The Potentials of Design Orientation – Preliminary Research

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Extended Abstract

The marketing concept has changed through its history. New approaches research on exchange relationships, based on characteristics of the actors in the process of exchange and on mutuality, within constraints of the social environment. In terms of responding to customer needs, three crucial terms are mentioned: market orientation, customer orientation and design orientation. MO and DO are the basic topics of our research.

When analyzing marketing literature, the main impression is lack of attention given to design. Although Philip Kotler identified design as a powerful but neglected tool in the 80ies (e.g. Kotler and Rath, 1984), still in Principles of Marketing (Kotler et al, 12th European edition, 2010) design is mentioned only in the chapter of product and defines design opposed to style as something broader, not only on surface, that has impact on the essence of a product. Other authors also focused on different tangible aspects of design. Olins (1987) sees design limited to corporate visual identity, Bruce and Cooper (1997) focus on the external effects of design, particularly the marketing communications aspects, while Schmitt and Simonson (1998) focus on the influence of aesthetics on the customer. However, some recent marketing literature authors also identify design as the way to respond to customers’ needs (Venkatesh et al., 2012; Coley et al., 2010; Moll et al., 2007). Also, in marketing design strategy of products and services is considered to be the core innovation tool (Von Stamm, 2008, Borja de Mozo- ta, 2003b).

Kohli and Jaworski (1990) articulated the theory of market orientation as the implementation of the marketing concept. The majority of the studies from the 1990ies suggest that market orientation is related with superior performance, sales growth and new-product success (Kohl and Jaworski, 1993; Slater and Narver, 1994). Market orientation consists not only of so called “responsive” one, led by customers’ conscious needs they are able to express (Slater and Nerver, 1998), but also of so called “proactive” market orientation, where we consider latent, future customer needs, the ones they are not aware of and which are crucial for developing products and services novel to the market. This is an opportunity for design-driven innovation.

The Cox Review (2005) set a framework for the relationship between creativity, design and innovation, design being the link, shaping new ideas so that they become practical and attractive propositions for
users and customers. Implementation – putting ideas into practice – is made up of three aspects: idea selection, development and commercialization (Von Stamm, 2008).

In marketing literature design-orientation has been identified as a factor integrating decisions at different levels of an organization and involving customers (Bloch et al., 2003; Moll et al., 2007). Venkatesh and colleagues differentiate four trends in the field of marketing, relevant for design orientation: design in technologically oriented industries, design in non-technological, more craft-oriented industries, design of service-oriented environments and brand design, concluding that design is essential for all of them, but that its know-how is different in the four fields (Venkatesh et al., 2012). Design orientation has been defined as the process in which design is a crucial factor of integrating different elements in different levels of a company, focused on the customers’ conscious, as well as latent needs. It is an organizational model that uses design throughout the company as a transformational process.

Design management being actually strategic innovation management has become a broadly accepted approach (Borja de Mozota, 2003b; Von Stamm, 2008). It includes the use of design thinking (Brown, 2009; Martin, 2009) – in other words creative thinking, by using design methods or even designers’ sensibility to solve general business problems. There is growing interest in this field (Borja de Mozota, 2003a; 2013; Cooper et al., 2011; Best, 2010; Borja de Mozota, Peinado 2013). Although authors approach to managing design differently and show possible aspects of usefulness to implementing design in business, all of them agree on the fact that design has to be integrated in every level of the business activity from its functions to strategy. Comparing the design orientation literature (e.g. Moll et al 2007) and market-orientation literature (Gummesson 1991, Kohli and Jaworski 1990, 1999) indicates that customer-centered product design strategies are critical to superior market performance and success.

While the role of other functions within marketing are continuously researched and measured, the role of design has been neglected. That is the reason why we intend to investigate the direct and indirect relationships between market orientation and design orientation. We will validate existing models of market orientation, design orientation and design management, investigate the variables of design, improve them and propose the new design orientation model incorporated into the marketing system.

The main thesis of this research is that a strong link exists between market orientation and design orientation and that both have great impact on success in the market. The focus on the customer gives design a more and more important role, it becomes very efficient when integrated in all levels of the company and the potentials of design need to be taken into account by marketing scholars as well as by managers. In order to prove these links we will investigate the direct and indirect relationships between market orientation and design orientation To prepare the research, we developed the initial conceptual model of relationship between MO and DO.

