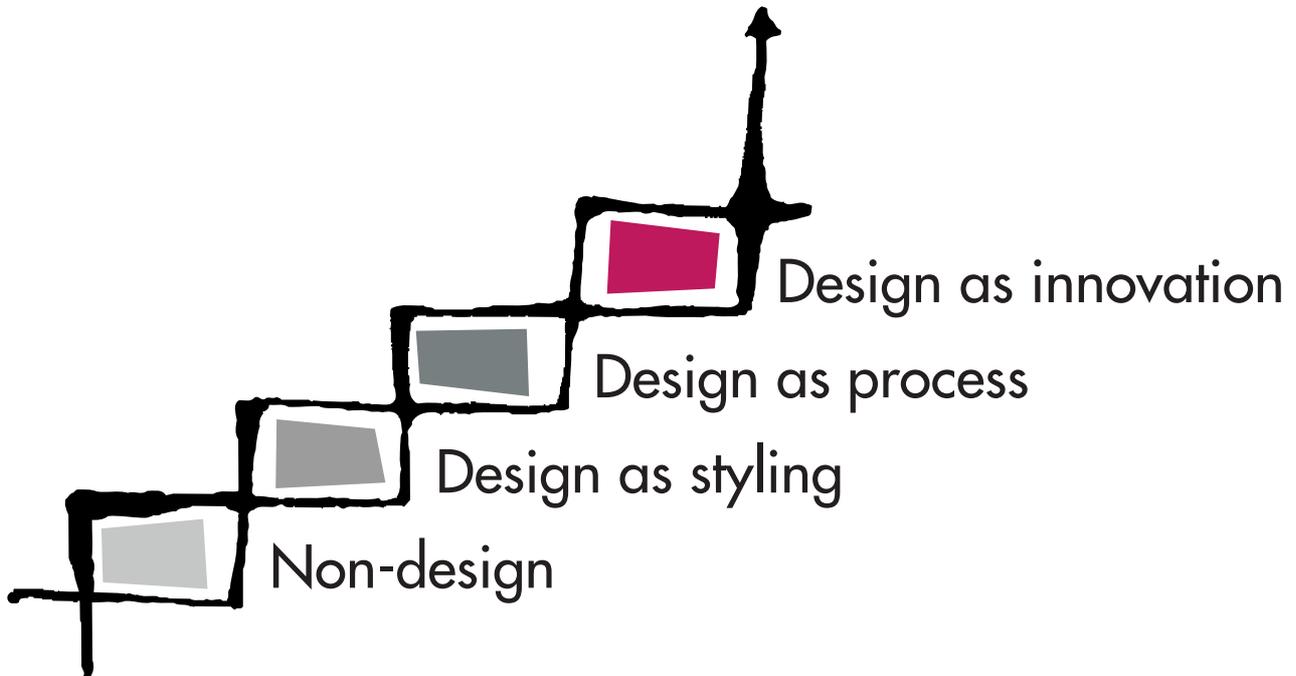
What makes companies profitable? Not one single factor, but the interaction of many. This also applies to design, which does not appear to be an automatic recipe for success. What is clear, however, is that companies display higher growth and profitability if positioned at the top of the design ladder. The most important thing therefore seems to be how rather than if design is applied.

Average growth in turnover



The survey was compiled and analysed by QNB Analys & Kommunikation AB on behalf of the Swedish Industrial Design Foundation and the Association of Swedish Engineering Industries (Teknikföretagen).

The report can be downloaded in Swedish from the websites www.svid.se and www.teknikforetagen.se



THE DESIGN LADDER

The design ladder is a useful four-step model for grouping companies' design maturity on the basis of their attitudes towards design. The higher a company is up the ladder, the greater strategic importance design will play.

A company at the top of the ladder, on the "design as innovation" step, considers design to be of such critical importance that it can reformulate some, or even all, aspects of its business. A company on the "design as process" step sees design as an important aspect of its business. In that step, design is also incorporated into much of the corporate philosophy and integrated into the early stages of the development processes.

Below this is "design as styling", where design is only used for the final physical form of the product. The first step of the ladder is "non-design", where design is only a negligible part of a company's business.

The results of a Danish survey on the economic effects of design intervention was presented in September 2003 by the Danish Design Centre in a report entitled "Designs økonomiske effekter" (the economic

effects of design). The report included a model called the design ladder, which ranks the design maturity of companies on four levels.

Fourth step: Design as innovation

The designer works closely alongside the company's owners/management on complete or partial renewal of the total business concept.

Third step: Design as process

Design is not a result but a method integrated early into the development process. The production outcome requires contributions from a range of specialists.

Second step: Design as styling

Design is seen solely as relating to the final physical form of a product. This can be the work of a designer, but is usually created by other personnel.

First step: Non-design

Design is a negligible part of the product development process and usually performed by other professionals than the designer.

The Association of Swedish Engineering Industries

Box 5510 • SE 114 85 Stockholm

tel +46 8 782 08 00 e-mail info@teknikforetagen.se www.teknikforetagen.se



Swedish Industrial Design Foundation

Box 5501 • SE 114 85 Stockholm

tel +46 8 783 80 00 e-mail post@svid.se www.svid.se