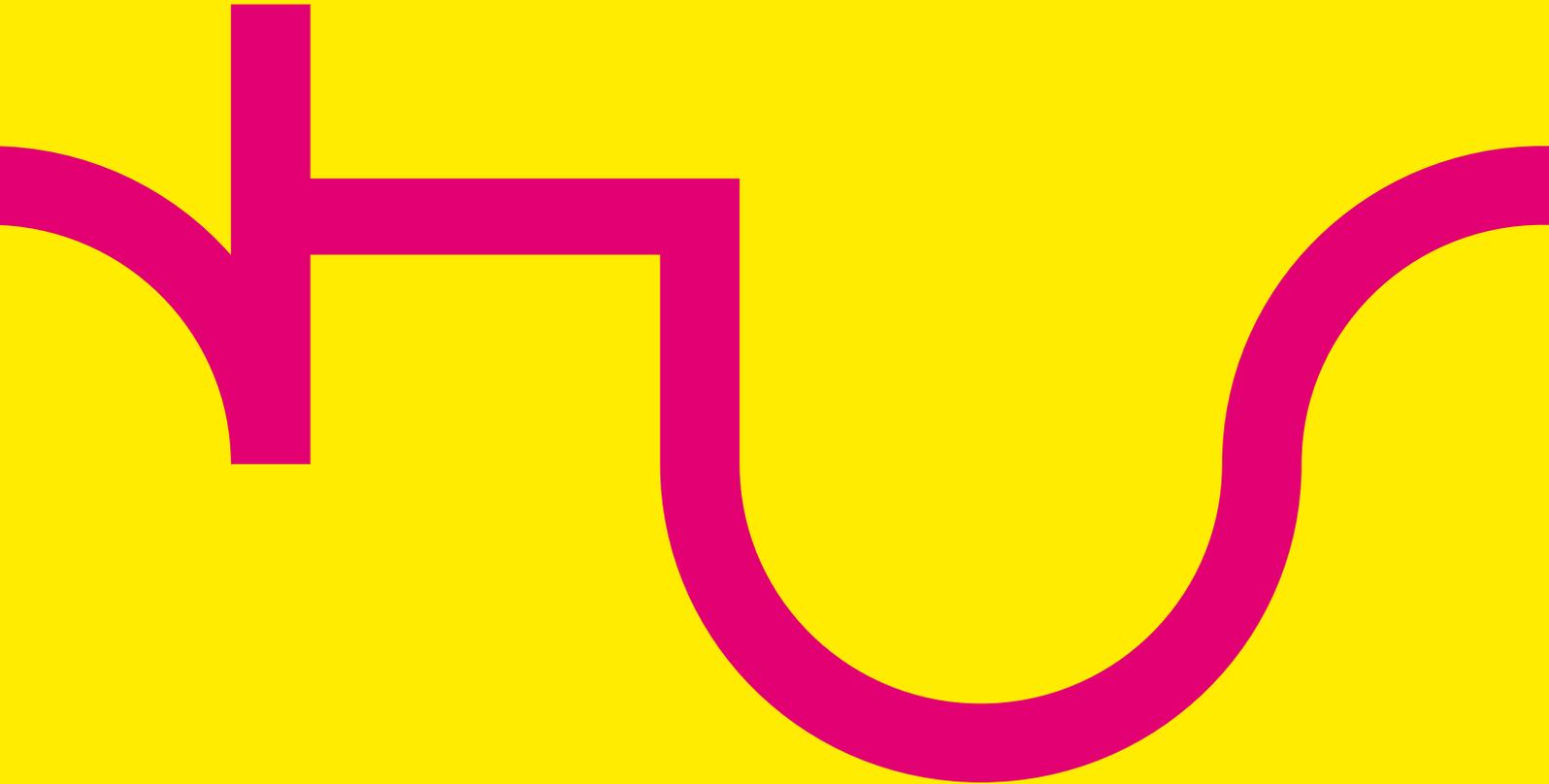




wirtschaft, kunst und kultur gmbh

Hörigasse 12, 1090 Wien, Austria

T +43 1 4000 87100, F +43 1 4000 87109
office@departure.at, www.departure.at



THE AUSTRIAN DESIGN LADDER

**A study on the awareness of Austrian companies as to
the importance of design**

COMMISSIONED BY: departure gmbh

INTERVIEWS: IFES – INSTITUT FÜR EMPIRISCHE SOZIALFORSCHUNG

RESEARCH AND REPORT: MICROGIANTS DESIGN RESEARCH

Published on June 22, 2006

CONTENTS	page
EXECUTIVE SUMMARY	4
1. INTRODUCTION	7
2. DESIGN THEORY	9
3. DESIGN AS PROCESS	13
4. THE DESIGN LADDER AND THE SWEDISH DESIGN YEAR 2005	15
5. AUSTRIAN STUDY ON THE DESIGN LADDER	18
6. METHOD	20
7. COMPOSITION OF THE SAMPLES	21
8. RESULTS	23
9. CONCLUSIONS	31
LITERATURE	33
AUTHORS AND ORDERING PARTY	34

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.