The initial conceptual model

The basis of the new initial design orientation-market orientation conceptual model are the market orientation model in the relation to the new product success (Narver et al. 2004), combined with the managerial model of design (Moll et al, 2007), where market orientation and design orientation are put in the relationship. However, redefined variables of design by Borja de Mozota (2003b) grouped in three clusters are taken into account, as well as the consumer perspective. The conceptual model of relations between market orientation and design orientation, focused on customer and new product success with basic links is shown in figure 1.
In this paper, we will analyze the results of the first, qualitative stage of the research focused on design orientation of market-oriented companies. A survey for two groups of respondents: top managers as well as designers through a series of qualitative face-to-face interviews was conducted. We questioned the managers’ awareness of design potentials, their use of design thinking, their cooperation with designers, their knowledge about design management and finally, their definition of design orientation. At the same time we questioned a group of designers by posting them similar questions in order to examine possible differences in understanding the meaning of design and its implementation in the process of business, as well as finding out the state of design according to the stages of design management in terms of design being a differentiator, coordinator and transformer, leading to better products, processes and strategy.

The Basis for Developing the Questionnaire
The six valid and reliable previous researches were used as the base for creating the questionnaires of the survey for managers, as well as for designers in the first, qualitative stage: the 33 European SMEs research by Borja de Mozota (conducted in 1998): for design variables – design orientation; Design Innovation Research from the Centre for Design Innovation Ireland (2007); the design orientation research undertaken by Venkatesh et al. (2012); market orientation variables by Lafferty and Huit (2001); responsive and proactive market orientation elements by Narver et al. (2004) and customer focus from 21st Century Marketing research conducted by the Marketing Department of the Faculty of Economics and Business, University of Maribor (2008).

In-depth interviews were conducted with 5 managers in companies of different sizes and industries and also 5 designers or art directors from design agencies. The interviews were arranged in the companies sites, recorded and transcribed for the purpose of analysis. The visits also included the technique of direct observation. Most of questions for managers and designers - about the meaning of design and reasons to use it -were similar. At the beginning of the interview, managers as well as designers were asked to define design. Both groups were also asked about problems they have in collabo-
ration with each other. They were to evaluate the design characteristics by their importance for business performance (a five point Likert scale). While managers were asked to also specify the areas and levels of using design in the company, designers were asked the same concerning their main client. Design education in design as well as business schools had to be valued. A set of questions about marketing orientation was also asked. Finally, both groups of examinees had to value the state of design industry, policy and national design environment. The interviews lasted between 45 minutes and an hour.

The questions to be considered are:
Which are potentials of design orientation? Do marketers and managers understand these potentials for business success? Do they neglect design as an innovation tool, easy to implement in different situations? Are managers willing to accept a new, creative approach to management - applying design methods and design thinking? Would a common platform of further education in design management, for managers as well as for designers be the solution? Examples of best practice already exist, as a good reason for managers to accept the new model of design orientation.

**In-depth Interviews Results Analysis**

We will analyze the main results of the qualitative research conducted with five managers and five designers. Each interview started with a question about the meaning of design. Although managers define design as „the essence of success in entrepreneurship“, still most of them mention design in the context of the first impression, „a key for attracting customers“, or as „the visual expression of a brand“. Designers, however, look at design as „a creative way of solving problems, it enables you to solve problems as your own expression“, by changing peoples’ habits, improving products and processes; its final goal is „to improve the quality of life."

When evaluating the problems of cooperation, designers emphasize short deadlines, lack of information in design briefs, misunderstanding of design problems, free “pitches” and low budgets for design projects. Managers give priority to problems such as lack of vision, lack of creativity, different approach to design problems and copying ideas.

Evaluating the 27 variables of design according to their influence on business performance (with a 5-point Likert scale), managers estimated that the most important elements of design management were creative competitive advantage of design, allowing the company to sell products at a higher price and creating added value for the customers. Designers, on the other hand, consider improving external and internal communications, differentiation of products, as well as competitive business strategy the most valuable characteristics of using design.

While all of the five managers believe that they use design broadly in their companies, from corporate communications, branding, product and service development to strategic planning, designers estimate their clients to using design mostly to a limited extent, in specific areas such as corporate communications, advertising, branding and product development.

However there is not much difference in the meaning of design orientation between the two groups of examinees. While designers believe that it is crucial for design to be implemented throughout the company, both agree on the importance of using creative design thinking, customer orientation and use of design for differentiation in the market.

Both groups estimate design education in business schools – knowledge about design potentials – as well as Croatian national design policy very low.
Conclusion
Although there are researches in the field of design and its impact on business performance, there is lack of researches about the understanding of design potentials and level of its implementation by managers. An important part of originality lies in the fact that the research survey has been conducted in an environment where such researches have not been done before - in a typical transitional economy and the results can in future be compared with other European countries.

The paper deals with the potentials of design orientation from the managers’, as well as designers’ perspective, based on in-depth interviews. When analyzing the results of this first, preliminary qualitative research, we come to a conclusion that differences between the two groups of examinees exist, mostly in their perception of using design. Better education – about design in business schools, as well as about business in design schools, could be the common platform for solving some problems of misunderstanding between managers and designers. The results of the qualitative research are going to be discussed with 5 expert from different fields, in order to examine the validity and reliability of the questionnaire before the quantitative research starts.

Keywords: marketing, design orientation, market orientation, relationship, design management

References