VICTORIA DESIGN 2015
Victoria’s Design Capabilities, Performance & Business Use of Design

Design Consultancies & Design Users
QUANTITATIVE REPORT
ACKNOWLEDGEMENTS

Wallis Market and Social Research would like to acknowledge all those who made this research possible.

Our thanks also go to those Victorian businesses, design consultancies and educational institutions that gave their time to participate in our survey.

We would particularly like to thank the individuals who participated in in-depth interviews: both those who participated following the survey, and those who were identified by ECODEV. The insights gained from these leading design businesses framed our approach to, and analysis of, the survey data.

We would also like to thank the team from ECODEV: Peter Handsaker and Angela Hague, for their contributions and guidance throughout the project.
Wallis Market and Social Research achieved accreditation to the International Standard ISO20252 in September 2007. The Company is committed to maintaining administrative and operational procedures which comply with these accreditation requirements and to improving its performance in all aspects of the service it delivers to its customers. Wallis is an active participant in the market research industry, with senior staff making significant contributions to the Australian Market and Social Research Society (AMSRS) and the Association of Market and Social Research Organisations (AMSRO). As such we actively pursue the ethical objectives of the industry.

In addition to having attained the highest Industry accreditation, Wallis also participates in the Australian Achiever Awards, which recognises the customer service excellence of Australian companies. The Company has been awarded a high commendation every year since the inception of these awards in 1999.
44% of businesses make some use of design

13% have internal capacity
34% use external consultants

25,300 employed in consultancies
60,200 employed in design roles in other organisations
85,500 employed in design

4,250 design consultancies in Victoria in 2012
5,500 design consultancies in Victoria in 2015

$5.0B design consultancies annual revenue in 2015

55% of design consultancies have grown their profits in the last 4 years

The Design Innovation Ladder

STEP ONE: Non-Design
68%

Step plays a negligible role in the company's business

STEP TWO: Design as Styling
11%

Design relates primarily to the external styling or form of a product

STEP THREE: Design as Process
17%

Design is used to improve efficiency in bringing products and services to market

STEP FOUR: Design as Innovation
5%

Top level - Design drives all business activities to better understand user needs

Design Consultancy Client Locations

93% Melbourne
71% Regional Vic
65% Interstate
27% Overseas

Wallis
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1.0 Key Findings and Strategic Implications

1.1 Key Findings

The Victorian Design Sector continues to grow

The design sector continues to be of major importance to Victoria’s economy. Victorian design consultancies earn revenue of $5.0 billion annually from Victorian clients, and increasingly, interstate and international clients. Total revenue for the sector has also grown, but at a notably slower rate (growing nine per cent to $5.0 billion). This suggests a lower average turnover per consultancy, which is consistent with qualitative reports of a large number of smaller entrants, especially in the viscom and multimedia sectors.

There has been strong growth among design consultancies in the three years since 2012, with an estimated 29% increase in the overall number of consultancies. This growth is largely due to the significant increases in the number of physical, viscom, and especially multimedia design consultancies.

The multimedia sector appears to be the greatest source of compositional change to the industry since 2012. The number of multimedia consultancies has grown remarkably, with more than 1,000 consultancies operating in this space, an estimated increase of 82% since 2012. This is reflected, too, in the proportion of businesses engaging multimedia design consultants.

An estimated 85,500 are employed as designers, either as specialists or in roles that include a component of design. This figure suggests growth of approximately five per cent since 2012.

In 2015, a greater proportion of Victorian design consultancies service clients interstate (65%, compared with 55% in 2012). While the number of consultancies servicing international clients has not grown markedly (27%, up from 23% in 2012), there are tentative signs that the revenue from international exports is growing more strongly. Furthermore, there appears to be a greater focus on export destinations throughout Asia.

Use of design by businesses has continued to increase. However, much engagement with design is still at a superficial level

Design use among business has continued to increase. In 2015, we estimate that 44% of businesses make some use of design, up from 40% in 2012, and 37% in 2008. Some 13% of businesses have internal staff that undertake design as part or all of their work. External design consultancies are used by 34% of businesses.

While the results indicate that overall use of design among businesses is increasing, it appears that much of this new use of design is translating into rather basic or superficial use of design. There is no indication (as yet) of a greater proportion of businesses making more effective and well-integrated use of design.

Small businesses are a major segment of design-using businesses, although many see little need for greater use

While the incidence of design use is lower among small businesses, the sheer number of such businesses ensures that they are a major segment of design users. In fact, small businesses make up approximately 90% of the total number of businesses using design.

The most commonly cited reason for not making use of design is a perceived lack of need for design: 70% of non-design-using businesses cite this as a reason.

Micro businesses appear to be making some headway in terms of greater engagement with design. This aligns with some of the findings from the qualitative phases of the research where interviewees felt that there had been significant improvement in the levels of entrepreneurial start-up businesses in recent years.
Regional Victorian businesses make just as effective use of design as their Melbourne-based counterparts

Similar to the results received in 2012, businesses in regional Victoria are just as likely to make some use of design as their Melbourne counterparts. Reassuringly, they are just as likely to make effective use of design as their metropolitan-based counterparts.

Regional design consultancies share of the design revenue has increased to 18%, which is roughly on par with their overall representation in numerical terms (21%).

Businesses’ level of engagement with design has remained broadly the same

Using the concept of the four level design-innovation ladder, we find similar levels of integration of design. Almost identical proportions of businesses are located on the higher rungs of the design-innovation ladder as what was observed in 2012.

On step one of the ladder, there has been a reduction in those businesses making ‘no use of design at all’, but it appears that these have generally shifted onto the ‘use but ineffective’ category.

Large businesses appear to have relinquished some of the improvements made in terms of design-integration since 2012.

Those businesses that rank higher on the design-innovation ladder are much more likely to consider design as important in driving their innovation activities.

Companies that use design would like to increase their use but see issues in doing so

Among companies that already use design a majority agree that they would like to increase their usage. However, around half believe there are issues that prevent them from doing so.

The major barrier to increased use is seen as cost. A lack of time, rural location or the business being too small are some of the secondary reasons identified.

Use of design is linked with profitability

Across all businesses, those that use design were considerably more likely to report profit growth (47%) than those that did not use design (24%). This relationship holds across businesses of all sizes.

While design-using businesses tend to out-perform non-using businesses, this year’s data again show that the link between profitability and the level of design use is complex. Businesses on some of the lower levels of the design-innovation ladder report better profit performance than those higher up on the ladder.

Most design consultancies are motivated by traditional business goals of expansion, profit and survival. But government certainly has a role to play in the industry

Unsurprisingly, more businesses in 2015 would like to expand revenue acquire new clients within Australia. Barriers facing design consultancies are much as we would expect.

Issues such as the state of the economy, competition, and costs are again at the forefront among the barriers standing in the way of expansion. However, this year there was an increase in the number of consultancies that mentioned bureaucracy, red tape, regulations and taxation issues as barriers.

Many designers believe the government has an important role to play. This includes the areas of increasing public awareness and understanding of the benefits of design, doing more to enable designers to export their services, and facilitating the dissemination of information, through mentoring and advice.

The hope or intention to pursue international opportunities is notably higher among metropolitan-based consultancies, compared with their regional counterparts. Given that
much of the genesis of international work is through ‘chance’ or serendipitous occurrences, it appears that there may be good opportunitieis to encourage regional consultancies to at least be aware of the types of opportunity that can arise.

Skills, recruitment and professional membership

Most designers working in design consultancies hold a formal design qualification, although the proportions vary by design sector.

A much higher proportion of design consultancies report experiencing problems with recruitment in 2015, relative to 2015. To some extent, though, it appears as though these difficulties may stem from the slightly more buoyant conditions facing design consultancies in 2015. There appears to be a stronger labour market for designers, with fewer leaving in forced circumstances such as redundancy and company restructure, and more leaving of their own volition to pursue other opportunities.

The level of professional membership reported in the design consultancy survey continues to be modest. Notably, the fast growing viscom and multimedia sectors have considerably lower levels of membership of industry bodies.
1.2 Strategic Implications

Growth in the number of consultancies has been unquestionably strong since 2012. This growth is not without its challenges, however. Two of the fastest growing sectors, viscom and multimedia, are also those less likely to employ designers with formal qualifications and less likely to be involved in industry groups. This is unsurprising, given the rapid change in these fields, but their somewhat fragmented nature means policy making, and engagement are likely to be challenging.

The physical sector also experienced growth which may have been influenced by the ‘property boom’ which in turn has boosted the viscom and multimedia sectors.

One of the few sectors to exhibit declines is the ‘industrial’ design sector, which includes product design. This sector has traditionally been seen as one of Victoria’s key strengths. Interviews with leading designers in this sector highlight that there may be further opportunities for promotion of the successes of this sector.

The over-riding outlook for design appears to have improved since 2012. Then, there was a strong feeling that things were tough, and the Global Financial Crisis was still felt to be casting a shadow. While challenges remain, there are areas of strong growth.

Increases in the overall proportion of businesses using design, even though this is sometimes in a superficial way, is a positive story. In a way, the use of design is becoming ‘normalised’; many businesses are expected, at the very least, to have a website and some graphic design materials. Given this positive foundation, the challenge remains in prompting businesses to further engage with design. This points to the importance of government programmes that, for example, involve mentoring of businesses to better integrate design. There is also a clear opportunity for the design sector itself to align with clients in a more strategic way to enable them to better integrate design.

A promising finding from the 2015 survey is that micro businesses appear to be making some headway in terms of engaging with design. This aligns with some of the findings from the qualitative phases of the research where interviewees felt that there had been significant improvement in the levels of entrepreneurial start-up businesses in recent years. Large businesses, however, seem to have relinquished some of their progress that was observed in 2012.

Victorian design still appears well placed to complete on the international stage. More firms are deliberately seeking to export internationally, and there is evidence that a greater volume of international work is being undertaken. Pleasingly, the focus of export activities looks to be shifting to Asian economies.

As in the previous studies, the greatest challenge in furthering businesses’ use of design is interia. Most simply do not realise that design could help their businesses. We conjecture that the increased profile of ‘high end’ design may even be somewhat counterproductive in this regard. If business people immediately think of Apple products or multi-billion dollar Silicon Valley tech startups when they think of design, then they may overlook the more modest (but still substantial) impact that effective use of process design may have for their business.
Recruitment and skills appear to have emerged as an area of concern in 2015, after having been less of an issue in 2012. To some extent, though, this may simply be a product of a more buoyant labour market, given the strong growth observed.

Again, a strong role for government involvement in the design industry is apparent. Given that the main challenges surround inertia and education, the Victorian Government seems well placed to step in with incentives (to overcome inertia) and educational programmes that help businesses to better integrate design. We note in the qualitative and quantitative interviews that there is a strong demand for government programmes, but an equally strong desire that these be simple to access, consistently administered and as free from ‘red tape’ as possible.
2.0 Introduction & Objectives

2.1 Introduction

Wallis Market and Social Research (Wallis) is pleased to present this report on Victoria’s design capabilities and performance, and business use of design. This project is the third time in which Wallis has undertaken a detailed examination of Victoria’s design industry. The work draws significantly on the projects conducted in 2008 and 2012, and makes comparisons where appropriate.

The application of design, both within organisations and across economies more broadly, continues to be an area of interest among diverse stakeholder groups. As such, we hope that the updated insight provided by this round of research will prove valuable to those interested in Victoria’s use of design.

Data for this report is drawn chiefly from three surveys that were conducted during September-November 2015. The first was a survey of design consultancies across Victoria. The second was a survey of businesses which focussed on their use of design and the third survey concerned education providers who outsource design consulting. All surveys were undertaken with a careful consideration of methodological issues, such as sampling and weighting, and we believe that the results yield both a sound source of comparison with the 2012 data, and a firm base from which future comparisons may be made. The literature scan and in-depth business interviews that were conducted in parallel with the survey research have provided valuable contextualisation and validation of the survey findings.

2.2 Objectives

By conducting a literature scan, qualitative interviews and conducting quantitative surveys we aimed to achieve the following objectives:

1. Revisiting the existing data gathered through previous iterations of the research. Areas that require updating include data on the performance, characteristics and capabilities of Victoria’s design sector, the use and value of design by Small and Medium Enterprises, and the impact of design on the Victorian economy;

2. Providing a current picture of Victoria’s design capabilities; and

3.0 Approach & Methodology

3.1 Philosophy and Definitions

This research project was designed to follow on from, and broadly track, the work that was undertaken by Wallis in producing the 2012 and 2008 reports. As such, much of the methodology remained unchanged from 2012.

In reading the report the following definitions may be kept in mind.

**Design** is a capability that transforms products or processes to improve their function, efficiency and style. It enables industry sectors to differentiate their products and services and to enter new markets. Organisations can undertake design activities internally, or can utilise external design consultancies.

**Design Consultancies** are organisations that offer design services to other businesses, usually on a per project basis, although sometimes they are paid on retainer. Design Consultancies generally employ trained, professional designers.

This year’s study continues with the market definitions that were decided upon for the 2008 project. These definitions categorise the design sector into five broad categories: ‘physical’, ‘industrial’, ‘viscom’, ‘artisan’, ‘multimedia’ and ‘education’. A further category ‘design management and facilitation’ is included to incorporate those consultants that do not undertake design themselves, but rather work with ‘other’ designers, managing and coordinating the design process.

The following table shows these broad sectors, as well as listing the types of consultancies that make up each of the sectors.

**Figure 1** Design sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sub-sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>Architecture</td>
</tr>
<tr>
<td></td>
<td>Interior Design</td>
</tr>
<tr>
<td></td>
<td>Landscape Design</td>
</tr>
<tr>
<td></td>
<td>Urban Design</td>
</tr>
<tr>
<td>Industrial</td>
<td>Industrial Design / Engineering Design Consultancy Services</td>
</tr>
<tr>
<td>Viscom</td>
<td>Communications Design</td>
</tr>
<tr>
<td></td>
<td>Corporate Brand Design</td>
</tr>
<tr>
<td></td>
<td>Commercial Artists / Graphic Design</td>
</tr>
<tr>
<td></td>
<td>TV, Film and Theatre set Design</td>
</tr>
<tr>
<td></td>
<td>Exhibition and Display</td>
</tr>
<tr>
<td>Artisan</td>
<td>Textile Design</td>
</tr>
<tr>
<td></td>
<td>Fashion Design</td>
</tr>
<tr>
<td></td>
<td>Jewellery Design</td>
</tr>
<tr>
<td></td>
<td>Furniture Design</td>
</tr>
<tr>
<td>Multimedia</td>
<td>Multimedia / Web Design / Computer Software / Computer Games</td>
</tr>
<tr>
<td>Education</td>
<td>Services Provided by Universities / TAFEs / Design Colleges</td>
</tr>
<tr>
<td>Other</td>
<td>Includes Design Management / Facilitation Services</td>
</tr>
</tbody>
</table>
Design Users\(^1\) (or design-using businesses): Are organisations that use design; these include those who have in-house design personnel (who may be dedicated designers, or people who do design as part of their role), and organisations that employ design consultancies.

Businesses are classified in size ranges according to standard ABS criteria:

<table>
<thead>
<tr>
<th>Category</th>
<th>Employment Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro businesses</td>
<td>Employ 1 to 4 people</td>
</tr>
<tr>
<td>Other small businesses</td>
<td>Employ 5 to 19 people</td>
</tr>
<tr>
<td>Medium businesses</td>
<td>Employ 20 to 199 people</td>
</tr>
<tr>
<td>Large businesses</td>
<td>Employ 200 or more people</td>
</tr>
</tbody>
</table>

For further details on the survey design and sampling see Appendix 4.

### 3.2 Preliminary Stages

Alongside undertaking the surveys that form the bulk of the data sources for this report, two important stages of qualitative work were undertaken. These were intended to provide an updated understanding of the current environment for design in Victoria and further afield, and to aid in the interpretation of the survey results through contextualisation and triangulation.

1. **Literature scan**

A full literature review was conducted at the time of the 2008 project. Hence, for this iteration of the project, Wallis conducted a relatively briefer scan of relevant literature. The focus of the literature scan was primarily on developments that had occurred since 2012 and to assess the design landscape internationally.

(Refer to Appendix for further information on the literature scan).

2. **In depth discussions with businesses**

Wallis met with 12 stakeholders from 12 businesses to discuss issues relating to design in Victoria. The discussions covered the climate for design in Victoria and Australia more broadly, demand for design services since 2012, and the competitiveness of the Victorian design industry.

Six of the businesses were drawn from business contacts known to the Department. An additional six contacts were recruited during the conduct of the surveys. Respondents were identified, and invited to follow-up their quantitative interview with a more ‘in-depth’ qualitative discussion at a later date. Respondents identified were either from design consultancies that appeared to be doing particularly well (e.g. growing profits, exporting or looking to export), or design-using businesses that were making effective use of design – flagged by key questions in the survey.

A moderator’s guide was developed in close conjunction with the Department.

\(^1\) The distinction between design consultancies and design users is a conceptual one. In practice, deciding where to align some enterprises is more difficult. See discussion within the Appendix.
3. Development of Survey Instruments

In conjunction with the Department, Wallis updated and refined the questionnaires for the three main surveys: (a) the survey of design consultancies; (b) the general survey of businesses; and (c) the education survey. As the aim was to ensure the maximum continuity with previous projects, few changes were made, and these were mainly superficial.

3.3 Design and Business Surveys

3.3.1 Overview

The research involved two surveys: firstly of consultancies whose main activity is the provision of design services, and the second a larger survey of businesses and organisations.

a) **Design Consultancies** – a total of 301 consultancies were surveyed, of which nine were educational establishments that offer design consultancy services.

b) A survey of 1065 businesses and organisations, selected from all sizes and sectors (excluding agriculture) across Victoria was undertaken. These businesses contained both those who use design (either via in-house services or external consultancies) and those who were not current users.

Each of these surveys was updated and refined in consultation with the Department. The surveys were then conducted by telephone using a computer-assisted telephone interviewing (CATI) approach. In this methodology the questionnaire is programmed into our computer system and interviewers read the questions from the screen, and type the answers directly into the system. The fieldwork period for the surveys was from 24 September to 11 November 2015.

3.3.2 Sample design

Both surveys used a structured design in which targets for industry/design sub-sectors were set. In the case of design consultancies, targets were set in terms of the consultancy sector. 2015 targets were generally similar to 2012, except that rapidly growing industries such as viscom and multimedia were given slightly greater prominence. Set and achieved targets are shown in the table below.

**Figure 2** Design consultancies - structure of sample

<table>
<thead>
<tr>
<th>Sector</th>
<th>Targets set</th>
<th>Usable surveys achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>65</td>
<td>70</td>
</tr>
<tr>
<td>Industrial</td>
<td>70</td>
<td>52</td>
</tr>
<tr>
<td>Viscom</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Artisan</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Multimedia / other</td>
<td>70</td>
<td>83</td>
</tr>
<tr>
<td>Education</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Design management / facilitation</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>300</strong></td>
<td><strong>301</strong></td>
</tr>
</tbody>
</table>
Similarly to the approach adopted in 2012, Wallis drew sample from Sensis, the organisation responsible for maintaining the Yellow Pages. Records were drawn from Yellow Pages categories that were likely to contain design consultancies.

For the business survey, targets were set according to both size and industry sector. The following table shows the business size targets set and achieved. It also displays the number of businesses that reported using design. Those businesses that use design undertook a longer, more detailed interview, while those businesses that had made no use of design completed a relatively shorter interview. This year, 57% of respondents completed the longer version of the interview. In 2012 and 2008, the figures were slightly lower at 52% and 49%, respectively.

**Figure 3** General business survey – quotas set by business size

<table>
<thead>
<tr>
<th>Size (number of employees)</th>
<th>Target set number</th>
<th>Total interviews achieved (number) (%)</th>
<th>Users of design services (number) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1050</td>
<td>1065 (100%)</td>
<td>607 (100%)</td>
</tr>
<tr>
<td>1 – 4 (micro businesses)</td>
<td>350</td>
<td>288 (27%)</td>
<td>111 (18%)</td>
</tr>
<tr>
<td>5 – 19 (other small businesses)</td>
<td>300</td>
<td>376 (35%)</td>
<td>217 (36%)</td>
</tr>
<tr>
<td>20- 199 (medium businesses)</td>
<td>300</td>
<td>315 (30%)</td>
<td>211 (35%)</td>
</tr>
<tr>
<td>200 + (large businesses)</td>
<td>100</td>
<td>86 (8%)</td>
<td>69 (11%)</td>
</tr>
</tbody>
</table>

*Sample for the business survey was drawn from commercial providers, such as Dun and Bradstreet.*

For further information on the sampling process see Appendix 4.

### 3.4 Survey Analysis

#### 3.4.1 Weighting and Survey Estimation

Based on the number of businesses within the various Yellow Pages categories (provided by Sensis, and using only ‘primary listings’, so that any duplicate category listings of a single business are removed), and the proportions of businesses identifying as design consultancies, we estimated the overall size of the different design sectors. Survey responses were then weighted to reflect this population.

In the case of the general business survey a more straightforward approach was followed. All businesses surveyed (that is both design users and non-users) were weighted according to sector and size of business, based on 2014 figures published by the ABS.

Based on this weighted data, Wallis undertook analyses of each survey question. The figures and estimates in the report are based on these. Further information about weighting and estimation can be found in the Appendix.
3.4.2 The Design-Innovation Ladder

This iteration of the research again made use of the ‘design-innovation ladder’ in analysing responses to the business survey. This concept was used by Wallis in the 2008 and 2012 research, after proving to be a useful tool in earlier research within various European nations.

Each organisation is assigned a design-innovation ladder score. The score is derived from a series of survey questions and splits organisations according to the extent to which they make design integral to innovation processes in the business. The questions used and scoring process are shown in an Appendix to this report.

The four positions on the ladder are shown below.

Figure 4  The Design-Innovation Ladder

---

**Step One | Non-Design**
Plays a negligible role in the company’s business

**Step Two | Design as Styling**
Design relates primarily to the external styling or form of a product

**Step Three | Design as Process**
Design is used to improve efficiency in bringing products and services to market

**Step Four | Design as Innovation**
Top level - Design drives all business activities to better understand user needs

Businesses that do not make any use of design are included at Step One of the design-innovation ladder. A proportion of businesses that use design, but do so in a relatively superficial way are also included at Step One.

Details about the distribution of Victorian firms at various stage of the innovation ladder can be found in section 5.1.
4.0 The Design Economy: Firms, Employment, Revenue & Performance

This section explores the characteristics of the design industry in Victoria. Using data derived from the business and design consultancy surveys, estimates are provided as to the nature of the design sector in terms of numbers of design consultancies, use of design by business in general, employment related to design, and revenue/expenditure on design. Design in regional Victoria is also explored.

4.1 The Victorian Design Sector: Firms, Employment, Revenue and Performance

4.1.1 Design Consultancies: Size and Structure of the Industry

An estimated 5,500 design consultancies are presently operating in Victoria. This suggests a strong period of growth with a 29% increase in the estimated number of consultancies since 2012, when we estimated that the figure was 4,250. However, growth hasn’t been evenly distributed across the design sub-sectors, as is shown in the figure below.

Figure 5 Design consultancies 2008, 2012 and 2015

The physical sector has seen the greatest (numerical) growth since 2012, with 29% growth in the sector. This corresponds with a period of strong growth in the construction sector, with increasing numbers of residential and non-residential building approvals, as well as alterations and additions to existing...
residential dwellings². Many of the firms in the physical sector, such as architects, interior designers and landscape architects will have been directly exposed to this strengthening market over the past few years. This was reflected in the qualitative interviews where the ‘building boom’ was seen as a huge growth area within design since 2012.

Similarly, the viscom and (especially) multimedia segments have continued to display strong growth in the number of firms (20% and 82%, respectively). Again, the growth in the multimedia segment is unsurprising given the rapid developments in technology, especially in the areas of web development and app-design, since 2012.

Again this year we have observed a fall in the estimated number of industrial designers, down approximately 19% since 2012. Whilst this sector of the design industry is fewer in number than other sectors, they do tend to be larger and therefore ‘heavier hitters’ in terms of revenue. Given the challenges facing Victoria’s manufacturing sector, with the closure of automobile manufacturing expected in the next few years, it will be interesting to observe how this sector fares in coming years. Qualitative discussions with top designers in this sector confirmed that Victoria’s industrial and product designers are highly regarded and are responsible for innovative and cutting-edge products. However the changing face of Victoria’s industrial composition is bound to affect the way in which this sector of the design industry operates.

The following chart shows the estimated numbers of businesses offering services of each specific type as their ‘main’ service. It must be noted that this chart represents just the ‘main’ discipline identified by respondents. Later questioning revealed a certain amount of overlap between the disciplines offered by consultancies, as would be expected. For example, there is considerable overlap of services in the physical sector where larger firms often incorporate architecture, interior design and landscape design aspects of service.

Figure 6 Types of design services identified as the ‘main service’

DS2: What is the main service offered by your business?
(Base: All design consultancies, n=301)

² See, for example, ABS 8731.0 Building Approvals, Australia, October 2014.
Design consultancies continue to be a strong source of employment for the Victorian economy. We estimate that Victorian design consultancies directly employ some 40,100 people. This consists of 25,300 design staff and 14,800 staff that work in non-design roles, such as support and management.

Similarly to the overall economy, much of the design sector consists of smaller firms, as measured by employment numbers. As the following figure shows, more than half (52%) of design consultancies employ four people or fewer. Just eight per cent of consultancies would count as ‘medium’ or ‘large’ businesses under the ABS’ standard definitions. ‘Micro’ design consultancies (those employing fewer than five people) have correspondingly smaller annual turnover figures: 92% of such consultancies turn over less than half a million dollars per annum.

Figure 7  Design consultancies: number of people employed

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>All</th>
<th>Physical</th>
<th>Industrial</th>
<th>Viscom</th>
<th>Multimedia</th>
<th>Artisan*</th>
<th>Education*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private individuals</td>
<td>81</td>
<td>94</td>
<td>70</td>
<td>78</td>
<td>54</td>
<td>100</td>
<td>22</td>
</tr>
<tr>
<td>Small businesses</td>
<td>85</td>
<td>77</td>
<td>92</td>
<td>95</td>
<td>98</td>
<td>51</td>
<td>67</td>
</tr>
<tr>
<td>Large businesses</td>
<td>50</td>
<td>37</td>
<td>57</td>
<td>77</td>
<td>49</td>
<td>37</td>
<td>67</td>
</tr>
<tr>
<td>Government agencies</td>
<td>47</td>
<td>41</td>
<td>42</td>
<td>61</td>
<td>45</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>Not-for-profit organisations</td>
<td>46</td>
<td>32</td>
<td>22</td>
<td>75</td>
<td>58</td>
<td>22</td>
<td>89</td>
</tr>
</tbody>
</table>

4.1.2 Design Consultancies’ Clients

Most design consultancies service a range of client types. The following table shows the percentage of each type of consultancy that work for each type of client. The most common client types include small businesses (85% of consultancies undertake work for this group) and private individuals (81%).

Differences in client types between the design sectors can be observed. For example, physical designers are relatively more likely to service private individuals (95% of consultancies), whilst multimedia consultancies are less likely to have this group as clients (54%). Consultancies in the viscom sector appear to be quite widely used across most client types.

Figure 8  Design consultancies’ clients

* Caution small base
4.1.3 The Value of Design Consultancy

Design consultancies responding to the survey were asked to state their annual turnover. Based on aggregating these responses, we estimate that design consultancies in Victoria earn approximately $5.0 billion annually.

This represents an increase of approximately nine per cent over from the 2012 estimate of $4.6 billion. When placed next to the estimated 29% rise in number of design consultancies, this suggests that the average overall revenue on a per-consultancy basis is shrinking. This notion is backed up by comments made by some interviewees during qualitative discussions with leading Victorian designers. These interviewees, speaking particularly about the multimedia and viscom sectors noted that there had been significant growth in the number of smaller ‘one man band’ consultancies operating in these industries. This is reflected in the estimated mean revenue among viscom consultancies which fell from $1.2 million in 2012 to $0.7 million in 2015.

Most of this revenue is sourced from local clients: 61% from Melbourne clients and 14% from regional Victorian clients. The remaining revenue is sourced from interstate clients (16%) and international clients (9%), or $450 million. Whilst care must be taken with this estimate given the relatively small number of firms that are exporting internationally, this is a notable increase since 2012, when the figure was approximately half this much ($200 million).

The following table shows a breakdown of income by client category. The estimated proportion of consultancies’ earnings from private individuals (35%) is notably higher than 2012, when the figure was 25%. This may, in part, be a reflection of the strong growth in the physical design sector, for which individuals make up a particularly strong component of revenue (55%). Small and medium businesses also make up a larger average proportion of revenue (34%), when compared to 2012, when the equivalent figure was 29%. This reinforces the finding from the survey of businesses that smaller businesses are making increased use of design consultants.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Estimated Earnings ($ billion)</th>
<th>Average %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private individuals</td>
<td>1.15</td>
<td>35</td>
</tr>
<tr>
<td>Small-medium businesses</td>
<td>1.38</td>
<td>34</td>
</tr>
<tr>
<td>Large businesses</td>
<td>1.49</td>
<td>14</td>
</tr>
<tr>
<td>Government</td>
<td>0.69</td>
<td>11</td>
</tr>
<tr>
<td>Not-for-profit</td>
<td>0.28</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5.03</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

DA7b: Out of 100%, what percentage of your business is accounted for by...?  
(Base: Design consultancies that could provide a revenue breakdown by client type, n= 299)  
*Note: estimated earnings do not line up directly with average revenue source figures. This arises because consultancies with different revenue profiles tend to work for different client types.