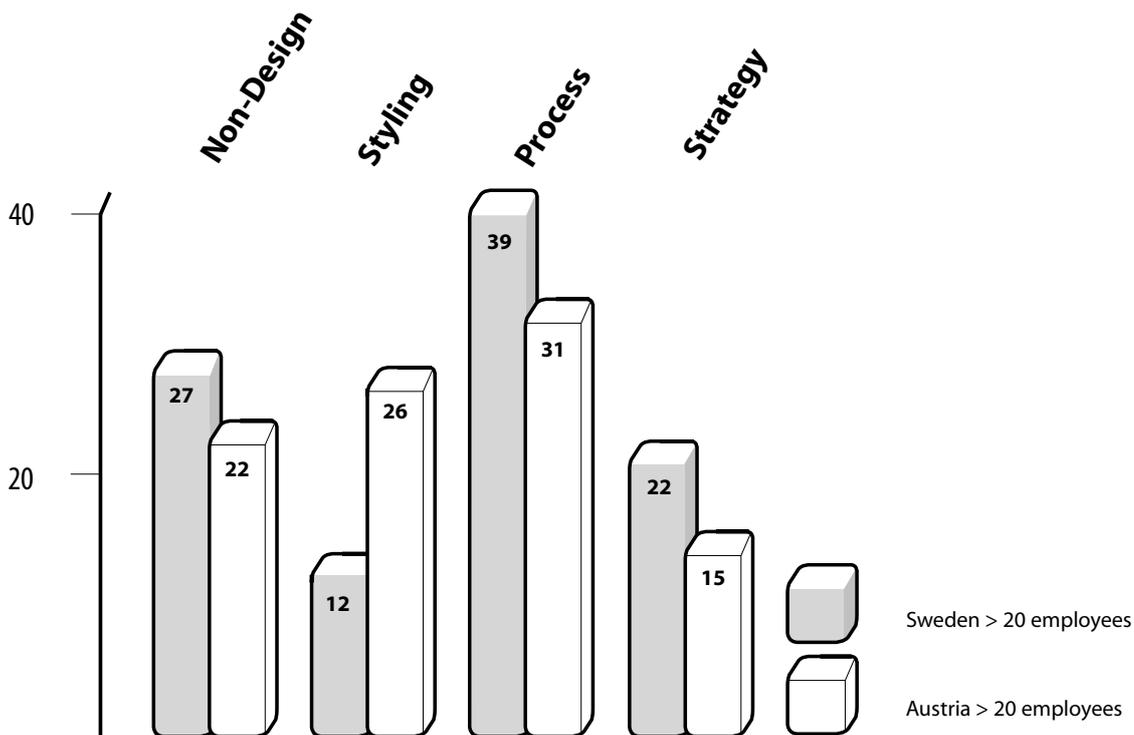


CHART: The Austrian design ladder; comparison between Sweden and Austria with more than 20 employees.

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.

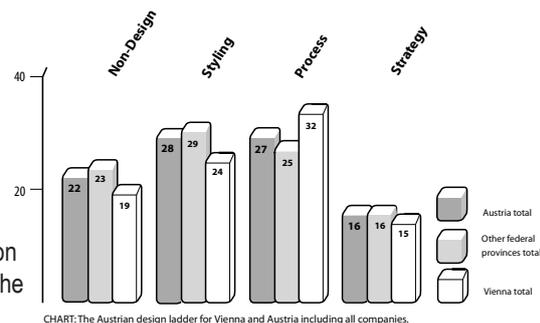


CHART: The Austrian design ladder for Vienna and Austria including all companies.

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.

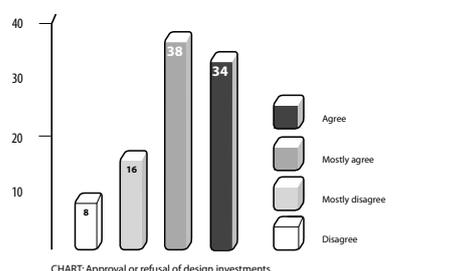


CHART: Approval or refusal of design investments

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.

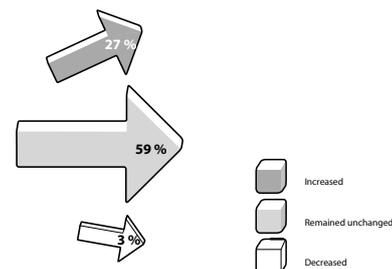


CHART: Investments in design in the past 5 years (Austria-wide)

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.

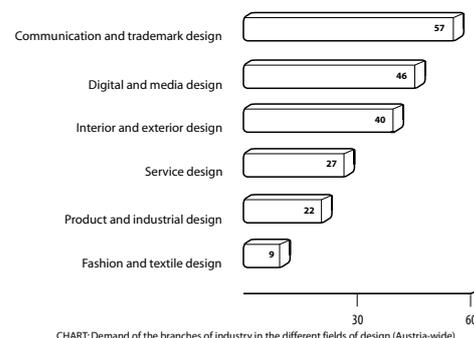


CHART: Demand of the branches of industry in the different fields of design (Austria-wide)

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.

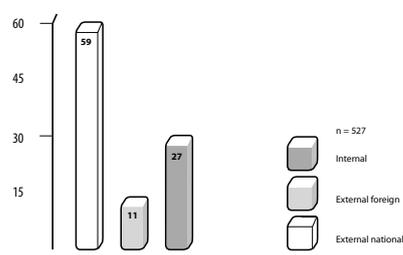


CHART: Award of internal or external design orders (Austria-wide). Companies that purchase design services (n=527).

INTRODUCTION

The present survey gives a picture on the demand for design in Austria. Based on the Swedish design ladder model Austrian companies are structured according to their design affinity. As shown by comparable international surveys companies with a comprehensive understanding of design are economically stronger and more profitable. Comprehensive design is an approach that focuses in the design process on the users of products and their needs. In international comparison this user experience is common practice with middle-sized and large companies. It showed that Austria still lags behind in this international development. Numerous companies consider themselves not interested in design or only use design as styling.

departure gmbh was commissioned by the City of Vienna to support creative professionals and design in Vienna. In addition to financial support departure shall also stimulate the demand for design and create awareness for design as an economic factor.

Increased awareness on the application and utilization of design concerns both demand and the adequate offer. Designers who have to assert themselves on the free market need more than just education in art. departure gmbh intends to support designers to develop entrepreneurial skills and to enhance their competitiveness by offering special programs.

The efforts of departure are, however, not limited to funding and training offers, but also focus on increasing the awareness that design is more than just a “decorative element“, says Norbert Kettner, managing director of departure. Since design is an essential part of the value creation chain. According to Norbert Kettner design has to become as necessary for a company as the tax consultant or the lawyer.

“Thus it is important that design is understood as a process focusing on the benefit for the users. The corporate strategy has to be coordinated with the requirements of the end customers, and designers have to be involved in all important strategic decisions“, concludes Norbert Kettner.

The present study surveyed the utilization and application of design in Austrian companies and provides an international comparison. This study is the

first step to gain more detailed information on the companies' demand and perception of design.

The study consists of three parts: part one deals with the international discussion on the design theory and introduces the idea of design as a process. The second part presents the design ladder and how it was developed in Scandinavia, especially in view of the Swedish Design Year 2005. The present study is based on the Swedish design ladder model. Methods and results of the interviews conducted in Austrian companies on the design ladder and the benefit of design are presented in the third part.

DESIGN THEORY

In today's business world design is an important distinguishing feature in competition. But design is a rather complex term, since there is a longstanding tradition of design, but rather little theory available on the subject. What is more, design also refers to different things: it refers to the concept, the creative process and the object or result of this process. According to Cordula Meier design has an important social and cultural function. Design is (1) a basic mode of human actions similar to language (Meier 2003, p. 12); (2) a transformation process, providing design and designers with a certain power, and (3) design produces a sign that communicates the utilization of the object. (see Meier 2003) Based on these considerations Schneider derives a definition of design: "Design is the methodological and creative visualization of processes and messages of various functions of basic commodities and their orientation towards the requirements of the users or the effect with the recipients" (Schneider 2005, p. 197). Even if this definition has to be questioned, the most important features of the present survey can already be derived. According to departure gmbh design is neither a discipline nor a task, but comprises the entire range of product and services development.

