Design management – the unexplored retail marketing competence

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Abstract

Food retailers invest heavily in design expertise to create exciting packaging and to develop store environments to entice customers to buy premium food products, and to strengthen their competitive edge. The process by which food retailers manage design has not been documented and this is an oversight in the field of design management that this paper addresses. Cases of four UK retailers are presented and their approaches to design management are compared and discussed. A model of retail design management is presented which represents current "better practice" in UK food retail; in addition, a model of the seven Ps of design management is presented to foster better understanding of the role of food retail design management function.

Introduction

Design management is a developing body of theory, that has its roots in marketing, sociology, psychology and engineering literatures. The initial focus of design management was product development based, with a strong sequential process orientation. With, for example, a strong focus on how Sony developed their design management process. More recent literature has attempted to integrate "softer" disciplines such as ergonomics and consumer behaviour into design management. This paper takes this approach one stage further, by attempting to bridge the gap between design management and retailing literatures. The focus is on taking design management principles and exploring them in a retail context, with case study material. Finally, an attempt is made to bring out the exploratory findings of the study into a conceptual base, this can be loosely termed as exploratory retail design management principles. These principles put forward as a proposed inter-disciplinary framework linking retailing and design management literatures.

Defining design management

Design management has been defined by Blaich (cited in Cooper and Press, 1995) as the harnessing of design expertise to reinforce the strategic objectives of the organisation. This involves implementing a formal design policy within the company, through promoting the importance of design to long-term corporate goals. In addition, co-ordinating design resources at all company levels to achieve the company's strategic objectives.

Other commentators such as Bruce and Cooper (1997) have identified "best practice" design management activities. These include:
- implementing a design audit;
- developing a company design policy;
- design project planning;
- selecting a design team;
- selecting designers;

- producing a brief;
- requirements capture/market research;
- concept development;
- selecting the design concept;
- developing detailed design;
- producing the design;
- post launch.

Bruce and Cooper (1997) provide a detailed outline of design management activities that range from design auditing to design project development. The activities explored are concerned with managing a design project successfully to meet corporate objectives. Bruce and Cooper (1997) emphasise that design management entails ensuring that design is understood within an organisation. Design management is the implementation of effective design policies and practices within an organisation.

Design and marketing need to work in partnership to ensure that the offerings are positioned and targeted to meet customers' needs effectively. The retailing literature has long acknowledged that the most profitable retailers will need to develop a store, product and service mix that is targeted to the requirements of defined consumer segments (McGoldrick, 1990). Much of the physical targeting occurs within the design management process (Cooper and Press, 1995).

Retail design management, then must entail planning, implementation, monitoring and evaluation of the design activities to achieve results for a food retailer.

Design management in major multiple UK food retailers

Design management within food retailing covers the store environment, packaging, literature and corporate identity. The volume of products handled by major multiple food retailers makes the design management process complex; for example, up to 25,000 product lines and a substantial development of new products per annum (*Marketing Week*, 1997). In addition, UK food retail has a higher concentration of own brands than anywhere in the world (*The Economist*, 1995) and own brand sales are around 35 percent on average, compared to 19 percent in the US grocery market. Food retail is highly concentrated, with a handful of retailers dominating the upper echelons of the market, extremely competitive and under pressure to reduce prices, but also to improve their levels

of quality and customer service. Southgate (1994) argues that UK consumers expect packaging to be of a high standard, much like an art form and they are attracted to innovative packaging. Southgate (1994) also argues that design is a tool used by food retailers as a source of differentiation and to strengthen their market positioning. Green (1986) has argued that a designer's role is to create stores that encourage shoppers to lower their psychological defences and become interested in the retailer's merchandise.

Three main areas of design management in food retail are pack, store and corporate design. These have their own impact, but need to be managed coherently to present a co-ordinated view to the customer. Each element is discussed briefly, before moving on to present the different approaches to design management adopted by top UK food retailers.