4.1.4 Profitability of Design Consultants

More than half of design consultancies (55%) reported that profits had grown during the past four years (or if the business was less than four years old, since the first year of operation), while profits had decreased for 15% of consultancies during this period. This represents a solid improvement since 2012, when just 42% of consultancies reported increasing profits. The average increase in profits since 2008 (among design consultancies reporting an increase) was 92%; whereas the average fall in those showing a decrease was 40%.
By comparison, profits have increased for only around one third of businesses (34%), across all sectors. This suggests that the past four years have been a relatively positive time for the design sector, relative to other business sectors.

The most commonly cited reasons for profit growth among design consultancies were:

- Gaining new clients (58%);
- Adding staff / extra capacity (21%);
- Changing the type of work offered, or broadening the skill base (15%);
- Increasing their profile (15%).

The main reasons cited for a decline in profits were the economic downturn in general (41%), erosion of profit margins due to more competition (30%), and loss of clients (27%).

While there were no statistically significant differences in the prevalence of profit growth and decline between design consultancies of different sizes, it does appear that a greater number of smaller consultancies are finding it tough in terms of decreasing profits.

4.2 Business use of Design

4.2.1 Business Users of Design: Numbers

Estimates based on this survey data indicate that 44% of all businesses in Victoria, totalling 85,000, are users of design. Only 4% overall have dedicated in-house designers or design departments, and 9% have staff who undertake design as part of a broader job role. These categories are not exclusive; some firms employ both dedicated designers and those who undertake design as part of a broader role. Overall, a net 13% of businesses have internal staff that undertake design as part or all of their work. External design consultancies are used by 34% of businesses.

These proportions yield around 8,700 companies with dedicated design staff, and 17,900 who have staff with some design function in their job role. A net total of 25,200 businesses have some form of in-house
design capability. Around 66,000 businesses make use of external design consultancies, an increase of approximately 8,000 above the estimate for this figure in 2012.

With 44% of businesses making some use of design, this figure has continued to increase; in 2012, the proportion of businesses making any use of design was 40%, while in 2008 it was 37%. The growth since 2012 appears to be largely as a result of greater use of external consultants (34%, versus 31% in 2012).

The chart below shows the use of design by businesses of various sizes. As would be expected, larger businesses are much more likely to be users of design, and are particularly more likely to have internal design capacity. Overall, 78% and 64% of large and medium businesses make some use of design, compared with 38% of micro businesses and 57% of small businesses. Whilst use of design is lower in micro and small businesses, it is these businesses that have seen the largest increases in use of design, up from 31% and 49%, respectively, in 2012.

Figure 11 Use of design by size of business

The following chart summarises the extent of design use by industry sector. As we would expect, there is a large spread between the highest and lowest design-using industries. ‘Information, media and telecommunications’ firms (89%), mining firms (73%) and manufacturing firms (73%) are the most prolific users of design. At the other end of the scale, ‘other services’ firms (27%) and ‘electricity, gas, water and waste services’ firms (30%) are relatively lower users of design. Manufacturing firms are the most likely to have some form of in-house design capability (33%), followed by organisations in the ‘professional, scientific and technical services’ industry (24%).

BS4a: Please can you tell me if your firm is... a firm with designers on staff (but design is not your main business activity), or a firm with no designers on staff (but who engages external design consultants in any areas when needed, or none of the above... (Base: All businesses, n=1065).

5 This category includes various other services such as religious and civic services, along with various repair and maintenance services.
BA72: Which of the following applies to your agency/organisation…
(Base: All that have used design, n=607. Note, %s based on all businesses.)

Some of the higher design-using industries in the chart above are relatively small industries within the Victorian economy, while some of the moderate design-using industries are considerably more numerous. Thus, the chart above does not reveal the full picture on the numbers of businesses making use of design.
The table below projects the numbers of design-using businesses from each industry sector. For example, while only a moderate proportion of construction firms (35%) utilise design, the sheer number of businesses in this category mean that construction businesses represent 15% of all design-using firms.

**Figure 13  Design-using businesses split by industry sector**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of using businesses</th>
<th>% of using businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Using Businesses</td>
<td>85,000</td>
<td>100</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>13,050</td>
<td>15%</td>
</tr>
<tr>
<td>Construction</td>
<td>12,400</td>
<td>15%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8,400</td>
<td>10%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>8,750</td>
<td>10%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>7,050</td>
<td>8%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>6,950</td>
<td>8%</td>
</tr>
<tr>
<td>Administrative and support services</td>
<td>4,400</td>
<td>5%</td>
</tr>
<tr>
<td>Healthcare and social assistance</td>
<td>4,500</td>
<td>5%</td>
</tr>
<tr>
<td>Rental, hiring and real estate services</td>
<td>4,200</td>
<td>5%</td>
</tr>
<tr>
<td>Finance and insurance services</td>
<td>3,400</td>
<td>4%</td>
</tr>
<tr>
<td>Other services</td>
<td>3,350</td>
<td>4%</td>
</tr>
<tr>
<td>Transport, postal and warehousing</td>
<td>3,200</td>
<td>4%</td>
</tr>
<tr>
<td>Education and training</td>
<td>2,050</td>
<td>2%</td>
</tr>
<tr>
<td>Information, media and telecommunications</td>
<td>1,650</td>
<td>2%</td>
</tr>
<tr>
<td>Arts and recreation services</td>
<td>900</td>
<td>1%</td>
</tr>
<tr>
<td>Net: ‘mining’, ‘electricity, gas and water’, and ‘public administration and safety’</td>
<td>750</td>
<td>1%</td>
</tr>
</tbody>
</table>

BA7: Which of the following apply to your business / agency / organisation? (Base: All that have used design, n=607)
4.2.2 Business Users of Design: Types of In-house Design Undertaken

Those businesses that employed in-house designers were asked which design disciplines are used within the company. The following table shows the proportion of businesses across various ‘industrial’ sectors reporting use of the various design disciplines. Due to small base sizes, the industry classifications have been grouped into five broad categories.

Unsurprisingly, manufacturing firms are much more likely to be employing industrial designers. Sixty-one per cent of those manufacturing firms that employ designers do so in the ‘industrial’ design area, versus just 29% of firms overall. Businesses within the ‘other services’ or ‘professional, scientific and technical services’ industries, however, are much more likely to have ‘viscom’ designers employed internally (80% and 48%, respectively, versus 39% overall).

Figure 14 Design disciplines practised within organisations, by industry

<table>
<thead>
<tr>
<th>Design Discipline practiced within the organisation:</th>
<th>All industries</th>
<th>Manufacturing</th>
<th>Various professional services*</th>
<th>Construction mining &amp; utilities</th>
<th>Wholesale, retail &amp; transport</th>
<th>Various other services*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>12%</td>
<td>12%</td>
<td>2%</td>
<td>28%</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>Industrial</td>
<td>29%</td>
<td>61%</td>
<td>24%</td>
<td>30%</td>
<td>25%</td>
<td>2%</td>
</tr>
<tr>
<td>Viscom</td>
<td>39%</td>
<td>34%</td>
<td>48%</td>
<td>3%</td>
<td>43%</td>
<td>80%</td>
</tr>
<tr>
<td>Artisan</td>
<td>1%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Multimedia</td>
<td>34%</td>
<td>19%</td>
<td>35%</td>
<td>4%</td>
<td>53%</td>
<td>71%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
<td>3%</td>
<td>9%</td>
<td>0%</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

BA8: Which design disciplines are practised in your company (Base: all those that employ designers, n=229)

* Includes: ‘Professional, scientific and technical services’, ‘finance and insurance services’, and ‘information, media and telecommunications’

*Includes: rental and retail services, accommodation & food services, administrative and support services, public administration and safety, education and training, healthcare and social assistance, arts & recreation services, and ‘other services’ services'.
4.2.3 Business Users of Design: Types of Design Consultants Engaged

Across Victoria, an estimated 34% of businesses make use of external design consultancies, representing a total of 66,050 businesses. Of these, 86% had made use of a design consultancy during this, or the previous, financial year.

The following table shows businesses’ use of different types of design consultancies, split by business size. As would be expected, the proportion of businesses using external design consultancies increases with the size of the business. This year, multimedia design consultancies are the most frequently used type (23%), overtaking viscom as the most commonly used type of consultancy (29%).

Figure 15 Use of external consultancies by size of business

<table>
<thead>
<tr>
<th>Size of business (employees)</th>
<th>All</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of businesses - total:</td>
<td>193,076</td>
<td>134,962</td>
<td>45,381</td>
<td>11,875</td>
<td>858</td>
</tr>
<tr>
<td>No. using external consultancies</td>
<td>66,050</td>
<td>39,200</td>
<td>20,800</td>
<td>5,500</td>
<td>550</td>
</tr>
<tr>
<td>% using external consultancies</td>
<td>34%</td>
<td>29%</td>
<td>46%</td>
<td>47%</td>
<td>63%</td>
</tr>
<tr>
<td>Physical</td>
<td>6%</td>
<td>5%</td>
<td>9%</td>
<td>13%</td>
<td>23%</td>
</tr>
<tr>
<td>Industrial</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Viscom</td>
<td>20%</td>
<td>17%</td>
<td>25%</td>
<td>29%</td>
<td>48%</td>
</tr>
<tr>
<td>Multimedia</td>
<td>23%</td>
<td>19%</td>
<td>33%</td>
<td>31%</td>
<td>40%</td>
</tr>
<tr>
<td>Artisan</td>
<td>1%</td>
<td>1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Other</td>
<td>&lt;1%</td>
<td>&lt;1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

BA10: For which design disciplines have you, or do you, engage design consultants? (Base: All small/medium non-government agencies that currently use an external design consultancy firm, n=458, projections based on all businesses).

The following table shows the disciplines for which external consultants are engaged. The biggest change to this measure in 2015 is the prevalence of multimedia consultants being utilised by businesses. Some 58% of businesses that utilise external consultants are making use of multimedia consultants, quite an increase from just 35% in 2012. This is unsurprising given the increasing importance of this type of design for businesses of many types. In the past, many businesses may have simply used some basic branding and graphic design. Today, this is likely to include multiple, integrated channels: graphic design and branding, a website, web-based customer interaction facilities, and perhaps an app.

Businesses in the manufacturing sector are significantly heavier users of ‘industrial’ consultants (31%, versus 10% overall). As would be expected, the construction/mining/utilities sectors are heavy users of ‘physical’ design consultants (66% versus 18% overall). Use of multimedia and viscom consultants tends to be high across all industries, service industries in particular.
Figure 16  Design discipline for which consultants are engaged, by industry

<table>
<thead>
<tr>
<th>Design Discipline for which consultants are engaged</th>
<th>Broad industry sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All industries</td>
</tr>
<tr>
<td>Physical</td>
<td>18%</td>
</tr>
<tr>
<td>Industrial</td>
<td>10%</td>
</tr>
<tr>
<td>Viscom</td>
<td>58%</td>
</tr>
<tr>
<td>Artisan</td>
<td>3%</td>
</tr>
<tr>
<td>Multimedia</td>
<td>68%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
</tbody>
</table>

BA10: For which design discipline(s) have you, or do you, engage design consultants? (Base: Those that use external consultants, n=458 - Industry groupings as per previous table)

4.2.4 Business Expenditure on Design

Based on responses to the business survey, the total estimated expenditure on design by business in Victoria is $4.3 billion. Of this, around a third (30%) is external spend, estimated at $1.2 billion, while the remaining 70% of expenditure ($3.0 billion) is spent internally. The estimated expenditure on design among Victorian businesses is shown in the figure below. In a refinement to the questionnaire in 2015, greater granularity of responses was collected in terms of annual expenditure on design, notably at the smaller end of the expenditure spectrum. As a result, this has led to a significant reduction in the estimate of overall expenditure on design services. Nevertheless, applying this same methodology back to the previous data, we observe that there has been an apparent increase in the level of design expenditure between 2012 and 2015.

Figure 17  Business spend on design

BA16: During the last financial year, how much did your organisation spend on design? (Base: All who have used design, n =607.)

4 This is also exacerbated by the ABS’ change to its categorisation of business sizes, as outlined earlier.
The balance between internal and external expenditure appears to have continued its strong shift towards internal spend. In 2008, businesses reported using over three-quarters of their design expenditure on external consultants, whilst this had fallen to 55% in 2012. In 2015, we estimate that less than a third of expenditure on design is captured by external design consultants.

As would be expected, the average size of businesses’ expenditure on design services is closely related to their size. Micro and small businesses that use design spend an average of $36,000 and $32,000, respectively. Design-using medium businesses spend an average of $177,000 on design annually, while for large businesses, the average spend is $890,000.

While micro and small businesses’ average expenditure on design is smaller than their medium and large counterparts, the sheer weight of numbers of such organisations mean that they are responsible for 60% of the total overall expenditure on design. Medium and large businesses are responsible for 29% and 12% of overall expenditure, respectively.

4.3 The Value of Design to Victoria

4.3.1 Value of Design to the Victorian Economy

As outlined in the previous sections, the design sector is responsible for a considerable quantum of economic activity. Design consultancies turn over approximately $5.0 billion per annum, servicing businesses, governments and individuals across Victoria and further afield. Similarly, spend on design within Victorian businesses is also strong: with an estimated investment of $4.3 billion per annum across both internal functions and external consultants.

It should be noted that these are direct turnover and spend figures. No attempt has been made to quantify the multiplier effects throughout the economy associated with industries supplying the design industry, and the spend associated with wages from design-sector workers.
4.3.2 Total Employment Associated with Design

The total number of people working in design roles in Victoria is estimated at 85,550. This is split into 25,300 working in dedicated design consultancies and 60,250 working in design roles in business and other organisations. ‘Viscom’ designers represent the largest group (21,850) followed by ‘industrial’ designers (20,450). The following chart shows the number of designers employed by sector.

Figure 18 Number of employed designers by sector: 2015

Various questions across the business and design consultancy survey (Base: all that employ designers)
* Includes Design Management

In-house design staff can be employed either as specialist designers, or as staff who have some component of their role dedicated to design, alongside other functions. We estimate that slightly less than half (41%) of design workers are employed as design ‘specialists’, while 59% undertake design tasks as part of broader work roles.

Figure 19 Split of dedicated vs. part-time designers – users of in-house design

<table>
<thead>
<tr>
<th>Sector</th>
<th>Designers employed</th>
<th>Specialist</th>
<th>Design as part of role</th>
<th>% dedicated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>5,250</td>
<td>1,400</td>
<td>3,900</td>
<td>27%</td>
</tr>
<tr>
<td>Industrial</td>
<td>17,800</td>
<td>7,550</td>
<td>10,250</td>
<td>42%</td>
</tr>
<tr>
<td>Viscom</td>
<td>17,950</td>
<td>7,950</td>
<td>9,950</td>
<td>44%</td>
</tr>
<tr>
<td>Artisan</td>
<td>950</td>
<td>400</td>
<td>550</td>
<td>42%</td>
</tr>
<tr>
<td>Multimedia</td>
<td>14,250</td>
<td>6,750</td>
<td>7,500</td>
<td>47%</td>
</tr>
<tr>
<td>Other (e.g. design management)</td>
<td>4,050</td>
<td>900</td>
<td>3,150</td>
<td>22%</td>
</tr>
<tr>
<td>Total</td>
<td>60,250</td>
<td>24,950</td>
<td>35,300</td>
<td>41%</td>
</tr>
</tbody>
</table>
As well as direct employment of designers, the design industry contributes to the Victorian economy through the employment of those who work in roles supporting designers. These roles vary widely, and include, for example, management roles, administrative support roles and technical supporting roles.

Design consultancies are estimated to employ 33,650 people in total. Of these, 64% work as designers, with the remaining 36% being employed in design-related support roles. This proportion has stayed steady since 2012. Businesses with in-house design were also asked how many people worked in design-related roles who were not themselves designers. An estimated 36,100 people work in these types of roles.

The following table shows the calculated total employment associated with design across consultancies and business, and includes those working as designers and those in support roles.

Figure 20 Total employment associated with design: 2015

<table>
<thead>
<tr>
<th></th>
<th>Design consultancies</th>
<th>In-house users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designers</td>
<td>25,300</td>
<td>60,250</td>
</tr>
<tr>
<td>Others in design related roles</td>
<td>14,800</td>
<td>36,100</td>
</tr>
<tr>
<td>Total</td>
<td>40,100</td>
<td>96,350</td>
</tr>
<tr>
<td>Total across consultancies and in-house users:</td>
<td>136,450</td>
<td></td>
</tr>
</tbody>
</table>

The total number of people employed in design-related activity overall is 136,450. By comparison, the estimate in 2012 was 194,700. This reduction is attributable to a dramatically smaller number of workers supporting designers in ‘in-house’ roles (estimated at 101,060 in 2012).

4.3.3 Employment Comparison: 2015 vs 2012

Comparing the employment estimates with those from 2012 reveal steady growth in the number of people that work as designers. In fact, growth in employment in the design sector has grown steadily since the time of the 2008 survey. Our estimate of 85,500 people working in design roles is five per cent higher than the equivalent figure of 81,300 in 2012.

The proportion of specialist designers is somewhat lower than 56% estimated in 2012. This may indicate some broadening of work roles involving design. That is, an increasing proportion of design workers are expected to undertake these tasks alongside other non-design duties.

The 25,300 people working as designers within design consultancies is 15% higher than the 2012 estimate of 22,100. Employment of in-house designers (including those who undertake design activities as a part of their role) has increased just marginally from 2012. This year’s projected figure of 60,250 people is 2% higher than the 59,200 projected in the 2012 research.

4.3.4 Competitiveness of Victorian Design

The surveys endeavoured to measure the competitiveness of the Victorian design sector. In order to do this, design consultancies were asked about the proportion of their work that is provided to clients in

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Note, though, that this growth may be underestimated. Since 2012, the ABS has changed the way in which it categorises business size. This has led to a smaller proportion of ‘medium’ and ‘large’ businesses in the business population in the ABS’ 2015 figures. As our survey estimates are weighted to ABS figures, this lower proportion of large/medium firms somewhat understates the level of employment (and revenue) compared with estimates derived under the ABS’ previous approach, such as was used for the 2012 survey.
different Australian states or overseas, while businesses that use design were asked where they sourced such services.

**An overwhelming majority of Victorian firms sourcing design services utilise Victorian designers.** Of businesses that use design consultancy services, 92% utilise Victorian designers. The responses to this question are largely similar to those received in both 2012 and 2008, as shown in the following chart. However, there does appear to be an increase in interstate (18%) and overseas based (10%) consultants, which was touched on in the qualitative interviews with competition coming from New Zealand.

Figure 21 Location of design consultancies used by Victorian businesses

![Location of design consultancies used by Victorian businesses](image)

**QA11: Where are your design consultants based?**
(Base: All small/medium non-government agencies that currently use an external design consultancy firm, n=397).

Interestingly, businesses that score higher on the design innovation ladder appear to be more likely to utilise overseas-based design consultancy services. For example, those on the second highest (15%) and highest (28%) rung of the design-innovation ladder tend to be more likely to use internationally based design consultants, relative to just 10% of consultancy-using firms, overall. While we would expect that more sophisticated design users are likely to be sourcing services from further afield, this is a factor that bears consideration. If the goal is to encourage greater and more sophisticated use of design among Victorian businesses, then we must expect that this increased use will not necessarily all be captured by the Victorian design consultancy sector.

Businesses were asked whether they had Victorian, interstate or international customers. By crossing the data for this question against responses to ‘where are your design consultants based?’ some interesting results are revealed. Those (42) businesses that utilised overseas design consultants were more likely than average to have interstate customers themselves (75%, vs 59% overall). They were also much more likely to have international customers (59%, vs. 31% overall). So, those ‘importing’ design consulting services are considerably more likely to be ‘exporters’ of products/services themselves.

Figure 22 Location of clients and design consultants used

![Location of clients and design consultants used](image)

**BS5b: Does your business provide goods and / or services to interstate or overseas customers or clients?**

**BA11a: Where are your design consultants based? (All those that use design consultants, n =458.)**
The chart below shows the location of clients of Victorian design consultancies. As expected, the majority of firms service clients in Melbourne (93%) and in regional Victoria (71%). Over half of consultancies (65%) have clients that are based in other states/territories of Australia. The most popular states for such clients were, predictably, New South Wales, Queensland and Western Australia. Slightly more than one quarter (27%) of design consultancies have clients based overseas, rebounding to the same level as 2008 after dropping to 23% in 2012. Of the different design categories, consultancies from the ‘viscom’, and ‘multimedia’ sectors were significantly more likely to be ‘exporting’ services interstate.

**Figure 23  Design consultancies client location**

<table>
<thead>
<tr>
<th>Region</th>
<th>2015</th>
<th>2012</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melbourne</td>
<td>93</td>
<td>89</td>
<td>86</td>
</tr>
<tr>
<td>Regional Victoria</td>
<td>71</td>
<td>63</td>
<td>77</td>
</tr>
<tr>
<td>Interstate</td>
<td>65</td>
<td>55</td>
<td>49</td>
</tr>
<tr>
<td>Overseas</td>
<td>27</td>
<td>23</td>
<td>27</td>
</tr>
</tbody>
</table>

DA13a: And thinking about the location of your clients over the past year, where are they located?
(Base: All design consultants, n=301)

Of the consultancies that were exporting overseas, the most commonly mentioned locations for clients were:

- China (28%)
- The United States (19%)
- New Zealand (21%)
- Malaysia (15%)
- Singapore (17%)
- The United Kingdom (11%)
- United Arab Emirates (7%)
- Canada (8%)
- Thailand (6%)
- Hong Kong (5%)
- Philippines (5%)

At 28%, the prevalence of China as a source of clients for exporting consultancies has doubled from 2012, when the equivalent figure was 14%. It is no longer only United States and other English speaking countries that are the most popular locations for overseas clients as Singapore (17%) and Malaysia (15%) move into the top five.

This represents a positive development. During the 2012 research, stakeholders expressed concern at the slow progress of Australian designers into international markets, and particularly into Asia. Since 2012, there does appear to have been a refocusing of export efforts into Asia. Qualitative discussion with leading design businesses in 2015 reinforced this as a key priority for the sector: some interviewees expressed a feeling that the rise of design capability and infrastructure across various Asian economies was rapid enough that the Australian design sector really had a limited time period in which to establish a footprint in the region.
4.4 Design in Regional Victoria

This section looks at the use of design by businesses in regional Victoria, along with the provision of services by regionally-based designers. Data are drawn from both the general business survey and the survey of design consultancies.

4.4.1 Use across business sectors

Around a third (30%) of respondents to the business survey were from regional Victoria, as were 21% of design consultancies interviewed.

The various business uses of design, for metro and non-metro businesses, are shown in figure 22 below. Small differences appear, however they are not statistically significant, which is similar to the result in 2012. When the research was conducted in 2008 non-metro businesses were significantly less likely than metro businesses to be users of design (31% vs. 39%).

Figure 24 Use of design by business – metro and non-metro areas compared

The similarities between Melbourne and regional businesses in the overall use of design was also seen in other related measures:

- The design-innovation ladder positions of Melbourne and regional Victorian businesses are relatively similar
- There are no differences in the importance (integral, significant, limited, etc.) attached to design by metro and non-metro businesses
- The contribution of design to the introduction of new products / services is similar across both Melbourne and regional Victorian businesses.
4.4.2 Design Consultancy Services

The table below shows the breakdown of the various types of design consultancy between metro and non-metro areas. Around one in five design consultancies (21%) are located in regional Victoria. This figure is somewhat less than the 30% of regional businesses responding to the business survey. Notwithstanding the limited sample sizes for some of the design types, the metro/non-metro breakdown is relatively consistent across the various consultancy types. Viscom consultancies stand out as being relatively more concentrated in the metro area (93%, vs. 79% of consultancies overall).

Figure 25 Split of design consultancies – metro vs. non-metro

<table>
<thead>
<tr>
<th>ALL</th>
<th>Physical</th>
<th>Viscom</th>
<th>Industrial</th>
<th>Multi-media</th>
<th>Other (artisan, education &amp; design management)</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Metro</td>
<td>79%</td>
<td>71%</td>
<td>93%</td>
<td>71%</td>
<td>81%</td>
</tr>
<tr>
<td>Non-metro</td>
<td>21%</td>
<td>29%</td>
<td>7%</td>
<td>29%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Regional design consultancies’ share of revenue has risen to a more equitable level, at 18%, compared to a much lower 9% in 2012. This suggests that consultancies in regional Victoria are now coming into line with their Melbourne counterparts in terms of relative turnover. This may also be evidence of a greater number of smaller start-ups (with lower revenue) being located in Melbourne.

The following table shows that a large proportion of regional consultancies’ work (67%) is from regional Victoria. The figures are somewhat similar across consultancy type (51% - 72%), although the base sizes are not large enough for significance testing. The client base for metropolitan consultancies is also provided as a comparison.

Figure 26 Proportion of business from clients across various locations

<table>
<thead>
<tr>
<th>All</th>
<th>Physical</th>
<th>Viscom</th>
<th>Industrial</th>
<th>Multimedia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional consultancies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Melbourne</td>
<td>23%</td>
<td>25%</td>
<td>13%</td>
<td>26%</td>
</tr>
<tr>
<td>Victoria outside Melbourne</td>
<td>67%</td>
<td>70%</td>
<td>72%</td>
<td>51%</td>
</tr>
<tr>
<td>Australia outside Victoria</td>
<td>9%</td>
<td>4%</td>
<td>13%</td>
<td>20%</td>
</tr>
<tr>
<td>Internationally</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Metropolitan consultancies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Melbourne</td>
<td>75%</td>
<td>80%</td>
<td>78%</td>
<td>59%</td>
</tr>
<tr>
<td>Victoria outside Melbourne</td>
<td>9%</td>
<td>8%</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>Australia outside Victoria</td>
<td>13%</td>
<td>8%</td>
<td>14%</td>
<td>23%</td>
</tr>
<tr>
<td>Internationally</td>
<td>4%</td>
<td>5%</td>
<td>2%</td>
<td>7%</td>
</tr>
</tbody>
</table>

DA13c: What percentage of your business in the past financial year is accounted for by clients (in specified location)? (Base: All consultancies, excluding education, ‘artisan’ and ‘design management’ very small bases, n=274)
4.5 Conclusions

The period from 2012 – 2015 looks to have been a period of solid growth for the design sector, with an estimated 29% increase in the overall number of consultancies. There has been significant growth in the number of physical, viscom, and especially multimedia design consultancies. Total revenue for the sector has also grown, but at a notably slower rate (growing nine per cent to $5.0 billion). This suggests a lower average turnover per consultancy, which is consistent with qualitative reports of a large number of smaller entrants, especially in the viscom and multimedia sectors.

The multimedia sector appears to be the greatest source of compositional change to the industry since 2012. The number of multimedia consultancies has grown remarkably, with more than 1,000 consultancies operating in this space, an estimated increase of 82% since 2012. This is reflected, too, in the proportion of businesses engaging multimedia design consultants; of those businesses that engage external consultants, 58% utilise multimedia design consultants, up from 35% in 2012.

The number of Victorians employed in design roles has also increased since 2012. Our estimate of 85,500 people working in design roles is five per cent higher than the equivalent figure of 81,300 in 2012. This includes those working in design consultancies, and those employed within other organisations. Among those employed by general businesses, there appears to have been a shift towards undertaking design tasks as a secondary component of the role, as opposed to a purely design-focused role.

Design use among business has continued to increase. In 2015, we estimate that 44% of businesses make some use of design, up from 40% in 2012, and 37% in 2008. This reinforces qualitative discussions that suggest a greater awareness of the place of design among business people, and the public more generally.

As in previous iterations of the research, the Victorian design industry appears well-placed to compete both interstate and internationally. A greater proportion of Victorian design consultancies service clients’ interstate (65%, compared with 55% in 2012). While the number of consultancies servicing international clients has not grown markedly (27%, up from 23% in 2012), there are tentative signs that the revenue from international exports is growing more strongly. Furthermore, there appears to be a greater focus on export destinations throughout Asia, suggesting that the sector is better embracing the opportunities and challenges of becoming more closely linked with our Asian neighbours.

Similar to the results received in 2012, businesses in regional Victoria are just as likely to make some use of design as their Melbourne counterparts. Reassuringly, they are just as likely to make effective use of design as their metropolitan-based counterparts.

The proportion of consultancies estimated to be based in regional Victoria (21%) is less than for the proportion of overall businesses (30%). This is unsurprising given the traditional concentration of professional services in larger metropolitan centres. In the 2015 research, however, regional consultancies’ share of the design revenue has increased to 18%, which is roughly on par with their overall representation (21%).
5.0 Design & Innovation

In this section, we examine the place of design as part of the innovation activities of businesses, and the importance of design and its contribution toward various business goals.

5.1 The Design-Innovation Ladder

In the 2008 report the concept of the design-innovation ladder, which had been used in earlier research abroad, was introduced by Wallis. The four levels of the ladder run from no use of design at all, through to ‘design as innovation’ (see table below). An organisation’s position on the ladder is determined by responses to a number of questions in the survey.

The underlying concept of the ladder is that the higher an organisation is on it, the more integrated design is throughout the organisation’s activities and the greater the benefit the organisation can gain from its use of design. The overall outcomes from this year’s survey of businesses have been compared with the outcomes from 2008 and 2012 in the table below.

Key points to note are:

- The use of effective design has maintained gains made in 2012 overall, with a third (33%) of all businesses making some effective use.

- While the overall proportion of ‘non-design’ firms has been roughly stable (67%, versus 68% in 2012), there has been an increase in those firms making at least some use of design: ‘ineffective use of design’ (12% up from eight per cent) and a decrease in the proportion making no use of design at all (56%, down from 60%).

- The proportion of businesses that have reached the top of the ladder, i.e. making fully effective use of design is roughly steady at 5%.