Beat Schneider noted a certain lack of theory orientation of design, even though design is omnipresent in our lives. Anyway, he is convinced that design needs theory, particularly if an exchange with other disciplines in a trans-disciplinary field of the economy is desired. "A network of disciplines, scientific disciplines from the fields of human, social and engineering sciences, disciplines from the fields of industry, trade, administration and culture, and the complex multitude of the users are involved in the design process and in the joint solution of tasks. Trans-disciplinarity requires communication and demands discipline from design in particular regarding conceptual acuity and methodological stringency." (Schneider 2005, p. 267)

The range of definitions of design reaches from a tight and puristic definition of shaping to the design concept of the UK Design Council saying that "design is everything". In the following some definitions by national design institutions are presented, and a definition for the present study is being suggested.

In Sweden SVID and Svensk Form presented a design reader including a lexicon of terms and a definition of design in the scope of the Swedish Design Year 2005: “At the Campaign Office for the 2005 Year of Design we have a broad definition of the term. Design thus functions as an umbrella term encompassing a multitude of different forms of creative expression, as well as products created industrially and by hand.” (Search Word Design, 2005)

SVID understands design as a “process of developing purposeful and innovative solutions that embody functional and aesthetic demands based on the needs of the intended user. Design is applied in the development of goods, services, processes, messages and environments”. (SVID 2006) According to this definition and to the work of SVID design always includes a process of industrial/serial reproduction.

Svensk Form has a rather broad idea of design ranging from handicraft to industrial design: “Our concept of design encompasses products, services and environments, and embraces everything from crafts to industrial design.” (Svensk Form 2006)

The UK Design Council offers no unambiguous definition of design but shows by means of a matrix in which fields design may be used. (British Design Council 2006)

About Design:

What is Design?	Design Process	Markets and Opportunities	Emerging Issues
Information Design	Market Research	Emerging Technology	Corporate Social Responsibility
Invention	Intellectual Property	International Markets	Service Design
Ergonomics	Briefing	Temporary Exhibition Design	Experience Design
Product Design	Computer Aided Design	Workplace Design	Sustainability
Retail Design	Trends	Building Design	
Innovation	Academic Design Research	Inclusive Design	
Interaction Design	User Centred Design	ICT Accessibility	
Packaging Design	Visualisation		
Automotive Design	Materials		

Jennie Winhall, design strategist of the UK Design Council, tries to give a definition of design in the Design Report of the Design Councils (RED), according to the idea that design is everything: “To design is to give shape, structure and form to an idea. Everybody designs in their everyday lives, whether they do so consciously or not.” (UK Design Council 2006) This is a rather broad definition, but at the same time Jennie Winhall tries to underline the importance of training as a designer. “Professional designers are trained to shape ideas in such a way that they become useful, usable and desirable to the people who will eventually make use of them.” (UK Design Council 2006)

Design Austria, the Austrian association of graphic designers, illustrators and product designers, tries to associate design with the notion of the author. “Design is the intellectual creative achievement of an author, which manifests itself in concepts and plans. Graphic design is a kind of design focusing on the creation of visual messages. Product design (industrial design) is a kind of design dealing with the creation of industrial products.” (DA, 2006)

Our study takes into account the idea to give design more conceptual acuity and methodological stringency. It is the task of departure gmbh to support design, as it is a source of economic growth. Without profound survey of the situation of design in Austria, and particularly in Vienna, however, this is not possible. The study is based on the 4 steps model of the Swedish and Danish design ladder. It serves as a first orientation guide for preparing theories and for the resulting funding for companies on the different steps. The design ladder illustrates how companies deal with design. The scientific approach of the study thus deals with design research, or with design as an economic factor. Schneider: “No theory needs product design that focuses its efforts on the innovation demand and on the technology and trend-oriented adaptations of the individual markets, or on embellishing things.” (2005, p. 267)

The present study tries to consider the different approaches and the current discussion. Thus a wide range of design concepts was defined, covering shape design, product design, industrial design, but also the rather new idea of service design. Design refers to the entire process that gives products or services a certain shape and function.

The following list corresponds both to the national design structure and to the common international classification. The study distinguishes between:

- 1. Communication and trademark design**
- 2. Product and industrial design**
- 3. Interior and exterior design**
- 4. Fashion and textile design**
- 5. Digital and media design and**
- 6. Service design**

DESIGN AS PROCESS

An integrative approach for an optimum user experience

Today the competitiveness of companies and their products is no longer defined by the price, but by the design of the products. Who focuses entirely on the price has no chance of success! Design is the only sustainable distinguishing feature in competition.

As defined in the study (Design in Britain 2004-2005) by the UK Design Council only 30 percent of companies invest in design. The Design Council warns companies attaching no importance to design that they will only be able to increase their turnover by dramatically reducing prices. "The figures contain a stark warning for businesses which ignore design - 45 per cent of them are cutting prices to compete."

But all companies should place great emphasis on an integrated design approach. Design as an embellishment or mere styling brings no increase in added value. An integrated design approach, however, places the client in the center of creative and strategic considerations. Products and services are designed with a focus on the optimum user experience.

Design is thus not a limited element of a process, but an adapted method that has to be applied in a very early stage and over the entire duration of product development. The design solutions are matched with the task and are focused on the needs of the users. It is a multi-disciplinary approach requiring the cooperation with process technicians, materials technicians as well as with marketing and organization specialists.

Numerous successful companies focus their strategies on the needs of the customers. One of the most successful models is without any doubt the user-experience approach by Apple. The user-friendly hardware, the Apple software and the OS X operating system are subject to strict monitoring and guidelines guaranteeing the maximum positive user experience. Thus Apple defines its user experience for all developers and designers interested in software development. "The user experience for Mac OS X applications encompasses the visual appearance, interactive behavior, and assistive capabilities of software." (Apple 2006)

The large Swedish concern Electrolux has developed a specific user segmentation for its design department with 250 employees. New developments can be tested prototypically in an earlier stage of the design process. "All considerations of Electrolux focus on the user", declares Thomas Johannson, chief designer of Designlab Electrolux. "In addition to the user segmentation we are regularly observing our user groups. Observation and segmentation may produce good design only through an insight view." (Thomas Johannson 2006)

Another example from the medium-sized company segment is OXO, a well-known producer of kitchen tools. In early 2005 researchers of ethnographic studies found out that the owners of houses or those who are building a house want specific tools for working in the house, no low-priced tools that easily get broken, but exclusive tools made of specific materials. OXO thus produces tools made of fiber glass with specific rubber coatings for heavy-duty service especially for this customer segment. (Business Week online, 2006)

These successful examples show how innovative companies react to increased competition and changing customer needs thus generating higher returns.

