

Design Economies and the Changing World Economy

Innovation, production and
competitiveness

**John R. Bryson and
Grete Rusten**



Routledge Studies in Human Geography

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First published 2011
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

Simultaneously published in the USA and Canada
by Routledge
270 Madison Avenue, New York, NY 10016

Routledge is an imprint of the Taylor & Francis Group, an informa business

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Typeset in Times New Roman by Prepress Projects Ltd, Perth, UK
Printed and bound in Great Britain by CPI Antony Rowe, Chippenham, Wiltshire

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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloguing in Publication Data

Bryson, J. R., 1963–

Design economics and the changing world economy/John R. Bryson and Grete Rusten.

p. cm.

Includes bibliographical references and index.

1. Industrial design. 2. New products. 3. Competition, International. I. Rusten, Grete. II. Title.

TS171.B795 2010

658.4'012—dc22

2010023247

ISBN: 978-0-415-46175-7 (hbk)

ISBN: 978-0-203-83929-4 (ebk)

Design Economies and the Changing World Economy

Design is central to every service or good produced, sold and consumed. Manufacturing and service companies located in high-cost locations increasingly find it difficult to compete with producers located in countries such as India and China. Companies in high-cost locations either have to shift production abroad or create competitive advantage through design, innovation, brand and the geographic distribution of tasks rather than price.

Design Economies and the Changing World Economy provides the first comprehensive account of the relationship between innovation, design, corporate competitiveness and place. Design economies are explored through an analysis of corporate strategies, the relationship between product and designer, copying and imitation, including nefarious learning, design and competitiveness, and design-centred regional policies. The design process plays a critical role in corporate competitiveness as it functions at the intersection between production and consumption and the interface between consumer behaviour and the development and design of products. This book focuses on firms and individuals, as well as national policy, drawing attention to the development of corporate and nation-based design strategies that are intended to enhance competitive advantage. Increasingly products are designed in one location and made in another. This separation of design from the place of production highlights the continued development of the international division of labour as tasks are distributed in different places, but blended together to produce design-intensive branded products.

This book provides a distinctive analysis of the ways in which companies located in developed market economies compete on the basis of design, brand and the geographic distribution of tasks. The text contains case studies of major manufacturing and service companies and will be of valuable interest to students and researchers interested in geography, economics and planning.

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Preface

I printed up a card and sent it to everyone I knew. It said, 'Between two products equal in price, function, and quality, the better looking will outsell the other'. In addition to sending it out, I made an effort to meet every top executive I could, actually visiting them, hoping that, aside from those who would kick me out, one or two might say, 'Show me what you mean by that'. In 1929 one did. Sigmund Gestetner, a British mimeograph manufacturer [duplicating machines], showed up one day and asked me to design a new model for him. He came to my apartment with the model he was then manufacturing and selling, which looked and even smelled awful, Working in my small living room, modelling in clay on a tarpaulin, I designed his new machine for him in less than a week. He liked it, took the design back to London, built it and sold it so well that not only did his company prosper, but he essentially kept the same model unchanged for forty years. Through my French company, we are still designing new machines for Gestetner nearly fifty years later! . . . And because Gestetner needed the design so quickly, there was no way to work in steel. I had to work with my hands, like a sculptor. I kept as close to the skeleton as possible to be efficient. And the end result was a simplified form, designed to prevent the oil, ink, and paper from clogging the works, a much easier machine for a secretary to maintain.

(Raymond Loewy, 1988: 10–12)

The origins of this book can be traced back to 1997 and the publication of a paper in the journal *Entrepreneurship and Regional Development* that explored the interactions between business and professional service firms and their clients (Bryson, 1997). This paper explored the types and sources of external expertise used by a sample of large and small firms, and design was included in the analysis. This book reflects over 20 years of reflection, research and teaching on enterprise, corporate strategy and the developing extended division of labour. This research journey has multiple origins and complex ever-evolving geographies.