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Non-design</th>
<th>2008 (n=1253)</th>
<th>2012 (n=1049)</th>
<th>2015 (n=1065)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No use at all</td>
<td>72</td>
<td>68</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>Use but ineffective</td>
<td>9</td>
<td>8</td>
<td>12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 2</th>
<th>Design as Styling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>11</td>
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<tr>
<td></td>
<td>11</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 3</th>
<th>Design as Process</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 4</th>
<th>Design as Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>5</td>
</tr>
</tbody>
</table>

*Figure 27 The design-innovation ladder over time*

The increase in use of design, specifically the proportion of companies reaching the top ‘rung’ on the ladder, is a small one. However, this is a positive change particularly as Victoria compared poorly to other comparative economies in this aspect in 2008.

While the overall increase in firms making at least some use of design is a positive one, the stable results on the higher rungs of the ladder emphasise some of the challenges voiced by industry informants. They
comment that whilst public and business sentiment is shifting towards greater use of design, there is a challenge in that this engagement tends to be superficial in the initial instances.

Industry sectors with the highest percentage of organisations at the top level of the design-innovation ladder are manufacturing (12%), information, media and telecommunications (11%), rental, hiring and real estate services (9%) and professional, scientific and technical services (8%).

As was seen in 2008 and 2012, the use of design and the effectiveness of its use increases with the size of the business. The proportion of firms using design ranges from 28% for the smallest to 68% among large businesses; the proportion of firms at the top of the design-innovation ladder (design as innovation) range from 4% to 15%.

Large companies, the sector previously showing the most change, appears to have effectively reversed the progress made in 2012 in regards to overall use of design. The proportion of large firms making no use of design (32%), after falling to 21% in 2012, has returned to a similar level as 2008 (33%). At the opposite end of the ladder, the proportion of large firms using ‘design as innovation’ has fallen back to 15%.

There has been very little change among all other size firms (1 to 199 employees); small organisations continue to show some small but positive movements with some growth on the third level of the ladder ‘design as process’. It appears that smaller organisations are still struggling to include design in their operations.

Figure 28  Ranking on design-innovation ladder, by business size

5.2  Innovation Activities

Organisations using design were asked which of a range of innovation activities they had undertaken in the last two years. The following chart compares the 2015 results with those of 2012 and 2008.

Introducing new products or services is the only activity that has increased with each iteration of the survey since 2008 – 72% of organisations overall had done so in 2015.
While design-using businesses may have been working hard in 2012 with significant increases in the proportions saying they had improved existing products or services, introduced new or improved operational processes, improved their managerial processes or reduced the costs of products or services, the proportion undertaking these activities in 2015 has somewhat dropped off.

It must be noted that these results are from design-using businesses only; therefore it is not possible to say whether non-design-using businesses have been as innovative.

Figure 29  Innovation activities by design-using businesses – over time

For one measure, ‘introduction of new products or services’, it is no longer possible to strictly say that innovation increases with size of business, as was shown in previous iterations of the survey, and is illustrated in the following chart. This reflects comments made during the qualitative stage of the work. Multiple interviewees noted that there had been a strong culture of start-ups, and product innovation among start-up companies in Victoria (as in other areas of Australia) in recent years.

Figure 30  Introduction of new products / services by size of business over time

QC1: Which of the following innovation related activities, if any, has your company undertaken in the last two years? (Base: All who use design, n=607)
5.3 The Competitive Edge

Among companies that had undertaken innovation-related activities, four in five (80%) believe that they have a competitive edge over similar companies in the marketplace. Businesses were then asked to what extent innovation had enabled them to maintain their competitive edge over the last two years, using a four-point scale. Around a third (34%) of these businesses said ‘to a great extent’ and 44% ‘to some extent’. This varied depending on businesses’ position on the design-innovation ladder, as shown in the following chart. As in previous years, this chart illustrates that the more design is integrated into an organisation (i.e. their position on the design-innovation ladder) the more effective innovation outcomes are.

Figure 31 Extent to which innovation has enabled companies to maintain a competitive edge

BC2b: To what extent do you believe innovation has enabled your company to maintain a competitive edge over the last two years? (Base: All who use design, and believe that innovation-related activities give them a competitive edge n=469)

5.4 Innovation as a Priority

Design-using companies were asked where innovation ranks among their strategic priorities for the next twelve months. Responses were as follows:

- It is a top priority: 10%
- It is one of the top three priorities: 36%
- It is one of the top 10 priorities: 32%
- It is not on our list of priorities: 21%

(Around 1% gave a don’t know response)

6 This question contributes to an organisation’s rating on the design-innovation ladder.
Finance and insurance services organisations, as well as those in rental, hiring, and real estate services are more inclined to say that innovation was not a priority for them (both 33%).

Making innovation a priority is more likely among large organisations, and tends to be less likely among small organisations. It could be argued that smaller businesses tend to be more immediately concerned with survival and delivery of their core business offerings than with innovation. This in itself represents an area of opportunity in greater encouragement of small businesses to recognise the importance of making innovation a priority.

5.5 Use of Design to Develop New Products or Services

In a further question, also used in the positioning of organisations on the design-innovation ladder, organisations that said they innovated by introducing new products or services in the last two years were asked what role design played in the process. Responses are shown in the next table, with 2012 and 2008 for comparison.

Overall we see that, in the 2015 survey, 12% say design leads and guides the whole process, and a further 13% say it is used in all stages. Somewhat worryingly, 32% of businesses say that design is used only to a limited extent, up from 20% in 2012. This appears to be matched by a corresponding fall in the proportion businesses saying that ‘design is used in some specific stages of the process’ (from 45% in 2012, to 36%).

Figure 32 Use of design in new product / service development

<table>
<thead>
<tr>
<th>2008 (n=405)</th>
<th>2012 (n=394)</th>
<th>2015 (n=446)</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Design leads and guides the whole process</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Design is used in all stages of the process</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Design is used in some specific stages of the process</td>
<td>49</td>
<td>45</td>
</tr>
<tr>
<td>Design is used to a limited extent</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>Design is not used in the process</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Can’t say</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

BC4: How is design used in the development of new products/services?
(Base: all who have introduced new products/services, n=394)

Again this year, design clearly plays a more significant role in new product development in the manufacturing sector, with nearly a quarter (23%) of respondents saying ‘it leads and guides the whole process’. This is significantly higher than for businesses in general (12%) and the equivalent figure in 2012 (15%).

A chart included in the 2008 and 2012 reports showed that smaller organisations have more difficulty incorporating design in the new product / service development process. A similar chart is shown below. If we look at the proportion of organisations that do not use design at all, or use it only to a limited extent (bottom two sections), then the same conclusion remains. However there are some large organisations that, when extending their product or service range, make only limited use of design. For example, only eight per cent of large firms used design in all stages of the process, whereas in 2012, the equivalent proportion was 29%.
5.6 Importance of Design in Driving Innovation

In a new question for the 2015 research, businesses that use design were asked how important design is in driving innovation. Across all businesses, 88% identified design as ‘important’ in driving innovation, with 29% identifying it as ‘very important’ and 14% stating that design is ‘extremely important’. Unsurprisingly, the importance attached to design in driving innovation increases for businesses on higher rungs of the innovation ladder, as shown in the following figure.

BC5: Overall, how important is design in helping your business to drive innovation? (Base: All who have used design, n=607)
In a further question used to create the design-innovation ladder, users of design were asked to rate the importance of design to their company. Overall the results for 2015, as well as those for 2012 and 2008, were as follows.

**Figure 35 Importance of design, over time**

<table>
<thead>
<tr>
<th>Statement</th>
<th>2008 (%)</th>
<th>2012 (%)</th>
<th>2015 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design is integral to the company’s operation</td>
<td>21</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>Design has a significant role to play</td>
<td>34</td>
<td>39</td>
<td>37</td>
</tr>
<tr>
<td>Design has a limited role to play</td>
<td>43</td>
<td>41</td>
<td>40</td>
</tr>
<tr>
<td>Design has no role to play</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>

**BB1: Which of the following statements most closely represents the role design plays in your business?**
*(Base: All who have used design, n=607)*

Overall the results indicate no real change in the proportion seeing design as integral to the company’s operation. The 2012 increase in those seeing design as having a significant role (34% growing to 39%) has dropped back slightly to 37% this year; however this is not statistically significant.

The chart below shows how responses vary by size of business, showing only the top two responses. Contrary to the main development in 2012, the biggest change for 2015 is the much lower proportion of large organisations that see design as integral to their operation – almost back to the level of 2008, with the proportion identifying a ‘significant role’ for design also falling (to 38%, from 42%).

Whilst no statistically significant changes were observed this year among responses from micro businesses, the overall proportion of those giving a ‘top two’ response increased again, this time to 56%. This included 21% of micro businesses that now identify design as ‘integral’ to their operation.

**Figure 36 Importance of design by size of organisation, over time**

**BB1- Which of the following four statements most closely represents the role design plays in your organisation?**
*Base: All who use design, n=607*
5.7 Business Views of Design

Three simple attitudinal measures were asked of organisations that make use of design. Results are shown with those of 2008 and 2012 for comparison. Attitudes appear to be slightly more positive than in 2012, moving closer to the responses seen in 2008.

This year, a smaller percentage agreed that ‘in my experience, design consultants do not understand my business’ (26% vs. 29% in 2012 and 22% in 2008), and the proportion agreeing that ‘there are issues that prevent us making greater use of design in this business’ (38%) has fallen back from the very high 50% to be more in line with the 35% seen in 2008. Overall it appears that, optimism about the successful use of design is slowly returning.

Slightly more businesses (56% compared to 54% in 2012 and 51% in 2008) again agreed that they would like to make more use of design.

Figure 37 Attitudes to design (% agree)

Manufacturing firms gave significantly different responses to these attitudinal statements. They are significantly more likely to wish to increase their use of design (73%, versus 56% overall). However, manufacturers are also more likely to face challenges in making greater use of design (52%, versus 38% overall), and to have had issues with design consultants not understanding their business (44%, versus 26% overall).
5.8 Conclusions

The results indicating that overall use of design among businesses is increasing are pleasing. However, it would appear that much of this new use of design is translating into rather basic or superficial use of design. There is no indication of a greater proportion of businesses making the more effective and well-integrated use of design.

Nevertheless, this should be seen as an opportunity. Openness to design is clearly evident from the adoption of design activities. It appears, though, that progression up the ladder is not something that can be taken for granted. This reinforces the necessity of programs that endeavour to partner with and mentor businesses to more effectively embed design within their operations.

In the 2012 research, it appeared that large businesses were doing much of the ‘heavy lifting’ in terms of better integration of design. This trend appears to have stalled in 2015, with many of the measures, such as large firms on the top rung of the design-innovation ladder reverting back towards 2008 levels. It is unclear what is driving this trend, although it does appear to line up with the popular narrative that larger Australian companies are risk averse, and that some listed companies are paying out too much of their profits in dividends rather than investing in future growth opportunities.

A positive finding from the 2015 survey is that micro businesses appear to be making some headway in terms of engaging with design. This aligns with some of the findings from the qualitative phases of the research where interviewees felt that there had been significant improvement in the levels of entrepreneurial start-up businesses in recent years. These were felt to have been driven by various macro-economic factors such as the wane of the mining investment boom and the changing manufacturing composition of the Victorian economy. Nevertheless, small businesses as a whole tend to be less likely to rate innovation as a priority. This indicates there is still considerable work to be done in raising the sights of small business to the opportunities associated with greater levels of innovation.
6.0 Design for Profit

Previous research in both Australia and overseas has shown that design-using organisations are more successful than other businesses. This link has been shown across a variety of measures including profitability, share price, employment and export performance. Data from the business survey can be used to explore this proposition.

6.1 Overall Impact

The measure used in this survey was growth or decline in profits in the four years prior to the survey. Businesses were initially asked if their profits had grown, been static or declined over the period. Overall 34% said they had grown, 28% been static, and 32% that they had declined. These responses indicate that a tough business environment is still facing many Victorian firms. In 2012, a similar 35% of firms reported profit growth but only 23% reported declines at that time.

The following chart shows the different responses to the question by businesses that use, or do not use design. Clearly, those businesses making at least some use of design fare much better; 47% of design using firms report profit growth, relative to just 24% of firms that do not use design. A similar relationship holds across businesses of all sizes.

Figure 38 Proportion of Businesses Experiencing Profit Growth: Design-users vs. non-users

BH2 Taking the last four financial years from 2011/12 to 2014/2015, has the surplus or profit from this activity grown, been static or decreased?
Base: All businesses that had been in business since 2013 or earlier, n=932

---

7 Excluded from this analysis were government agencies, and not-for-profit organisations, and businesses that had commenced operating after 2012. Those who had started during 2013 and 2014 were asked whether profits had increased/decreased since the business began.
Unlike in previous iterations of the study, no relationship was observed between the use of design, and the magnitude of profit growth. Among companies where profits were growing, the average rate of growth among design-using firms was 39%, whilst among non-design-using firms it was a very similar 37%.

We cannot discount the idea that there are underlying factors in these results. For example, if design use is concentrated in those industries that have performed well in recent years, this would help to explain the apparent relationship between design and profitability.

While it is not possible to explore this hypothesis in much depth, due to sample size limitations, we have included a brief analysis on profitability and design use across four industry sectors for which we have relatively more data available.

As in 2012, we have created a composite measure of profit growth, by combining profit growth on one end of the scale, and using profit decrease at the opposing end of the scale. Those businesses that reported static profit growth were given a value of zero.

Figure 50 indicates that businesses that use design have experienced superior profit growth in two of the four sectors where there is sufficient data to undertake this analysis. In particular, manufacturers who use design look to be enjoying higher profit growth (20%), compared to non-design-using manufacturers (-10%), which is similar to the 2012 results, but is even more pronounced.

Our data suggests, counter-intuitively, that design-using firms in the professional services industry are not performing as well as their non-design-using counterparts. It may be that there are some sub-sectoral differences at play here. For example, sub-sectors of the professional services industry that are traditionally strong users of design may have faced a tougher period than traditionally lower areas of the professional services industry.

Figure 39 Profit growth over four years: Designs users vs. non-users by business sector

<table>
<thead>
<tr>
<th></th>
<th>Average profit growth (%) over four years</th>
<th>Professional, scientific &amp; technical services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Manufacturing</td>
<td>Construction</td>
</tr>
<tr>
<td>Users of design:</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>Non-users:</td>
<td>-10</td>
<td>-10</td>
</tr>
</tbody>
</table>

BH2c. In percentage terms, how much have they (profits) increased/decreased over that period (of four years)? (Base: All for profit businesses that were in business since at least 2013, n=932)

### 6.2 The Complex Link Between Profit and Innovation

The table below shows the overall profit growth by an organisation’s position on the design-innovation ladder.

Figure 40 Profit growth and position on the design-innovation ladder

<table>
<thead>
<tr>
<th>Position on Design-Innovation ladder</th>
<th>Net growth in profits over 4 years (%)</th>
<th></th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 4: Design as Innovation</td>
<td>9</td>
<td>73*</td>
<td></td>
</tr>
<tr>
<td>Step 3: Design as Process</td>
<td>16</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Step 2: Design as Styling</td>
<td>7</td>
<td>-6*</td>
<td></td>
</tr>
<tr>
<td>Step 1: Non-design, or design used but in very limited way</td>
<td>-2</td>
<td>-8</td>
<td></td>
</tr>
</tbody>
</table>

BH2c. In percentage terms, how much have they (profits) increased/decreased over that period (of four years)? (Base: All for profit businesses that were in business since at least 2013, n=932) * Caution small base
Although there is a relationship between the use of design and superior profit performance, the data does not support the overall idea that the more extensive and integrated the design, the greater the profit growth.

In fact, the organisations with the greatest net growth in profits in the last four years (16%) were from the third rung of the design-innovation ladder, ‘design as process’. The second highest average profit growth was relatively lower, and reported by organisations at the top of the ladder (9%), followed closely by ‘design as styling’ on the second step, at 7%.

However, this is not the case in the manufacturing industry, although care must be taken with the small base sizes. ‘Design as innovation’, atop the ladder is associated with the best growth in profit (73%), and the proportions decrease with each of the lower positions.

These results confirm the findings from both 2012 and 2008, where the relationship between innovation and profit growth was reported to be complex. There are a number of possibilities for the complexity of this link, however it is not possible to test the hypotheses based on the available data. One such hypothesis is that position on the design-innovation ladder is somewhat correlated with business size (larger firms tend to be higher on the ladder), and that business size might also be related to profit growth. That is, we would expect relatively more stable profit performance for larger businesses, relative to the potentially much more volatile profit performance of smaller businesses.

### 6.3 Factors Behind Success

Businesses reporting profit growth in the last four years went on to detail the key reasons for the growth. Again, interviewers placed responses into pre-coded categories (developed through previous iterations of this research), or recorded verbatim responses where they fell outside of our existing categories. Figure 52 shows the responses to this question, once coding of responses was complete.

‘Increased customers’ was mentioned by a higher proportion of non-users (56%) than users (48%) although this is not statistically significant at the 95% level. Conversely, improved (24%) and new (21%) products and services were reasons with somewhat higher proportions among design users compared to non-users (13% and 15% respectively), as was reduction in costs (9% vs. 5%).

Although none of these higher proportions among design-users are statistically significant, it seems likely that the new and improved products may be associated with the use of design in this process. A greater propensity to mention efficiency gains and reduced costs among design users may also suggest that design improves the internal processes of an organisation, as well as their output.

Figure 41 Reasons for growth in profits: Design users and non-users

<table>
<thead>
<tr>
<th>Reason</th>
<th>Design users</th>
<th>Non-users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased customers / clients</td>
<td>48%</td>
<td>56%</td>
</tr>
<tr>
<td>Improved products/services</td>
<td>24%</td>
<td>13%</td>
</tr>
<tr>
<td>Added new products/services</td>
<td>21%</td>
<td>15%</td>
</tr>
<tr>
<td>Become more efficient/ streamline / reduce costs</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>Have added staff / greater capacity</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Increased our profile/ greater awareness of our product or service / more marketing/advertising</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>Been able to charge more / increased profit margin</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

BH3: What have been the main factors behind the growth in profits? (Base: All who have been in business since 2013 and whose profits have increased over recent financial years, n=352) Selected responses.
6.4 Conclusions

Across all businesses, those that use design were considerably more likely to report profit growth (47%) than those that did not use design (24%). This relationship holds across businesses of all sizes.

While design-using businesses tend to out-perform non-using businesses, this year’s data again shows that the link between profitability and the level of design use is complex. Whilst design users experience a higher level of profit growth, this does not necessarily increase in a consistent fashion as firms move up the ladder.

While the differences observed were not statistically significant, it appears that design users are more likely to attribute profit growth to externally facing innovation activities such as new and improved products and services, and internal improvements such as improved efficiency or reduced costs.
7.0 Challenges in Growing Design

This section explores the challenges of getting companies in Victoria to make more use of design or, in cases where design is being used, to make it more effective. It draws on survey responses to the business survey, from current, previous and potential users of design.

7.1 Why Businesses Don’t Use Design

Small and medium companies8 that were not design users were asked if they had ever used or tried to use a designer or design consultancy. Just 23% of these businesses said they had previously used design, so among current non-users of design it is clear that the great majority have never used design.

These non-users were asked the main reasons why they had not used design, shown in the next table.

Figure 42 Reasons for not using design

<table>
<thead>
<tr>
<th>Main reasons stated</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No need / no use for them</td>
<td>70</td>
</tr>
<tr>
<td>Do it ourselves internally</td>
<td>13</td>
</tr>
<tr>
<td>Too expensive / not cost effective</td>
<td>8</td>
</tr>
<tr>
<td>All design is done by client / supplier</td>
<td>4</td>
</tr>
<tr>
<td>Too small a business to need them</td>
<td>3</td>
</tr>
<tr>
<td>No need at the moment/no projects currently needing design</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
</tr>
</tbody>
</table>

BA6: What are the main reasons you haven’t used design services in your business? (Base: all small-medium companies that have never used design, n=313)

The responses here are not particularly informative, with more than two-thirds (70%) of respondents indicating only that they have no use for design services. This is the same proportion that gave this response in 2012. Some respondents seem to have misunderstood the initial questions, whether they use design, to mean whether they use external consultancy services, as their reason for not using design is that they do it themselves internally.

The overwhelming response, that there is no need for design in the organisation, indicates that for many, design does not play an important role in their organisation, but is more of an ‘extra’.

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8 Government organisations were not asked this question.
7.2 Previous Use of Design

Small and medium organisations that weren’t current design users, but had previously used design were asked how successful their use of design had been. The responses are shown in the table below.

Figure 43 Success of previous design use

<table>
<thead>
<tr>
<th></th>
<th>2012 (%)</th>
<th>2015 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very successful</td>
<td>33</td>
<td>28</td>
</tr>
<tr>
<td>Fairly successful</td>
<td>50</td>
<td>41</td>
</tr>
<tr>
<td>Not very successful</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>Not at all successful</td>
<td>3</td>
<td>15</td>
</tr>
</tbody>
</table>

BA3: How successful was it (previous use of design)?
(Base: all small-medium companies that do not use design, but have in the past, n=125)

Organisations reporting that the design was ‘not at all successful’ (15%) or ‘not very successful’ (12%) were much more prevalent than in 2012 (3% and 9% respectively). Conversely, the overall proportion of organisations giving a ‘very’ or ‘fairly’ successful response (69%) shows a notable decrease since 2012 (83%), with the biggest fall among the proportion giving the ‘fairly successful’ response (50% to 41%).

Those who had successfully made use of design previously were asked why they no longer used design services; responses can be seen in the table below. Organisations indicating that the financial cost is a barrier to their use of design have more than doubled since 2012 (14% vs 6%). The dominant responses to this question indicate that former design users simply don’t perceive the need for ongoing engagement with design. This hints that much of the former design use is likely to have been superficial or ‘one-off’ activities.

Figure 44 Reasons for no longer using design

<table>
<thead>
<tr>
<th></th>
<th>2015 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No need generally</td>
<td>40</td>
</tr>
<tr>
<td>No need at the moment / no projects requiring design</td>
<td>26</td>
</tr>
<tr>
<td>Financial cost</td>
<td>14</td>
</tr>
<tr>
<td>Only needed them to design the logo / branding / website so only need periodically</td>
<td>9</td>
</tr>
<tr>
<td>Do it ourselves internally</td>
<td>9</td>
</tr>
</tbody>
</table>

BA4: Why do you no longer use design services in your business?
(Base: all small-medium companies that do not use design, but have in the past, and found it to be successful, n=98)
Those who had unsuccessfully used design were asked their reasons. As in previous iterations of the survey, the responses were varied. In some cases the designers had been used to create either a website or other communication material which was unsuitable or unsuccessful:

“The concept just wasn’t suitable - it costs lots of money and time to get what we got, they had their own agenda as opposed to what we wanted to be effective.”

“It did nothing for our business; there was no increase in clients at all.”

“Most of our customers are elderly so they don’t really look on the web; we work mainly on word of mouth recommendations.”

In other cases the issue was in relation to the brief, and the outputs not lining up with what was expected. As in previous years, respondents often identified that they were partly responsible for the shortcomings of the exercise.

“I think that the lack of understanding of our needs, from the designer. It is possible that it came down to the way that we conveyed our needs.”

“Lack of knowledge from their side on my business. Maybe input from me could have been more.”

“The design and structure varied largely from what we had asked for.”

In other cases the business perceived that the use of design was not good value, financially:

“Lots of money with no real benefits.”

“It was just a rip-off, you get charged a fortune and there was never any follow up to see how you are going.”

“Not happy with the result nor the cost.”
7.3 Barriers to Greater Use of Design

Earlier we saw that 56% of all design-using businesses said they would like to make more use of design, but 38% also said there were issues that prevented them making greater use of design. Those who fell into either (or both) camps were asked what issues there were that prevented them making greater use of design (see Figure 39).

By far the most common reason (54%) is the perceived cost (slightly less than the 2012 figure of 60%). Related to this is the issue of lack of resources or time cited by 10%.

Some 5% explained that for them design was less of a priority than client preference, regulations or functionality, which has declined since 2012 (14%).

Organisations reasoning that they are too small a business, rural location has increased to 9% (3% in 2012), and was mentioned particularly by those in regional Victoria (20%).

Although around half as many (4%) organisations mentioned difficulties in finding or recruiting suitably qualified designers as in 2012 (10%) this could still be a point of concern. Alongside the view that designers in the past had failed to understand the business, stated by 5% (8% in 2012).

Difficulties in finding suitably qualified designers were particularly expressed by medium businesses (10%) and those in the manufacturing industry (13%).

Figure 45 Issues that prevent greater use of design

<table>
<thead>
<tr>
<th>Issue</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial cost / too costly</td>
<td>54</td>
</tr>
<tr>
<td>Limited resources / not enough time</td>
<td>9</td>
</tr>
<tr>
<td>Too small a business / rural location</td>
<td>9</td>
</tr>
<tr>
<td>No need / at the moment</td>
<td>8</td>
</tr>
<tr>
<td>Lack of demand / not enough work</td>
<td>7</td>
</tr>
<tr>
<td>Design is less of a priority than client preferences / regulations / functionality</td>
<td>5</td>
</tr>
<tr>
<td>Previous poor experience / designers failed to understand our business needs</td>
<td>5</td>
</tr>
<tr>
<td>Difficulty finding / recruiting suitably qualified designers</td>
<td>4</td>
</tr>
<tr>
<td>Organisational management / structure resistance</td>
<td>2</td>
</tr>
<tr>
<td>None – no issues</td>
<td>7</td>
</tr>
</tbody>
</table>

BB4. What are the issues that prevent you in making greater use of design in your business?
(Base: businesses that would like to increase use of design or perceive issues in increasing their usage, n=421)
7.4 Use of External Assistance

Current users of design were asked if they had been involved with ‘any external organisation or programs with the goal of improving your use of design, or maximising the benefits of design?’ This question was partly aimed at determining whether the organisations use mentors who might assist them in embracing the use of design.

Overall 23% of those asked gave a positive response to this question, but significantly higher levels were indicated by non-metro companies, where 33% said ‘yes’.

The proportion of organisations saying ‘yes’ to this question varied considerably depending on their position on the design-innovation ladder, as seen below:

- 10% among those on the bottom rung, or non-design;
- 20% among those that are design as styling;
- 27% among those that are design as process;
- 44% among those on the top rung, or design as innovation.

The higher proportion of those on the top rung seeking external assistance could perhaps indicate that the more a company embraces design the more likely they are to seek this assistance, or rather that the mentor has helped to move the organisation higher on the design-innovation ladder. The main sources of help mentioned by organisations are shown in the table below:

<table>
<thead>
<tr>
<th>Source of Help</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activities partnering with other companies</td>
<td>64</td>
</tr>
<tr>
<td>Activities through professional associations, or peak bodies</td>
<td>15</td>
</tr>
<tr>
<td>Activities provided through government – mentoring or advice, matched funds for innovation activities</td>
<td>11</td>
</tr>
<tr>
<td>Activities with universities / education providers</td>
<td>9</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
</tr>
<tr>
<td>Don’t know</td>
<td>12</td>
</tr>
</tbody>
</table>

Partnersing with other companies is the source of help most commonly identified, with nearly two-thirds (64%) of respondents doing so. Organisations are much more inclined to use business collaboration to make more effective use of design, than to go through peak bodies, government or universities.

The number of organisations identifying professional associations or peak bodies (15%) is much lower than was reported in 2012 (36%), as were the mentions of government assistance (11% compared to 21% in 2012). This was borne out in qualitative discussion with top Victorian designers. There was some consternation regarding the discontinuity of some schemes, and the withdrawal of others. This was seen as a great shame by some interviewees, as government assistance to the design sector had been seen as both very important and very effective.
### 7.5 Design Consultancy Preferences

A final possible barrier to the use of design by businesses may be that design consultancies are reluctant to work for some sorts of business, e.g. very small businesses or rural businesses. This was examined in a question in the survey of design consultancies, with responses shown in the following table.

Overall, the majority (55%) of designers said there was no client type they would prefer not to work for, a similar proportion to 2012 (57%). However, where there are clients that would be deliberately avoided, they are most likely to be very small or start-up businesses (12%) or private individuals (11%). Results are generally similar to those from 2012 and 2008.

**Figure 47 Non-preferred clients for design consultancies – 2008-2015**

<table>
<thead>
<tr>
<th>Clients prefer not to work for</th>
<th>2008 (%)</th>
<th>2012 (%)</th>
<th>2015 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private individuals</td>
<td>11</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Very small or start-up businesses</td>
<td>N/A</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>Small businesses in general</td>
<td>N/A</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Medium businesses</td>
<td>N/A</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Micro to medium businesses (2008 survey)</td>
<td>8</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Large businesses</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Government organisations</td>
<td>8</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Not-for-profit organisations</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Non-Melbourne / country / interstate / overseas</td>
<td>&lt;1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Those objected on ‘Ethical Grounds’</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Specific industries</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>None</td>
<td>59</td>
<td>57</td>
<td>55</td>
</tr>
</tbody>
</table>

**DA9: In terms of ownership or size are there any categories of clients that you prefer NOT to work with or deliberately avoid? (Base: All designers, n=301)**

Designers in the viscom and multimedia sectors were particularly likely to say they would avoid working for very small or start-up businesses, the very businesses that would want to have a website, but are also the least willing or able to pay the appropriate price.

Designers who prefer not to work with small or medium businesses were asked a follow-up question as to why this is, with responses shown in the table below. Among the prominent reasons, most of which were similar in 2008, are that small / medium businesses lack funds, are not prepared to pay appropriate amounts, don’t understand design and give poor briefs.
Figure 48  Reasons why design consultancies prefer not to work with small/medium companies

<table>
<thead>
<tr>
<th>Reasons stated</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack funds / can’t afford us</td>
<td>44</td>
</tr>
<tr>
<td>Not prepared to pay appropriate prices</td>
<td>37</td>
</tr>
<tr>
<td>Don’t understand design / what we do</td>
<td>27</td>
</tr>
<tr>
<td>Give poor briefs</td>
<td>15</td>
</tr>
<tr>
<td>Don’t implement design effectively</td>
<td>5</td>
</tr>
<tr>
<td>Don’t implement design effectively</td>
<td>5</td>
</tr>
<tr>
<td>Not stated</td>
<td>20</td>
</tr>
</tbody>
</table>

DA10. Why do you prefer NOT to work for small / individual businesses?
(Base: Design consultancies preferring not to work for SMEs, n=46)

7.6  Conclusions

Again in 2015, the findings from this section are very similar to those of previous years.

