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DESING AS AN IMPORTANT ASPECT OF BUSINESS SUCCESS IN SLOVAKIA

1. PHASE OF RESEARCH

My aim is to analyse the application of new design in the Slovak market and describe development relations between design, production and market.

The first step is an analysis of design surveys for producers who have design departments or designers.

Results of the investigation will be helpful in next research of design application.

Outcome of the analysis will indicate general problems or problematic factors of design introduction in production.

The second step is to diagnose and to find mistakes and solutions for designers, institutions and producers. One important step will be to analyze positives and negatives with benefits that arise from the launch of a new product in the Slovak market. Finally, we will try to find a consensus between designer and producer.

Important aspects on designer's side will be making good design for a sophisticated society, understanding producer steps, following new trends, marketing opinions and everything that is important for successful selling of design ideas. Surveys analyses and development statistics will be the main part on the producer's side. It should be one of the possible ways how to make a quality design, how to become more competitive and how to rise profits. All these benefits reflect future company value and increase of turnover. If we want to increase sales today we need not only a good promotion or advertising but also a very creative and valuable design of product.

I will try to concentrate on specific examples of design application in Slovak market. These are very important steps for planning and starting the sale of a new product. I would like to leave this topic open for further discussion and more extended research.

Phase of research:

- a. survey of Slovak market
- b. survey of European market
- c. business environment
- d. examples of design demands in Europe and the World
- e. examples of design production in the Slovak Republic
- f. development of a new design
- g. examples of a good and bad strategy when launching a new product.

2. MARKET SURVEYS

2.1 Surveys in the Slovak Republic

Since the Slovak Republic is currently undergoing significant changes resulting from the accession to the European market, business environment and competition are changing as well.

It relates to the production sphere, which was aimed mostly at the Slovak market and was determined by the lower quality of design in Slovakia and also by the demands of customers. The surveys can be distorted because Slovak producers are nowadays changing sales strategies and are making huge investments to develop the quality of their products. If a producer wants to sell in the European market, his products must meet the European quality standards. Therefore some survey outcomes may not reflect the fast changing reality.

But the survey will definitely fulfil its purpose and will bring important information. It will show us the direction of the market development.

2.1.1 Survey process and its results

The survey started on December 1st 2003. We used various methods of personal addressing, addressing by post and engagement in exhibitions such as INTERMEDIA, MODDOM, FURNITURE & LIVING.

In the first phase, we sent 55 surveys to companies which have design departments, designers or other development departments.

Due to a lack of interest it was very problematic to obtain at least 9 filled out surveys.

Because of this the survey did not bring reliable results about the real design situation in the Slovak market. This was just a first attempt to make such a survey and it can be repeated again but not only by one person. It would require a support of a design institution.

Personal contact with some of the producers brought a lot of important information which is included in the fifth part of this thesis with the title Development of a new design.

2.1.2 Solution

The solution is to find a competent institution such as the Slovak Design Centre to help with the design survey. Now we are preparing a grant request for the Slovak Design Centre and the Ministry of Culture or Ministry of Economy.



2.2 Surveys in the Europe / France

Some European countries deal with design problems more consistently because they understand that it is a very important aspect in economy development.

France with its capital city Paris is a great example. Ministry of economy in France together with an organization APCI invested a lot of money from a state budget to make a survey which would bring some information about design and innovation situation in companies production. APCI is an organization like the Slovak Design Centre.

Results from the survey serve as a helpful material for domestic and also foreign companies which intend to invest in this area. These results are important for business strategy plan as well because they show how to adapt production to customers needs. Government will benefit from the survey because it shows a condition of design and innovation in every business segment. New foreign companies which intend to enter this business can decide on and specify production segment.

The results in general show that design and innovation is a very important aspect of business success. French survey consists of 68 pages and is structured into 7 main categories.

2.2.1 A brief selection from the French survey:

The representative sample is 10% out of all registered companies and artists:

240 companies
out of it 2 562 persons
out of it 1 069 artists, designers.

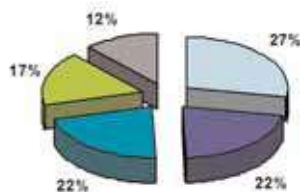
Registered companies involved in innovation, design and art production

4 500 to 4 750 companies
employing 20 000 to 25 000 persons
out of it 11 000 to 13 000 artists, designers.

2.2.2 Structure of the Representative sample

The representative sample shows mostly engineer representation, representation of agencies employers and creative workers.