The start of this journey began with a preoccupation with understanding the geographies and operational dynamics of producer services or business and professional services (Bryson *et al.*, 2004). These services provide intermediate inputs into the production systems of clients, and design is one of these inputs. The book began with a research project funded by The Research Council of Norway that built upon the 1997 paper. This project explored the ways in which Norwegian small

and medium-sized enterprises used external expertise, predominantly that provided by management consultants. This management consultancy-focused project led to a second project funded by The Research Council of Norway that explored the relationship between design and corporate and regional competitiveness. It is this second project that led to this book. Nevertheless, in many respects this book's origins are based in Birmingham and the West Midlands, UK. Academics and researchers are a product of their time and also place. Birmingham and the Black Country became prosperous through the ingenuity and skills of its people. Some of these skills were design skills. In the nineteenth century, Birmingham and the Black Country emerged as the British Empire's industrial heart. This was the 'city of a thousand trades' and also the 'workshop of the world' (Shill, 2002, 2006). This area is still an important manufacturing centre, but since 1966 has experienced restructuring that has led to job losses, high unemployment and a whole series of related social problems related to industrial decline and deprivation. The area is still known for its manufacturing, and it is difficult, perhaps impossible, for an economic geographer living and working in this area not to be influenced by this region's extant and, in many cases, dynamic and innovative manufacturing industries.

Other academics based in Birmingham have also been influenced by the surrounding industrial complex. During the winter of 1933, Nikolaus Pevsner, the art and architectural historian, arrived in Birmingham. He had been a lecturer in the History of Art and Architecture at Göttingen University, but had been dismissed for racial reasons at the end of the summer term. In Birmingham, Pevsner was introduced to Professor Sargent Florence, Professor of Commerce, University of Birmingham, and early in 1934 Florence offered Pevsner a short-term appointment as a research assistant in the Department of Commerce. This was a very unusual appointment for an art historian (Mowl, 2000: 79). Whilst at Birmingham Pevsner made the most of his position. Birmingham was then the hub of British industry and this encouraged Pevsner to engage in a programme of research that led to the publication, in 1936 (Pevsner, 1960), of *Pioneers of the Modern Movement* and, in 1937, *An Inquiry into Industrial Art in England*. Pevsner was awarded a PhD for his study of industrial design, which examined design and industry in Birmingham and within a radius of 50 miles of the city. Pevsner's study was one of the first academic research projects to explore the relationship between design and industry. Pevsner was the one of the originators of design and industry studies, and in the Birmingham area his pivotal study inspired a conference to be held in 1984 under the title 'A Hundred Years of Design and Industry in Birmingham, 1880–1980'. This conference led to the production of a 'hotch-potch' (Tilson, 1989a: vii) collection of papers that were published in 1989 under the title *Made in Birmingham: Design and Industry – 1889–1989* (Tilson, 1989b).

Our work grew from our interests in firm and regional competitiveness and, in part, has been influenced by our experiences of living and working in the United Kingdom and Norway. This book might have some of its roots in Birmingham, but this book is not about Birmingham, but draws upon research undertaken in

Norway, the United Kingdom, America and elsewhere. Our primary concern has been to consider the ways in which design contributes to the competitive strengths of firms, regions and nations.

May 2010

Acknowledgements

This book's origins can be traced back to an Economic and Social Research Council (ESRC) funded research project (R000 23 6366) that explored the relationships between small and medium-sized enterprises (SMEs) and external expertise in the United Kingdom. This project identified design as important source of competitive advantage (Bryson, 1997). This project ran between 1995 and 1998 and led to a series of publications including a book published by Routledge in 2004. The publications from the ESRC project were read by Grete Rusten in Bergen and this led to the development of a research partnership initially based around a project funded by The Research Council of Norway that explored economic performance, competitiveness and Norwegian SMEs. In 2003 we began a research conversation regarding the relationship between design, competitiveness and regional economic development. This led to the development of a grant application to The Research Council of Norway in 2005. This application was successful and we would like to acknowledge the role that The Research Council of Norway has played in funding our research into design, innovation and competitiveness. The British research was undertaken as part of a project funded by the Engineering and Physical Sciences Research Council (EPSRC) on design, innovation and sustainable regeneration. This project was part of the EPSRC's Sustainable Urban Environments (SUE) programme (EP/E021603/1).

Many people have been important in stimulating our thinking into the role design plays in corporate and regional competitiveness. Both The Norwegian Design Council and the Design Council (London) have assisted us with our research and the development of our ideas. Many of our ideas have come from interviewing designers and managers involved in the day-to-day creation of new products. We have interviewed representatives from many companies – large and small – and these individuals have played an important role in shaping our thoughts. These individuals and their employers must remain anonymous, but we are immensely grateful for their assistance. We alone are responsible for the analysis that is developed in this book. We are both aware that we are not members of the community of researchers that devote their whole lives to understanding various aspects of design. We are both economic geographers and acknowledge that we have been heavily influenced by on-going debates in our own discipline.