Pack design
Pilditch (1961) recognised the role of packaging as a "sales clincher" to stimulate impulse sales. Lewis (1991) has argued that packaging has an emotional appeal to the consumer. Lewis (1991) defined pack design as the physical representation of a brand's core values. He suggests that pack designers build relationships between the brand and the consumer. Southgate (1994) corroborates this point by stating that food retailers have long acknowledged the link between sales and profits and pack design.

Southgate (1994) identified that in effect, the top four major multiple UK food retailers are brands in their own right. They define and communicate their own distinctive brand values through store design, advertising, PR, etc. Design is not simply used to promote impulse sales, but to communicate brand values. Dick *et al.* (1996) have outlined that store brands allow the retailer to increase customer footfalls and to build greater store loyalty. Own brands (or store brands) can be used as a powerful weapon against competitor retailers by building loyalty and thus to help insulate the retailer from price competition. But, it is not just the pack design that has brand associations, the store environment reinforces these.

Store design
Store design is complex and has a number of different elements. At one level, store design

is intended to make food shopping enjoyable, easy and stress-free. This is achieved by organising the store for the customer; for example, by locating related products near to each other. At another level, store design is about "atmospherics", that is adding an ambience to attract customers; for example, fresh bread smells, etc. At a tactical level, store design is about developing certain areas, such as placing certain products at eye level in the fixture to promote "own brands"; for example, "own branded" washing-up liquid is at eye level, the premium brand placed at one side of the own brand. Evidence exists to indicate that a strong brand image influences buyer behaviour and purchase decisions in a positive manner for the retailer (Porter and Claycomb, 1997).

Fitch (1991) argues that a strong identity is essential in retailing and this must be managed to create a cohesive, persuasive, shopping experience. The underlying ethos of the identity has to be clearly communicated to build the associations with the brand. For example, Sainsbury's mission is "good food costs less at Sainsbury's" and so the product categories have to reflect this ethos.

The implications of these design issues for design management are discussed in the next section.

Design manager's skills

There is very little research on the skills that design managers need to operate within organisations. Cooper and Shepherd (1997) suggest that a design manager must be flexible and pragmatic and possess qualities of diplomacy, confidence, negotiation skills and strength of character. These qualities required can be summarised by the three Ps of design management (Cooper, 1997):

(1) *Patience*: in order to convince others of the design value.
(2) *Persistence*: to be able to encourage recognition of ideas by others.
(3) *Persuasion*: to inspire others with your vision.

Shepherd (1997) argues that key design manager skills are: visual awareness, design vision, design understanding and design sensitivity. Design managers need to understand design and have skills in

management and good commercial awareness so that the design will fit the company brand.

Shepherd (1997) concludes that design managers working in-house must be directional; encouraging people to take on board ideas and must be skilled in listening and understanding. Cooper (1997) corroborates this, suggesting that organisations have become less functionally-oriented, this has meant that skills and competencies have become increasingly important. This ensures that the design manager role varies from business to business.

The three Ps of design management begin to fill a gap in the design management literature regarding the role and skills of a design manager within a company. The approaches to design management taken by four of the top UK retailers are presented and discussed in the remainder of this paper.

Aims and methods

The aims of the research were to document design management processes in the UK food retail industry in order to deepen understanding and knowledge about design management in this, hitherto, unexplored sector. An additional aim was also to compare practices between the retailers, to highlight the differences in practice. Also, the aim was to compare practices against the formal "best practice" identified in the literature.

Data was collected using semi-structured interviews with the key design decision makers, including design managers. The top four retailers were targeted because they dominate the market and they all employ design managers. In all, eight design managers were interviewed, four store design managers and four pack design managers. A checklist of questions was used for each interview, so that a comparative data set was obtained. The questions included definitions of design management and estimates of the length of time the design management process takes. A shortened version of the question checklist is provided in the Appendix.

In total, eight design managers were interviewed. Two for each case study. Each interview was tape-recorded and a transcript of the interview was sent to the interviewee to check for accuracy. In addition, secondary data was collected from the companies.

This information helped to gain a deeper insight into the processes of design management in food retail. In-depth cases were prepared. A shortened version is presented here, and the design management processes are compared.