THE DESIGN LADDER

AND THE SWEDISH DESIGN YEAR 2005

This study is based on the Swedish design ladder, developed by SVID, the Swedish Design Foundation, and the Danish Agency for Enterprise and Housing. The Swedish design ladder has already been adapted for some other European countries. 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.

THE DESIGN LADDER

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.

The design ladder model was developed by the Danish Agency for Enterprise and Housing “Ethers- og Byggestyrelsen”, and further developed for the Swedish Design Year 2005 by SVID, the Swedish Industrial Design Foundation.

The SVID model analyses the application of design in companies and the thus resulting economic effects. Design pays off, this is the result of the Scandinavian studies. Companies with a comprehensive design approach in their corporate development are more successful regarding exports and generate higher returns than companies that do not pursue a strategic design approach. The Danish model of the design ladder is based on a survey on the application of design in 1,000 Danish companies. The study furthermore describes the economic benefit of design.

Another basis of the SVID model was a study by the British Design Council, which was presented to the public in 2004. In the scope of this study 63 companies were surveyed between 1994 and 2003. It showed that companies working with design generate higher added value and achieve above average results at the London Stock Exchange.

The background of the survey of the Austrian design market and the development of the national design ladder model is an analysis of the demand market for design in Austria. The study tries to classify the companies that purchase services and those who have their own design departments, and is not limited to the question of “Is there a demand for design in Austria?” The study further investigates how design is demanded and provides information on the structure of the companies that require design and the economic utility of design.

As the comparable Danish and Swedish surveys have shown the question is not only whether design is demanded, but also what the utility of design is and how companies assess this utility. The Swedish and Danish design ladder studies aimed at standardizing different expert opinions on the utilization of design and the utility of commercial design. The results were presented in the report entitled “The Economic Effects of Design” (2003). The Danish model tried to show and compare the economic influences on design. The report summarizes the results of the study as follows: “Design pays off. Companies that adopt a comprehensive approach to design make more money and generate more exports than companies that do not use

design. That is the main finding of this report, which analyses the economic effects of employing design.” (The Economic Effects of Design, 2003, p. 4)

Thus resulted the Swedish action plan on design and development and SVID was commissioned by the Swedish government to enhance the public awareness of design on the occasion of the Design Year 2005. This action plan aimed at showing the potential and economic importance of design in traditional non-design areas. In an interview Rodin Edman, CEO of SVID, said: “The Design Year was made for the users of design and not only for the designers.” (Interview Edman, 2005)

The design ladder is an instrument for the development of strategic considerations and tactical measures increasing the awareness of design within a company. What was of great importance for Sweden was the development of a national action plan on design and development. This plan was resolved by the Swedish government in 2002 and focused on organizing the Design Year 2005 and some other projects.

The main focus of the Design Year 2005 was placed on design as an instrument for economic development and served as information of the public on design. As demanded by the Swedish government nine national programs were launched in the scope of the Design Year, which should have an effect on areas where traditionally design is not an issue. A precise financial frame and a clearly defined target group (SMEs and users of design) allowed the development of creative potentials. More than 1,500 projects were implemented in the scope of the Design Year. Prior to the Design Year the state funded individual designers and their work. Today projects with complex corporate processes are supported thus promoting economic development.

Besides this Scandinavian initiative there are similar models being applied in other European countries. In Great Britain, Norway and Spain comparable studies are being developed and shall be published by the end of the year. France plans to implement a design ladder model, and Finland and New Zealand are working with the results of the Swedish study. The objective of the Austrian study is to bring the Swedish design ladder model to Austria and to obtain similar results in order to develop a strategic tool for departure gmbh. In cooperation with the Swedish design foundation SVID the design ladder has successfully been adapted for Austria.

AUSTRIAN STUDY ON THE DESIGN LADDER

The study deals with two questions. First of all: How do companies use design? And what is the economic benefit? The basis of the study is that companies evaluate how important design is for the firm and how design is used. The study is placed in the context of several European surveys on design and innovation. The original model for the collection of design-relevant data was developed in Denmark and Sweden. The results of the first Danish study were summarized in a four-step design ladder. The design ladder indicates on which level or step companies use design.

The Austrian study on the design ladder was commissioned by departure gmbh. Even if departure funds above all Viennese companies the study focused on determining the importance of design in the whole of Austria in order to identify regional differences. The Austrian design ladder study shall contribute to the European discussion on design and shall allow international comparison with similar studies. The different studies on the design ladder represent a learning process aiming at identifying the economic consequences of design. The Austrian approach initiated by departure concentrates in a first phase on the self-assessment of companies regarding design. With the intention to give some constructive feedback we would like to say that the other international surveys tend to “overload” the questionnaires thus trying to get as many answers as possible.

The proposed design ladder model includes four steps for the integration of design into a company. The different steps refer to the significance attached to design. On step 1 design is not perceived as an individual field of activity. Companies on step 2 define design as an aesthetic measure that helps to promote sales. Step 3 companies have integrated design into their entire production and marketing process. Companies that consider design as a central and fundamental element of management (and not only of production) understand design as a strategy and are on step four of the design ladder.

Whether a company is on step 1, 2, 3 or 4 depends on many factors in the environment of a company. According to departure it makes sense that

companies with an integrative design approach are located on step four. It is, however, not in the interest of departure that all companies become step 4 companies, or to support only those companies. The design ladder shall support departure gmbh to implement adequate measures depending on how the companies classify their own design competence.

Companies on the lowest step negate their involvement with design. But today every single company is involved in processes that are connected with design. The simplest examples are logos, letter paper and business cards required for communication.

METHOD

As to the method applied the study is based on surveys in Denmark, Sweden, Norway and Great Britain. The Austrian questions, however, concentrated on four instead of five fields of interest and aimed at determining how companies evaluate their relation to design as an economic factor. The influence of design as a “hard“ economic fact is not taken into account. Besides, we think that it is not possible to determine the actual significance of design within a company and the actual economic effect of design by means of these telephone interviews.

Difficulties regarding the method, which are currently discussed by other organizations carrying out such surveys in the above-mentioned countries are thus taken into consideration.

The four fields of interest are:

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

For the purpose of this study a definition of design was chosen that includes all aspects of design and shaping processes. Design as we understand it comprises the entire process that gives products (objects) their shape and function “from cars to paper-clips and cell phones, from clothes to chocolate cakes, from websites to financial services. The different requirements have to be taken into account in order to guarantee that the objects function as desired.” These requirements include aesthetic aspects, functionality, durability, ergonomics, user-friendliness and convenience of a product.