The main barrier to use of design is the understanding that there is simply no need for design. Such a barrier can indeed be hard to shift, as those who are of this opinion are probably unaware of the types of benefits that can accrue to almost any business through intelligent use of design. Indeed, a qualitative discussion with one Victorian designer revealed how many benefits can be realised through process and work-space redesign, but that many of the potential beneficiaries of such design had no concept of the opportunities available.

In the rare cases where design has been attempted, but is deemed to have been unsuccessful, organisations frequently acknowledge that they themselves were partly responsible, due to misunderstanding the process, or through issuing vague briefs. This suggests that there is an opportunity on the part of design consultants (or industry bodies) to provide a greater level of education about the processes for successful partnership. It seems a shame that some businesses need to go through an unsuccessful experience with a designer before realising the importance of a clear and well-understood brief.

Echoing the previous research findings, we note that overcoming initial inertia is the key to ensuring better and more integrated use of design among small to medium businesses. This suggests the need for further education as to the types of benefits that can be realised through design. Given the heightened profile of the outstanding results due to ‘high end’ design implementations (e.g. Apple products, market disrupting tech start-ups such as Uber/Airbnb), it may be possible that small to medium businesses are overlooking the potential of design to enact more humdrum changes (such as process re-design), that may nevertheless be critical in terms of shoring up profitability.
8.0 Skills & Recruitment

This section explores the issues regarding the design consultancies’ workforces, looking at levels of design-specific qualifications, recruitment and staff turnover, as well as perceptions of design graduates and the level of professional association membership.

8.1 Design Skill Levels

Respondents in the design consultancy survey were asked if they personally had a formal design qualification. Overall, around over two-thirds (68%) of respondents indicated they have a formal design qualification.

The proportion for single person businesses (71%) indicates that there are a number of designers working without formal qualifications; however this figure varied significantly among the different sectors. The industrial (79%), physical (77%), and viscom (76%) sectors all had much higher proportions that those working in multimedia (44%) and the proportion for artisan even lower at 19%.

Design consultancies with more than one staff member were also asked what proportion of all their staff have a formal qualification in a design discipline, with an overall average of 62%. This proportion is lower than in 2012 (68%) but is generally in line with the designers to support staff ratio in section 4.6 (64%). There were no significant differences observed between business sizes.

There was, however, some variation by sector, where physical (74%) was more likely to have a higher percentage of staff with formal design qualifications. The figure is somewhat less for multimedia, and even lower for artisan, although there is a very small base size (9). These figures are shown in the following table:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Average proportion of design-qualified staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>74%</td>
</tr>
<tr>
<td>Viscom</td>
<td>53%</td>
</tr>
<tr>
<td>Industrial</td>
<td>48%</td>
</tr>
<tr>
<td>Multimedia</td>
<td>52%</td>
</tr>
<tr>
<td>Artisan</td>
<td>42%</td>
</tr>
</tbody>
</table>

**DD1a: What proportion of ALL your staff have a formal qualification in a design discipline?**
(Base: Design consultancies employing more than one person, excluding education, n=225)

A similar question was asked of the business survey respondents in those businesses which have people in dedicated design roles. In this case the question was worded “what proportion of your design staff have a formal qualification in a design discipline?”, hence the question only refers to people in design roles. The average here was just 42%, confirming that many people in design roles either have other duties in the company, or have come into design from other roles. This figure was slightly lower than the 46% estimated in 2012, which is perhaps indicative of the greater proportion of employees taking on design duties as a secondary component of their role.

Unsurprisingly, differences were also observed by company size. Medium (65%) and large businesses (60%) had a higher average proportion of design workers holding formal qualifications, when compared with micro (38%) and small (39%) businesses.
8.2 Business Skills Training

The design consultancies with formal qualifications were also asked if their qualifications or training included aspects of business studies such as marketing, business planning, and finance. Similarly to 2012, 45% said yes, with a comparable proportion across all locations, sectors, and business sizes.

If the respondent had no formal training they were then asked if they felt future business studies, or a formal business qualification would help within their current role, with 66% agreeing that such qualifications or training would be beneficial. The results were relatively stable across the various business sizes, which may be somewhat surprising as it is likely those in very small organisations would also need to take on a management or administrative role.

8.3 Reasons for Losing Staff

Organisations who had lost design staff in the past year were asked the reasons why the staff left, results are shown in the table below:

<table>
<thead>
<tr>
<th>Reason</th>
<th>Design consultancies</th>
<th>In-house design departments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement</td>
<td>&lt;1</td>
<td>27</td>
</tr>
<tr>
<td>Company restructure / redundancy</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>Perceived poor conditions</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Family / personal reasons</td>
<td>20</td>
<td>13</td>
</tr>
<tr>
<td>More appealing design role elsewhere in Victoria</td>
<td>38</td>
<td>8</td>
</tr>
<tr>
<td>To pursue a non-design role</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Better / more secure opportunities elsewhere</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Lacked the appropriate skills</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>More appealing design role overseas</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>More appealing design role interstate</td>
<td>2</td>
<td>&lt;1</td>
</tr>
</tbody>
</table>

BD3b/DD3b: Why did they leave?
(Base: Companies that have lost staff in the past year, consultancies =90, in-house=56)

Comparing design consultancy responses to this question to the 2012 responses reveals some interesting shifts. The proportion of design consultancies losing staff as a result of ‘more appealing role elsewhere in Victoria’ (38%) is notably higher than the 2012 figure of 13%. Conversely, this year, just 6% of design consultancies identified company restructures or redundancy as a reason for losing staff, compared with 38% in 2012. It appears that the labour market for design employees may have strengthened since 2012, with more making a shift of their own making, rather than as necessitated by a restructure or redundancy.
8.4 Difficulties in Recruitment

All who had attempted recruitment in the past year, in both design consultancies and businesses with in-house staff, were asked if they had experienced difficulties in recruiting suitably qualified and experienced design staff.

While recruitment difficulties appeared to have eased for design consultancies in 2012, this was not the case in 2015. The proportion of consultancies saying recruitment is a very serious problem (26%) has risen even higher than was recorded in 2008 (24%), while the percentage reporting that finding suitably qualified design staff is not really a problem shrunk to only 28% (52% in 2012), as shown in the chart below. This reaffirms the notion that the labour market for design professionals may have strengthened considerably since 2012.

For in-house departments, the proportion reporting that recruitment is a problem or a very serious problem (15%) is relatively similar to 2012 (16%) while the number saying it is not really a problem (69%) or only minor (15%) have both grown.

Organisations that saw recruitment as a problem were asked what kinds of problems they face, and the responses are summarised in the following table.

The issues identified are very similar to those mentioned in 2012 and 2008. In summary, respondents believe there are not enough appropriately skilled workers available. In-house departments in particular believe there are not enough graduates in relevant disciplines (30%). A potentially emerging issue for design consultancies is that they believe prospective employees exhibit little interest in their business due to low wages and a lack of permanent positions (9% compared to 3% in 2012).
Figure 52 Problems in recruitment

<table>
<thead>
<tr>
<th>Available staff lack right / appropriate skills</th>
<th>In-house departments</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Available staff lack right / appropriate skills</td>
<td>85</td>
</tr>
<tr>
<td>Not enough graduates in relevant disciplines</td>
<td>9</td>
</tr>
<tr>
<td>Work / pay is not appealing</td>
<td>-</td>
</tr>
<tr>
<td>Staff go overseas / can earn more overseas</td>
<td>-</td>
</tr>
<tr>
<td>Staff poached to other companies</td>
<td>5</td>
</tr>
<tr>
<td>Staff not interested in working in this location / regional / rural locations</td>
<td>9</td>
</tr>
<tr>
<td>Staff not interested in our business – wages too low / non-permanent position</td>
<td>9</td>
</tr>
<tr>
<td>Can’t recruit from overseas / limited quotas</td>
<td>&lt;1</td>
</tr>
<tr>
<td>Don’t know how / where to recruit</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>18</td>
</tr>
</tbody>
</table>

DD4b/BD4b: What kinds of problems do you face in recruitment? (Base: Those who perceive problems in recruitment - Design Consultancies, n=66, In-House Departments, n=48)

8.5 Graduates’ Skills

The issue of graduates’ skills is perpetually an issue among employers, and this iteration of the study gives us a good opportunity to revisit the topic.

In 2008, 43% of the design consultancies asked had never recruited, nor tried to recruit, graduates and were unable to give a rating. In 2015 this figure was 22%, maintaining the significant drop seen in 2012 (to 24%), and suggesting that consultancies continue to be more willing to consider graduates.

In the following table, ratings of design graduates have been re-percentaged to those giving a rating. There has been only minor change in the ratings since 2012. As a result, the ratings are still quite polarised. A total of 39% rating graduates as generally poor or fair paints a fairly bleak picture. But, as we observed above, the issue of graduate quality tends to be a bugbear of employers across many industries, also mirrored in the qualitative interviews.

Figure 53 Ratings of quality of design graduates (design consultancies only)

<table>
<thead>
<tr>
<th></th>
<th>2008 %</th>
<th>2012 %</th>
<th>2015 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>11</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Very good</td>
<td>24</td>
<td>26</td>
<td>21</td>
</tr>
<tr>
<td>Good</td>
<td>27</td>
<td>26</td>
<td>30</td>
</tr>
<tr>
<td>Fair</td>
<td>32</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>Poor</td>
<td>7</td>
<td>12</td>
<td>13</td>
</tr>
</tbody>
</table>

DDS: How would you rate the quality of design graduates available these days? (Base: Consultancies with more than one person in the business, n=234)
Those giving a fair or poor rating of graduates were asked the reasons behind this rating. Comments were coded and are shown below. The identified concerns are relatively similar to those mentioned in 2012. The key area of criticism among those who question the overall standard of graduates is that they lack or are not taught basic design skills. There is one obvious exception to the similar overall results: in 2015 there is quite an improvement in the perception of graduates’ in relation to possessing ‘business skills’ and knowledge of the way in which business operates.

Figure 54 Reasons graduates are considered only ‘fair’ or ‘poor’

<table>
<thead>
<tr>
<th>Concern</th>
<th>2012</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduates lack / are not taught basic design skills</td>
<td>34</td>
<td>42</td>
</tr>
<tr>
<td>Lack production / manufacturing experience</td>
<td>31</td>
<td>25</td>
</tr>
<tr>
<td>Skills are not broad enough / too narrow focus</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>People entering design have wrong / inappropriate abilities</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Not taught to think about problems / lack thinking skills</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Graduates lack business skills / don’t know how business operates</td>
<td>26</td>
<td>8</td>
</tr>
</tbody>
</table>

DD5b. Why do you give that response?  
(Base: Consultancies that think the standard of graduates is fair/poor, n=60)

8.6 Professional Memberships

Around six in ten (59%) design consultancies are members of a professional design association or body. This looks to have remained largely static since 2012 when the estimate was 58%. There were, as expected, variations across design sectors:

‘Physical’

Nine in ten (89%) of those interviewed had a professional membership; among these just under half (47%) were members of the Royal Australian Institute of Architects, and almost one in five (17%) were members of the Building Designers Association of Victoria. Other memberships were of other architecture organisations or urban planning or construction organisations.

‘Industrial’

Six in ten (64%) respondents were members of an association, with slightly more than half (53%) mentioning engineering associations. Some 16% mentioned the Design Institute of Australia (DIA).

‘Viscom’

Just over three in ten (31%) were members of an association, of whom 83% mentioned the Australian Graphic Design Association (AGDA).
‘Multimedia’

Just 23% of those asked were members of an association, which amounted to 15 respondents. Eight mentioned the Australian Web Industry Association, while five mentioned AGDA.

‘Artisan’

Overall 41% were members of an association of some kind, but this was only eight people in our sample. Three of these mentioned various industry-specific industry associations.

Again, we find that the membership of professional associations is low overall. And again, similar industries emerge: notably the viscom and multimedia segments. The reasons underpinning low memberships are presumably related to the emerging nature of these particular industries. We do note, however, that both these sectors represent some of the strongest growth in the design sector as a whole. This presents a challenge for the industry itself, and for the governments that may wish to interact with this sector: the difficulty in identifying a unified and consistent voice means that the sector may ‘fly under the radar’ in a policy sense, in a way that does not occur for more ‘traditional’ design sub-sectors such as architecture and engineering design.

8.7 Conclusions

While most designers working in design consultancies hold a formal design qualification, the proportions vary by design sector. Interestingly, the fastest growing design sector, multimedia, has one of the lowest proportion of staff with formal design qualifications (52%).

The issue of recruitment seems to have emerged with greater prominence once more, following reasonably positive results in 2012. A much greater proportion of design consultancies report experiencing problems with recruitment. To some extent, though, it appears as though these difficulties may stem from the slightly more buoyant conditions facing design consultancies in 2015. There appears to be a stronger labour market for designers, with fewer leaving in forced circumstances such as redundancy and company restructure, and more leaving of their own volition to pursue other opportunities.

In the area of design graduates, there is little change since 2008 in the assessment of the quality of such candidates. This does tend to be an area of quite polarised opinion.

The level of professional memberships continues to be modest among design consultancies. Of particular interest, some of the most strongly growing sectors such as multimedia and viscom tend to have the lowest level of engagement with professional associations. This represents a challenge for both professional associations themselves who wish to provide a ‘representative’ voice, and governmental policy makers who might wish to gain input from the industry through a single consolidated voice.
9.0 Helping Design Consultancies to Grow

This section of the report focuses on how design consultancies can grow and expand their businesses, including international expansion. It is based on a series of questions from various parts of the design consultancy survey questionnaire. These questions were initially included in 2012 and this will be the first time the results can be compared.

In this section we look in turn at the following:

- Where do designers want to take their businesses?
- What are the barriers to business growth, both here and internationally?
- How can the Victorian government assist these businesses, keeping in mind that over 94% are SMEs? 9

9.1 Where Designers Want to Take their Businesses

Well over half of designers want to expand their businesses, in terms of profits, revenue and, to a lesser extent, staff. Our data here comes from a question late in the survey interview, asking explicitly where designers (in design consultancies) wanted their business to go in the next three years (see Figure 43: following).

Similarly to 2012 over half of all those asked (58%) explicitly mentioned growth of profits and / or revenue, and a further 14% talked of expanding the business generally which was a positive shift from the previous iteration of the research (10%). Just over a quarter (26%) spoke of their need or desire to recruit new staff.

Close to a third (32%) spoke of growing their business in Australia, whilst around one in ten (9%) wanted to acquire (new) clients from overseas, similar to 11% in 2012.

Some 22% of consultancies saw the next three years as just a matter of staying in business (22%), or retaining the existing client base (14%). A small proportion (3%) of designers said they intended to retire, sell their business or at least reduce their working hours.

Overall the results remained quite similar between the 2012 and 2015 iterations of the survey as can be witnessed in the next table. In appraising these intentions for the business it should be borne in mind that this question was asked towards the end of the interview, and followed explicit discussion of the possibilities of business expansion in Australia and overseas.

9 Note: people working in educational institution departments were not asked this series of questions.
Figure 55  Where do designers want their businesses to go?

<table>
<thead>
<tr>
<th></th>
<th>2012 %</th>
<th>2015 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth in profits and revenue</td>
<td>50</td>
<td>58</td>
</tr>
<tr>
<td>Acquire new clients within Australia</td>
<td>29</td>
<td>32</td>
</tr>
<tr>
<td>Recruitment of new staff</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Just to stay in business / to survive</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Retain existing client base</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>Expand business in other design disciplines</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Acquire new clients from overseas</td>
<td>11</td>
<td>9</td>
</tr>
</tbody>
</table>

DHS: Where do you want the business to go in the next three years?  
(Base: Design consultancy businesses, excluding educational institutions, n=292)

There were some sector differences in responses here:

- Businesses in the industrial (16%) and multimedia (17%) sectors were more likely to see themselves acquiring new clients from overseas. At the same time the industrial sector also were more likely to think they might be retiring, closing up or reducing their own hours (14%).

- Micro businesses were particularly likely to mention that their aim was just to stay in business or survive (40%), relative to 22% overall.

9.2  Expansion in Australia

All design consultancies were asked in the early stages of the interview what they saw as the barrier to expansion of their business in Australia. Many barriers were mentioned, and the more frequent responses are shown in the next table.

Bureaucracy, red tape, regulations and taxation issues have risen to the top spot with 16%, whereas it was only 5% in the 2012 iteration of this study. This echoed some concerns regarding government regulation expressed during the qualitative interviews. Interestingly, though, the increasing regulatory enforcement of safety and quality standards was seen by one interviewee as a substantial opportunity for product designers looking to design high-end, niche market products.

The next largest groups of barriers related to general economic conditions, competition and erosion of margins, and other cost issues. Although for general economic conditions (15%) this is just over half as many responses as in 2012 (28%).

Some 11% mentioned access to capital as a constraint; 10% to time constraints; 8% referred to overseas competitors; and 7% to a loss of clients to competitors (in Australia).
DA12. What do you see as the barriers to the expansion of your business in Australia?
(Base: Design consultancy businesses, excluding educational institutions, 2012 n=287, 2015 n=292)

Sector differences do add some insights here:

- The industrial sector (33%, versus 15% of all design consultancies) showed greater likelihood of mentioning the general economic conditions as a barrier to expansion. This sector was also more likely to mention overseas competitors (18%, vs eight per cent).
- The multimedia sector (5%) were more likely to mention loss of skilled personnel to competitors (in Australia).

9.3 Selling Skills Internationally

It will be recalled from section 4.8 that 27% of all the design consultancies said they had overseas (international) clients. A series of further questions was asked about gaining overseas business. Firstly, those who already did business overseas were asked how they obtained the work. Responses (based on 91 organisations) were categorised as follows:

Figure 57 How international clients were gained

<table>
<thead>
<tr>
<th>Method</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>By word of mouth or chance</td>
<td>70</td>
</tr>
<tr>
<td>Already have overseas networks / offices in place</td>
<td>49</td>
</tr>
<tr>
<td>Deliberately seek overseas clients</td>
<td>16</td>
</tr>
<tr>
<td>Obtain clients via overseas offices or networks</td>
<td>5</td>
</tr>
</tbody>
</table>

DA14b: How did you gain overseas business clients?
(Base: Design consultancy businesses with overseas clients, n=91)

As was echoed in the qualitative component of the study, ‘word of mouth’ was an extremely important mechanism to gain credibility not only locally but also internationally. Allowing for some overlap in responses it can be seen that, for many, overseas work has come about by chance or word of mouth (70%). A proportion of designers have networks or connections overseas, and some are part of overseas operations which gives them a head start. The advancement in technology since the last iteration of this study has also positively impacted on the ability to conduct business overseas. Interestingly, those who
had obtained international clients through deliberately seeking them have increased to 16%, up from 10% in 2012.

Just 8% (relatively unchanged since 2012 when it stood at 9%) of this same group said they had received assistance in overseas activities from Austrade, and 1% from another (similar) organisation. Some 89% had never received assistance. Clearly there is an opportunity to further assist design firms that wish to export with their efforts in doing so.

Design exporters were asked the reasons behind the business decision to take on overseas projects. Whilst the most frequent reasons mentioned here were simply increasing revenue (34%), or the broadening the revenue base (29%), other responses demonstrate that designers do not work for money alone, and the intrinsic interest of the work is important. Interestingly, for 14% of respondents, working overseas is not the direct result of a decision, but something that has evolved by chance. Responses here included:

**Figure 58  Reason for decision to undertake international work**

<table>
<thead>
<tr>
<th>Reason</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase our revenue</td>
<td>34</td>
</tr>
<tr>
<td>Broadening the revenue base</td>
<td>29</td>
</tr>
<tr>
<td>Interesting / stimulating / worthwhile work</td>
<td>15</td>
</tr>
<tr>
<td>Not a planned business decision – just happened</td>
<td>14</td>
</tr>
<tr>
<td>Increases our profile / improves our image</td>
<td>7</td>
</tr>
<tr>
<td>Easy access – e.g. via internet / broadband</td>
<td>5</td>
</tr>
</tbody>
</table>

**DA14c: What are the main reasons behind your business’ decision to undertake oversea business?**
*(Base: Design consultancy businesses with overseas clients, n=91)*

The remaining designers who did not currently undertake overseas work (202 in the unweighted data) were asked further questions on the topic. From among this group 13% had already attempted to engage overseas clients, while 29% said they hoped or intended to do so in the future. This desire was significantly higher among the multimedia sector (52%).

Design consultancies that currently operate internationally, have tried to export previously, or would hope to do so in the future were asked what they perceived as the barriers to expansion in overseas markets. Responses were quite varied, and are displayed in the figure below.

**Figure 59  Perceived barriers to expansion internationally**

<table>
<thead>
<tr>
<th>Reason</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business lacks knowledge of international markets</td>
<td>22</td>
</tr>
<tr>
<td>Capital or resource constraints</td>
<td>21</td>
</tr>
<tr>
<td>Not interested in expanding overseas</td>
<td>16</td>
</tr>
<tr>
<td>Clients can buy design more cheaply overseas</td>
<td>8</td>
</tr>
<tr>
<td>Language barriers</td>
<td>8</td>
</tr>
<tr>
<td>Time constraints / too busy</td>
<td>7</td>
</tr>
<tr>
<td>Lack the resources / business too small</td>
<td>6</td>
</tr>
<tr>
<td>General economic conditions</td>
<td>5</td>
</tr>
<tr>
<td>Lack of brand exposure / marketing exposure</td>
<td>5</td>
</tr>
<tr>
<td>Bureaucracy/red tape/ legal regulations</td>
<td>5</td>
</tr>
<tr>
<td>Loss of clients to overseas competitors</td>
<td>3</td>
</tr>
<tr>
<td>High Australian dollar</td>
<td>3</td>
</tr>
<tr>
<td>Not enough government support</td>
<td>2</td>
</tr>
<tr>
<td>Clients perceive designers from other countries as better</td>
<td>1</td>
</tr>
<tr>
<td>Can’t say</td>
<td>6</td>
</tr>
</tbody>
</table>

**DA16: What do you see as the barriers to the expansion of your business in(to) international markets?**
*(Base: All design consultancies that operate or hope to operate overseas, n=182)*
Similarly to the 2012 results, the most frequently perceived barrier is a lack of knowledge of international markets, suggesting that schemes that provide potential exporters with information about accessing overseas markets are likely to be well received. Hence we reiterate here that effective link-up with Austrade or other agencies that assist fledgling exporters could quite well provide useful links and expansion for a number of these Victorian design companies.

9.4 How the Victorian Government can Assist Design Companies

In almost the last question of the survey, designers were asked how the Victorian Government could assist their business. Whilst we may treat this as something of a wish list, the answers are of interest and are shown in the next table.

Clearly, there remains strong support for government assistance in the design industry. Further to grants and subsidies (19%), designers would also like to see further promotion of design, including its benefits (13%), assistance to help designers export (13%) and mentoring or advice (11%).

It is interesting that there has been a shift in some of the sentiment from the design consultancies in 2015 in terms of red tape and costs. For instance there has been an increase call for the simplification of the regulations (13%) and for reduction of taxes (14%). Reduction with associated taxes was an area which was significantly mentioned by the viscom sector (27%), whereas the industrial sector (16%) were concerned about improvements to the economy. The multimedia sector was particularly interested in the Victorian Government providing additional grants and incentives (38%).

DH7: In what ways, if any, might the Victorian government assist your business to grow in the coming years? (Base: All design consultancies, n=301)

<table>
<thead>
<tr>
<th></th>
<th>2012 (%)</th>
<th>2015 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>More incentives/ grants/ subsidies for design businesses</td>
<td>21</td>
<td>19</td>
</tr>
<tr>
<td>Provide more work/ more work from Govt projects/ more work shared out fairly amongst businesses</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>Reduce taxes associated with running a (design) business</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td>Promote design/ increase business/ public awareness about the importance/ benefits of good design</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Simplify/ review legislative control/ regulations/ rules/ planning procedures affecting design process</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>Help export our designs overseas/ promote design expertise to overseas markets/</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Mentoring/advice/information on other specific issues</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Better planning/ more investment in general infrastructure/ development</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Incentives/ grants/ subsidies for apprenticeships/ retraining of staff</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>More support of design small businesses / design associations</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Better means of connecting businesses/ potential clients with design services/ more information on potential clients</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Improve economy/ keep general prices down</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Instigate better/ more training of ‘design’ staff/ better re training/ re-skilling of staff</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Help with the recruitment of appropriately skilled staff/ better qualified graduates</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Reduce insurance or other costs</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>None/no ways</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Don’t know</td>
<td>10</td>
<td>9</td>
</tr>
</tbody>
</table>

NB: Answers of 3% or less not included in table
9.5 Conclusions

The goals and aspirations of design businesses mirror those that we would generally expect from SMEs and have remained relatively unchanged since the previous iterations of the study.

Unsurprisingly, more businesses in 2015 would like to expand revenue and acquire new clients within Australia. Barriers facing design consultancies are much as we would expect. Issues such as the state of the economy, competition, and costs are forefront among the barriers standing in the way of expansion. However, this year there was an increase in the number of consultancies that mentioned bureaucracy, red tape, regulations and taxation issues as barriers.

When asked how the Victorian Government could help design consultancies, a predictable wish-list emerged. Notwithstanding, a clear message emerged that many designers believe the government has an important role to play. This includes the areas of increasing public awareness and understanding of the benefits of design, doing more to enable designers to export their services, and facilitating the dissemination of information, through mentoring and advice.

The hope or intention to pursue international opportunities is notably higher among metropolitan-based consultancies, compared with their regional counterparts. Given that much of the genesis of international work is through ‘chance’ or serendipitous occurrences, it appears that there may be good opportunities to encourage regional consultancies to at least be aware of the types of opportunity that can arise.
APPENDIX 1

Literature Scan

Victoria’s Design Capabilities,
Performance and Business
Use of Design
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5.0 CONCLUSIONS
1.0 International Context

1.1 Trends in Europe

European Union: Innobarometer 2015 report

The Innobarometer 2015 captures the main behaviours and trends in innovation-related activities in EU businesses. The survey covered the following areas: profiles of companies that have developed innovations since January 2012 and their plans for the future the impact of innovations on turnover, and the proportion of turnover invested in innovation activities, barriers to commercialisation of both innovative and non-innovative goods and services, preferred types of public support for the commercialisation of goods or services, the role of design, and the use of advanced manufacturing technologies, involvement in public procurement and the role innovation plays in this process.

Main results show that:

Almost three quarters of companies have introduced innovations since January 2012 (72%) – an increase of six percentage points since the last survey in 2014.

A similar proportion of companies (75%) plan to maintain or increase the share of investment in innovation in the next 12 months.

More than six out of ten companies use design in some way - For 13% of companies design is a central element in the company’s strategy, while for 18% design is an integral, but not central element of development work. For 14%, design is used as a last finish, while 16% do not work systematically with design. However, the most common response from companies is that design is not used (38%).

The more of their turnover a company invested in innovation in 2014, the more likely they are to say they will increase investment in innovation in the next 12 months: 19% of companies that invested none of their 2014 turnover say this, compared to 41% of companies that invested 11% or more.

The analysis of company characteristics reveals that companies with at least 50 employees are the most likely to say design is a central element in the company’s strategy (19%-23% vs. 12% for smaller companies).

In the same way, the larger the company, the more likely it is to say design is an integral but not central element: 17% of companies with 1-9 employees say this, compared to 40% of those with 250+.

Manufacturing companies are the most likely to say that design is an integral but not central element (23% vs. 16%-18%). The older the company, the more likely is that design is not used: 40% of companies established before 2009 say this, compared to 27% of those established after 2014.

Companies whose turnover has fallen since 2012, or has remained the same, are more likely to say design is not used, compared to those whose turnover has increased (44% and 42% vs. 30%).


This research explores how different measurement frameworks are capturing the broad range of innovation activities that occur within firms. The aim was to identify potential strategies for improving the measurement of design and innovation more broadly.

The research concludes that there are a broad range of design-related indicators, and that each has its advantages and limitations in terms of the policy insights that they can bring. As such, this indicates that different approaches should ideally be used in conjunction with one another, rather than in isolation.

The report illustrated the use of questions that formed a ‘ladder-type’ model in surveys undertaken by statistics Denmark in a 2010 innovation survey. The ladder model is designed to indicate the level of sophistication and embeddedness of design within a firm. The research found a high level of predictive validity of the ladder model in relation to hypotheses surrounding innovation and economic outcomes. Specifically:

Use of well-integrated design is highly correlated with product and marketing innovations, along with having a positive effect on the successfulness of innovative products.

‘Robust’ correlations were found between economic outcomes such as value-added and productivity growth. Firms using well-integrated design were found to have a 9.1% higher employment growth rate, a 10.4% higher productivity growth rate and an 18.7% higher value-add growth rate than similar firms that did not have well-integrated design.
1.2 The United Kingdom

In the United Kingdom, research was conducted in 2013 by Warwick Business School and Design Council that explored the current and potential role of design in business and education. Three strong themes emerged from their respondents when surveyed on the topic of business use of design:

a) Design is customer-centred – design is fundamentally about solving the customers’ problems.

b) Design is most powerful when culturally embedded – this theme speaks to the idea of integration.

c) Design can add value to any organisation – through differentiation.

The major recommendation from the report involved the importance of not limiting the context in which design can operate. More specifically, the use of design is not just for those companies that produce premium goods – the companies surveyed indicated that there are enormous opportunities to use design to differentiate within the marketplace. Design can be used to improve or alter an exciting product or service, meet customer needs, or improve working practices (Warwick Business School and Design Council, 2014).