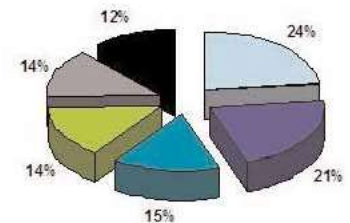
- engineers
- agents
- designers & artists
- services & production
- architects



2.2.3 Work segment

In France, a product design and visual identity design have the highest representation.

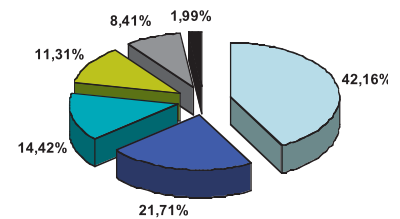
- product
- visual identity
- exterior
- communication
- packet
- students



2.2.4 Total turnover in 2001: 251 116 516 €

Next important factor for economy is a company turnover and segmentation. Maximum turnover was reached in packet design

- packet design
- multi-purpose design
- product design
- advertisement
- exterior
- other



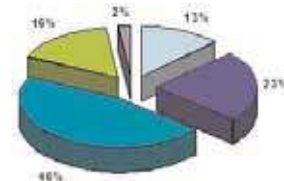
because Paris is a big perfumers producer and exporter.

segment	Total numeral Designing companies or individuals hired for the job by companies	
	2000	2001
Product	895	947
Communication	644	676
Exterior	207	265
Packet	465	549
Other	158	258
Multi-purpose design	372	434
Total	2 741	3 129

2.2.5 Number of companies

Following data show a stable increase in all important segments.

- to 380 €
- 380 - 455 €
- 445 - 782 €
- 782 - 1524 €
- more than 1524 €



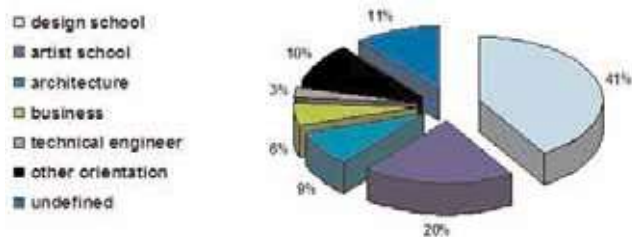
2.2.6 Daily average in €

High daily average indicates a high design value in production. Profit is directly related to a new design.



2.2.7 Structure of leading positions by education

The following graph presents the number of professionals with different academic background in managing positions. Designers and architects strongly prevail.



2.3 Results summarization

The investigation stated above indicate the importance of design in by production of new products. The importance of new design is growing proportionately with the realizing of the fact that professional design is needed. Good example of this is also statistically growing number of firms, which put their investments into the development of a new design of products. Direct connection with requirements for a new design and its high innovative quality is a representation of creative people in the leading positions, which can not be neglected. We can say that designers are a stimulus for the progressive view on the new products. Very important factor for high sale is for certain also the promotion and marketing strategy.

Statistical data also indicate that design is important aspect of success in the sale and also the way, how to acquire customers.

Nowadays no such data are available in Slovakia. Up till now, research institutions are not concerned with the projects like this. This question was discussed in the countries with dynamics of innovative growth like England, France, Germany, Italy and of course Japan, South Korea and the United States of America. In some countries design is so important, that institutions of designers cooperate directly with Ministry of Economy and they create very important connection between the sphere of production, development and design.

After division of Czechoslovakia professional institutions of designers which were created merged under the Ministry of Culture. In Czech Republic later acceded to the more effective connection of design and production. It was caused by moving of Czech Center of Design under the Ministry of Economy. It was a contribution to the important progress and also to the higher visibility of design in the sphere of production. The result of this is also the big amount of producers, who entered this year into the competition of National Prize for Design. It was totally 103 proposals of products. This prestige competition with so high

participation shows that design is very important aspect of enterprising.

Slovak Center of Design is arranging also the National Prize for Design, but not with such a high attendance. The reason why is the situation like this we can see in the low level of cooperation of Center with sphere of production, but also in its under the Ministry of Culture, which is incorrect because this ministry has with industry nearly nothing in common. The Center is completely separated from the most important part of design namely industry. Czech Republic is a good example which shows, which one direction is correct and where are much higher activities within development of design and evolution in country with direct connection to industry.

3. ENTERPRISE ENVIRONMENT IN SLOVAKIA

3.1 Market research 2002

The survey provides complete image and about the mood of customers and businessmen. We know how they behave or what they need, what are they identified with, and with what are they not identified. In keeping with determination of strategy of state, there are needed internal economic investigations. One of these investigations in Slovakia is the report about the state of enterprise environment. This investigation is not about development or design, but it is mainly about production and proposal of services.

The report about the state of enterprise environment in Slovakia contains analyses of the barriers of enterprising, with concrete recommendations how to eliminate them. The recommendations should help to ensure the flexibility of the creation of space for the mutual communication between individual subjects.