COMPOSITION OF THE SAMPLE

With 1,000 interviewed companies the survey on the Austrian design ladder is a quantitative study on the awareness of Austrian companies as to the importance of design.

On the one hand the study should provide a representative statement on the structure of the demand for design in Austria. In addition, the specific situation in Vienna was also taken into consideration.

Besides the Viennese and Austria-wide results, the comparability with other countries, in particular with Sweden, is of great importance. Sweden has a different industrial history and structure than Austria. In order to give consideration to these differences and to increase the comparability a large sample was required.

Individual case studies would only be snap-shots or randomly selected examples and would thus not allow to draw general conclusions on the statistic distribution and the awareness for design.

In the scope of the design study IFES was commissioned to carry out an enquiry to find out how design is being used in Austrian companies. In March of this year 1,000 companies (including 400 Viennese companies) were interviewed. Since in Austria there are mainly small and medium-sized companies (98 percent of all companies have fewer than 50 employees) it was necessary to allocate the samples disproportionately according to company size (number of employees) in order to ensure valid conclusions also for larger companies. Therefore 25 percent of the interviews were carried out with companies with up to 9, up to 19, up to 49 and over 50 employees, respectively. The analysis was carried out according to the proportionate distribution of the Austrian business structure.

Company structures:

Companies in Austria

Number of employees	Company	Company
1 - 9	230,744	86.7%
10 - 19	19,929	7.5%
20 - 49	10,030	3.8%
50 - 249	4,592	1.7%
250 and up	963	0.4%

STATISTIK AUSTRIA. Main results of the performance and structural statistics 2003

Sampling:

Random selection of companies with disproportionate distribution according to federal province and company size

Screening of target persons:

Decision-makers in companies who can provide information on the topic.

Scope of samples:

1,000 interviews with Austrian companies

Employees	Vienna	Rest of Austria
Number	Interviews	Interviews
1 - 9	100	150
10 - 19	100	150
20 - 49	100	150
50 an up	100	150
Total	400	600

Type of interviewing:

Telephone interviewing by means of CATI (Computer Assisted Telephone Interviewing)

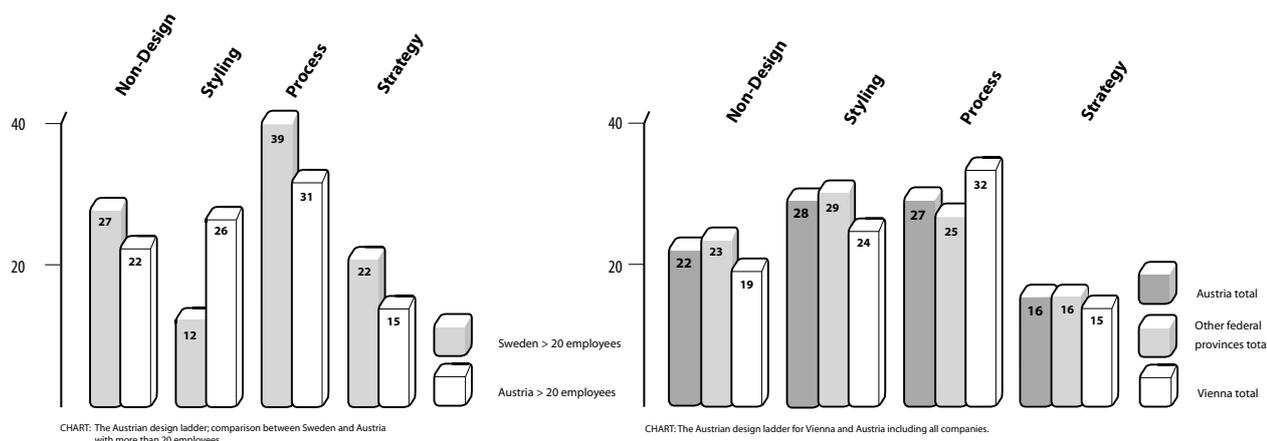
RESULTS

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

The main results of the study on the application of design in Austrian companies

Significance and strategic importance of design in companies

Design and designing may be applied in various ways. Which of the following four statements applies best to your company?



Result: Compared to the Swedish results (27%) 22 percent of all Austrian companies with more than 20 employees stated that design is not an issue in their company. In Austria companies with over 20 employees have a share of 26% in the styling segment, compared to only 12% in Sweden. In international comparison, however, Austria is rather represented in the lower segments.

In Vienna (total) on the contrary, 47 of the companies use design as a process or strategy (41 percent in the other Austrian provinces). In Vienna larger companies are located as well as those with a higher awareness as to the importance of design.

Self-assessment regarding design as an economic factor

Do you agree with the following statement: Investments in design increase the profitability of a company.

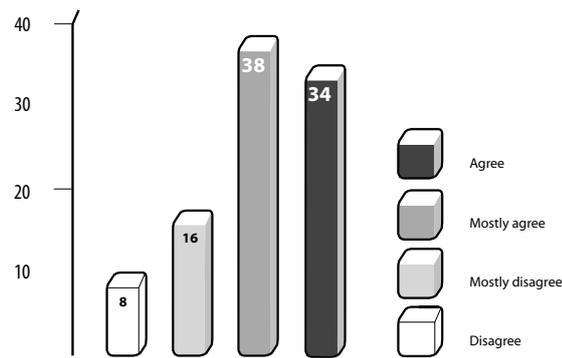


CHART: Approval or refusal of design investments

Result: 72% of the companies that use design as a corporate strategy agree with this statement. Even 53% of non-design companies agree. Design supports the success of a company.

Has the amount of design in your company increased, decreased or remained unchanged over the past 5 years (external orders and internal services together)?

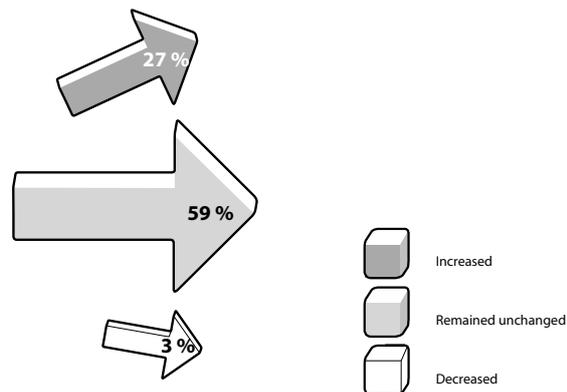
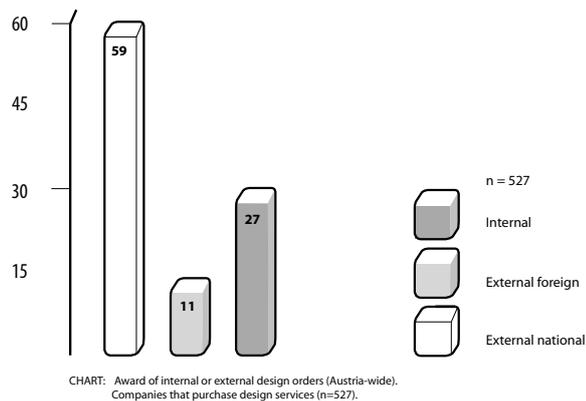


