

EXECUTIVE SUMMARY

The study on the Austrian design ladder was commissioned by departure to gather data on the awareness of Austrian companies as to the importance of design. It also illustrates the demand market for design in Austria and provides information on the economic and strategic relevance of design in a business. For the present study, which is based on the Swedish design ladder model, a wide range of design concepts was defined, covering shape design, product and industrial design as well as service design. The term “design” represents the entire process which gives products and services a certain appearance and function.

This study is the first to apply the design ladder model to Austria. Special care was taken to ensure the comparability of the Austrian design ladder data with international results. Because of the large number of SMEs in Austria, all sizes of enterprises were included and not just those with 20 or more employees. The different population was taken into account in the direct comparison with Sweden. The present study also pays attention to the specific situation in Vienna. Measures are suggested to increase awareness of and demand for design, which will in turn serve to improve the competitiveness of Vienna as a business location.

The methodological approach of the study is based on surveys conducted in Denmark, Sweden, Norway, and Great Britain. Austria-specific questions (e.g. to what degree do companies perceive design as an economic factor for themselves) concentrate on four subject areas:

- * **Significance and strategic importance of design within the company**
- * **Perception of design as an economic factor**
- * **Structure and size of the design team in Austrian companies**
- * **Areas of application of design in companies**

For the study, a total of 1,000 companies from all over Austria were surveyed in March 2006. 400 of these companies were located in Vienna. The persons interviewed were decision-makers in the companies who were in a position to give relevant information on the subject of design. As Austria’s business landscape is dominated by SMEs – 98% of all companies have fewer than 50 employees – we found it necessary to allocate the sample disproportionately according to company size (number of employees). This ensures valid conclusions not just for small, but also for larger businesses.

1 DESIGN LADDER FOR AUSTRIA AND VIENNA

The design ladder is a model which structures the demand market for design services, measures the awareness of the importance of design in companies and serves as a strategic tool for departure to develop suitable measures for Vienna as a business location. 50% of all companies in the whole of Austria apply design either unawaresly or for styling purposes only. 27% of the companies consciously involve design in the process of product development and 16% regard design as the basis of their strategies. A comparison with Sweden showed that companies with more than 20 employees are structurally different. In Austria, the incidence of design used for styling purposes is 26%, which is more than twice the figure of Sweden. Austria also needs to catch up in the use of design both as a process and as a strategy.

Step 1: Non-design

Design is not an issue in these companies. It is not considered a task. Product development is performed by employees who have no design-specific training. The perspective of end users is of no or little importance.

Step 2: Design as styling

Design is equivalent to shaping and styling. Design is considered the final aesthetic enhancement of a product. In some cases this task is performed by designers but mostly the people involved in this step have no design-specific training.

Step 3: Design as process

Design is a process which accompanies product development from a very early stage onwards. The design solutions are matched with the tasks and are focused on the needs of the product end users. In this multi-disciplinary approach the designers cooperate with process technicians, materials technicians and marketing and organization specialists.

Step 4: Design as strategy

The designers cooperate with the management to take on an innovative approach for all or the major sectors that form the basis of the business. The design process is not just limited to products but combines the vision of the company with its future role in the value creation chain.

All figures in the diagrams are percent values, the missing values to make up 100 is information that is not available.

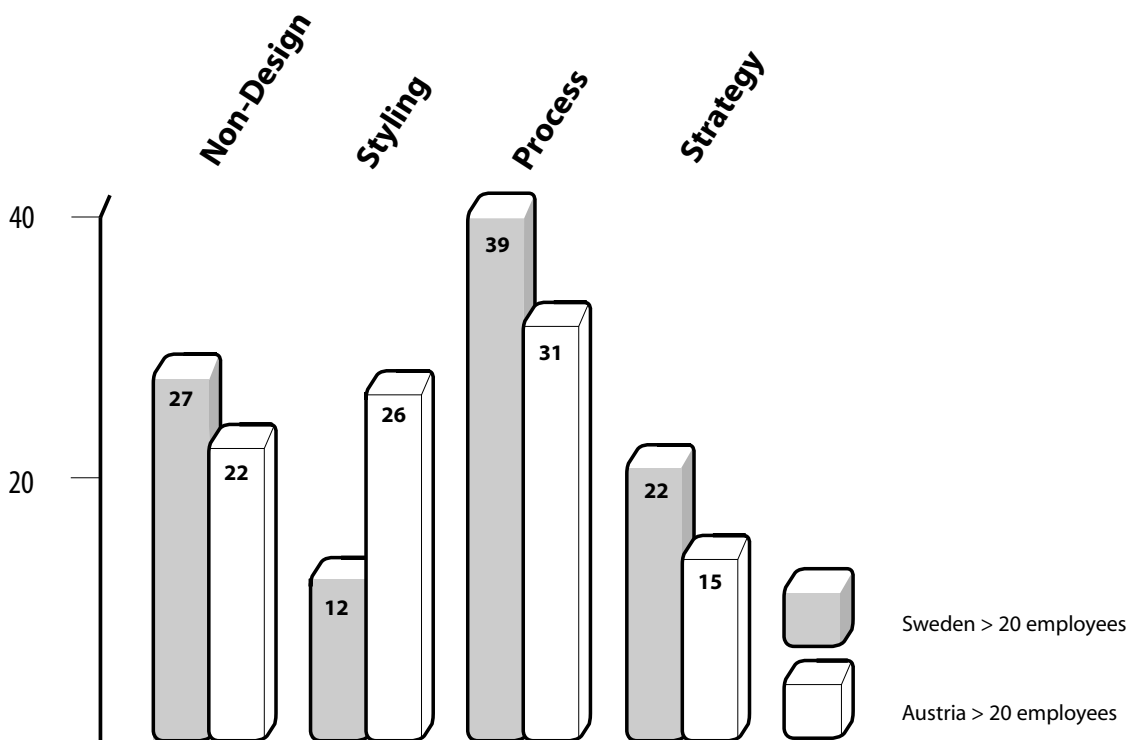
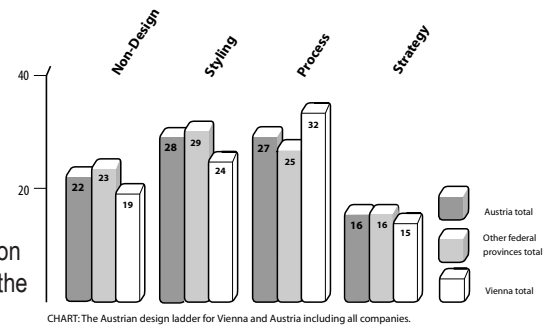