The Victorian design industry and its peak bodies can incorporate these findings into their lobbying of Federal government for a national design policy.


In autumn 2009 the Design Council conducted its second comprehensive survey of the UK design industry.

This survey covered 2,200 design businesses including in-house design teams, design consultancies and freelance designers working across communications, digital & multimedia, interior & exhibition, product & industrial, fashion and service design disciplines. Design businesses were asked about the profile and size of their businesses, their clients and the competition they face, their business practices and the education, training and skills of their employees.

Key findings from 2010 report included:

- There are an estimated 232,000 designers in the UK; 65,900 are freelancers, 82,500 with in-house design teams.
- The combined fee income of design consultancies and freelances plus the budget of in-house teams comes to an estimated 15bn pounds, up 15% on 2005 in real terms. Communications design remains the dominant discipline in the UK, followed by digital and multimedia design. 60% of design consultancies employ 4 people or less, a further 27% have between 5 and 9 staff. Some 78% of design consultancies have an annual fee income of less than £500,000, while 85% of freelancers have an annual income of less than 100,000 pounds.
- Since 2005 the number of in-house teams has increased by 10%, and 8% more designers are employed by them.

Follow-up research in 2015 research measured the value of design using gross value added (GVA), and statistics relating to productivity, turnover, employment and exports of goods and services. The report includes a summary of how design contributes to the financial performance of businesses, the UK regions and areas where design makes a substantial contribution to local economies, as well as design workforce demographics.

The 2015 research finds:

- The design economy generated £71.7bn in gross value added (GVA), equivalent to 7.2% of total GVA. Between 2009 -2013 the design economy GVA grew at a faster rate than the UK average.
- Workers who have a design component to their work are more productive (in GVA terms) than the average worker. On average, each design worker delivers £47,400 in GVA, compared with £33,600 across other workers.
- There is a heavy concentration of design in London, and the South-East more generally. There are, however, ‘clusters’ of design firms emerging in other regions, and the research finds that there is a place for support of this increased presence of design across the country.
- In 2013, the value of exports where design had made a key contribution was £34bn, constituting 7.3% of total UK exports.

The research concludes that design in the UK is ‘world class’, but that there is room to make up if the UK design wants to re-establish itself as ‘world leading’. Key strategies to pursue this goal include spreading design skills across a broader range of
industries (particularly those industries where design skills are under-utilised), as well as spreading design skills more widely across the country, encouraging clusters.

1.3 The United States

The United States is known to have the highest level of national design policy, though not the highest volume of designers. Typically the Scandinavian countries are synonymous with design and design technology; however it is in the US that technology and design are making a noticeable impact on the way economic development is viewed.

John Maeda, Design Partner at Kleiner Perkins Caufield & Byers (KPCB) and former Director of the Rhode Island School of Design in the US examines the high number of tech companies acquiring designers and design companies as the value of integration is gradually trickling down to corporate America.

“Tech companies, and investors, are increasingly seeing the value of designers who know how to work with and within the constraints of the tech industry.”

– John Maeda

Case Study: Silicon Valley

“[Silicon Valley] didn’t think a designer could build and run a company. They were straight up about it…. Being designers they thought we were people that worked for people who ran companies.”

– Brian Chesky, Co-founder of AirBnb

Since 2010, there have been twenty-seven start-ups founded by designers and thirteen creative agencies acquired by companies such as Google, Facebook, Adobe, LinkedIn, Dropbox, and Yahoo. Venture capital-backed start-ups are demonstrating the importance of design expertise by employing in-house designers within their first ten hires. In Silicon Valley five start-ups started by designers have raised more than $2.75 billion and six venture capital firms hired designers for the first time in 2014 alone (Maeda, 2014).

Design in the tech sector is sparking and extending new economic growth and is considered to be continually expanding. KPCB encourages firms to see design as an investment, not a cost. It should be present at the beginning and “sprayed on at the end.”

In terms of design education, there is potential for more cross-over between disciplines such as engineering and the arts. KPCB surveyed 110 designers working in the tech industry and found that over a third had formal engineering/science qualifications and over half had formal fine arts/design training. Interestingly, in the US 10% of the 2014 Fortune 125 companies have executive-level positions or CEO support for design – the CEO of Nike is a designer by trade (Maeda, 2014).

1.4 Design in Asia

While much of the research and literature surrounding design and innovation emerges from the US and Europe, there is a growing understanding that Asia is set to take a more prominent place in the global design landscape over coming years.

While some Asian economies, such as South Korea, have long been regarded as design powerhouses, much of the interest surrounds emerging Asian economies. Some of these have thus far specialised in manufacturing, but subsequently broadened their activities to capture a greater share of the value chain. The Asia Business Council identifies Taiwan as one such economy: after succeeding as a manufacturer of computers and electronics, ‘it then built R&D capabilities upon its large, low-cost manufacturing base and gradually shifted into low-cost design and services.’

1.5 Opportunities for collaboration

As in Australia, the US has no federal government level design policy, no high-priority government programs or national design initiatives. There are numerous individual design organisations in America (IDSA for industrial designers, AIGA for graphic designers, DMI for design managers, and many more). Each strives to make the case for design, but they do so in their own silos. The result is weakened influence (Tischler, 2011).
Around the globe countries are investing in design and integrating it into their business models. The Chinese have expanded their base of design schools from 20 to 1,000 since 2001; it now has more than 1 million students in the system. South Korea is similarly motivated, and Singapore’s design market is also fast emerging (Tischler, 2011).

The UK’s Design Council promises to “place design at the heart of growth and renewal in Britain” and has launched the Design for Growth Fund. In Spain, the DDI, the state agency for the development of design and innovation, promotes the role the former can play in boosting competitiveness (Tischler, 2011). In the Netherlands, Premsela, jointly funded by the Ministry of Education, Culture, and Science and the City of Amsterdam, works to support and advise people in the design industry.

Some nations even partner with one another: In April 2010, the India Design Council joined with the Japan Industrial Design Promotion Organisation to develop related skills in both countries (Tischler, 2011).

Australia would be well placed to benefit from transnational design partnerships and collaborative initiatives, particularly with Asia, in order to boost awareness of design and demonstrate the value of design/business integration on the economy.

Critics of the Australian design industry question whether it is too introspective, adopting “a small country town” attitude to its design strategy where it forgets where it sits in the Asia Pacific Region. Over the past five years the industry has seen many examples of Australian designers who have expanded their operations into the Asian and Gulf markets. Crucial for regional expansion is for Australian design firms to attend international events and build networks for collaboration (InDesign, 2015).
2.0 Australian Context

The design industry in Australia has gained much needed ground since 2012 in part due to the shifting landscape of the Australian manufacturing industry. While this shift will have a negative impact on the economy in terms of unemployment, it offers an opportunity for the manufacturing sector to use design to boost their competitiveness and productivity. Design and more importantly, innovation, is a key driver and oft-cited theme when discussing how Australia and more specifically, Victoria will fill the gap left by the decline of the manufacturing industry. It is clear that design led innovation’ must become more mainstream to address this issue.

2.1 Manufacturing and design

The Australian economy is exposed to significant risk from the combination of the end of the mining boom and the consequences from the GFC. Economists, corporate leaders and business organisations recognise the crucial need for Australia to transition from an economy hinged on exporting a low-cost raw material to one that thrives on producing high-value goods. The gap left by the manufacturing decline, notably automobile manufacturers in Victoria and South Australia, can be effectively filled by a clever use of design and innovation.

The importance and maintenance of a manufacturing industry is reaffirmed as Peter Gahan and his colleagues from Melbourne University’s Centre for Workplace Leadership have pointed out, there are direct correlations between economic prosperity and a viable manufacturing sector (Pallaers, 2015). The link between manufacturing and the Australian design industry is characterised by the ‘sinking skills ladder’ – whereby advanced economies such as Australia lose their higher-value skills, including management and leadership, because manufacturing has been forced offshore, and jobs for engineers and designers inevitably follow suit. (Pallaers, 2015). Innovation itself is correctly labelled as the one element allowing Australian companies to remain competitive globally.

One example of an Australian company who has made the transition from dominant manufacturer to designer is Bluescope Steel. Bluescope now designs and produces state-of-the-art corrosion-resistant products in addition to next generation roofing panels that produce solar power (Pallaer, 2015). Recognition for the need to adapt in today’s economic climate will further drive the advent of the design industry in Australia. Innovation inspired by design is the strongest tool companies and governments alike can use to increase economic prosperity.

The Growth Fund

The Growth Fund is an initiative launched by the Federal Government (contributing $101 million) with support from the Victorian ($12m) and South Australian ($12m) governments and Holden and Ford (contributing $15m each) in response to the announcement of closures of Holden and Toyota by 2017 (Department of Industry, 2015). The Growth Fund provides assistance to the workers, businesses, and regions affected by these closures. The aim of the Fund is to help workers transition into new jobs in high-value areas. Reviews of the Victorian and South Australian economies found that there are significant growth opportunities in the advanced manufacturing and health and biomedical sectors – both of which use design as an integral part of production.

Support for Victoria

In order to promote the positioning of design in Victoria, the Australian and Victorian Governments, with the support of Ford Australia, have established the Geelong Region Innovation and Investment Fund (GRIIF) and Melbourne’s North Innovation and Investment Fund (MNIIF) in response to the announcement by Ford Australia that it will cease its vehicle and engine manufacturing operations in Australia from October 2016.

Support for Victorian jobs in the manufacturing sector, particularly for those transitioning from traditional manufacturing to design-focused production is vital for economic stability. Funding of $49 million over three financial years to 2015-16 has been made available as competitive grants to businesses to help accelerate investment, create sustainable jobs and help diversify and strengthen the Melbourne’s North and Geelong local economies.
2.2 The Design Led Innovation Framework

Design Led Innovation is the conduit between design thinking and design integration. It is a business process rapidly emerging in medium and large sized firms where the way in which we think and frame situations and possibilities is informed by design.

The Design Led Innovation Framework was developed by Bucolo and King (2013) in their joint study with CSIRO, UTS and the Department of Industry. The Framework essentially seeks to help Australian manufacturing firms increase their competitiveness by applying a ‘design lens’ through which to view their product.

“To remain competitive, many Australian firms need to transition from their traditional business models to those centred on high value-added product and service solutions that compete on value rather than cost alone.”

Bucolo and King’s (2013) study engaged with 14 manufacturing organisations that are considered globally competitive followed by over 250 registered participants in six workshops to add depth to the results. The key opportunities identified by the research as a result of this engagement with industry were consolidated into a design led innovation ‘action plan’.

These included:

a) Raising awareness of design led innovation within Australian manufacturing companies

b) Support the companies who wish to use design led innovation to increase their competitiveness

c) Capturing evidence of design led innovation within Australian manufacturing companies in order to build a knowledge base

d) Finally, build the capability of design led innovation within Australian manufacturing companies
3.0 Design driving competition

3.1 Lessons from Europe

As was the case in 2012, the emerging economies of the BRICs nations (Brazil, Russia, India, China and South Africa) continue to drive significant change in the global business landscape. China, in particular has taken centre stage since 2012, to the extent that recent concern regarding China’s slowing growth rate have caused all manner of headache across global markets. Businesses and industry in the European Union and elsewhere internationally are finding themselves competing with low-cost manufacturing, particularly in China (European Commission, 2012). Technology-driven innovation has laid the foundation for Europe’s prosperity. However, the emergent view is that design-led, non-technological innovation can also be an effective path to competitiveness.

When design is used in the innovation, R&D and production process, it has significant potential to lower multiple costs such as production, research, packaging, storing, transportation and disposal (Commission of the European Communities, 2009). This in turn, translates to higher competitiveness and profitability. Of course, the benefits of design on competitiveness and profit-making are dependent on the extent to which the company integrates design into their processes. The Design Ladder, created by Danish Design Centre is often sited here as a tool for measuring a business’ use of design. With four steps on the ladder, at steps three and four, design is used not as an add-on but to structure development and strategy (Design Council, 2014). It is at this level of design integration that businesses are rewarded the most.

Further to this, the European Commission’s Report of the European Design Leadership Board references the micro-economic analyses of design and notes that numerous studies show the positive impact of design on the profitability, share price, employment and exports of businesses. Fifty-three per cent of Swedish companies considered that design had a major positive impact of their brand and seventy per cent of Spanish companies considered design to be integral to improving their image (Commission of European Communities, 2009). In the UK, Design Council research shows that on average for every £1 businesses invest in design, they gain over £4 net operating profit, over £20 net turnover and over £5 net exports (Design Council 2014).

The economic downturn is a certain driver of innovation in the design space. Companies are seeking more and more ways to differentiate their products while resource scarcity in some countries is creating pressure to do more with less.

3.2 Design for SMEs

The innovation processes of Small and Medium Enterprises (SMEs) are very different in style and scale to those of much larger businesses. In SMEs it is often the non-design specialists and skilled workers who are responsible for driving the innovation process (European Commission, 2012).

As would be recommended in the Australian context, given the proven positive economic impact of design integration into business models, the European Design Leadership board strongly recommends support for the absorption of design into SMEs in order to add to their competitiveness and increase opportunities to create new jobs (European Commission, 2012).

What is also crucial to note is the importance for SMEs to protect their design capital. To learn from the European experience where a Spanish SME had one of its products copied by a contractor in a third country, Australia must equip its design industry with a robust and enforceable system for the protection of not only the SMEs themselves but the sustainability of the design industry in Australia.
4.0 Strategic Initiatives post-2012

This section briefly updates some two of the areas of interest that emerged from the 2012 research: the Australian design Alliance, and the shift towards multi-disciplinary design research.

4.1 The Australian Design Alliance

In 2010 the Australian Design Alliance was established as a voice of the Australian design industry with a remit to work with stakeholders to develop a national design policy while promoting design education at all levels. In the five years since its inception, the ADA has shifted the focus from design being considered merely about products and things to being a mechanism for equipping business for change in order to compete globally (Australian Design Alliance, undated).

Though the ADA has made strides in kick-starting the conversation about Australia’s Federal level design policy, progress has been modest, to date. The ADA will continue to lobby the Federal Government through demonstrating the benefits of good design on the economy. They will also advocate for good design with business leaders and government stakeholders to forge a national design policy in the near future.

To take the example of the US, where design peak bodies operate under individual umbrellas of their respective disciplines resulting in weak overall influence, Australia can be proud to have established a cohesive multi-disciplinary design alliance.

4.2 Multi-disciplinary design education

In the area of multi-disciplinary design education, RMIT University’s Research Design Institute (DRI) and Swinburne University’s Design Factory (SDF) continue to be a leader in the collaboration space. DRI brings over 100 university researchers and their industry, government and community partners together to access a broad spectrum of design thinking (RMIT University, 2015a). Researchers are from architecture, fashion, aeronautical and chemical engineering, business, industrial design, art and new media form teams around significant projects.

The value of the DRI’s presence is the design research space is immense. From July to August 2015, the DRI hosted the Design for Impact Festival which comprised of forty separate events that showcased RMIT’s design and technology research, innovation and entrepreneurship. The Festival engages with government, the public, and industry groups across multiple sectors to ‘build RMIT collaborative opportunities for high impact research’ (RMIT University, 2015b).

The Swinburne Design Factory also favours collaboration between students, professionals in the design industry, researchers and entrepreneurs to use design thinking to solve problems. Twice a year SDF recruits students from design, engineering, technology and business to be part of the program. The focus on multi-disciplinary project teams allows students to draw on what they have learned in their respective disciplines and come together to produce work by means of user centred design innovation.

The university sector in Victoria is slowly including multi-disciplinary design into their Masters level courses. Where RMIT and Swinburne were identified as offering such courses, in 2015, Monash University offered a Master’s degree in design that includes a multi-disciplinary design stream for students.

In 2012, it was identified that Victorian universities were only beginning to offer Masters level courses in design that included management as part of a multi-disciplinary approach. This does not seem to have improved a great deal in the past three years.
5.0 Conclusions

It is promising to see the progress made by the Australian design industry since this research was last conducted in 2012. The theme of collaboration was a key theme emerging from the 2012 study and appears to have informed the subsequent efforts toward a stronger design industry.

Key improvements observed are:

- Solid response at government level to the changing landscape of Australian manufacturing
- Collaboration between industry, government, education and peak bodies is vital for the Australian design industry and is being implemented across the board
- Strong government initiatives being offered to export-oriented and ambitious design-focused SMEs
- Grants to attend International events is vital for regional expansion – this will further expose the Federal government to the strength of the design industry
- Increased understanding of the need to prepare and equip design students with business skills
- Education providers such as RMIT and Swinburne striving toward industry collaboration
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APPENDIX 2
Qualitative Interviews

Victoria’s Design Capabilities,
Performance and Business
Use of Design
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Executive Summary

Wallis undertook twelve in-depth interviews with a mixture of six key industry professionals, three representatives from design businesses and three representatives from business who use design in their activities. The interviews gave us a rich understanding of the current design landscape and provided valuable depth to accompany the quantitative component of this research.

In the three years since 2012 Victoria has weathered changing economic conditions, both on a micro and macro level. The unprecedented growth in the use of technology, multimedia, and web-based services has delivered higher demand for services in the graphic and multimedia sectors. A strong property market has seen strong demand for physical design, along with increased demand or those in the multimedia and viscom sectors that provide collateral material for this sector. More traditional design such as engineering and product design has remained steady with a minimal impact seen from the decline in automotive manufacturing and falling Australian dollar. These factors have spurred diversification amongst design firms and in many cases, business has never been better.

There was a notable increase in the understanding and awareness of the value of design amongst businesses, as witnessed from both client and supplier side of design in Victoria. Further to this, Victorian designers and the work produced is still considered world-class amongst its peers. Internationally, the quality of Australia’s design work lacks exposure with the industry seeing this as a missed opportunity.

Findings in 2015 indicate that the climate for design in Victoria is ‘progressive’ however, the short term nature of Government funding and programs raised concern for the health of long term projects.
1.0 Introduction and Methodology

Twelve interviews were undertaken with a mixture of key design industry leaders sourced amongst the product, industrial, graphic and technological design sectors. Six of the twelve interviews were recruited through the quantitative component of the study and comprised of three business users of design from the healthcare, manufacturing and textiles industries while the remaining three were design professionals working in multimedia and graphic design in Victoria. Businesses selected for the research were located in both metropolitan and regional Victoria. The interviews were conducted using a face to face methodology as well as telephone. Each interview took approximately one hour to complete and each recipient was given an incentive to thank them for their participation.
2.0 Demand for Design Services

2.1 Overall demand for design

The general response from most interviewees was very complementary toward the skill level and quality of output from design firms in Victoria. Overall, respondents noted that there was a greater demand for design services and with that came a wider understanding of the value of design that went beyond merely the design process and systems and the end product. This sentiment is evident by the following quotations;

“...I’ve seen a big change since 2012 – clients are more design aware, their processes are more rigorous and they are more focused on what they want than they used to be.”

“...the recognition of branding has increased overall over the last 3 years.”

“A dental magazine showed 10 pages dedicated to how to improve design – this would not have happened 10 years ago.”

2.2 Demand for designers

The perception is that demand for good quality designers in Victoria is extremely high. Many interviewees were happy with the level of competency of their staff and they felt that on the whole they were able to find suitable staff members in Victoria. Product design would be the one area where representatives from the firms noted the need to look internationally for new employees due to the high demand for good quality designers in Victoria. It is also noted that after the 2008 GFC, many designers in Europe emigrated to Australia and took up jobs in Victoria where they were considered to have a diversified portfolio and exposure to different ‘schools of thought’. The ability of design firms to meet demand over the last three years has remained steady.

The way in which design firms think about staffing was discussed with interviewees. It is increasingly common for the smaller firms to employ flexible arrangements in order to meet demand. This means they can call on a stock of freelancers or contractors according to their workload. Others worked collaboratively with other firms within Australia and in some cases internationally.

2.3 Macroeconomic factors

While the Victorian design sector does not seem to have been significantly affected by declines in economic conditions within Australia, largely relating to mining and manufacturing, the mindset of some users of design has altered. When the economy turns, it is often the case that design services revert back to being considered a ‘luxury’ add-on item. This is when many people will start considering offshore alternatives to Australian-based design as cost remains a strong determiner as it did in 2012. One particular respondent mentioned that Australian designers are losing out because they are not cost competitive with China. The design work coming from China, on a very basic level, is considered affordable and to be very high quality.

Interestingly, the 2012 study took place during a time of prosperity attributed to Australia’s mining exports from Western Australia. In 2015, while economic activity associated with mining investment has declined, it is the property sector having a very positive effect on the design sector in Victoria according to some interviewees from the graphic design sector. The demand for property in Australia from international
buyers has boosted residential construction and created a need for sophisticated marketing materials and high-end websites. Volume in this area has increased in recent years and an example provided by one respondent was the situation in which a property developer launches a property portfolio, however if the campaign is unsuccessful (does not sell enough apartments for the project to go ahead for example 50% off the plan), the campaign is relaunched with a totally different concept which in turn means all of the marketing materials having to be re-created from creative concept to print to digital materials. Real estate marketing was certainly present in 2012, though it did not have the impact on graphic design firms that it appears to be having in 2015. Another area of growth which was mentioned included the wine industry and the importance of having an online presence as well as local council.

Since 2013, there is anecdotal evidence of an increase in tech start-ups in Australia. While the start-up culture is very strong in Western Australia as energy is being redirected away from mining, Victoria is also experiencing strong momentum in the rise of start-ups. These start-ups are the result of technology-minded entrepreneurs, research institutes and universities who acknowledge the gap for product innovations, in addition to the traditional software and app based creations. Critically, there is an understanding that these products need to be world-leading and cutting-edge in order to gain any recognition internationally - and nothing else will cut it.

2.4 Digital demand

Just as the multimedia sector had grown in 2012 from 2008, it has grown considerably again in the years to 2015. The growth also is aligned with the increasing availability and affordability of tablets and smartphones. ACMA estimated that smartphone penetration among the adult population went from 49% in 2012 to 74% in 2015. The demand for the websites has increased significantly since 2012 with the heightened prevalence of advanced technology driving this change.

“Clients not only ask for new websites, but they also want a digital strategy to accompany it.”

The importance of cultivating a social media presence and ensuring that the client’s website is accessible across a range of portable devices and operating systems is a high priority for many clients. There was a distinct feeling from one respondent that many businesses were witnessing the heavy use of smartphones and ‘didn’t want to miss out’ on promoting the business or product through this medium.

“Mobile and tablet devices increase mean websites need to be multi-functional across different devices.”

3.0 Competitiveness of Victorian Designers

3.1 Competition breeding diversification

There is a clear shift taking place in the Victorian design sector whereby design firms are experiencing the need for diversification of services they provide to clients. Diversification is brought on by non-design firms reacting to economic conditions whereby they try to gain a larger market share by ‘doing it themselves’ in-house, or as an ‘add-on’ to a related service. For example, engineering firms begin to offer design expertise to their clients though they have not necessarily hired a formally qualified design professional. By providing more than one product or service, it allows non-design firms to embed themselves with a particular client. Though the non-design firm may have a bigger offering, they often fall short on the human factors components of the design task.

While diversification is a sensible measure employed by businesses to protect themselves against turning economic conditions, in the case of design, it can potentially undermine the quality of design work, especially when undertaken by people who are not technically designers. While this diversification or ‘market creep’ provides some competition to Victoria’s design firms, the larger firms acknowledge the renowned quality of their product and can rely upon their reputation for business.

Design firms themselves, though, were undertaking such diversification, looking to integrate themselves more closely with clients. Some design professionals were thinking differently about client relationships and the services they offer to clients. For example, one graphic design firm offers a 24 hour support service for their less tech-savvy clients who greatly appreciate the service. This ‘hand-holding’ was considered often necessary and helped to embed design use as a necessity in the clients’ minds. Another example came from a product designer who links their clients with manufacturing contacts overseas in order to help them advance the product to market. Where design firms are seeking to differentiate themselves, a client relations strategy appears to go a long way.

3.2 Interstate and international reputations

As was the case in 2012, thanks to a strong history of manufacturing, respondents still agreed that Victoria has developed a strong reputation within Australia for producing high quality design work. It was commonly agreed that the differences between the design sector in Melbourne and Sydney gave interesting insight into the level of competition amongst designers in Victoria. Melbourne is largely considered the home of quality design, and amongst the product design sector Melbourne is home to some of the largest firms in Australia. It was clear that the design sector in Melbourne resembles a community culture where, amongst the multimedia and graphic design firms, briefs were gained through word of mouth and based on strong reputations.

“Melbourne nurtures the creative industries more than anywhere else.”

Many were open to collaborating with each other in order to produce the highest quality of work. However, some did not believe that this was the case in Sydney where design firms keep their cards close to their chest.

An example of the high esteem placed on Victorian firms is noted below;

“Vic designers are very well placed to compete for work outside Vic because Vic has a greater depth (sheer number of people working in creative industries) of design and more support for designers, it’s looked on as quite influential and cutting edge, more so than Sydney.”
Amongst the respondents there was little mention of one particular state accounting for direct competition to Victoria, though it was clear from one graphic designer that New Zealand was close on the heels of Victoria, and Australia more broadly, in terms of poaching briefs from local clients.

“The New Zealanders are aggressively pursuing Australian clients and are extremely competitive – they are Australian designer’s biggest competitors.”

On the whole, Victorian designers were well-placed to win work both from interstate and internationally, though it was noted that the reputation of Victorian designers abroad could be better enhanced through greater exposure and acknowledgement of successes. This was considered a ‘missed opportunity’ for the Government to capitalise on the publicity afforded to successful inventions that used Victorian design. In this regard, interviewees mentioned medical devices that conform to stringent ISO13485 standards and device components that are used as part of Cochlear and Resmed products.

The ability of Victorian designers to compete internationally was not doubted by many of the respondents. Though this seemed to be more the case in niche areas of design, such as specific product specifications and was not something that was so prominently considered by graphic and multimedia designers. Some respondents were open to exploring the potential for international coalitions or alliances in order to pitch for work and it is likely this will occur with more frequency in the future. It was noted too that while Australia is indeed internationally competitive, we need to think more strategically in global markets. It was agreed that the differences in population size between Australia and European countries and the United States alone allows for a vast array of specialised design firms whereas Australian firms tend to cover more bases. This means that when Australian firms look to expand to different countries, they need to think strategically so as to differentiate themselves.

Australia’s position within the Asia Pacific region has allowed for local firms to work within Asia and capitalise on the close geographical proximity and trading relationship. However some believe that this comes with a time limitation. It is possible that by 2020 Asian nations will have adapted to and created their own version of the Western notion of ‘disruptive ideas’ and will produce their own design graduates who will fill the knowledge gap that Western designers once currently do. It was suggested also that the potential for Australia to continue to reap the rewards from the European and US markets was also finite. It was strongly suggested that Victorian designers interested in building an international presence should direct their energy toward Asia over the next five to ten years.

### 3.3 Market conditions

The competitiveness of the design sector in Victoria is much like that of many other sectors in Australia: it is susceptible to volatile market conditions. In the product and industrial design space, the market in Australia is considered somewhat ‘thin’ whereby, as was the case with one firm, continuous work coming from a single client can be the difference between a firm needing to downsize and a firm being sustained financially throughout a period of economic downturn, as was seen in 2008-14.

It takes into account the need for Australian designers to have a diverse range of skills when compared to the specialised nature of the US job market. Australia’s location makes it difficult for the kind of transnational immersion experienced in Europe for instance. However, international fairs and design-related events were considered a worthwhile investment of time and money. Some interviewees, though, expressed the sentiment of being too time-poor to participate.

Some suggested that the reputation of Australian design overseas was considered very strong.
“International design brands recognise there is a voice coming through from Australia and we are no longer just following Scandinavia but Australian design is now unique in its own right.”

Others did not agree with the unique Australian design concept, especially amongst the product designers the consensus was that there was no single recognisable theme or flavour of design attributed to Australia, such as there may be for European, Asian or the US styles. This was not necessarily considered a negative point as some styles come and go in popularity. Amongst the graphic design cohort, there was some agreement that there was a ‘voice coming through’ from Australia though one interviewee thought Australia lacked prominent ‘thought leaders’ or ‘design gurus’.

“We don’t tend to have any real ‘thought leaders’ or prominent ‘gurus’ of design in the same way that other countries do.”
4.0 Climate for design in Victoria

4.1 Understanding value of design

There is overall consensus that attitudes toward the value of design amongst Australian firms have improved as evidenced by a greater understanding in the tangible benefits design can bring to profit margins. However, some were wary:

“The design industry in Australia is still young...there is still a long way to go and we’re trying to promote it but it’s not like the US.”

Despite this, it was noted that there still remains some reluctance to engage and separate design firm to provide design services. There is a cycle that occurs here: say a company uses a design firm to provide design services, the wealthier and more successful a company becomes, the more they use design. The company then decides to hire in-house designers who they use a design firm to train. When the economy turns, they make the in-house designers redundant and return to using the original design firm for design services.

In the product and industrial design sector, greater understanding in good design is driven by two key determinants: (1) Human factors – people are happy to invest in products that have been designed to improve user experience; and (2) Regulations – understanding the standards and regulations surrounding medical devices for example, and designing them correctly from the outset can lead to overall savings.

Collaboration between design firms and government, research institutes or indeed other design firms was generally considered a possibility. The CSIRO was cited as a positive collaborator for one user of design, with a $1.5 million investment in technology that directly impacted on their product’s successful path to market strategy. Collaboration need not be just between design firms and non-design firms. Intergovernmental collaboration has proven fruitful for international successes of the Australian manufacturers and designers as is discussed below.