Company A case study

Key features

Senior level commitment
Senior managers have a personal commitment to store design at Company A.

Design's role in the company
Design has various roles in the company:
- Within Company A design is an integral part of innovation, innovation is the key to competitiveness.
- Company A appears to have an open and dynamic culture that favours and encourages innovation.
- The store design team make efforts to communicate effectively with the buying team.
- The design management process is part of the innovation process and the innovation process is well documented and supported at Company A.

Briefing
The briefing process is fairly informal and as such not "best practice"; however, the evaluation process is formally and rigorously documented and surpasses "best practice" processes in the literature.

Sourcing design
The sourcing process was based around personal experience of working with particular people over many years. There is a roster of design suppliers that are used in a very focussed way by the store design team.

Design integration
Company A had also conducted a "job share" with a design consultancy, this practice was unique in the study and has not been identified in the literature. This practice should be added to design management "best practice" as the ultimate method of developing effective communication between designer and client.

Evaluating design
Evaluation of design was very rigorously applied in Company A. The innovation panel had set up accounting procedures to monitor stores with the new design (innovation) against other control stores without the innovation. This was unique in the study.

Definition of the design management process
Company A store design manager defined the design process as:
> ... the development of new concepts in external and internal fixturisation.

Company A packaging design manager defined the design process as:
> ... managing all the design agencies, nominating a design agency and deciding which agency is chosen.

Company A's definition of design management is a project management role linked with innovation development.

Company A's view of design is that design is vital business process which is part of their ambition to be the number one UK food retailer. There is very senior level commitment to design at Company A, even to the level of personal involvement in all design projects. This commitment ensures that design is seen as a strategic element within Company A. Company A tracks stores for a period before they have the innovation, during the innovation and for a period after.

Conclusion
Design is part of innovation, and part of being the best food retailer.

Company B case study

Key features
Key features include:
- Design is a core business process for Company B.
- The design centre is part of marketing and the marketing department takes considerable effort to communicate the brand values effectively. Brand ownership by marketing is an important driving force for design.
- The need for design is evaluated via a business case, that is compiled by the buyer and the design executives in unison.
- Branding is a very important issue within Company B, the need to develop the Company B brand effectively is driving most of the design processes within Safeway.
- Packaging design processes are much faster than the corporate design processes, the design managers are integrated into the buying function.

- The accountability of all the Company B processes ensure that the most effective procedures are put in place.

Briefing

Company B's briefing document links in with packaging design and the corporate identity, to ensure design consistency. This was unique in the study. Company B have an in-depth briefing process with a highly documented brief.

Sourcing

Company B sources design by using the design roster system.

Design evaluation

The corporate design department have developed a detailed process for evaluating design within Company B. This process is the creative framework, this is also used as a training tool to help recruit all Company B staff to implement the brand strategy.

Definition of the design management process

Company B store design manager defined the role as:

> Corporate design ensures all the stores, point of sale, petrol tankers, uniforms and so on fit into the corporate image. One individual will not be able to communicate brand values successfully among 70,000 employees without a framework. We are committed to recruit people to implement branding all the way down the line. Design is built on consistency, our aim is to build a brand ... that is instantly recognisable.

Company B packaging design manager defined design management role:

> My role is to ensure all our packaging fall within the corporate mission. To ensure the Company B brand is protected. To stop any mavericks doing what they think is best without being sanctioned by the company as a whole. My role is also to shape design strategy for the next four years.
>
> The idea is to communicate ... as widely as possible ... so that design projects become easier to implement.

Conclusion

Company B's definition is the widest of all the retailers, it encompasses design and brand education as well as project management and brand management.

Company B has developed a model of the design process called the "creative framework". This was used to analyse design projects, to co-ordinate store design, corporate design and packaging design and to

be used as internal training tool to "recruit all 70,000 staff into implementing branding all the way down the line". This level of briefing surpassed that of the three other retailers in the sample.