The research that led to this book took place in Norway, the UK, the USA and New Zealand, the last as part of a Research Fellowship provided by the University of Auckland. The initial book proposal was written in Bergen, and the ideas presented in the book were developed during face-to-face meetings in Bergen and Birmingham and also at many conferences that we attended across Europe and North America. There has been a constant exchange of e-mails and telephone calls as the ideas presented in this book were shaped and reframed. Chapter 7 and part of Chapter 8 were written in the USA as result of the ash that was ejected during the eruption of the Eyjafjallajökull volcano – many thanks to the staff of the Comfort Inn, Herndon, Virginia, for providing an ideal and enjoyable working environment that was also conducive to writing.

Both authors are aware that this book has placed pressures on their families. John Bryson would like to thank his wife, Philippa, and son, David, for their patience and understanding as he retreated to his study to work on this manuscript. They were extremely understanding as his study and adjacent spaces were filled with piles of books on various aspects of design. David, his six-year-old son, has watched him work on this book – indeed he could not avoid it as the manuscript was written at home. Many weekends were spent working on the manuscript and, for David, there were perhaps too many of these book-focused days. This book does, however, contain text that reflects David's interests in Lego, train sets and pipe organs.

Our warmest thanks go to our colleagues and students at our respective universities: the University of Birmingham and the University of Bergen. Both universities are inspiring places to work and learn from others and both understand the requirements for creating an environment that is conducive to stimulating research and learning. At Birmingham we need to thank Kevin Burkhill and Anne Ankcorn in the Drawing Office, School of Geography, Earth and Environmental Sciences, for transforming our draft figures and maps into a form suitable for publication. We would like to thank the following organizations for providing us with photographs: Stokke ® and The Norwegian Design Council for the photograph of the Tripp Trapp ® chair, Gubi (Copenhagen) for the photograph of the Bestlite lamp and Swatch for the photograph of a collection of Swatch watches.

Finally, we would like to thank Andrew Mould at Routledge for commissioning this book and for his encouragement and patience, and Faye Leerink, Editorial Assistant at Routledge, for supporting the final stages that led to the creation of this book. We also want to acknowledge the design inputs (cover design to page layout) that have shaped the appearance of this book.

John R. Bryson, Malvern
Grete Rusten, Bergen
May 2010

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1 Designer economies

Industrial design, like the asparagus beetle, emerges when the local situation is ripe for it. Ripeness can be identified by a certain technical sophistication in the industrial community and by a level of production that covers a broad range of items . . . In the United States, the industrial designer began as the man [sic] who persuaded industry to make those dreary household gadgets and appliances look glamorous, thus starting a love affair with the American housewife that is not yet over.

(Nelson, 1971: 22)

Over the last ten or so years there has been a radical alteration in the economic geographies of production systems. This alteration reflects fundamental qualitative changes to the organisation of production systems that create many everyday products that are purchased by individuals and organisations. On the one hand, the alteration is obvious and is visible in the continual rise of manufacturing capacity in low-cost production locations. On the other hand, some of the complexities of this alteration have been overlooked. This qualitative change is apparent in catalogues as well as displayed on the packaging of many products. Let us take three examples. First, in 2007 the British company *Imagination Technologies*, an award-winning ‘manufacturer’ of digital audio broadcasting (DAB) radios, developed a new product, the Siesta DAB & FM Clock Radio, that was sold as part of its Pure EcoPlus™ product family. This innovative product was designed and manufactured to minimise its environmental impact by ensuring that it had reduced power consumption, the raw materials came from recycled and sustainable sources, the optimum packaging size was designed for transport efficiency and components were selected to minimise their environmental impacts. All this highlights that this was a product developed to compete on its eco-credentials; the company was establishing a new eco-friendly brand, but this is not the most interesting aspect of this radio. The company was awarded the Queen’s award for enterprise innovation in 2004 as, according to the radio’s packaging, the company ‘uses UK-based design and engineering to produce the world’s most innovative range of DAB digital radios’. This company’s products are clearly labelled, both on the packaging and the product, ‘Designed and engineered in the UK. Manufactured in China’.