CHART: Investments in design in the past 5 years (Austria-wide)

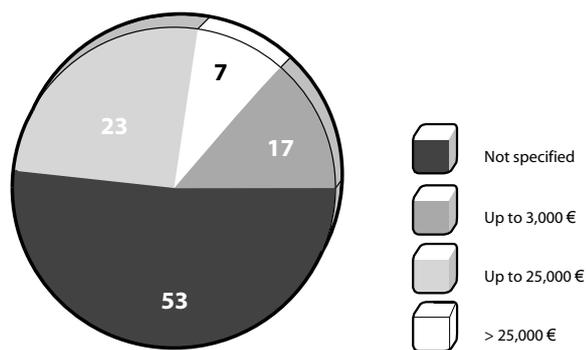
Result: Expenses remained constant. In this development larger companies are in the lead over SMEs. Larger companies increase the amount of design and invest significantly more in design than SMEs. About 60% of the companies stated that their investments in design remained unchanged over the past 5 years. Almost one third of the companies increased their investments and around 3% invested less over the past 5 years.

What is the proportion between external and internal expenses for design?



Result: In Austria designers predominantly work as freelancers. Companies commission external designers. Companies with in-house design departments and the commissioning of foreign designers are rather exceptional cases.

How much did you spend in total for internal and external design services in the past business year? Please estimate the approximate sum.



Result: Austrian companies don't like to disclose their expenses for design. The companies with less than 20 employees may be classified in two groups: those who spend up to 3,000 euros per year and those who spend up to 25,000 euros per year. 23% of all companies spend up to 25,000 euros for design per year. Only larger companies with over 250 employees invest considerably more than 25,000 euros for design per year. In Austria the budgets earmarked for design are rather small.

How was your net operating profit after taxes in the last year? Positive, balanced or negative?

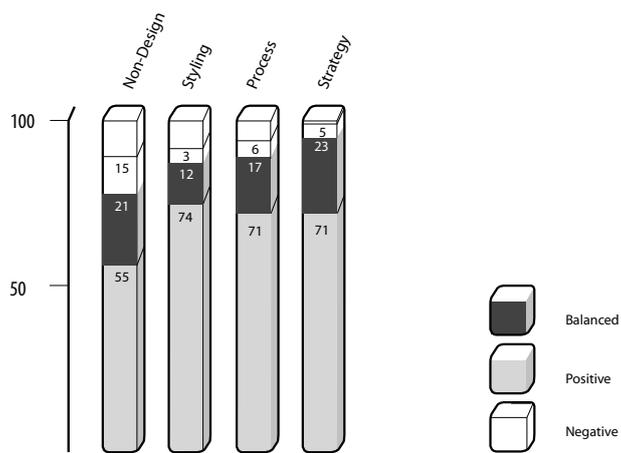


CHART: Positive or negative net operating profit after taxes in the design ladder (Austria-wide)

Result: Companies on a higher level of the design ladder are better organized and more profitable.

The net operating profit of 94% of the companies using design as a strategy is positive or balanced, compared to 88% of the companies using design as a process. Among the companies for whom design is not an issue only 76% have a positive net operating profit, and 86% of all companies who define design as styling.

Structure and size of design teams in Austrian companies

How many employees with specific training in design or graphic design are there in your company?

This specific training includes:

- + University degree in applied arts or fine arts
- + Technical college for graphic professions
- + University degree in architecture or
- + Fachhochschul course in design

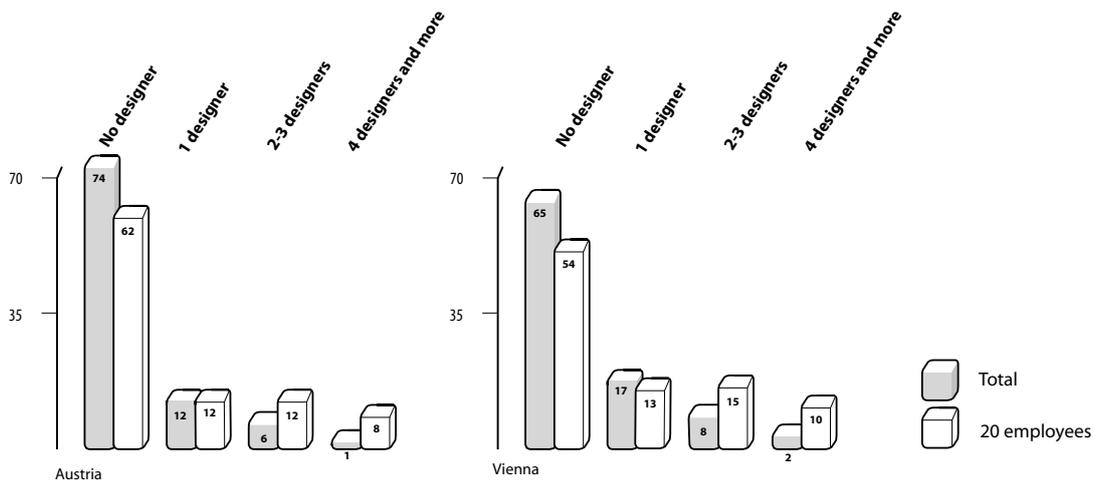


CHART: Structure of designers employed by companies / Academic training in Austria and Vienna

Statement: Almost 3/4 of Austrian companies and 65% of Viennese companies do not employ designers. Only 38 percent of Viennese companies with more than 20 employees employ one or several trained designers.

Has the number of employees with training in design or graphic design increased, decreased or remained unchanged over the past 5 years?

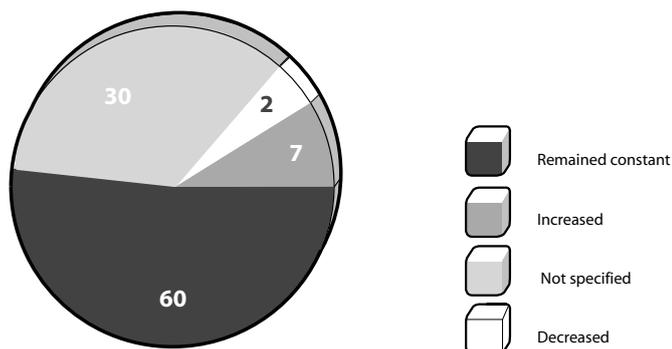


CHART: Proportion of designers employed by companies (Austria-wide).