CHART: The Austrian design ladder; comparison between Sweden and Austria with more than 20 employees.

2 DESIGN STRATEGY FOR COMPANIES

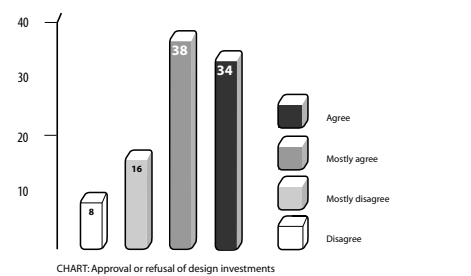
The design step chosen has to match the company. Not all businesses have to place emphasis in their strategy on design as the driving force of innovation. Companies are often better advised to consciously apply design as a process or even for styling purposes. However, contrary to what some companies stated, design cannot be ignored completely. 22% of the surveyed companies in Austria (19% of which are located in Vienna and 23% in the federal provinces) claimed not to use design at all. These companies suffer an information deficit as to what design does and can do for them. Here, awareness should be created for the fact that design is an integral part of their processes.



3 DESIGN PAYS OFF

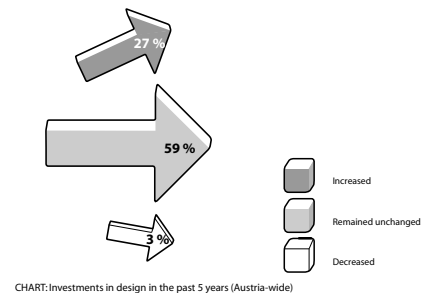
As the study by departure has shown, companies profit from design. The question whether “design increases the profitability” of companies was agreed to by 72% of the surveyed companies. Similar to the situation in Sweden the results for Austria have shown that businesses, which employ design as a strategy are more competitive, more open, more innovative and show a better export performance.

These findings are confirmed by a 2004 study on the economic benefit of design conducted by the British Design Council. Between 1994 and 2003, 63 companies were observed which consciously applied design. It was found that these businesses achieved a higher degree of added value and enjoyed above-average success at the London Stock Exchange.



4 INVESTMENT IN DESIGN REMAINS UNCHANGED

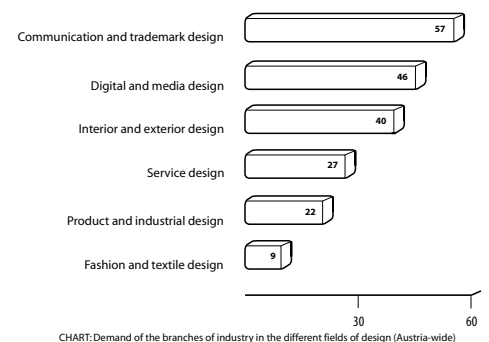
As the present study shows, investment in design has remained at the same level in most companies over the past five years. Among SMEs this applies to 59% of the surveyed companies. Also, the number of employees in the area of design has remained unchanged over the past five years. However, in larger companies the situation is different: 6 out of 10 businesses with more than 250 employees have increased their investment in design.



5 DESIGN IS MORE

Design and the importance of designing have changed completely in recent years. Design is no longer determined by the artists with their distinctive styles but by the market. Designers now have to be able to create entire processes and to network with specialists from other professions in the development and design of products.

Today, designers are needed for the designing of services and processes. And they are also involved in the whole innovation process. For this reason, the UK Design Council has radically extended the definition of the functions nowadays held by designers. Apart from the traditional hard and soft skills, designers also have to offer trendscouting and market research as part of their portfolios, and they have to be able to develop business models.



6 DESIGN BUSINESS INTELLIGENCE – CORPORATE THINKING

The survey has clearly shown that the market for design is a market for freelancers. Design services are mostly out-sourced; Austrian companies rarely have in-house design departments and rarely commission foreign designers. Hence it is important that designers also acquire knowledge in corporate leadership and business management.

