



### **Core activities:**

Design consultancies (services include: e.g. brand identity, corporate identity, information design, new product development)

Design components of industry

Interior and environment design

# 5 Design

### **Related activities:**

Fine art

Graphic design

Fashion design

Crafts (e.g. small-scale furniture makers)

Multimedia, web site and digital media design

Television graphics

Interactive and digital TV design

Manufacturing industry design

Research and development within industry

Modelling and prototype making

### **Related industries:**

• Public Relations and Management

Consultancy • Architecture

• Packaging • Designer Fashion

• Advertising • Furniture and

Furnishings • Personal Care

Products • Transportation

• Medicine • Electronics

• Fashion/luxury goods

• Finance • Telecommunications

• Pharmaceuticals • Public Sector

• Food and Drink • Consumer goods

• Retail

# 5 DESIGN

REVENUES **£26.7 billion (2000)** all design-related revenue <sup>a</sup>

EXPORTS **£1.0 billion (2000)** <sup>b</sup>

EMPLOYMENT **76,000 in design firms (2000)** <sup>c</sup>

<sup>a</sup> PACEC (for the Design Council), 2000: National Survey of Firms and Organisations. <sup>b</sup> British Design Initiative/Design Council, 2000: British Design Industry Valuation Survey. <sup>c</sup> British Design Initiative/Design Council, 2000: British Design Industry Valuation Survey.

The size of design-related activity within the UK economy as a whole has been estimated at £26.7 billion. This figure shows the expenditure by UK companies on design, staff and fees paid to external design consultancies.

It is estimated that there were about 4,000 design consultancies in the UK in 1999, with a total fee income of some £4.8 billion for the year.<sup>1</sup>

Services provided by the sector include: Brand Identity, Corporate Identity, Exhibitions, Information Design, Interiors, Literature, Multimedia, New Product Development, Packaging, Product TV Graphics and Websites.

The total number of people employed in the UK design consultancy sector is estimated at 76,000.<sup>2</sup> The gross

number employed in design-related activities in UK corporate sectors is estimated at about 1million.<sup>3</sup>

Exports of design services have shown exceptional growth since the last published figures in 1998. Overseas fee income for the design consultancy sector in 1999 was estimated at £1 billion.<sup>4</sup>

## INDUSTRY REVENUES

The top UK 100 consultancies reported that their UK-based 1999 fee income increased across all disciplines by 20%: from £384 million in 1998 to £480 million in 1999. FutureBrand-UK sported a 106% increase in fees<sup>5</sup> and Fitch!, with more than 40 years of experience, is fifth among the top 10 design consultancies, representing clients ranging from Royal Doulton to Goodbean.<sup>6</sup>

Growth rates for the industry as a whole are not available. However, a study put design consultancy revenues in 1995 at £3.1 billion.<sup>7</sup> A recent study, which is not strictly comparable with this earlier study, estimates the figure for 1999 to be £6.5 billion.<sup>8</sup>

The awareness of the value of design is also high among British companies,<sup>9</sup> and is viewed as a global, strategic asset.<sup>10</sup>

## UK MARKET SIZE

Market size consists of a business-related economy worth £26.7 billion and employing over 1 million people. An estimated 240,000 companies in the UK state that design is integral to their operations.<sup>11</sup> The consultancy sector is worth £6.5 billion in revenue, employing 76,000 people in an industry estimated to include 4,000 companies.<sup>12</sup>

The market for design in the UK itself is difficult to define through current statistical research. As previously mentioned, the design consultancy field is estimated at approximately 4,000 firms, including a number of sole and micro operators. This is a significant rise on the 3,000 firms reported in the 1998 *Creative Industries Mapping Document*.

1, 2, 4, 12 British Design Initiative/Design Council, 2000: Design Industry Valuation Survey.

3, 8, 9, 11 PACEC (for the Design Council), 2000: National Survey of Firms and Organisations.

5 FutureBrand UK is part of the Interpublic Group of Companies, created through the integration of services of Diefenbach Elkins, Davies Baron and The Coleman Group Worldwide network.

6 Design Week, April 2000: Top 100 Design Groups Survey.

7 Centre for Economic Forecasting, London Business School, 1995.

10 Design in Britain, 2000/2001.

## BALANCE OF TRADE

The Prime Minister has hailed Britain as “the design workshop of the world”. The UK has more world class design businesses – defined as a sector which competes regularly and successfully in global markets – than any other nation.<sup>13</sup> The three areas defined by the DTI for the purposes of exports promotion are graphics, product design and interior design.