The report about the state of enterprise environment in Slovakia was worked out from March until September by TREND Analyses. Authors were inspired by survey into which was from April till May involved 109 entrepreneurs.

The report aroused as an order of Entrepreneurs Alliance of Slovakia – constant conference CPHR* about improvement of enterprise environment. It contains 17 chapters with 124 proposal for solution. The aim of proposed adaptations is to improve the quality of conditions for enterprising and also to improve the living standard of Slovakian citizens. The administration of recommendations could help to reduce high unemployment, which is envisioned Slovak citizens like the most serious problem. Slovakia has the highest level of unemployment among all countries in OECD.



3.2 Market research 2004

Survey in the year 2004 was aimed to find out the problems which were somehow connected with small and middle entrepreneurs. The aim was to find the mood of enterprise of firms in given sector.

The advantages of the Slovak Republic in the area of entrepreneurial practice and strategies are: the innovative capacity of enterprises, control and extent of sale on the domestic market, but also the quality and reliability of professional managers. The weakness is still in a character of competitive advantages which are based on a cheap labor force, capital ambitiousness and low Value Added Tax.

If we would like to speak about domestic enterprise environment, its strong part is the quality of education in technical way, plainness of country for foreign investments and paradoxically quite a low bureaucracy. Bureaucracy is for the purpose of report adjudicated according to that, how many percents of working time spend the representative of corporation by dealing with state administration.

Competitive of the Slovak Republic is still very low. The approximation for the future in middle term horizon is not very optimistic.

Reports about the state of enterprise environment are significant source of important information, which influence final proposal of products. The strategy of products is influenced by many factors, which have to be mapped and analyzed before strategy of products is created. The final product is set of benefits, which satisfy the needs of consumers. That is why it is inevitable to propose as good as it gets the way of its production, style, quality, name of mark and packing. Packing will attract the attention of consumer the most. Report highlight the total state and it helps to show the areas which should be more or less developed.

Nowadays in years 2004, 2005 and 2006 are processing visible changes, and because of them enterprise sphere is forced to think about design as about the important aspect in promotion within the market.

The change was caused by entry of the Slovak Republic into the European Union and also to the opened European market. This was of course connected with opening of domestic market. This cause a big pressure on corporations. If they want to be successful, they have to invest into the development and also into the design. The growing competition and the demand of customers help to improve the sphere of design in indirect way. Because on our market are coming products with very high additional and artistic value, they replace the old fashion shapes which were used for the years.

We can say, that with growing pressure there is coming new era. Period of renaissance of design in Slovakia. Firms begin to understand that the quality and mainly a good design is very important aspect which is in the interest of consumer.

4. REAL EXAMPLES OF DEVELOPMENT IN DESIGN

Design in combination with technological development indicate the course of the future development and the real examples of design achievements exemplify this.

Design has become a world-wide means of customers attraction and is reflected in every area of production and IT development sites. Design has recently become the key factor in determining future development.

Design is evolving while shaping its identity. Whereas in past design was a result of the necessity to adjust to new technology or competition challenges, at present it is reaching the status of personalization. Up to now design has usually been a necessary change caused by competitive force. Nowadays, however, we see manufacturers come up with new product every year to attract customers. In some areas design is becoming more innovative with changes in seasons (Spring, Summer, Autumn, Winter), which is caused by weather changes during the seasons with continuous standard of the comfort of people.

The newest trend arises particularly in the area of design personalization so that each customer is able to find the product which he/she likes the best while the functional aspect of the product stays the same. The customer wants to distinguish himself/herself from the rest and therefore he/she seeks an innovative design.

The variety of design which is a moving force of sale illustrated by the following examples. I only present an extract from the domestic and international production.

4.1 Design in the world

I present a few examples from the international design where there is a continuous effort to innovate the design.

4.1.1 Automobile industry – concepts

Car manufacturer PEUGEOT holds an annual competition for young talents and gains a high number of new ideas from young designers. Some of these designs may seem to some as visionary concepts. However, design is here to show us how far it is possible to get with unlimited creation and at the same time predict the future of products.



Concepts are the first idea followed by other studies and the creation of the product itself.

Sample of competing studies:



Designer: Michal Vlček, Czech Republic

4.1.2 Electronic – digital industry

Considerable development can also be spotted in the field of multimedia and entertainment industry. New design goes hand-in-hand with technological innovation. Corporations, such as SONY and APPLE represent the most original trends in design of electronics.