4.2 Government involvement

The sentiment surrounding the climate for design in Victoria was that there was great innovation and ideas coming from Victoria but little support available. The short term political cycle was seen as a break in the chain of progress for many design firms who were struggling to help their clients progress through the necessary phases from idea inception through to bringing the product/service to market. Such clients who were dependent on Government funding or grants found it extremely difficult to continue with the project after the grant or program had ceased. Having said this, positive references were made to the helpfulness and effectiveness of the previous Victorian Government initiatives such as the tech and innovation vouchers; however, their absence was sorely missed.

The importance of government involvement and support was highlighted especially clearly by one respondent, citing their involvement in the Victoria-Israel Science and Technology R&D program (VISTECH). The program was designed to foster innovation and technology development amongst Victorian manufacturers and companies in order to commercialise their products. The strength of the program was in the public-private linkages through the two government departments and two industry partners. Access to the funding was contingent upon an existing path to market strategy. This pre-requisite was viewed as the linchpin of the program because it differed from the so-called ‘pie in the sky’ funding that does not always guarantee the eventuation of a project. The success of the program was also in large part due to the strong intergovernmental partnership between Victoria and Israel. It was suggested that partnerships with other countries could be explored and embraced by the Victorian Government in the future.
Government-led programs were considered to be extremely useful by those who had experience and knowledge of them. One company operating in the food manufacturing sector spoke with Regional Development Victoria (RDV) to seek commercial advice. They were directed to engage with Mondelez International in order to undertake an assessment of their activities and to make recommendations on how the company could make their product more attractive to the consumer. This was done through food packaging design innovation. “We’ve tripled our profits over the last four years and design is part of that.” This expansion and profit growth is attributed to the decision to focus on package design and branding through the use of internal and external design professionals. Improving the design of their product has not only made it easier to market to potential retailers but also easier for the retailers to sell in stores.

The Victorian Design Initiatives 2012-2015 strategy was recognised by some interviewees however, recognition was somewhat opaque. Some admitted to being confused and unsure as to firstly where to find the information that related their needs and secondly how to decipher what grants and programs were relevant to their business activities. By all accounts it seemed unclear who the programs were targeted to and this bred the opinion that it was ‘too hard’. Again, the theme of being time-poor was noted amongst most of the respondents, with applications considered to be rather lengthy.

### 4.3 Design education

The overall quality of design graduates was discussed with each respondent and delivered varying opinions. The quality of design graduates was considered unimproved since 2012 however this view differed by design category. This in part was attributed to the inability of industry professionals to invest large amounts of time in university involvement. Graduates were considered to be technically proficient but overall lacked any ‘real-world’ business acumen. “It’s not hard to find people, it’s hard to find good people” summarised the sentiment from the majority of interviewees. Others believed that there should be more focus on real world experience which is expressed by the following two quotes.

“Perhaps if there was more immersion in the design industry before they graduate to get a sense of what the workplace is like.”

“...so there’s a massive gap between students learning how to make websites look pretty and making them work effectively.”

Top quality graduates were considered ‘few and far between’ due to the high demand for them in Victoria. As is the case across many industries, employers select candidates who require the least amount of training and therefore those graduates with industry or work experience were viewed more favourably. One respondent from the multimedia design space who employed graduates across the various departments of the firm mentioned that while many graduates hope to break into the Australian design market eventually, there are many more who are seeking to try their luck on the big stage in Europe and the United States before returning to Australia. This is not a unique phenomenon; however, it creates a brain-drain of fresh graduates. The same interviewee claimed that it was rather difficult to fill the gap left by those graduates who ventured overseas because the requirements for sponsorship of overseas employees were prohibitively laborious.

One graphic design firm bypassed waiting for new Government programs and initiatives to engage with students and initiated their own program which required students to fulfil a design brief in a limited time period. The mutual benefit of the exercise is that the design firm is exposed to talented graduates and the graduates increase their chances of employment post-graduation. The same design firm demonstrates a commitment to judging young people on their merits, not necessarily on their qualifications. Universities are not the only providers of design education on the radar of design firms in Victoria. For example, Tractor and General Assembly are privately funded institutions who claim to be ‘created by designers for designers’. Courses provided at such non-university design schools involve user experience and include industry-focused mentoring programs.
Universities were not viewed in an overwhelmingly favourable light by some respondents. Concerns were raised surrounding the weight universities apply to funding when making decisions. It was suggested that the ability of the universities to produce high quality and employable graduates was directly correlated to the quality of the teaching staff. Further concerns were raised by one interviewee regarding the pressure placed upon the universities to fill student quotas within certain departments in order to receive continued funding. This unfortunately was viewed as favouring quantity over quality.

A suggestion for improvement included the following from one respondent;

“...business courses should have compulsory marketing and use of design courses to educate them about the value of design.”

### 4.4 Challenges for the design sector

There are incredible opportunities in Australia for designers. One of the biggest challenges facing future prosperity of the design industry is that the investment climate in Australia is considered quite poor due to the risk-averse culture within the Australian business sector. The hesitation of business to incorporate design into their business models counteracts the progress being made by public sector initiatives. Ultimately, educating the business sector further about the value of design is the end goal in order to achieve more investment in design projects and a larger design economy. The value of design would also be better understood if more C-suite positions within businesses were occupied by designers.

One respondent outlined a unique dilemma facing product designers whereby outstanding success in one area leads to a successful business being acquired by a much larger international parent. A common strategy in such events is for the newly acquired business to cut ties with the Australian design consultant (who was, at least partly, responsible for the initial success), and have design services provided through the centralised functions of the parent company.

Another theme which was mentioned by a number of respondents was the existence of ‘free pitching’: a situation in which agencies pitch for a potential contract and provide the full product at the time of pitching. The frustration regarding free pitching and lack of action to stamp it out it is highlighted below;

“...crowd-sourced’ design work which is similar to ‘free-pitching’ is damaging the grassroots industry and small firms – some companies try to look at 30 versions of their logo but only pay for one.”

“...not enough done to discourage free pitching – we would like to see more involvement from AGDA and Victorian Government in terms discouraging it.”
5.0 Climate for Australian design more broadly

5.1 Looking forward

The future of the Victorian design sector is bright by all accounts.

“Australia is now considered to be ‘doing their own thing’ with design and we have become unique.”

There is, however, little depth for comparison between the Australian design sector and those of other countries. Australian and Victorian designers operate with significantly smaller budgets reflecting the size and willingness of Australian investors. Political upheaval will forever provide difficulties in attracting foreign direct investment in all activities, with design of course falling under that umbrella. While Australia is seen as ‘progressive’ amongst respondents who engaged with design on a daily basis, it would be fair to say that barriers still exist to further expansion of the Australian design economy.

Australia is seldom referenced when international innovation or design scoreboards are published, pointing to a lack of visibility of Australian design which has been highlighted by a number of respondents.

“There could be more visibility of programs and initiatives coming from government.”

This lack of visibility of Australian design internationally is at the heart of the frustration for many design professionals working in Victoria. There are uniquely Australian-designed and manufactured products in existence however, many interviewees feel this has not been highlighted sufficiently by the Australian Government.

“Vic gov’t doesn’t tend to appreciate good industrial design. It is keen on ‘advanced manufacturing’, but that’s downstream – it needs to be underpinned by good design early in the process.”

Manufacturing was seen as a potential for the design sector to pursue, a respondent mentioned that it would be beneficial if it could dovetail with engineering and product design.

Other industries that were seen to be a potential growth area for design included restaurants, pubs, and craft beer.
APPENDIX 3
Design-Innovation Ladder

Victoria’s Design Capabilities, Performance and Business Use of Design
1.0 The Design Innovation Ladder

Like in 2008, Wallis has made use of the framework provided by the design-innovation ladder. The design-innovation ladder provides a tool by which the level of integration of design activities within businesses can be measured. The concept of the design-innovation ladder has been adapted from previous work done by the Centre for Design Innovation in Ireland, and previously developed in Denmark.

Figure 1 The Design-Innovation Ladder

Respondents who use design were asked a number of specific questions (see below) that were given a score based on their answers. The scores were then added together to give an overall result between 0 and 25. Based on overall scores respondents were categorised as either Step 1, 2, 3 or 4 on the ladder.

The figure overleaf shows the questions contributing to the design-innovation ladder, with the scores for each response marked.
### BA7  Which of the following applies to your business / agency / organisation? (READ OUT) (MULTIPLE CODE)

- We have dedicated designers  4
- We employ people who do design as a secondary part of their job              2
- We employ external design consultant(s) on an ad hoc basis              1

### BA14  Does your company (organisation) use design in the following areas? (READ OUT) (MULTIPLE CODE) (ROTATE ORDER)

- Internally facing functions, such as workplace int. design and internal comm’s              1
- Externally facing functions, such as corporate communications, branding, marketing and website              1
- Product or process engineering              1
- Research and development, including user or market research              1
- New product or service development              1
- Strategic planning              1

### BB1  Which of the following four statements most closely represents the role design plays in your business? (READ OUT) (SINGLE CODE)

- Design is integral to the company’s operation              5
- Design has a significant role to play              4
- Design has a limited role to play              1
- Design has no role to play at all              0
- Don’t know (DO NOT READ OUT)              0

### BC3  Where does innovation rank among your business’s (organisation’s) strategic priorities for the next 12 months? Would you say (READ OUT)

- Top priority              5
- One of the Top 3 priorities              4
- One of the Top 10 priorities              1
- Not on a list of priorities              0
- Don’t know (DO NOT READ OUT)              0

### BC4  You said that your company (organisation) had introduced new products or services. How is design used in the development of new products/services? Would you say... (READ OUT) (SINGLE CODE)

- Design is not used in the process              1
- Design is used to a limited extent              2
- Design is used in some specific stages of the process              3
- Design is used in all stages of the process              4
- Design leads and guides the whole process              5
- Don’t know (DON’T READ OUT)              0
The table below shows the scores associated with the various levels:

**Figure 3  Steps on the design-innovation ladder**

<table>
<thead>
<tr>
<th>Step Description</th>
<th>Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1 (Non-Design)</td>
<td>0 – 6</td>
</tr>
<tr>
<td>Step 2 (Design as Styling)</td>
<td>7 – 10</td>
</tr>
<tr>
<td>Step 3 (Design as Process)</td>
<td>11 – 18</td>
</tr>
<tr>
<td>Step 4 (Design as Innovation)</td>
<td>19 – 25</td>
</tr>
</tbody>
</table>
APPENDIX 4
Sampling, Methodology & Analysis

Victoria’s Design Capabilities, Performance and Business Use of Design
1.0 Overview

As indicated in the main text the study data is derived from two sources a survey of design consultancies and a more general survey of businesses. The populations for the surveys were defined as follows:

- The population for the design consultancy survey was those Victorian businesses that offer design consultancy services as their main activity (by revenue). This population also included university/TAFE departments that offer paid design consultancy services to external clients.

- The population for the general business survey was employing businesses within Victoria. Excluded from this group were agricultural businesses and those organisations that were deemed to be part of the design consultancy survey population.

The following is an overview of the methodology, which is followed by a more detailed discussion of the separate surveys.

1.1 Questionnaire development

Questionnaires for each of the surveys were based on those used in 2008 and 2012. Since the objectives of the research were largely similar to those of 2012, there were very few changes to the instruments, and these were relatively minor.

After finalising the questionnaire, they were then programmed for interviewing via the Wallis’ computer-assisted telephone interviewing (CATI) system. The programming was checked in detail by the field and consultancy teams.

1.2 Sampling and Sample De-Duplication

Samples for the design consultancy survey and general business survey were drawn from different sources (see below). However, the sample sources were far from perfect: businesses might occur in the design consultancy survey that were not in fact design consultancies, and likewise, we might encounter design consultancies in the general business survey. To deal with this issue the two selected samples were first checked against one another; if a business happened to be selected in both samples it was initially assigned to the design consultancy survey.

During the actual interviewing the programming was such that, if a call to what was expected to be a general business turned out to be a design consultancy the design consultancy questionnaire could then be used. In contrast if a company was selected with the expectation that it was a design consultancy but it turned out to be a more general business it was screened out. Interviewers were briefed on these possibilities.

The diagram below shows how the surveys are integrated in the analysis.
1.3 Fieldwork Period

The surveys were conducted largely concurrently, in the period from 24 September 2015, through to 20 November 2015.
1.4 Interviewing Briefing and Management

Interviewers were fully briefed as to the study aims and objectives; the sampling approach adopted, and the questionnaire content prior to commencing to interview. The possibility that organisations selected for the general survey could be eligible for the design consultancy survey meant that interviewers had to be briefed about the aims and content of both surveys. Fieldwork for both surveys was conducted concurrently.

Interviewers were monitored throughout the survey period by supervisors using Wallis’ CATI facilities that allow for the interview to be listened to at the same time as the content is seen on screen. Wallis complies at all times with the industry standard of having 5% of interviews listened to by a supervisor. However, Wallis has in place a stronger control, in that we aim to monitor all interviewers at least once on every shift.

The Wallis interviewing team has extensive experience in undertaking research with businesses. Interviewers were coached as to performance wherever necessary. In line with the Market Research Privacy Principles respondents were asked if they objected to monitoring, and in the small number of cases where they did this was discontinued.

1.5 Post-Survey Analysis

Each of the surveys contained some open-ended questions, together with questions which although largely pre-coded had scope for “other” responses. These questions were coded for data analysis by the Wallis in-house coding team.

Prior to the analysis of the surveys it was necessary to weight them appropriately, and the more detailed discussion below indicates how this was undertaken.

1.6 Margins of Error

Estimates of the confidence level associated with the surveys need to take account of the weighting applied. For the business survey, the maximum expected level of error, at the 95% confidence level, for a given survey result is calculated to be +/- 4.8%. This result applies to the total sample. For design using businesses, the error is found to be +/- 6.7%. For the design consultancy survey the maximum expected level, at 95% confidence, is calculated to be +/-7.1%.
1.7 Numerical and Financial Estimation

Both surveys have been used to make numerical and financial estimates of the two populations to which they refer. For example, the numbers of people employed in design consultancies and in design roles in other businesses have been calculated. After the weighting of the data these numbers are derived from the figures quoted to us by respondents. For example, in design consultancies respondents told us how many people worked in design in their business, and after weighting of each business appropriately the survey outputs give a total number employed in all consultancies and in each sub-sector.

The same procedure was applied to financial estimates. For example, each design consultancy was asked their turnover for the last financial year, and use of the weighted data allows for calculation of the total turnover for the sector. In making such estimates a procedure has to be adopted to deal with those cases where a respondent either cannot or is unwilling to give the required information. In such instances, the following procedure was adopted:

- For design consultancies, the average value for the sector was ascribed in place of the missing value;
- In the case of business organisations, the average value for the sector and size of business was used (e.g. for a micro construction business the average value for businesses in construction with that size designation was used).

Note that it was also necessary to check for outliers – instances where businesses with apparently unusual characteristics might distort the results. (This might occur through interviewer error, or through misunderstanding on the part of the respondent.) An example might be a small business with that reports 300 designers on staff. In such instances the value recorded might be replaced as being a missing value. In general Wallis prefers to keep such substitutions to a minimum.

1.8 Limitations of the Surveys

In using data from the surveys it must be remembered that it is based on sample surveys and that these are subject to sampling and other errors. Whilst the surveys are robust in terms of their design and total sample, when analysis is undertaken by sub-sector sample sizes can be relatively small. Hence, for example, in examining data from the business survey there are only a few sectors that allow for separate analysis (e.g. manufacturing and professional services) because the underlying sample size of others is not sufficient. The design consultancy survey is perhaps even more prone to this limitation; the design consultancy industry represents quite a wide variety of businesses (e.g. artisan designers, consulting education departments and industrial designers) and the sample sizes across some of these specific sectors are modest.
2.0 Design Consultancy Survey

2.1 Eligibility

Design consultancies are essentially considered to be those that offer bespoke design services to external clients. In practice, in some cases it is not always easy to delineate whether a company is in fact a design consultancy or whether it is a company that employs designers. The following notes on each key sector will make this clear.

In trying to determine if a company was a design consultancy or a general business in 2015 Wallis took the view that a company was only a design consultancy if a majority of its revenue came from design consultancy services. Hence if for example a company undertook design and construction of houses on a bespoke basis it was not counted as a consultancy if its revenue from construction exceeded its revenue from design.

As a result of this approach, a number of businesses that had included themselves into the design consultancy survey were removed after later checking.

Once interviewers had confirmed that they were speaking with a business that was, in fact, a design consultancy, they requested to speak with a Chief Executive, or Partner, or someone else that was well placed to provide an overview of the business and it functioning.

Multiple call attempts were made to each record in the sample, where interviewers were not immediately able to reach the business. Whenever it was required, interviewers made appointments to call back at more appropriate times for particular respondents.

2.1.1 Physical

The physical sector consists of companies that offer architecture, interior design, landscape design and urban design services. It is quite usual for companies in this sector to claim to offer more than one such service, particularly architecture and interior design. In the case of urban design, the companies that offer this service may also offer more general services such as town or transport planning.

Although some organisations can be easily categorised as design consultancies in the physical sector (e.g. architectural practices) this is not always the case. Whereas an architectural or building design practice would normally be defined as a consultancy, a company that designs and builds houses would normally be considered as a general business that happens to employ designers. But, for example, a property developer may have designers on staff but no construction employers, preferring to sub-contract all building work. In this case, a judgement needs to be made as to whether the property developer is a consultancy or a general business.

2.1.2 Industrial / Engineering design

The industrial and engineering design consultancy sector includes businesses that undertake the design of manufactured products, and also those that offer general engineering design services. Some of these latter companies can be international and very large indeed. Some are engaged in civil engineering design projects (e.g. building of tunnels or mines) in which any design considerations are very much secondary to the engineering requirements of the structure, and there are no people with the title or training of designer on staff, but only "design engineers".
Again there are difficulties in this sector in saying whether a company is a consultancy or whether it is a construction company.

### 2.1.3 Viscom

The viscom sector includes companies that offer commercial art and graphic design, brand design, communications design and other related services. Included in here are TV, film and theatre set design services, and exhibition and display services.

Whilst in most cases the categorisations of companies is clear cut, the situation is muddied by companies that primarily earn revenue from other services but claim to offer design. For example, commercial printers will often claim to offer design services, in relation to logo, branding, business card and letterhead design.

In the case of exhibition and display services, some companies that design exhibition stands may also undertake their construction, either themselves or with contracted labour. Hence again a judgement needs to be made whether these are to be considered consultancies or construction businesses.

### 2.1.4 Multimedia design

In terms of multimedia design the sector is now dominated by companies that offer web design services. This has been driven in recent years by the perceived need for any business of substance to have a web site. However, web sites are increasingly required to offer functionality over and above mere information provision or browsing capacity. For example, web sites may offer e-retailing, the opportunity to participate in social networking or special interest communities or include market research surveys. Hence their design may require more behind-the-scenes computer programming than a simple site, and the company undertaking the project might be better categorised as a computer systems company than a design company.

### 2.1.5 Artisan

The Artisan sector is the one in which categorisation becomes most difficult. Most designers of fashion items, jewellery, or furniture, make and sell their products. The proportion of designers who can make a living by offering external consultancy services in this sector is very limited. Even in the case of fashion designers, the group that many of the public may most readily think of as “designers”, income is generated not from design alone, but from the manufacturing and repeated selling of designed items. Hence strictly speaking relatively few in the artisan sector are consultancies.

### 2.1.6 Education

People working in the education area are not strictly speaking a design sector, since their activities generally fall into other sectors (physical, industrial, viscom etc). However, because they operate in a slightly different way from private companies, and are largely in a consultancy role on projects, they have been kept separate in 2015, as they were in previous iterations of the survey.

A special version of the questionnaire was developed for this group. Data from this survey was merged, as appropriate, with the data from the design consultancy survey for analysis.
2.1.7 Design Facilitation

A small group of people make a living in Victoria from assisting companies to brief designers, and in managing an outsourced design process. They clearly count as consultancies.

2.2 Sampling

In order to sample companies that were potentially suitable for the design consultancy survey Wallis was able to use the services of Sensis, the organisation responsible for maintaining and marketing Yellow Pages in Australia. Using Sensis’ services, all businesses that appeared to undertake design were categorised according to their single main business service. (For example, a business might appear under the headings “web design and development” and “internet marketing services”. Sensis would then categorise the business as primarily one or the other according to the business’ own designation of its main area of operation.)

Sensis then provided counts to Wallis of each of the selected design categories and Wallis purchased a random selection of records from each of the categories. The table below shows the categories used in this process.

Figure 2 Yellow Pages categories used to locate design consultancies

<table>
<thead>
<tr>
<th>Physical</th>
<th>Viscom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architects</td>
<td>Artists – commercial</td>
</tr>
<tr>
<td>Building designers</td>
<td>Graphic designers</td>
</tr>
<tr>
<td>Interior designers</td>
<td>Multimedia</td>
</tr>
<tr>
<td>Landscape architects</td>
<td>Internet marketing services</td>
</tr>
<tr>
<td>Town &amp; regional planning</td>
<td>Web design &amp; development</td>
</tr>
<tr>
<td>Industrial</td>
<td>Artisan</td>
</tr>
<tr>
<td>Designing engineers</td>
<td>Furniture designers &amp; custom builders</td>
</tr>
<tr>
<td>Engineers-consulting</td>
<td>Jewellery designers</td>
</tr>
<tr>
<td>Product &amp; industrial designers</td>
<td>Textile &amp;/or fashion designers</td>
</tr>
<tr>
<td>Designing engineers</td>
<td>Furniture designers &amp; custom builders</td>
</tr>
</tbody>
</table>

It may be noted that Wallis did not use the same sampling fraction for each category: this varied according to the numbers available and the quotas that were to be set for the category. In the case of product and industrial designers, for example, Wallis purchased all the available Yellow Pages records.

The advantage of this approach is that, since nominally all businesses are included in Yellow Pages, and Sensis has access to the most recently updated information, the sampling frame is nominally complete. Assuming that businesses have classified their main business correctly, and it is in their interests to do so, then Sensis records should enable us to establish how many businesses are in each category.

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1 This approach was not possible in 2008 because in this period Sensis would not provide data to external research companies. They are now prepared to do so if the research is for a government research survey.
Wallis did not rely on the records as being accurate, but confirmed at the time of interview that the business was in fact a design consultancy. In fact, other than the organisation being a design consultancy of the expected type, there could be several outcomes:

- The organisation was no longer in business
- The organisation was not a design consultancy according to Wallis’ definitions (example: a housing builder that categorised itself as a building design company)
- The organisation was a design consultancy but not of the type expected – for example, a business expected to be a graphic designer might be found in practice to be working as a web designer.

Wallis had set quotas for each of the main types of design consultancy (physical, industrial etc). Hence, where on the main survey we encountered a business that was in fact a design consultancy it was passed across to the design consultancy survey and added into the quota numbers.

The interviews achieved are shown in the following table.

**Figure 3** Design consultancy survey responses by sector

<table>
<thead>
<tr>
<th>Design Sector</th>
<th>Interviews achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>70</td>
</tr>
<tr>
<td>Industrial</td>
<td>52</td>
</tr>
<tr>
<td>Viscom</td>
<td>70</td>
</tr>
<tr>
<td>Multimedia</td>
<td>83</td>
</tr>
<tr>
<td>Artisan</td>
<td>14</td>
</tr>
<tr>
<td>Education</td>
<td>9</td>
</tr>
<tr>
<td>Design facilitation / management</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>301</strong></td>
</tr>
</tbody>
</table>

**2.3 Weighting**

Use of the Sensis sampling frame was the primary source for weighting. For each Sensis ‘Yellow Heading’ category, an estimate was made as to what proportion of records was, in fact, a design consultancy. These calculations were based on both calls that resulted in an interview, and those that did not.

As would be expected, some of the categories yielded a high concentration of design consultancies, while others yielded relatively lower rates of consultancies. Most of the businesses we spoke to from the ‘architects’ category were identified as design consultancies, while fewer than half of businesses listed as ‘jewellery designers’ were identified as design consultants. For many of such businesses, the bulk of their revenue was gained through the manufacture or retail of jewellery, rather than its design.

While this calculation gives us the overall estimated size of the design sector (5488), some further calculations were necessary. Responses to our survey questions revealed that the Yellow Pages categories did not always exactly line up with the ‘main service’ of the business, as reported by interviewees. For example, some businesses drawn from the Yellow Pages ‘graphic designers’ category were identified as multimedia businesses. Hence the initial estimates of sector size do not exactly match the final estimates of the sector sizes included in the main body of the report.

A small number of respondents contacted as part of the general business survey (14) were, in fact, design consultants. For each of these 14 businesses, their respective Yellow Pages categories were looked up, and they were classified accordingly for weighting purposes.
A matrix was prepared showing the distribution of responses from the ‘expected’ Yellow Pages categories on one axis, and the ‘main service’ of the business as identified by interviewees on the other. From this matrix, weights were calculated, and then applied to survey responses in order to yield responses reflective of the overall population of 5488 consultancies.
3.0 Survey of General Businesses

3.1 Eligibility

Ensuring the eligibility for participation in the general business survey was relatively more straightforward than for the design consultancy survey. Interviewers confirmed that they were speaking to the head office of the organisation. If the location in question was not the head office, interviewers checked whether the head office was located within Victoria. Where this was the case, head office contact details were sought. Where the head office was located outside of Victoria, the interview was terminated.

Interviewers asked to speak with a Chief Executive or partner within the business, or (where possible) with a manager that had oversight of the design department.

Multiple call attempts were made in order to maximise response rates. Whenever requested, interviewers arranged to call back particular respondents at a particular time.

3.2 Sampling

Wallis purchased sample of general businesses from two commercial providers; Australian Business Database (ABD) and Dun and Bradstreet.

From ABD, a random sample of Victorian businesses was drawn. This source tends to yield a very high proportion of smaller businesses. Accordingly, Dun and Bradstreet records were sourced to top-up the sample of medium businesses and large businesses (records were randomly selected within these size categories). The sample was de-duplicated against itself, and against the sample of design consultancies.

Targets were set by both size of organisation, and industry. The table below shows the business size responses that were achieved. The quotas were set so as to over-represent medium and large businesses. This was done so as to ensure that adequate data was collected for these larger businesses that, despite being relatively small in number, are responsible for much of the design activity within the economy.

Figure 4 Respondents, by business size

<table>
<thead>
<tr>
<th>Size (Number of employees)</th>
<th>Total interviews achieved (% of total)</th>
<th>Users of design services (% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 4 (micro businesses)</td>
<td>288</td>
<td>111</td>
</tr>
<tr>
<td>5 – 19 (small businesses)</td>
<td>376</td>
<td>217</td>
</tr>
<tr>
<td>20-199 (medium businesses)</td>
<td>315</td>
<td>211</td>
</tr>
<tr>
<td>200+ (large businesses)</td>
<td>86</td>
<td>68</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1065</strong></td>
<td><strong>607</strong></td>
</tr>
</tbody>
</table>
The table below shows the interviews achieved across industry sectors. The table also displays the resulting distribution of responses, relative to the distribution within the wider business population.

**Figure 5 Industry quotas**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total interviews achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>176</td>
</tr>
<tr>
<td>Electricity, gas and water and waste services</td>
<td>17</td>
</tr>
<tr>
<td>Construction</td>
<td>96</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>73</td>
</tr>
<tr>
<td>Retail trade</td>
<td>101</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>76</td>
</tr>
<tr>
<td>Transport, postal and warehousing</td>
<td>55</td>
</tr>
<tr>
<td>Information, media and telecommunications</td>
<td>34</td>
</tr>
<tr>
<td>Finance and insurance services</td>
<td>31</td>
</tr>
<tr>
<td>Rental, hiring and real estate services</td>
<td>32</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>96</td>
</tr>
<tr>
<td>Administrative and support services</td>
<td>37</td>
</tr>
<tr>
<td>Public administration and safety</td>
<td>24</td>
</tr>
<tr>
<td>Education and training</td>
<td>35</td>
</tr>
<tr>
<td>Healthcare and social assistance</td>
<td>77</td>
</tr>
<tr>
<td>Arts and recreation services</td>
<td>22</td>
</tr>
<tr>
<td>Other services</td>
<td>77</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1065</strong></td>
</tr>
</tbody>
</table>

The coding of industry was a two-step process. Interviewers recorded a verbatim response to the main business activity as reported by the respondent. Wallis’ coding team later examined the verbatim responses to the industry question, and made any necessary adjustments to the recorded industry.

Those industries that are (numerically) very small within the Victorian economy (e.g. mining, utilities provision and ‘public administration and safety’), were deliberately oversampled in an effort to ensure that sufficient data was collected to allow for meaningful calculations of averages.

Whilst geographic quotas were not set, a pleasing distribution of responses was received. In total, 69% of responses were from metropolitan Melbourne, while the remaining 31% were from regional Victoria.
3.3 Weighting

In order to analyse the business survey the data were weighted to numbers obtained from the Australian Bureau of Statistics publication ‘Counts of Australian Businesses, including Entries and Exits June 2007 – June 2014’\(^2\). A 72 cell matrix was prepared for the population of Victorian businesses, split by size and industry. The business ‘population’ figures were based on all employing Victorian businesses, subtracting the agriculture industry and those firms that we have estimated as being design consultancies (drawn primarily from the ‘professional, scientific and technical services’ industry). As a result, the populations of our business survey and design consultancy survey do not overlap.

Based on this matrix, each survey response was allocated a weighting factor. Due to a small number of responses from ‘other services’ businesses employing 20-199 and 200+ employees, these two cells of the matrix were combined.

In the process of weighting the data, the total number of companies interviewed in each case was weighted (that is those that use design and those that do not). Using the weighted data then yields the basic statistical outcomes from the study.

\(^2\) Catalogue number 8165.0
APPENDIX 5
Survey Questionnaires

Victoria’s Design Capabilities, Performance and Business Use of Design
DEPARTMENT OF ECONOMIC DEVELOPMENT, JOBS, TRANSPORT & RESOURCES
VICTORIA DESIGN 2015
QUESTIONNAIRE: BUSINESS

SCREENING
S1 Good morning / afternoon. I’m (name) from Wallis Market and Social Research. I am calling to undertake a survey on behalf of the Victorian Governments Department of Economic Development, Jobs, Transport and Resources. The survey concerns innovation and business success and how the Victorian Government can better assist businesses.