Export earnings by design consultancies alone in 2000 were estimated at £1 billion. The 1998 *Mapping Document* estimated export earnings at £350 million, but this figure is not, strictly speaking, comparable.

In the multinational mega-conglomeration of design, communications and advertising the design industries more than hold their own. Britain is the top exporter of design world-wide, and many design consultancies earn a significant portion of income from work outside Britain.

The leading export markets for design in 1999 were US, Benelux countries, Germany and France.<sup>14</sup>

## EMPLOYMENT

The design sector employs an estimated 76,000 staff in design consultancies.<sup>15</sup> Beyond this it is not possible to estimate the number of freelance designers.

More generally, industrial and commercial sectors in the UK are estimated to employ 1 million people in design related functions within their businesses.<sup>16</sup>

## INDUSTRY STRUCTURE

The design industry is composed of a large number of smaller consultancies and a few large consultancies. 73% of design consultancies employ 20 or fewer staff. Of those design agencies with a turnover of more than £1 million, 36% account for 86% of the turnover of the entire design consultancy sector. While some consolidations and mergers have occurred in the industry, new and independent players continually emerge to exploit business opportunities and niche needs. For example, some 80% of newly graduated designers wish to set up in business on their own account.

Again, small and medium-sized enterprises, micro-businesses and self-employed/freelance workers are difficult to track, but such small and flexible businesses are a feature of the British industry. Information on them is partially captured in the British Design Industry Valuation Survey 2000.<sup>17</sup>

The key design bodies that provide sector support are the Design Business Association, British Design Initiative and British Design and Art Direction. The Chartered Society of Designers is the professional body for designers.

<sup>13, 15, 17</sup> British Design Initiative/Design Council, 2000: *Design Industry Valuation Survey*.

<sup>14</sup> DTI Design Policy Unit, 1999.

<sup>16</sup> PACEC (for the Design Council), 2000: *National Survey of Firms and Organisations*.

## REGIONAL DIMENSIONS

Design consultancies are clustered in London and the South-East but there are centres of design excellence throughout the UK, e.g. Manchester and Glasgow. Of the 306 consultancies listed in *The Design Business Association Yearbook, Creativity that Works*, 53 consultancies are based outside London and the South-East of England.

## INTERNATIONAL CRITICAL ACCLAIM

Internationally, Britain is regarded as a world leader across all design disciplines. In particular, high-profile projects such as international airports and transport design – from trains and planes to automobiles – keep British architects and product designers at the forefront of international design. In addition, British designers head a number of international fashion houses. The work of contemporary British furniture designers is regularly on sale in leading European furniture showrooms. In graphics, branding and multi-media, British consultancies'

work can be found in the corporate liveries of international airlines, corporate letterheads and websites of global brand owners worldwide. British design agencies more than of any other nation, have set up partnerships, subsidiaries or branch offices around the globe and 64% of all UK design agencies work in more than one country. Britain ranks very highly internationally for transport design and British designers are strongly represented in all the major international automotive design studios.

Renowned Italian designer Alberto Alessi says: "Britain is the home of design . . . I have great admiration for British design and its history. It's the richest in the world."<sup>18</sup> The fashion designer, Donna Karan stated at the launch of the New Designers' Exhibition in July 1999: "I have always felt that the British are encouraged to flourish in their creative thinking and consequently 90% of my staff are from the UK."

## Education

British design education scores top marks all over the world. More than 80% of people interviewed in a wide range of countries agreed that Britain has an excellent standard in this area.<sup>19</sup> This is recognized by the growth in the number of overseas students who come to the UK to study design.

Over the last four years, the number of design undergraduates and postgraduates enrolled on courses has increased by 24%. A similar increase is reflected in UK art and design foundation courses, which provide the gateway into higher education. These courses saw a rise of 11% in student enrolment over the two-year period from 1998/99 to 1999/2000.<sup>20</sup>

The number of overseas undergraduates and postgraduates enrolled rose by 112% between 1994/95 and 1998/99.<sup>21</sup>

<sup>18</sup> *Alberto Alessi, 26 August 2000: The Times.*

<sup>19</sup> *British Council, 1998: Britain's Image Abroad.*

<sup>20, 21</sup> *Design in Britain, 2000/2001.*

The Schools Minister, Jacqui Smith MP (speaking at the Design and Technology Association Millennium conference, 12 April 2000) stated:

“Britain was the first country to have a design and technology curriculum, and it has been used as an inspiration by other countries. Design and Technology encourages young people to become creative, autonomous problem solvers, able to work individually and with others. It is a fundamentally important subject at all stages of the National Curriculum which helps young people develop the key skills they will need in future life.”