Result: In Austrian companies investments in new professionally trained staff remained unchanged (60%), only 7% increased these investments, around one third of the companies with more than 250 employees hired new designers in the past five years. Thus they are the largest growth market.

Application areas of design

Does your company purchase design services?

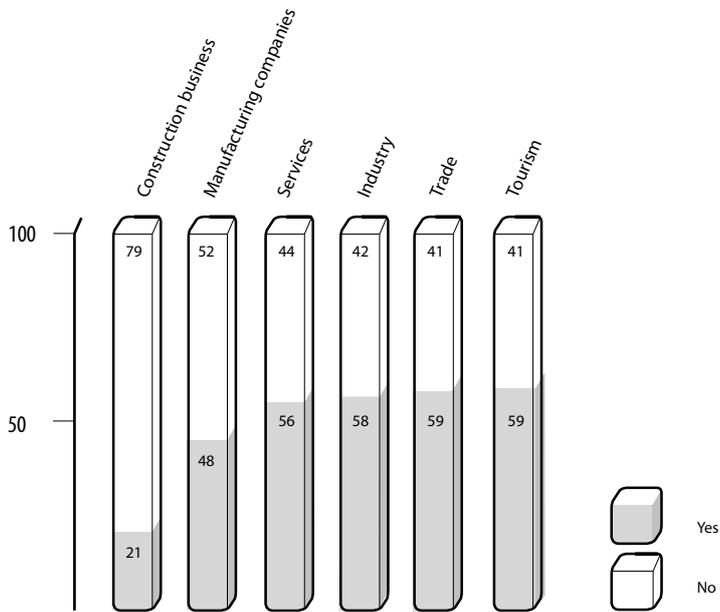


CHART: Demand for design in the individual branches of industry (Austria-wide)

Result: Some branches purchase more than others: The services sector has the greatest demand for design, while manufacturing companies and construction firms have the lowest demand.

In which of the following fields did your company apply design (external or internal design services) in the past 12 months?

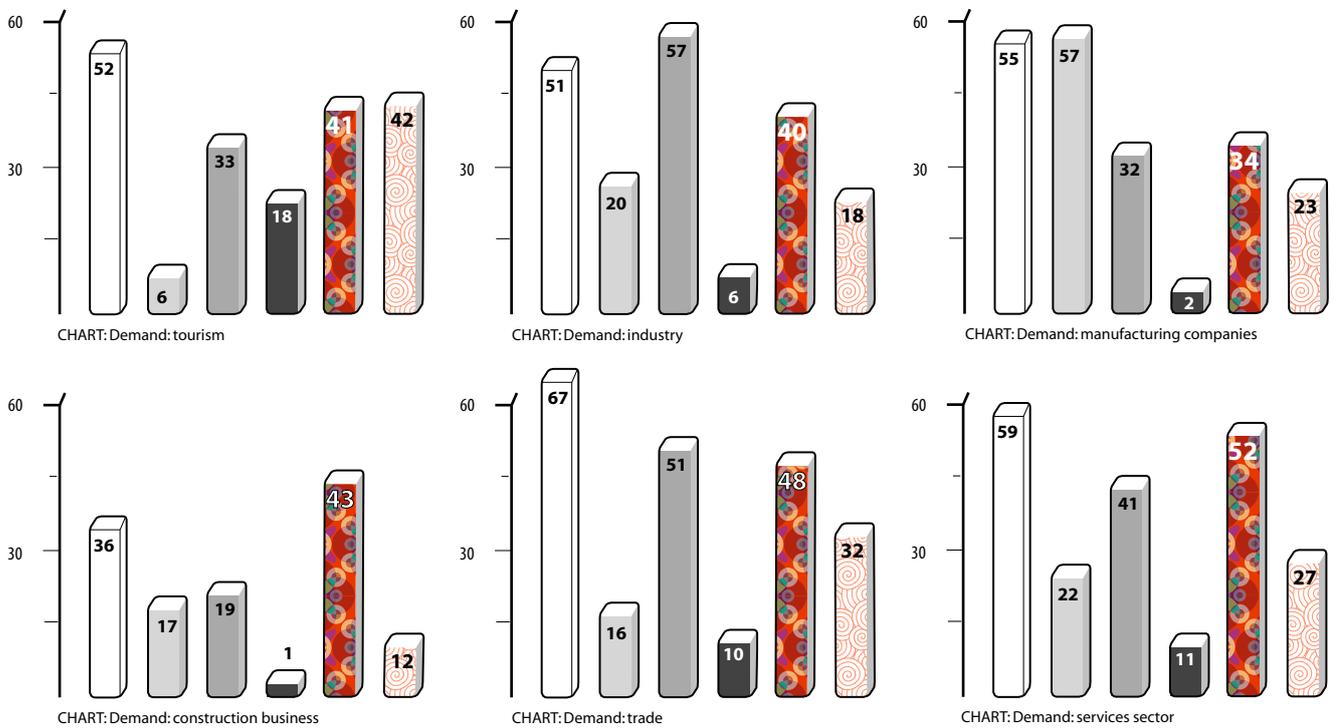
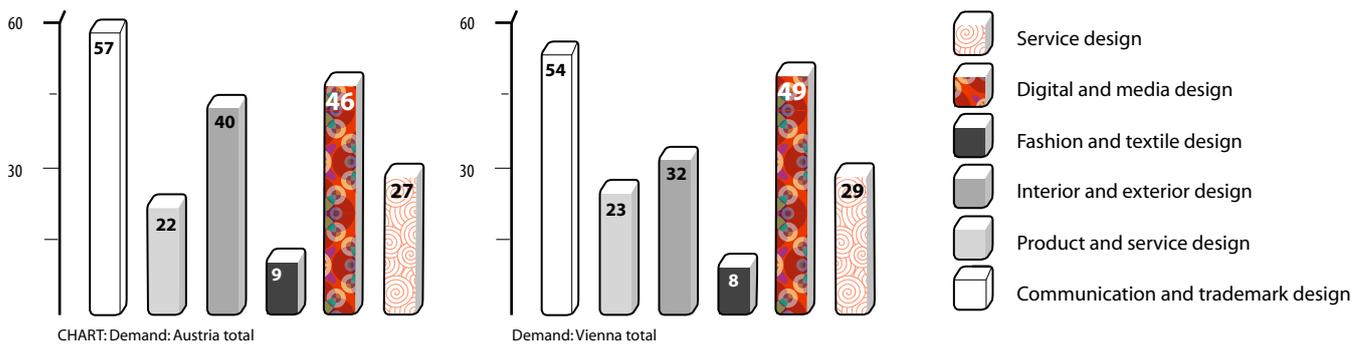


CHART: Demand of the branches of industry in the different fields of design (Austria-wide).