To ensure we are speaking to the appropriate businesses can you please tell me…

S1a Is this the head office of your business (organisation)?
01 Yes GO TO S2
02 No

S1b Is the head office located in Victoria?
01 Yes LOCATE OFFICE – CONTACT NUMBER & SUBURB
02 No THANK AND CLOSE

S2 Does this company have less than 20 employees?
01 Yes GO TO S3b
02 No GO TO S3b
09 Don’t know

S3a May I please speak to your Chief Executive, or a Partner in the business, or someone else who can give an overview of your business and its activities?
01 Yes, continue GO TO S3c
02 Person temporarily unavailable MAKE APPOINTMENT
03 No, relevant person away during survey GO TO REF Q1
04 Wants a copy of the letter before continuing EMAIL TEXT
05 No, refusal (SPECIFY) GO TO REF Q1

S3b May I speak to someone who can give an overview of your business and its activities?
INTERVIEWER NOTE: The person should be a manager. If relevant should be head of design department.

01 Yes, continue CONTINUE
02 Person temporarily unavailable MAKE APPOINTMENT
03 No, relevant person away during survey (GO TO REF Q1)
04 Wants a copy of the letter before continuing EMAIL TEXT
05 No, refusal (SPECIFY) RECORD REASON & GO TO (REF Q1)
S4b Approximately, how many employees does your organisation have in total in Australia?

RECORD NUMBER

S4c And approximately, how many of these are employed on a part time or casual basis?

RECORD NUMBER

S5a What does this business / organisation do?

INTERVIEWER: Gather as much information as possible about what the company does.

PROBE FULLY

95 RECORD VERBATIM

FRAME FOR CODING (DO NOT DISPLAY ON SCREEN)

01 Agriculture, forestry and fishing
02 Mining
03 Manufacturing
04 Electricity, Gas, Water and waste services
05 Construction
06 Wholesale Trade
07 Retail Trade
08 Accommodation and food services
09 Transport, postal and warehousing
10 Information, media and telecommunications
11 Finance and Insurance services
12 Rental, hiring and real-estate services
13 Professional, scientific and technical services
14 Administrative and support services
15 Public administration and safety
16 Education and training
17 Health care and social assistance
18 Arts and Recreation Services
19 Other Services

CHECK QUOTAS IF REQUIRED CONTINUE, ELSE GO TO REF Q2

S5b Does your business / organisation provide goods and services to interstate or overseas customers or clients?

PROMPT IF NECESSARY

MULTICODE

01 Victoria only
02 Interstate
03 Internationally
99 Don’t know / can’t say

IF S4A=2 OR 3 CONTINUE ELSE GO TO S6B

S6a The survey is part of a study looking at the business use of design in Victoria in the past few years, and other related topics. Are you the most relevant person to ask about this?

IF NO, LOCATE CORRECT PERSON AND REINTRODUCE

(Good morning/afternoon this is…from Wallis Market and Social Research. I am calling to undertake a survey on behalf of Victorian Governments Department of Economic Development, Jobs, Transport and Resources. The survey is focused on how the Victorian Government can better assist businesses to grow through increased innovation and productivity. Individual survey responses are confidential and will only be presented in the form of aggregate information).

The survey takes around 15 minutes. May I go ahead now?

01 Yes, continue
02 No, not convenient
03 No, refusal (SPECIFY)

IF S4A = 97 CONTINUE ELSE GO TO S6B

S6b The survey is part of a study looking at the use of design in businesses, business performance and ways in which the Victorian government can assist businesses. Are you the most relevant person to ask about this?

IF NO, LOCATE CORRECT PERSON AND REINTRODUCE

(Good morning/afternoon this is…from Wallis Market and Social Research. I am calling to undertake a survey on behalf of Victorian Governments Department of Economic Development, Jobs, Transport and Resources. The survey is focused on how the Victorian Government can better assist businesses to grow through increased innovation and productivity. Individual survey responses are confidential and will only be presented in the form of aggregate information).

The survey takes only a few minutes. May I go ahead now?

01 Yes, continue
02 No, not convenient
03 No, refusal (SPECIFY)
IF S6A= 03 OR S6B=03 ASK REF Q1
REF Q1 Can you please just answer two quick questions?
  01 Yes
  02 No THANK & CLOSE

REF Q2 Can you please tell me if your firm is…
  01 A specialist design consultancy firm employing dedicated designers
  02 A firm with designers on staff or engages external design consultants but design is not your main business activity, or
  03 Or neither of those

IF NO ANSWER 1-7 AT S4B ASK REF Q3
REF Q3 Lastly, can you give your best estimate or how many employees your organisation has in total, in Australia?
READ OUT
  01 1 or 2
  02 3-4
  03 5-9
  04 10-19
  05 20-49
  06 50-199
  07 200+
  99 Don’t know

THANK YOU FOR YOUR TIME TODAY, THAT IS ALL I HAD TO ASK…

Section A: Use of Design

A1 Is this organisation a….? READ OUT
  01 Private business
  02 Publicly listed company
  03 Government agency
  04 Not-for-profit organisation
  95 Other (SPECIFY)
  99 (DO NOT READ) Don’t know

PROGRAMMER IF CODE 1 OR 2 AT A1 USE BUSINESS / COMPANY IN FUTURE QUESTIONS OTHERS USE AGENCY / ORGANISATION
IF S4A=02, 03 GO TO A7
IF S4B>=200 OR A1=03 GO TO H1

A2 Has this business / organisation ever used or tried to use a designer or design consultancy?
  01 Yes
  02 No GO TO A6

A3 How successful was it? Would you say… READ OUT
  01 Very successful
  02 Fairly successful
  03 Not very successful
  04 Not at all successful
  99 (DO NOT READ) Don’t know

IF A3=01, 02, 99 CONTINUE ELSE GO TO A5
A4 Why do you no longer use design services in your business (organisation)? PROBE FULLY
  95 RECORD VERBATIM

GO TO H1

IF A3=03, 04 CONTINUE ELSE GO TO H1
A5 Why was the use of design not successful?
PROBE FULLY
  95 RECORD VERBATIM:

GO TO H1
**A6** What are the main reasons that you haven’t used design services in your business?

PROBE FULLY

95 RECORD VERBATIM:

GO TO H1

**ASK ALL WHO USE DESIGN**

**A7** Which of the following applies to your business / agency / organisation?

READ OUT

MULTICODE

01 We have dedicated designers
02 We employ people who do design as a secondary part of their job
03 We employ external design consultant(s) on an ad hoc basis

IF A7=03 AND A7<>01, 02 GO TO A10

**A8a** Which design disciplines are practised in your company (organisation)?

PROMPT IF NECESSARY

01 Architecture / building design
02 Design Management / Facilitation Services
03 Exhibition and Display design
04 Fashion Design
05 Furniture Design
06 Graphic / Communications Design
07 Industrial Design
08 Interior Design
09 Jewellery Design
10 Landscape Design
11 Multimedia / Web design
12 Textile design
13 TV, Film and Theatre set design
14 Urban Design
95 Other (please specify)

A8b How many people in total, work in the design discipline (ANSWER FROM A8a)? I mean people who work as designers rather than administration or managerial staff.

PROGRAMMER: REPRODUCE FOR EACH RESPONSE AT A8A

RECORD NUMBER

A9 OTHER THAN PEOPLE WHO ARE EMPLOYED IN DESIGN DISCIPLINES, how many other people work in design related roles?

IF NECESSARY: For example, engineers, administration staff, management staff

RECORD NUMBER

**IF A7=03 CONTINUE ELSE GO TO A14**

**A10** For which design discipline(s) have you, or do you, engage design consultants? Which others?

PROBE FULLY / PROMPT IF NECESSARY

MULTICODE

01 Architecture / building design
02 Design Management / Facilitation Services
03 Exhibition and Display design
04 Fashion Design
05 Furniture Design
06 Graphic / Communications Design
07 Industrial Design
08 Interior Design
09 Jewellery Design
10 Landscape Design
11 Multimedia / Web design
12 Textile design
13 TV, Film and Theatre set design
14 Urban Design
95 Other (please specify)

**A11** Where are your design consultants based?

READ OUT

MULTICODE

01 Victoria
02 Interstate
03 Overseas
99 (DO NOT READ) Don't know

IF A11=03 CONTINUE ELSE GO TO A13

**A12** When you use overseas consultants, why do you use [overseas design consultants / IF A11=01, 02 them] rather than locally based consultants?

PROMPT IF NECESSARY

01 They deliver superior services
02 They deliver different services
03 Cost (cheaper)
04 Have always used them
95 Other (please specify)

**A13** Approximately when did your company/organisation last use a design consultant? Was it

READ OUT

01 This financial year since July 2015
02 Previous financial year, 2014-2015
03 Prior to 2014-2015
99 (DO NOT READ) Can’t say
A14 Does your company (organisation) use design in the following areas?

MULTICODE

01 Internally facing functions, such as workplace interior design and internal communications
02 Externally facing functions, such as corporate communications, branding, marketing and website
03 Product or process engineering
04 Research and development, including user or market research
05 New product or service development
06 Strategic planning (including change management?)
07 Customer communication/relationships?
95 Other (please specify)
97 None of the above
99 Don’t know

(NO A15)

A16 During the last financial year, how much did your organisation spend on design? Including staff, equipment and design consultancy, was it...

READ OUT

07 Less than $5,000
08 $5,000- $19,999
09 $20,000 - $49,999
01 $50,000 - $100,000
02 $100,000 to $499,000
03 $500,000 to $999,000
04 $1 million to $1.9 million
05 $2 million to $2.9 million
06 $3 million or more
99 Don’t know (DO NOT READ OUT)

IF A7=03 AND A7<>01, 02 CONTINUE ELSE GO TO A18

A17a Of your total expenditure on design, what percentage goes on external design?


A17b And what percentage is spent internally?


IF A7<>01 AND A7<>03 AND A11=MULTICODE CONTINUE ELSE GO TO A19

A18 Of your budget for design, what percentage was spent in...

IF NECESSARY: Your best estimate will do.

a [IF A11=01] Victoria
b [IF A11=02] Australia outside Victoria
c [IF A11=03] Overseas
Section B: Importance of design

B1 Which of the following four statements most closely represents the role design plays in your business?

READ OUT
01 Design is integral to the company’s operation
02 Design has a significant role to play
03 Design has a limited role to play
04 Design has no role to play at all
99 (DO NOT READ) Don’t know

B2 Over the last two years, to what extent would you say that design has contributed to the following in your business?

ROTATE ORDER
a Development of new local markets
b [IF S5b=02] Development of new interstate markets
c [IF S5b=03] Development of new markets internationally
d Introduction of new products or services
e Increased employment
f Increased sales volume
g Improved environmental or sustainability outcomes
h Improved social outcomes (for example, by helping disadvantaged groups, or benefitting the local community)

RESPONSE FRAME
READ OUT
01 To a great extent
02 Some extent
03 Not at all
99 Don’t know
98 Not applicable

B3 Can you please tell me if you agree or disagree with the following statements?

ROTATE ORDER
a I would like to increase the use of design in my business
b In my experience, design consultants do not understand my business
c There are issues that prevent us making greater use of design in this business

RESPONSE FRAME
READ OUT
01 Agree
02 Neither agree nor disagree
03 Disagree
99 Don’t know

IF B3A=01 OR B3C=01 CONTINUE ELSE GO TO C1

B4 What are the issues that prevent you in making greater use of design in your business?

PROBE FULLY

95 RECORD VERBATIM

Section C: Business Innovation

C1 Now I’d like you to think about innovation and the activities that your organisation undertakes in this regard.

Which of the following innovation related activities, if any, has your company (organisation) undertaken in the last two years?

READ OUT
MULTICODE
01 Significantly improved existing products or services
02 Reduced costs of products or services
03 Introduced new products or services
04 Introduced new or significantly improved operational processes
05 Introduced new or significantly improved organisational or managerial processes
95 Any other (please specify)
97 (DO NOT READ) None /do not undertake any innovation
99 (DO NOT READ) Don’t know

IF C1=97, 99 GO TO C3

C2a Do you think your company (organisation) has a competitive edge over similar companies (organisations) in the market place?

01 Yes
02 No
99 Don’t know

GO TO C3

C2b To what extent do you believe innovation has enabled your company (organisation) to maintain a competitive edge over the last two years?

READ OUT
01 To a great extent
02 To some extent
03 To a limited extent
04 Not at all
99 (DO NOT READ) Don’t know

ASK ALL

C3 Where does innovation rank among your business’s (organisation’s) strategic priorities for the next 12 months? Would you say...

READ OUT
01 Top priority
02 One of the Top 3 priorities
03 One of the Top 10 priorities
04 Not on a list of priorities
99 (DO NOT READ) Don’t know

IF C1=03 CONTINUE ELSE GO TO C5

C4 You said that your company (organisation) had introduced new products or services. How is design used in the development of new products/services? Would you say...

READ OUT
01 Design is not used in the process
02 Design is used to a limited extent
Section D: Recruitment and Skills

IF A7=01, 02 CONTINUE ELSE GO TO H1

D1 What proportion of your design staff have formal qualifications in a design discipline?

INTERVIEWER NOTE: FORMAL QUALIFICATIONS = DEGREE / CERTIFICATE / DIPLOMA FROM A UNIVERSITY / TAFE / PRIVATE COLLEGE

<table>
<thead>
<tr>
<th>%</th>
</tr>
</thead>
</table>

D2a Have you recruited any staff into design roles in the past year?

INTERVIEWER NOTE: Only includes external recruits. Not internal moves.

<table>
<thead>
<tr>
<th>01 Yes</th>
<th>02 No</th>
<th>99 Don’t know</th>
</tr>
</thead>
</table>

D2b How many have you recruited in total?

RECORD NUMBER

D2c How many of those, if any, were newly qualified graduates?

RECORD NUMBER

D3a Have you lost any design staff from your business in the past year?

<table>
<thead>
<tr>
<th>01 Yes</th>
<th>02 No</th>
<th>99 Don’t know</th>
</tr>
</thead>
</table>

D3b Why did they leave?

MULTICODE

<table>
<thead>
<tr>
<th>01 Retirement</th>
<th>02 Family / personal reasons</th>
<th>03 Company restructure / redundancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>04 Perceived poor conditions (e.g. pay, workload, type of work)</td>
<td>05 More appealing design role elsewhere in Victoria</td>
<td></td>
</tr>
<tr>
<td>06 More appealing design role interstate</td>
<td>07 More appealing design role internationally</td>
<td></td>
</tr>
<tr>
<td>08 To pursue a non-design role</td>
<td>95 Other (SPECIFY)</td>
<td></td>
</tr>
</tbody>
</table>

D3c How many have you lost in total?

RECORD NUMBER
D3d How many of those staff, if any, left to go to jobs overseas?

D4a In recent years, have you had any problems in recruiting suitable design staff for the business? Would you say...

READ OUT

01 This is a very serious problem for us
02 This is a problem for us
03 This is a minor problem for us
04 This is not really a problem for us
99 (DO NOT READ) Can’t say

IF D4A=01, 02 CONTINUE ELSE GO TO H1

D4b What kinds of problems do you face in recruitment? What other reasons?

PROBE FULLY

MULTICODE

01 Staff poached to other companies / shortage of staff in Australia
02 Staff go overseas / can earn more overseas
03 Not enough graduates in relevant disciplines
04 Can’t recruit from overseas / limited quotas
05 Available staff lack right / appropriate skills
06 Don’t know how / where to recruit
09 Other (SPECIFY)
99 Can’t say

IF H2 = 01, 03 CONTINUE ELSE GO TO H5

H2c In percentage terms how much has it increased / decreased over that period (of four years)?

%
IF H2 = 01 CONTINUE ELSE GO TO H4
H3 What have been the main factors behind the growth in profits?
PROBE FULLY
MULTICODE
01 Increased customers / clients
02 Have grown with inflation
03 Have added staff / greater capacity
04 Been able to charge more / increased profit margin
05 Changed types of work we do / broadened skill base
06 Changed types of customers we work for
07 Added new products/services
08 Improved products/services
09 Other reasons (SPECIFY)
99 Can’t say

IF H2 = 03 CONTINUE ELSE GO TO H5
H4 What have been the main factors behind the decline in profits?
PROBE FULLY
MULTICODE
01 Have lost customers / clients
02 Prices have not kept pace with inflation
03 Have lost staff / less capacity
04 More competition / lower profit margin
05 Have changed types of work we do
06 Changed types of customer / client we work for
07 Other reasons (SPECIFY)
99 Can’t say

H5 In what ways, if any, can the Victorian Government assist your business (organisation) to grow in the coming years?
PROBE FULLY
95 Other (SPECIFY)
97 None – no ways
99 Don’t know

IF H1 = 98 OR 99 CONTINUE ELSE GO TO J1
I2 Which of the following categories best describes your organisation’s annual turnover?
READ OUT
01 Up to $100,000
02 $100,000 to $499,000
03 $500,000 to $1.9 million
04 $2 million to $4.9 million
05 $5 to $9.9 million
06 $10 to $19.9 million
07 $20 million to 49.9 million
08 $50 million or above
98 Refused

I3 Would you like to be provided with link to the summary of the study in late 2015?
01 Yes
02 No
GO TO CLOSE

I3a Can I please have your email address so we can send the link once it is available?
01 (Record address)
SECTION R – RECRUITMENT SCRIPT

ANALYST: CALCULATE DESIGN INNOVATION LADDER SCORE. IF TOP TWO CATEGORIES ASK FOLLOWING. IF NOT GO TO CLOSE

R1. We’d like to invite you to participate in the next phase of our research, which is a more in-depth exploration of businesses that are making good use of design.

At this stage we are just asking a selection of businesses if they would be prepared to take part. It would involve a simple telephone interview or a brief site visit, and those who take part will be compensated for their time.

The interview or visit would take an hour or less of your time, and would explore in greater detail your company’s use of design, and any interesting experiences or innovations that you have experienced.

Would you be willing to participate in this additional interview?

01 Yes Continue
02 No terminate – GO TO CLOSE

Q34. Thank you for agreeing to participate. If you are selected we will recontact you by telephone to organise an appointment to conduct the interview. Is the best number to contact you on <PHONE NUMBER>?

01 Yes- This number
02 No – provide <new number>

QPost2. Do you have any general comments in relation to innovation and/or uses of design?

95 Other (SPECIFY)
97 None – no points of interest

CLOSE - THANK RESPONDENT AS FOLLOWS:

That was my final question. On behalf of the Victorian Governments Department of Economic Development, Jobs, Transport and Resources and Wallis may I thank you for giving us this interview. You have our assurance that your answers will be kept confidential. After analysis of the survey, which will take about three months, all names and contact information will be removed and destroyed.

For your information my name is.......... 

IF R1=01 CONTINUE, ELSE CLOSE

EMAIL TEXT

Subject:
FAQ

Dear [name]

Thank you for taking the time to speak with one of my colleagues regarding the survey of businesses that we are undertaking on behalf of the Victorian Department of Economic Development, Jobs, Transport and Resources. As requested, please see below for a link to a letter from the Department providing some brief information about the project.

http://www.wallis.xxx

We hope you will be in a position to participate in this important research project. A colleague of mine will call you back over the next few days to facilitate your involvement.

With best regards,

The Wallis Interviewing Team
www.wallisgroup.com.au
1800 113 444
Ref: XXXX
DEPARTMENT OF ECONOMIC DEVELOPMENT, JOBS, TRANSPORT & RESOURCES
VICTORIA DESIGN 2015
QUESTIONNAIRE: DESIGN

SCREENING
S1 Good morning / afternoon. I’m (name) from Wallis Market and Social Research. I am calling to undertake a survey on behalf of the Victorian Government’s Department of Economic Development, Jobs, Transport and Resources. Can you please confirm that your business offers design consultancy services (including building design and architecture services)?

01 Yes, offer design consultancy services CONTINUE
02 No, employ designers but not consultants CLOSE
03 No, no designers here CHECK AND CLOSE

S2 What is the main service offered by your business?
INTERVIEWER NOTE: IF MORE THAN ONE ASK WHICH IS THE LARGER

01 Architecture / building design
02 Interior Design
03 Landscape Design
04 Urban Design
05 Graphic Design / Commercial Artists
06 Communications Design
07 Corporate Brand Design
08 Exhibitions and Display design
09 TV, Film and Theatre set design
10 Industrial / engineering design
11 Fashion design
12 Jewellery design
13 Furniture design
14 Textile design
15 Multimedia / Web design/ computer graphics
16 Design Facilitation / Management Services
95 Other (SPECIFY)

CHECK QUOTAS – IF REQUIRED CONTINUE

<table>
<thead>
<tr>
<th>Category</th>
<th>Code at S2</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>01, 02, 03, 04</td>
<td>65</td>
</tr>
<tr>
<td>Industrial</td>
<td>10</td>
<td>70</td>
</tr>
<tr>
<td>Viscom</td>
<td>05, 06, 07, 08, 09</td>
<td>70</td>
</tr>
<tr>
<td>Multimedia (including games etc.)</td>
<td>15</td>
<td>70</td>
</tr>
<tr>
<td>Artisan</td>
<td>11, 12, 13, 14</td>
<td>10</td>
</tr>
<tr>
<td>Education</td>
<td>na</td>
<td>15</td>
</tr>
<tr>
<td>Design Facilitation / Management Services</td>
<td>No target</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>300</td>
</tr>
</tbody>
</table>

S3 May I please speak to your Chief Executive, or a Partner in the business, or someone else who can give an overview of your business and its activities?

01 Yes, continue GO TO S4
02 Person temporarily unavailable MAKE APPOINTMENT
03 No, relevant person away during survey THANK AND CLOSE
04 No, refusal RECORD REASON & CLOSE
05 Wants a copy of the letter before continuing EMAIL TEXT
WHEN THROUGH TO RELEVANT PERSON REINTRODUCE

S4 Good morning / afternoon. I’m (name) from Wallis Market and Social Research. I am calling to undertake a survey on behalf of the Victorian Governments Department of Economic Development, Jobs, Transport and Resources. The survey is part of a study looking at the use and growth of design services and designers in Victoria in the past few years, issues facing the design sector, and other related topics. Individual survey responses are confidential and will only be presented in the form of aggregate information. The survey takes around 15 minutes, may I go ahead now?

01 Yes, continue
02 No, not convenient
03 No, refusal
04 Wants a copy of the letter before continuing

MAKE APPOINTMENT

RECORD REASON & CLOSE

EMAIL TEXT

MONITORING QUESTION

M1 This call will be recorded and may be monitored for quality control purposes. If you do not want this call to be monitored, please say so now.

DO NOT READ OUT

01 Monitoring allowed
02 Monitoring NOT allowed

MOBILE CHECK

IF CALLING A MOBILE NUMBER:

SAFEL: I realise I am calling you on your mobile. Is it safe for you to speak now? Can I confirm you are not driving?

(IF DRIVING OR NOT SAFE: I am happy to call you back when it is more convenient for you).

DO NOT READ OUT

01 Safe to take call
02 Not safe to take call

IF SAFE=2 (NOT SAFE TO TAKE CALL):

MOB_APPT: Do you want me to call you back on this number or would you prefer I call back on another number?

DO NOT READ OUT

01 This number (ARRANGE CALL BACK)
02 Alternative number (RECORD ALTERNATE NUMBER AND ARRANGE CALL BACK)

Section A: Work Undertaken

A1 Is your business part of an overseas organisation or is it a wholly Australian owned company?

01 Part of an overseas organisation
go to A2b
02 Australian owned company

A2a Does your business have any overseas offices or export partners?

INTERVIEWER NOTE: This does not refer to overseas clients.

01 Yes
02 No

A2b Does your business have any offices in other states of Australia?

01 Yes
02 No

A3 Approximately how many people in total are employed in the business in Victoria?

Include part-time and casual employees normally employed

RECORD NUMBER

A4 Which design disciplines are practised in your firm? This refers to all staff in Victoria.

PROMPT IF NECESSARY

MULTICODE

01 Architecture / building design
02 Design Management / Facilitation Services
03 Exhibition and Display design
04 Fashion Design
05 Furniture Design
06 Graphic / Communications Design
07 Industrial Design
08 Interior Design
09 Jewellery Design
10 Landscape Design
11 Multimedia / Web design
12 Textile design
13 TV, Film and Theatre set design
14 Urban Design
95 Other (please specify)

IF A3=1 GO TO A7A
IF MULTIPLE RESPONSES AT A4, READ PREA5, ELSE GO TO A5

PreA5 For this next section, I’m going to ask you about how many staff are working across the different design disciplines that your company undertakes. If a staff member works across multiple disciplines, please include them in the discipline in which they spend most of their time.

ASK A5 FOR EACH CODE MENTIONED AT A4

A5 How many people in total work in the design discipline [CODE A4]? I mean people who work as designers rather than administration or managerial staff.

IF NECESSARY: If a staff member works across multiple disciplines, only include them for the discipline in which they spend most of their time.

RECORD NUMBER

A6 How many other people are there in your business who do not work as designers?

RECORD NUMBER

99 Don’t know

IF SUM OF A5+A6<>A3 CONTINUE ELSE GO TO A7A

A3/A5/A6 CHECK

Can I just check on the total number of staff working across the various areas in your organisation?

Earlier you mentioned that there were (A3) staff in total in your organisation. You also mentioned there were (A5 SUM) working across various design disciplines: (Reproduce list of A5 responses) And (A6) people who do not work as designers.

The designers plus the non-designers should equal the total number of staff in your organisation. Can I just confirm these numbers with you again?

DO NOT READ OUT

01 RETURN TO A3

02 RETURN TO A5

A7a Thinking now about the sorts of people or organisations that you have worked FOR in the past financial year. Have they included...

READ OUT

MULTICODE

01 Private individuals

02 Small or medium sized businesses, roughly those employing less than 200 people

A7b I would like to get an approximate percentage split of your clients in terms of those categories. Out of 100%, what percentage of your business turnover is accounted for by...

IF NECESSARY: take % of business in $ terms of turnover

A Private individuals

B Small or medium sized businesses, roughly those employing less than 200 people

C Large businesses - employing more than 200 people

D Government organisations

E Not-for-profit organisations

F Other (SPECIFY)

PROBE FULLY

IF SUM OF A7B<>100% CONTINUE ELSE GO TO A8

A7B CHECK

Can I just re-confirm those numbers, as I don’t think they’re adding to 100%?

ANALYST: REPRODUCE A7B RESPONSES, PLUS TOTAL.

INTERVIEWER: HIT RETURN TO GO BACK TO THE BEGINNING OF A7B

A8 Thinking about the types of clients that you have in terms of their size and ownership, have you deliberately focused on that group / those categories or is that just how the business has evolved?

01 Deliberately focused on that category / those categories

02 Business has simply evolved that way

03 Other response (SPECIFY)

99 Not sure / Don’t know

A9 In terms of ownership or size are there any categories of clients that you prefer NOT to work for/with or would deliberately avoid?

PROMPT IF NECESSARY

MULTI CODE

01 Private individuals

02 Very small or start-up businesses

03 Small businesses in general

04 Medium businesses

05 Large businesses

06 Government organisations

07 Not-for-profit organisations

95 Other (specify)
IF A9= 02, 03, 04 ASK A10 ELSE GO TO A11
A10 Why do you prefer NOT to work for [SMALL / MEDIUM] businesses? What other reasons?
PROBE FULLY
MULTICODE
01 Lack funds / can’t afford us
02 Not prepared to pay appropriate price / price driven
03 Give poor briefs / don’t know what they want
04 Don’t understand design / what we do
05 Try to use us to do only part of project / inappropriate use
06 Conservative / reject ideas / not receptive to new ideas
07 Don’t implement design effectively
08 Steal ideas / take intellectual property / not trustworthy
09 Don’t give credit to designers / our work
95 Other reasons (SPECIFY)
99 Don’t know

A11 In general, how do you market and promote your business and services to acquire new clients?
PROBE FULLY
MULTICODE
01 Advertising – newspaper / publications
02 Advertising – specialised design magazines
03 Advertising – general business magazines
04 Word of mouth
05 Direct selling
06 Internet – via company website
07 Internet – via professional / industry associations website
08 Exhibitions
09 Conferences / seminars
10 Television
11 Radio
12 Outdoor billboards / buildings
13 Social networks (online)
95 Other (SPECIFY)

A12 What do you see as the barriers to the expansion of your business in AUSTRALIA?
PROBE FULLY
MULTICODE
01 Loss of clients to competitors (in Australia)
02 Competition / erosions of margins in Australia
03 General economic conditions
04 Clients perceive designers in other states as better / reputation is higher in other states
05 Difficult to recruiting (enough) skilled designers
06 Loss of skilled personnel to competitors (in Australia)
07 Business lacks management / financial management skills
08 Access to capital?
09 Overseas competitors?
95 Other (SPECIFY)
99 Can’t say

A13a And thinking about the LOCATION OF YOUR CLIENTS over the past year are they located.
READ OUT
A In Melbourne
B In Victoria outside Melbourne
C In Australia outside Victoria

A13ac2 Which states outside Victoria?
MULTI CODE
01 New South Wales
02 Queensland
03 Tasmania
04 South Australia
05 Western Australia
06 ACT
07 Northern Territory
D Internationally

RESPONSE LIST
01 Yes
02 No
99 (DO NOT READ) Can’t say
IF MORE THAN ONE AT A13A = 01 ASK A13B FOR EACH MENTIONED AT A13A
A13b  Again I would like an approximate percentage split of your business. Out of 100% what percentage of your business in the past financial year is accounted for by clients ...