This recognition of the UK as a centre of excellence for design education is also reflected by the high number of British design graduates working in a variety of overseas markets, with a particularly high profile in the automotive, product and fashion areas.

### Awards and Accolades

British designers are featured among the winners of all international design competitions, be they commercial architectural competitions or design effectiveness awards. The work of many leading British designers is exhibited in the Museum of Modern Art, New York, and internationally many British designers have achieved “Design Icon” status.

British designers feature strongly in over 100 international annual design award schemes. These include “Best of show” awards at leading trade exhibitions and classic design awards such as the New York Clio’s, D&AD, Germany’s Red Dot awards for design innovation and the European Design Prize, which was won in 2000 by James Dyson.

Britain’s corporate identity designers featured strongly in the “world’s top 50 logos” compiled by the *Financial Times*; and international airlines, including Air 2000, Air Delta,

Austrian Airlines, Canadian Airlines, British Airways, SAS, Ryan Air and many others, are sporting brands designed by leading British design consultancies.

Arguably, a key factor in Britain’s award-winning work is its strategic approach coupled with its creative flair. For design to be truly laudable it must be commercially effective at the same time as being aesthetically pleasing – here Britain appears to have an edge over many other nations.

The Design Business Association’s Design Effectiveness Awards are the only UK awards which celebrate the deployment of design expertise to deliver commercial success. In 2000, the Grand Prix was awarded to the Heathrow Express project, which applied design consistently and innovatively throughout all aspects of the project to provide a world class service.

The Head of Design at BT, David Mercer, has stated: “The UK is ideally placed with a design industry second to none. This rich asset is here at our disposal and we must strive to use it both for commercial success and for the prosperity of the country at large.”<sup>22</sup>

### **SECONDARY ECONOMIC IMPACT**

Design is integral to most other economic activities, including architecture, designer fashion, advertising, furniture and furnishings, personal care products, transportation, medicine, electronics, fashion/luxury goods, finance, telecommunications, pharmaceuticals, public sector, food and drink, consumer goods, retail, entertainment and leisure. Design in packaging is critical, as it presents consumers with the opportunity to see the functionality and attributes of items. Also, shorter lead times in products and services development – often driven by technical and technological advances, have placed

increased emphasis on the integration of design disciplines into industrial and commercial processes.

### **POTENTIAL FOR GROWTH**

PriceWaterhouseCoopers, Arthur D. Little and many other consultants and specialists identify design, innovation, creativity and research as the keys to growth and success in the new century. Design’s strength and competitive advantage have been long recognized as a change agent through incorporation in business strategy.

### **IMPACT OF E-COMMERCE/ INTERNET/TECHNOLOGY**

The advent of the Internet and e-commerce has brought a large new income stream to the design industry. The UK Top 100 digital media design companies received fee income for this sector of £239.8 million in 1999.<sup>23</sup>

As the Internet markets mature with the advent of national digital

television and convergent mobile communications, the demand for competitive edge via the design of websites and supporting technologies will lead to considerable growth in this sector. The average projected growth of fees in this sector is expected to be 106% in the next 12 months. Fields such as information design and new fields like information architecture are already being developed to deal with the new demands of the diverse technology now available to retail and business-to-business markets.

Internet technology also leads to easier working between designers and their clients worldwide, a particular strength when dealing with global clients.

<sup>22</sup> *Design Council, 1997: Insights.*

<sup>23</sup> *Design Week, 8 December 2000: Digital Media Design Survey.*

## **GROWING THE SECTOR – POINTS FOR CONSIDERATION**

An ageing population: the baby boom of the early 1950s and the fall in birth rates is leading to a population dominated by people aged 50 and over. As a consequence, specialist and more inclusive design solutions for ageing populations will grow in importance.

Social responsibility: environmentally friendly and sustainable design has seen an increase over the past few years. A growth in international environmental regulations is already resulting in a more environmentally conscious view of design and its outputs.

Competitive advantage: the advent of new technologies and the increasing competition in national and global market places will see design used as the key differentiator in establishing market presence.

New technology: the biggest impact is likely to occur within the design consultancy sector. Digital media design for both Internet and digital television offer a new and large arena for fee income. Specialist design agencies are already established in this sector.

As with the advertising sector, the design sector benefits from a strong economy, the influx of Internet/technology into all aspects of life and higher spending on branding, customerisation and identity definition.