Result: There is quite a high demand of communication and trademark design in Austria (57%) and Vienna (54%). Viennese companies are particularly interested in communication design, digital and media design.

CONCLUSIONS

Besides the classic funding of designers and their products departure gmbh also aims at stimulating the demand for design and at supporting the professionalization of designers. The study underlines departure's efforts to do lobbying for design and to strengthen the entrepreneurial skills of designers. departure gmbh sees itself as an organization that promotes public and private demand for design.

To create an awareness for design

The study on the Austrian design ladder clearly shows that it is necessary to communicate the significance and economic sustainability of design and to create a public awareness for design. But this is not limited to the large segment of companies that consider themselves NON-design companies. Other companies as well have a demand for a more strategic utilization of design.

To understand design as a process

Even if Viennese companies use design as a process or company strategy to a greater extent than companies in the other Austrian provinces, they are still lagging behind in international comparison. Viennese companies have to focus their strategic considerations more on the end customer and optimize their design processes regarding user experience in order to be internationally successful.

Design is more

Design and the importance of designing have changed completely in recent years. It is no longer the artist with his distinctive style that determines design, but the market. Today designers have to create whole processes and network with specialists from other professions in the development and design of products.

Design business intelligence

The demand for design is not limited to graphic or product design. Today designers are needed for designing services and processes, they support the entire innovation process. Thus the UK Design Council has dramatically extended the role of the designer. In addition to the traditional hard and soft

skills designers have to offer trendscouting, market research, and they have to be able to develop business models.

Business management

In addition to the specific artistic education self-employed designers need business management training for their entrepreneurial activities.

Design can do more

Design is more than just the styling of products. According to international studies companies that consider design as central creative process are economically stronger and more successful in competition. Design should thus become a natural tool of strategic business management.

Design research

The study shows that the majority of Viennese and Austrian companies are not extremely design-conscious. They do not think that the utilization of design increases profitability, thus conflicting with findings from design research in other countries. The attitude towards design surveyed here has to be further researched in order to determine the actual economic benefit and the sustainability of design in Austria. The results obtained in other countries clearly indicate that there is a positive effect.

Innovative public tenders

The public sector is an important economic factor for Vienna. A change in the tendering practice of public and semi-public organizations could sustainably increase the demand for design and thus contribute to improving the quality of products and services.

LITERATURE

Apple 2006, <http://developer.apple.com/ue/overview.html>
Design Austria, information provided by Severin Filek on April 21, 2006
Design Austria: Interview with Severin Fielek 2006
Ethers- og Byggestyrelesen, The Economic Effects of Design, 2003
Ideo 2006, <http://www.tenfacesofinnovation.com/>
Meier, Cordula (2003): Designtheorie. Frankfurt/Main.
Schneider, Beat (2005): Design “ Eine Einführung: Entwurf im sozialen, kulturellen und wirtschaftlichen Kontext. Basel, Boston, Berlin: Birkhäuser
Statistik Austria, Leistungs- und Strukturstatistik 2003.
SVENSK FORM, <http://www.svenskform.se/english/>
SVID Swedish Design Foundation, interview with Rodin Edman, 2005
SVID. <http://www.svid.se/wlt/0074CE32-2B18-406D-B6E1-6203B923B183.wlt> (Search Word Design, 2005)
UK Design Council 2003, http://www.designcouncil.org.uk/webdav/servlet/XRM?Page/@id=6016&Session/@id=D_qCqAmGuMrRO2OJTlC5IF&Document/@id=8175
UK Design Council, The Power of TEN, 2001
UK Design Council, http://www.designcouncil.org.uk/webdav/harmonise?Page/@id=6010&Session/@id=D_bv98awDaSML2qUDt5IG5&Section/@id=1000

AUTHORS AND ORDERE- RING PARTY

departure wirtschaft, kunst und kultur gmbh

ORDERER

The "creative industries focus program" by the City of Vienna launched by departure wirtschaft, kunst und kultur gmbh, a 100 percent subsidiary of the Vienna Business Agency, in May 2004 is the first comprehensive economic promotion program for the creative industries and supports the economic exploitation of innovative and creative work in Vienna. departure does not intervene in the creative process, its regularities and capacities, but provides assistance in the commercial exploitation of creative developments. With a focus on creating new values and not on the commercialization of art and culture.

In the course of the hitherto carried out funding programs 63 projects at the interface of creativity/art/culture and economy were funded in the scope of seven general calls (program line A) and the two topic-specific calls (program line B) "music to sell" (2004) and "dSign Up!" (2005). The 63 funded projects include 15 projects from the field of music and music marketing, 22 projects from the field of design, 12 projects from the field of fashion, 8 projects from the field of multimedia as well as 6 intersectoral projects. In total 4.9 million euros were provided triggering total economic investments of more than 19.6 million euros and securing or creating about 385 jobs.

MICROGIANTS INDUSTRIAL DESIGN GMBH

RESEARCH / DESIGN / PROJECTMANGEMENT

MICROGIANTS is a design office covering the entire design process. The team around MICROGIANTS accompanies the entire product development process from research to the initial concept and implementation. The team comprises designers, architects, psychologists and consultants breaking new ground in the field of design.

Besides the classic fields of design such as product design, interior and exterior design MICROGIANTS also offers service and communication design. Our scientific-experimental methods for MICROGIANTS RESEARCH comprise research and development of prototypes, models and user segmentation. Our methods aim at obtaining the optimum user experience and designing better products.

Wolfgang Zeglovits is a psychologist (Universities of Vienna and Montpellier) and media anthropologist (London School of Economics and Political Science and University of Frankfurt). Since April 2006 he has been managing director of datenwerk innovationsagentur gmbh and holds lectures at the Universities of Vienna and Frankfurt.

Gerin Trautenberger, BA (HONS), has an economic sciences background and studied product design at the Kingston University (London). The post-graduate education in design management at the Berghs School of Communication provided him with a broad insight into the Swedish Design Year 05.

IFES – Institut für empirische Sozialforschung GmbH

INTERVIEWS WITH THE COMPANIES

IFES (Institut für empirische Sozialforschung) is one of the most reputable and experienced market and opinion research institutes both in Austria and internationally. It has been successful for more than 40 years and perfectly combines opinion research, social research and media research. IFES now also offers market research in selected branches of industry such as IT and telecommunication.

Barbara Baier, a trained sociologist and media researcher, was responsible for carrying out the interviews.