IF NECESSARY: Take % of business in $ terms of turnover
A  In Melbourne
B  In Victoria outside Melbourne
C  In Australia outside Victoria
D  Internationally

PROBE FULLY FOR EACH MENTIONED

%  

IF SUM OF A13B<>100% CONTINUE ELSE GO TO A14A
A13bCHECK
Can I just re-confirm those numbers, as I don’t think they’re adding to 100%?

ANALYST: REPRODUCE A13B RESPONSES, PLUS TOTAL.
INTERVIEWER: HIT RETURN TO GO BACK TO THE BEGINNING OF A13B

IF A13AD = 01 ASK A14A ELSE GO A15A
A14a  In which countries are your overseas clients located?

95 RECORD VERBATIM
A14b  How did you gain overseas business clients? Did you...
READ OUT / PROBE FULLY
01 Already have overseas networks/contacts in place
02 Deliberately seek overseas business (by marketing to or visiting other countries)
03 Obtain overseas clients by word of mouth or by chance
04 [A1 = 01 OR A2 = 01] Obtain clients via overseas offices or networks
05 Other response (SPECIFY)
99 Can’t say

A14c  What are the main reasons behind your business’ decision to undertake overseas business? What other reasons?
PROBE FULLY
MULTICODE
01 Only main source of business for us
02 Increases our revenue
03 Broadens our revenue base
04 Work for overseas part of Australian clients
05 Interesting / stimulating / worthwhile work
06 Overseas clients more receptive to design
07 Gives us access to overseas ideas
08 Raises our capabilities / keeps us on our toes
09 Increases our profile / improves image
10 Easy access via Internet/broadband etc

95 RECORD VERBATIM
A14d  In your export activities, have you received assistance from Austrade, or any other organisations?
01 Yes- Austrade
95 Yes – other (SPECIFY)
97 No, no assistance
99 Don’t know

IF A13AD = 02 ASK A15A ELSE GO A16
A15a  Have you attempted to obtain overseas business or overseas clients at all?
01 Yes  GO TO A16
02 No

A15b  Would you hope or intend to obtain overseas business in the near future?
01 Yes
02 No  GO TO A17

A16  What are the barriers to the expansion of your business in(to) INTERNATIONAL markets?
PROBE FULLY
MULTICODE
01 Loss of clients to competitors (from other countries)
02 Clients can buy design more cheaply (in other countries)
03 Clients perceive designers from other countries as better / reputation is higher in other countries
04 Loss of manufacturing capacity / clients can manufacture faster and cheaper in other countries
05 General economic conditions
06 Loss of skilled personnel to competitors in other countries
07 Business lacks international knowledge of industry markets
08 Language barriers
09 Not interested in expanding overseas
10 Capital or resources constraints
95 Other (SPECIFY)
99 Can’t say

A17 (Removed in 2012)
A18  Does your business (organisation) take any steps to protect the intellectual property that is developed though its design activities?
01 Yes
02 No
03 Don’t know

IF A18 = 01 CONTINUE ELSE GO TO D1A
A19  What actions does your business take to protect this intellectual property?
PROBE FULLY
Section D: Recruitment and Skills

IF A3=1 GO TO D2A

D1a What proportion of ALL your staff have formal qualifications in a DESIGN discipline? This refers to all staff in Victoria.

INTERVIEWER NOTE: formal qualifications = degree / certificate / diploma from a university / TAFE / private college.

IF D1A=0 GO TO D2A

D1b What proportion of your staff have at least 5 YEARS experience in a DESIGN discipline?

D2a Have you recruited, or attempted to recruit, any staff into design roles in your business in the past year?

01 Yes
02 No
99 Don’t know

D2b How many have you actually recruited in total?
RECORD NUMBER

D2c How many of those, if any, were newly qualified graduates?
UPPER LIMIT = D2B
RECORD NUMBER

D3a Have you lost any design staff from your business in the past year?

01 Yes
02 No
99 Don’t know
**D3b** Why did they leave?  
**PROBE FULLY**  
**MULTICODE**  
01 Retirement  
02 Family / personal reasons  
03 Company restructure / redundancy  
04 Perceived poor conditions (e.g. pay, workload, type of work)  
05 More appealing design role elsewhere in Victoria  
06 More appealing design role interstate  
07 More appealing design role internationally  
08 To pursue a non-design role  
95 Other (SPECIFY)

**D3c** How many design staff have you lost in total?  
**RECORD NUMBER**

**D3d** How many of those staff, if any, left to go to jobs overseas?  
**UPPER LIMIT D3C**  
**RECORD NUMBER**

**IF** D2A = 1 **ASK** D4A **ELSE** GO TO D5A

**D4a** Have you had any problems in recruiting suitably qualified and experienced design staff into the business? Would you say...  
**READ OUT**  
**ROTATE DIRECTION OF SCALE**  
01 This is a very serious problem for us  
02 This is a problem for us  
03 This is a minor problem for us  
04 This is not really a problem for us  
99 (DO NOT READ) Can’t say

**IF** D4A = 01 OR 02 **ASK** D4B **ELSE** GO TO D5A

**D4b** What kinds of problems do you face in recruitment? What others?  
**PROBE FULLY**  
**MULTICODE**  
01 Staff poached to other companies / shortage of staff in Australia  
02 Staff go overseas / can earn more overseas  
03 Not enough graduates in relevant disciplines  
04 Can’t recruit from overseas / limited quotas  
05 Available staff lack right / appropriate skills  
06 Don’t know how / where to recruit  
95 Other (RECORD VERBATIM)  
99 Can’t say

**IF** A3 = 1 **GO TO** H1

**D5a** How would you rate the quality of design graduates available these days? Would you say...  
**READ OUT**  
01 Excellent  
02 Very good  
03 Good  
04 Fair  
05 Poor  
06 Never recruited / tried to recruit graduates  
95 Can’t say

**IF** D5A = 04 OR 05 **ASK** D5B **ELSE** GO TO H1

**D5b** Why do you give that response?  
**PROBE FULLY**  
**MULTICODE**  
01 Lack / not taught basic design skills  
02 Poorly qualified in use of computer-aided design  
03 Lack production / manufacturing /engineering experience  
04 Lack business skills / don’t know how business operates  
05 Design graduates not taught to think about problems / thinking skill  
06 Courses are too short – do not go far enough  
07 Entry level for courses is too low / TER not high enough  
08 People entering design have wrong / inappropriate abilities  
95 Other (SPECIFY)  
99 Can’t say
Section H: Business Performance

H1 Now I have some questions about how the business has been going in recent years. When did this business first start in operation?

01 This year / 2015 GO TO H5
02 Last year / 2014 GO TO H5
03 2013
04 2012
05 2011
06 2010
07 2007 – 2009
08 Before 2006
99 Don’t know

H2 Taking the last four financial years from 2011/12 to 2014/2015, have your profits grown, been static or decreased?

/ H1 = 03, 04 Since the first year of this activity, have your profits grown, been static or decreased?

01 Grown
02 Been static
03 Decreased
99 Not sure / Don’t know

IF H2 = 01, 03 CONTINUE ELSE GO TO H5

H2c In percentage terms how much has it increased / decreased over that period (of four years)?

IF H2 = 01 CONTINUE ELSE GO TO H4

H3 What have been the main factors behind the growth in profits?

PROBE FULLY

MULTICODE
01 Have grown with inflation
02 Have added staff / greater capacity
03 Have been able to charge more / increased profit margin
04 Have gained new / additional clients
05 Have changed types of work we do / broadened skill base
06 Have changed types of client we work for
07 New products / services
08 Reduced costs
95 Other reasons (SPECIFY)
99 Can’t say

IF H2 = 01 CONTINUE ELSE GO TO H4

H4 What have been the main factors behind the decline in profits?

PROBE FULLY

MULTICODE
01 Have lost staff / less capacity
02 More competition / lower profit margin
03 Have lost clients
04 Have changed types of work we do
05 Have changed types of client we work for
06 Increasing costs
07 Value of $A
95 Other reasons (SPECIFY)
99 Can’t say

H5 Where do you want the business to go in the next 3 years? What sort of accomplishments would you like to see the business achieve?

PROBE FULLY

MULTICODE
01 Growth in profits and revenue
02 Recruitment of new staff
03 Broaden skill base and capacity of staff
04 Successfully implement the business overseas
05 Expand business in other design disciplines
06 Retain existing client base
07 Acquire new clients within Australia
08 Acquire new clients from overseas
09 Just to stay in business / to survive
95 Other goals (SPECIFY)
99 Can’t say

H6 Do you have a business / financial plan for the next 3 years?

01 Yes
02 No

H7 In what ways, if any, might the Victorian government assist your business to grow in the coming years?

95 Other (SPECIFY)
97 None – no ways
99 Don’t know
**Section I: Classification**

**I1** Approximately what would be the annual turnover of your organisation in Australia?

IF NECESSARY: This question is required for classification purposes.

Please include (3 zeros 000 thousands, six zeros 000 000 millions, nine zeros 000 000 000 billion).

RECORD AMOUNT

98 Refused
99 Don't know

IF I1= 98 OR 99 CONTINUE ELSE GO TO J1

**I2** Which of the following categories best describes your organisation's annual turnover?

READ OUT

- 01 Up to $100,000
- 02 $100,000 to $499,000
- 03 $500,000 to $1.9 million
- 04 $2 million to $4.9 million
- 05 $5 to $9.9 million
- 06 $10 to $19.9 million
- 07 $20 million to 49.9 million
- 08 $50 million or above
- 98 Refused
J7 Which ones?
PROMPT IF NECESSARY
MULTICODE
01 Design Institute of Australia (DIA)
02 Australian Graphic Design Association (AGDA)
03 Royal Australian Institute of Architects (RAIA)
04 Australian Interactive Media Industry Association (AIMIA)
05 Australian Design Alliance (ADA)
06 Australian Industry Group (AiGroup)
07 National Association of Visual Artists (NAVA)
08 Professional Photographers Association of Australia (PPAA)
09 Advertising Federation of Australia (AFA)
10 Melbourne Art Directors Club (MADC)
95 Other (PLEASE SPECIFY)

G3 Finally, would you like to be provided with a link to a summary of the key findings of the study in late 2015?
01 Yes
02 No

G3a Can I please have your email address so we can send the link once it is available?
01 (Record EMAIL address)

SECTION R – RECRUITMENT SCRIPT
IF S2= (05, 06, 07, 08, 09 (VISCOM), 10 (INDUSTRIAL), OR 15 (MULTIMEDIA)) AND H2=1
ASK FOLLOWING IF NOT GO TO CLOSE
R1. We’d like to invite you to participate in the next phase of our research, which is a more in-depth exploration of design businesses that are flourishing, or undertaking interesting activities such as international export.
At this stage we are just asking a selection of businesses if they would be prepared to take part. It would involve a simple telephone interview or a brief site visit, and those who take part will be compensated for their time.
The interview or visit would take an hour or less of your time, and would explore in greater detail your company’s perceptions of the design industry, and any interesting experiences or innovations that you have experienced.
Would you be willing to participate in this additional interview?
01 Yes Continue
02 No terminate – GO TO CLOSE

Q34. Thank you for agreeing to participate. If you are selected we will recontact you by telephone to organise an appointment to conduct the interview. Is the best number to contact you on <PHONE NUMBER>?
01 Yes- This number
02 No – provide <new number>
DEPARTMENT OF ECONOMIC DEVELOPMENT, JOBS, TRANSPORT & RESOURCES
VICTORIA DESIGN 2015
QUESTIONNAIRE: EDUCATION

SCREENING
S1 Good morning / afternoon. I'm (name) from Wallis Market and Social Research. I am calling to undertake a survey on behalf of the Victorian Governments Department of Economic Development, Jobs, Transport and Resources. May I please speak to the <POSITION FROM SAMPLE>, whom I believe to be.. (NAME)
  01 Yes  GO TO S3
  02 No – not available during survey period
  03 No – too busy

S2 Is there anyone else who can give me an overview of your School / Department / Centre in terms of external consulting work?
  01 Yes – locate correct person  GO TO S3
  02 No – not available during survey period
  03 No – no one suitable
  04 Do not do any external consulting work

WHEN THROUGH TO RELEVANT PERSON REINTRODUCE
S3 Good morning / afternoon. I'm (name) from Wallis Market and Social Research. I am calling to undertake a survey on behalf of the Victorian Governments Department of Economic Development, Jobs, Transport and Resources. The survey is part of a study looking at the use and growth of design services and designers in Victoria in the past few years, issues facing the design sector, and other related topics. Can you please tell me if your School / Department / Centre offers design consultancy services. I don't mean that members of staff act as independent consultants, but that the School / Department / Centre itself derives income from operating as a design consultancy.
  01 Yes – do offer these services  GO TO S4
  02 No – do not offer these services
  05 Other (SPECIFY)

S4 Your School / Department / Centre has been selected along with a number of others for inclusion in this survey. Individual survey responses are confidential and will only be presented in the form of aggregate information. The survey takes around 15 minutes, may I go ahead now?
  01 Yes  CONTINUE
  02 No, not convenient
  03 No, refusal

MONITORING QUESTION
M1 This call will be recorded and may be monitored for quality control purposes. If you do not want this call to be monitored, please say so now.
  01 Monitoring allowed
  02 Monitoring NOT allowed

MOBILE CHECK
IF CALLING A MOBILE NUMBER:
SAFE1: I realise I am calling you on your mobile. Is it safe for you to speak now? Can I confirm you are not driving?
  (IF DRIVING OR NOT SAFE: I am happy to call you back when it is more convenient).
  01 Safe to take call
  02 Not safe to take call
IF SAFE1=2 (NOT SAFE TO TAKE CALL):
MOB_APPT: Do you want me to call you back on this number or would you prefer I call back on another number?
  01 This number (ARRANGE CALL BACK)
  02 Alternative number (RECORD ALTERNATE NUMBER AND ARRANGE CALL BACK)

S5 INTERVIEWER CODE IF APPARENT OR ASK
Is this School / Department / Centre a university department, a TAFE or a private college?
  01 University Department
  02 TAFE
  03 Private college
  05 Other (SPECIFY)

S6 What design disciplines are taught in this School / Department / Centre?
MULTICODE
  01 Industrial Design
  02 Architecture
  03 Interior Design
  04 Landscape Design
  05 Urban Design
  06 Graphic / Communications Design
  07 TV, Film and Theatre set design
  08 Exhibition and Display design
  09 Textile design
  10 Fashion Design
  11 Jewellery Design
  12 Furniture Design
  13 Multimedia design
  14 Other1 (SPECIFY)
  15 Other2 (SPECIFY)
  16 Other3 (SPECIFY)
  97 None - research institute only (SPECIFY)
WG4304

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Questionnaire: Education Page 3 of 16

S7a How many staff are there in total here?
RECORD NUMBER

IF CODE 97 AT S6 SKIP TO S7C

S7b How many of those staff are teaching staff?
RECORD NUMBER

S7c How many of those staff, if any, are research staff with no teaching responsibilities?
RECORD NUMBER

S7d Are the remaining staff employed in managerial or administrative roles?
01 Yes
02 No
GO S8

S7e What other roles are staff employed in?
95 RECORD VERBATIM

S7f How many of those staff (in other roles) are there?
RECORD NUMBER

IF CODED 97 AT S6 SKIP TO NEXT SECTION

S8 How many students are there in this School / Department in total?
RECORD NUMBER

S9 Over the past three years, would you say that student enrolments in design disciplines in
your school / department have been…
READ OUT
01 Growing
02 Static
03 Falling
99 (DO NOT READ) Don’t know
GO TO S10
GO TO A1
GO TO S10
GO TO A1

IF S9=01, 03 AND S6=MULTI-RESPONSES ASK S10, ELSE GO TO A1

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Questionnaire: Education Page 4 of 16

S10 Have enrolments in any particular design disciplines been driving this [growth / decline],
or is it more a case of [growth / decline] across all disciplines?
(If PARTICULAR DISCIPLINE/S DRIVING GROWTH/DECLINE: Which one/s?)

ANALYST: REPRODUCE SELECTED CODES FROM S6 MULTICODE
01 Industrial Design
02 Architecture
03 Interior Design
04 Landscape Design
05 Urban Design
06 Graphic / Communications Design
07 TV, Film and Theatre set design
08 Exhibition and Display design
09 Textile design
10 Fashion Design
11 Jewellery Design
12 Furniture Design
13 Multimedia design
14 Other1 (SPECIFY)
15 Other2 (SPECIFY)
16 Other3 (SPECIFY)
95 Spread evenly across disciplines
99 Don’t know
**Section A: Work Undertaken**

**A1** In the remainder of this interview I would like to focus on the work that your Department / School / Centre does as a design consultancy in its own right.

To give us an overview can you please tell us the kinds of work you undertake?

INTERVIEWER NOTE: E.G. OFFERING INDUSTRIAL DESIGN SERVICES TO LOCAL MANUFACTURING COMPANIES

PROBE FULLY

95 RECORD VERBATIM

**A2** Of the [NUMBER FROM S7b + NUMBER FROM S7c] qualified staff you mentioned earlier how many are available to offer design consultancy services?

INTERVIEWER IF ALL RECORD NUMBER SHOWN

RECORD NUMBER

99 Don't know

**IF MORE THAN ONE CODE IN S6 ASK A3A ELSE GO TO A4**

**A3a** Do staff from ALL the design disciplines that are taught here undertake work outside the School / Department in this way?

INTERVIEWER NOTE: 'All' design disciplines include: [IMPORT FROM S6]

01 Yes  
02 No  
99 Don't know

**A3b** Which do not?

SHOW SELECTED ANSWERS FROM S6

MULTICODE

01 Industrial  
02 Architecture  
03 Interior Design  
04 Landscape Design  
05 Urban Design  
06 Graphic / Communications Design  
07 TV, Film and Theatre set design  
08 Exhibition and Display design  
09 Textile design  
10 Fashion Design  
11 Jewellery Design  
12 Furniture Design  
13 Multimedia design  
95 Other1 (SPECIFY)  
96 Other2 (SPECIFY)  
97 Other3 (SPECIFY)

ASK A4 FOR EACH CODE MENTIONED AT S6 AND NOT MENTIONED AT A3B

**A4** So how many people in total offer consultancy services in [CODE S6]?

RECORD NUMBER

SUM OF A4=A2

**A4b** Are you planning to change the design disciplines in which you offer consultancy services in the next three years?

DO NOT READ OUT

01 Yes  
02 No  
99 Don't know

**A5a** Thinking now about the sorts of organisations that you have worked FOR in the past financial year. Have they included…

READ OUT

MULTICODE

01 Private individuals  
02 Small or medium sized businesses, roughly those employing less than 200 people  
03 Large businesses - employing more than 200 people  
04 Government organisations  
05 Not-for-profit organisations  
95 Other (SPECIFY)

IF YES TO MORE THAN ONE AT A5A ASK A5B ELSE GO TO A6

**A5b** Approximately what percentage of your EXTERNAL CONSULTANCY BUSINESS is accounted for by [DISPLAY EACH CODE MENTIONED AT A5A IN TURN]

IF NECESSARY: take % of business in $ terms of turnover

A Private individuals  
B Small or medium sized businesses, roughly those employing less than 200 people  
C Large businesses - employing more than 200 people  
D Government organisations  
E Not-for-profit organisations  
F Other (SPECIFY)

PROBE FULLY

%  

IF SUM OF A5B<>100% CONTINUE ELSE GO TO A6

**A5bCHECK**

Can I just re-confirm those numbers, as I don’t think they’re adding to 100%?

ANALYST: REPRODUCE A5B RESPONSES, PLUS TOTAL.

INTERVIEWER: HIT RETURN TO GO BACK TO THE BEGINNING OF A5B
A6 Thinking about the types of clients that you have in terms of their size and ownership, have you deliberately focused on that group / those categories or is that just how the work has evolved?
- 01 Deliberately focused on that category / those categories
- 02 Business has simply evolved that way
- 95 Other response (SPECIFY)
- 99 Not sure / Don’t know

A7 In terms of ownership or size are there any categories of clients that you prefer NOT to work for/with or would deliberately avoid?

PROMPT IF NECESSARY

MULTI CODE
- 01 Private individuals
- 02 Very small or start-up businesses
- 03 Small businesses in general
- 04 Medium businesses
- 05 Large businesses
- 06 Government organisations
- 07 Not-for-profit organisations
- 95 Other (specify)
- 98 No - none
- 99 Can’t say

IF A7 = 02, 03, 04 ASK A8 ELSE GO TO A9A

A8 Why do you prefer NOT to work for [SMALL / MEDIUM] businesses? What other reasons?

PROBE FULLY

MULTICODE
- 01 Lack funds / can’t afford us
- 02 Not prepared to pay appropriate price / price driven
- 03 Give poor briefs / don’t know what they want
- 04 Don’t understand design / what we do
- 05 Try to use us to do only part of project / inappropriate use
- 06 Conservative / reject ideas / not receptive to new ideas
- 07 Don’t implement design effectively
- 08 Steal ideas / take intellectual property / not trustworthy
- 09 Don’t give credit to designers / our work
- 95 Other reasons (SPECIFY)
- 99 Don’t know

IF MORE THAN ONE AT A9A = 01 ASK A9B FOR EACH MENTIONED AT A9A

A9b Approximately what percentage of your business is accounted for by clients...

IF NECESSARY: Take % of business in $ terms of turnover

- 01 In Melbourne
- 02 In Victoria outside Melbourne
- 03 In Australia outside Victoria
- 04 Internationally

PROBE FULLY FOR EACH MENTIONED

IF SUM OF A9B<>100% CONTINUE ELSE GO TO A9C

A9c In which countries are your overseas clients located?

PROBE FULLY

95 RECORD VERBATIM
A9d How did you gain overseas business clients? Did you...
READ OUT / PROBE FULLY MULTICODE
01 Already have overseas networks/contacts in place
02 Deliberately seek overseas business (by marketing to or visiting other countries)
03 Obtain overseas clients by word of mouth or by chance
04 Obtain clients via overseas offices or networks
95 Other response (SPECIFY)
99 Can't say

A9e What are the main reasons behind your decision to undertake overseas business? What other reasons?
PROBE FULLY
MULTICODE
01 Only main source of business for us
02 Increases our revenue
03 Broadens our revenue base
04 Work for overseas part of Australian clients
05 Interesting / stimulating / worthwhile work
06 Overseas clients more receptive to design
07 Gives us access to overseas ideas
08 Raises our capabilities / keeps us on our toes
09 Increases our profile / improves image
10 Easy access via Internet/broadband etc
11 Like / enjoy overseas travel
12 Get government assistance / grants for overseas promotion
95 Other (SPECIFY)
99 Can't say

A9f What are the barriers to the expansion of your EXTERNAL CONSULTANCY BUSINESS into INTERNATIONAL markets?
PROBE FULLY
MULTICODE
01 Loss of clients to competitors (from other countries)
02 Clients can buy design more cheaply (in other countries)
03 Clients perceive designers from other countries as better – reputation is higher in other countries
04 Loss of manufacturing capacity – clients can manufacture faster and cheaper in other countries
05 General economic downturn
06 Loss of skilled personnel to competitors in other countries
07 Business lacks international knowledge of industry markets
08 Language barriers
95 Other (SPECIFY)
99 Can't say

A9g Have you received assistance from Austrade or other support groups in your industry?
01 Yes- Austrade
95 Yes – other (SPECIFY)
97 No, no assistance
99 Don't know

A9h Do you have overseas business or export partners?
INTERVIEWER NOTE: This does not refer to overseas clients.
01 Yes
02 No

A10a Does your organisation take steps to protect the intellectual property that is developed through its design activities?
01 Yes
02 No
99 Don't know

IF A10A = 01 CONTINUE ELSE GO TO B1
A10b What actions does your organisation take to protect this intellectual property?
PROBE FULLY
MULTICODE
01 Rely on Copyright
02 Register a patent
03 Register a trademark
04 Register a design
95 Other (SPECIFY)
Section B: Business Performance

B1 When did your School / Department /Centre first start to offer external design consultancy?

01 This year / 2015  GO TO B5
02 Last year / 2014  GO TO B5
03 2013
04 2012
05 2011
06 2010
07 2007 – 2009
08 Before 2006
99 Don’t know

B2 Taking the last four financial years from 2011/12 to 2014/2015, has the surplus or profit from this activity grown, been static or decreased?

B1 = 05 – 08, 99

IF B2 = 01, 03 CONTINUE ELSE GO TO B5

B5 Looking ahead to the next year, which scenario do you anticipate for the surplus or profit?

READ OUT

01 Expect to grow strongly
02 Expect to grow a little
03 Will stay more or less the same size
04 Expect to fall slightly
05 Expect to fall strongly
99 Can’t say

B7 In what ways, if any, might the Victorian government assist your design consultancy business to grow in the coming years?

95 Other (SPECIFY)

97 None – no ways
99 Don’t know
Section C: Recruitment and Skills

C1a Have you recruited any teaching or research staff or equivalent into the School / Department / Centre in the past year?
01 Yes
02 No
99 Don’t know

IF C1A = 01 CONTINUE ELSE GO TO C2A

C1b How many have you recruited in total?

C2a Have you lost any teaching or research staff to go to other organisations in the past year?
01 Yes
02 No
99 Don’t know

IF C2A = 01 CONTINUE ELSE GO TO C3A

C2b Why did they leave?
MULTICODE
01 Retirement
02 Family / personal reasons
03 Organisation restructure / redundancy
04 Perceived poor conditions (e.g. pay, workload, type of work)
05 More appealing teaching / research role elsewhere in Victoria
06 More appealing teaching / research role interstate
07 More appealing teaching / research role internationally
08 To pursue a non- teaching / research role
95 Other (SPECIFY)

C2c How many have you lost in total?

C2d How many of those staff, if any, left to go to jobs overseas?

C3a In general how happy are you with the opportunity to recruit suitably qualified experienced staff? Would you say...
READ OUT
01 This is a very serious problem for us
02 This is a problem for us
03 This is a minor problem for us
04 This is not really a problem for us
99 Can’t say

IF C3A = 01 OR 02 ASK C3B ELSE GO TO C4A

C3b What kinds of problems do you face in recruitment? What others?
PROBE FULLY
MULTICODE
01 Staff poached to other institutions / shortage of staff in Australia
02 Staff go overseas / can earn more overseas
03 Not enough graduates in relevant disciplines
04 Can’t recruit from overseas / limited quotas
05 Available staff lack right / appropriate skills
06 Don’t know how / where to recruit
95 Other (RECORD VERBATIM)
99 Can’t say

C4a In general, how would you rate the quality of design graduates in Victoria these days?
Would you say...
INTERVIEWER NOTE: QUESTION IS GENERAL NOT JUST APPLYING TO THIS SCHOOL
READ OUT
01 Excellent
02 Very good
03 Good
04 Fair
05 Poor
99 Can’t say

IF C4A = 04 OR 05 ASK C4B ELSE GO TO G1A

C4b Why do you give that response?
PROBE FULLY
MULTICODE
01 Lack / not taught basic design skills
02 Poorly qualified in use of computer-aided design
03 Lack production / manufacturing /engineering experience
04 Lack business skills / don’t know how business operates
05 Design graduates not taught to think about problems / thinking skill
06 Courses are too short – do not go far enough
07 Entry level for courses is too low / ATAR not high enough
08 People entering design have wrong / inappropriate abilities
95 Other (SPECIFY)
99 Can’t say
Section G: Classification

G1a Are you, or your organisation a member of a professional design association or body?

- 01 Yes
- 02 No
- 99 Don't know

G1b Which ones?

- PROBE FULLY
- MULTICODE
- 01 Design Institute of Australia (DIA)
- 02 Australian Graphic Design Association (AGDA)
- 03 Royal Australian Institute of Architects (RAIA)
- 04 Australian Interactive Media Industry Association (AIMIA)
- 05 Australian Design Alliance (ADA)
- 06 Australian Industry Group (AiGroup)
- 07 National Association of Visual Artists (NAVA)
- 08 Professional Photographers Association of Australia (PPAA)
- 09 Advertising Federation of Australia (AFA)
- 10 Melbourne Art Directors Club (MADC)
- 95 Other (PLEASE SPECIFY)

G2a Approximately what would be the annual income of your school / Department / Centre from its external consultancy activities?

- 98 Refused

IF G2A = 98 ASK G2B ELSE GO TO G3

G2b This question is required for classification purposes, and any responses will be confidential. Which of the following bands best describes the annual income of your school / Department / Centre from its external consultancy activities?

- 01 Up to $100,000
- 02 $100,000 to $499,000
- 03 $500,000 to $1.9 million
- 04 $2 million to $4.9 million
- 05 $5 to $9.9 million
- 06 $10 to $19.9 million
- 07 $20 million to 49.9 million
- 08 $50 million or above
- 98 Refused

G3a Can I please have your email address so I can send link once they are available?

- 01 (Record EMAIL address)

CLOSE - THANK RESPONDENT AS FOLLOWS:

That was my final question. On behalf of the Victorian Governments Department of Economic Development, Jobs, Transport and Resources and Wallis may I thank you for giving us this interview. You have our assurance that your answers will be kept confidential. After analysis of the survey, which will take about three months, all names and contact information will be removed and destroyed.

For your information my name is ..........

EMAIL TEXT

Subject: FAQ[name] Welcome to the Victorian Government Study of Educational Institutions (ID=xxxx)

Dear [name]

Thank you for taking the time to speak with one of my colleagues regarding the survey of educational institutions that we are undertaking on behalf of the Victorian Department of Economic Development, Jobs, Transport and Resources. As requested, please see below for a link to a letter from the Department providing some brief information about the project.

http://www.wallis.xxx

Further information about previous years' surveys can also be found on the Department’s website: http://dsdbi.vic.gov.au/publications-research-and-data/research-and-data/design-research-report-2012

We hope you will be in a position to participate in this important research project. A colleague of mine will call you back over the next few days to facilitate your involvement.

With best regards,

The Wallis Interviewing Team
www.wallisgroup.com.au
1800 113 444
Ref: XXXX