APPLE



4.2 Design in Slovakia

The top design products in Slovak Republic originate in the work of the designers themselves with no direct connection to the existing production. Here we encounter a peculiar phenomenon of emerging corporations, founded by designers with the only chance of professional recognition. I present some of the companies that began with „garage“ production and nowadays their products are sold word-wide.

4.2.1 K1 Styling, Bratislava

K1 was established in Bratislava by Dick Bob Kvetňanský, who along with a designer Juraj Mitra developed a sports roadster named K1 Attack. The success of Attack reach back to America where it was awarded in the category of sports kit-car, and in Frankfurt where prime minister Gerhard Schroder sat into it in front of RTL cameras. The car reached in 2004 the production rate of 100 pieces. For 2005, K1 is preparing a new sports car with higher parameters called Nirvana.



Designed by Juraj Mitro and Dick Bob Kvetňanský – sports car K1 ATTACK

4.2.2 RB Design, Slovenské Pravno

The company was founded by two brothers in 1997 in Nitrianske Pravno. The brothers were huge fans of biking and they started their own production of components which later proved to be high-quality products. Especially Roman Boháčik, one of the two



brothers provided an excellent artistic form. They broke through in global market thanks to innovative design and marketability. A great part of the production is exported.



Designed by Roman and Tomáš Boháčik

5. DEVELOPMENT OF NEW DESIGN FOR A PRODUCT

Each company needs to prepare well when they decide to develop and launch a newly designed product. Companies cannot expect any huge profit without a sophisticated design and market strategy. Following are the important points of strategy.

5.1 Main points of strategy to launch a newly designed product:

1. analysis of the product demand
2. analysis of the competitive product environment and market
3. planning strategy
4. specification of main idea and selection of design team
5. creative concept specification
6. development of new design
7. corporate identity
8. testing the concept
9. planning the product's future
10. sales strategy
11. advertising and promotion.

5.2 Examples of developing a newly designed product (Rajec, the spring water, produced by Kofola, a.s.)



Designed by Ing. Martin Turzík and Ing. Tomáš Nagy

In August 2003, three companies (Kaspen, Bates, Ledoborec) designed brand concepts for the product (mineral water) that was later called Rajec.

Based on marketing survey (prepared by the Incoma agency), they were interested in how customers perceive mineral and spring waters, what would be the best way to present the new brand, what name would be suitable, etc. The concept of the new bottle design included ideas like the shape, traditions, history, differences between Czech and Slovak Republics where the water is being sold, etc. The survey was followed by a detailed marketing plan, which also influenced the final design solution.

A detailed marketing plan defined the requirements for the new product. They were the basis for the designing process. The designing process included several steps: first, fifty-eight brand concepts were developed, then, out of them four brand concepts were selected for the advertising campaign.

The research among the customers clarified that healthiness and welfare is what they valued above all on spring water. Natural background had to be guaranteed. The water should spring from an ecological environment. Both, Czech and Slovak Republics were found to be ecologically clean enough for good spring waters. People were convinced about the cleanness of the environment in Slovakia and the spa resorts were found to be as the best and reliable for obtaining spring water.

It appeared that the bottle is probably the best part of the product that can distinguish one water from another. Other very important aspects are the price of the product and the locality of its distribution.

6. EXAMPLES OF GOOD AND BAD STRATEGY

The following case should briefly illustrate the direct impact of design on product's sale and thus stress the importance of design in business success. Three different spring/mineral water producers selling Rajec, Slatina and Ostrolúcka followed different sale strategies in 2004. All three waters had different history and tradition on the market.

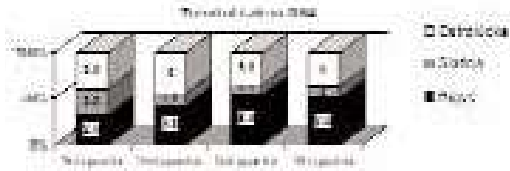
Rajec: Is water that does not have a long tradition on the market. The company decided to innovate its design along with a well-targeted advertising campaign. The product's price took into consideration the survey results.

Slatina: is a very well known mineral water with a very long market tradition. The company invested only into the advertising. The price stayed on the previous year's level.

Ostrolúcka: Was not known before. The company decided to redesign the bottle and label. Unfortunately, the bottle design failed to meet the aesthetic expectation and technical quality. The company decreased the price.



The following data indicate the sales in 2004 of all the three products. The sale of the Rajec water has a stable increase in sale. The brand tends to be better known. It had a better customer response in comparison to the previous year.



The above-mentioned examples demonstrate that sales success of products is influenced by many factors, among them design being a very important factor.



RAJEC
design
concept
advertising campaign
support by web & promotions



SLATINA
concept
advertising campaign



OSTROLÚCKA
design
low price



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