Company C case study

Key features

Key features included:

- Company C does not integrate design into the business process. Both pack design and store design are very much service departments to the buyers or the retail store managers.
- The Company C's brand did not appear to be a priority in the business. Marketing was not an all-powerful force within Company C. The buyers and the retail store managers had more power and influence than marketing.
- The pack design management processes were well documented and evaluated in terms of efficiency of processes, but there was little external evaluation of either pack design or store design.

Definition of retail design

The definition of retail design by Company C senior design manager was given as:

> Design is the visualisation of the product or graphic design, typography, illustration, styles, and colours.

Definition of design's role in food retail

The definition of design's role why Company C senior design manager was given as:

> I am responsible to make sure everything goes through against time and to make sure that we stay within budget as a department.

Briefing

Company C has developed fairly formal design management procedures. There is a written proforma brief to be followed and strict time limits and lead times to be observed. This is in part driven by the sheer volume of design work that has to be completed.

Examples of criteria used in the formal briefing document include:

- objective of the product;
- product proposition;
- target audience for product;
- retail price;
- language of the market;
- personality of the product.

Sourcing

The sourcing process is achieved via a roster of approved design suppliers.

Evaluation process

The design evaluation procedure uses evaluation criteria based around the briefing document. The design management team aim to control the efficiency of the design management process and to try to implement a standardisation of design management procedure if not design solution. The designs were not evaluated against brand values.

Analysis

Company C's pack design is a service department for the buyers in effect. Company Cs are committed to design with a design budget but it is a "cinderella" department. Store design projects are initiated by retail operations, not by the designers themselves. The pack design department was committed to improving the efficiency of the design management process and had developed measures that improved efficiency substantially. However, design was not "owned" by marketing and there was no clear idea of the "Company C's" brand.

Conclusion

Design is a functional, service department.

Company D case study

Key features

Key features included:

*   Company Ds is very committed to store design. There is a policy to refit stores every five years, this is a substantial commitment.
*   Company D's store design projects are completed quickly and efficiently.
*   Company D uses a cross-functional team and a formal design process which is heavily documented.
*   Company D has many links between design projects and strategy.
*   There are no links with pack design.
*   The Company D brand is very important, the store design brief even considers the "tone of voice" of the new store fixture.

Design strategy document

The design process begins with the design strategy document. The sections include:

(1) overall design aim;
(2) commercial marketing aim:
    *   marketing objectives;
    *   financial objectives;
    *   brand objectives;
(3) link with trading plan;
(4) link with the brand-tone of voice;
(5) customer research – competitor analysis;
(6) costs.

Briefing

Company D's briefing document links in strongly with company strategy and the brand. In addition, a lot of time was spent analysing the design from the consumer's perspective.

Sourcing

Sourcing was conducted by paid pitches.

Cross-functional teams

Company D fully adopted a cross-functional team design management process. The emphasis in Company A, B and C was on delivering a design project for a "client" not as part of a cross-functional team.

Design philosophy

Company D's store design manager says:

> Our design management philosophy is focussed on strategy. The fundamental aim of the store design department is to answer the demands of the company as set out in the trading plan.

Definition of design in retail

Company D's store design manager defined the role as:

> I see design, not as an end in itself but as the visual representation of strategy. The whole purpose of design is strategy, it is to enable the company to meet its strategic needs, and normally one of the strategic needs of a company is to develop its brand.

Conclusion

Design is a strategic tool for Company D.

Discussion

Design management in food retail is complex because of the volume of products that are being dealt with and the dynamic nature of the environment. It is clear that design management is regarded as a strategic activity in the major multiple UK food retailers, which indicates its importance as a major

source of differentiation and design's role in competitiveness in this sector.

One interesting result is that all the retailers had adopted a systematic approach to design management, as shown in Figure 1.

This process included sourcing of appropriate design expertise, preparing design briefs, project management and evaluation of the product's performance. Close relationships with external designers were encouraged and in one company, job switches were in place between the designers in the design consultancies and design managers from the food retailer.

Various design management activities were routinely carried out by the food retailers and these are:

Figure 1 Food retail design management process
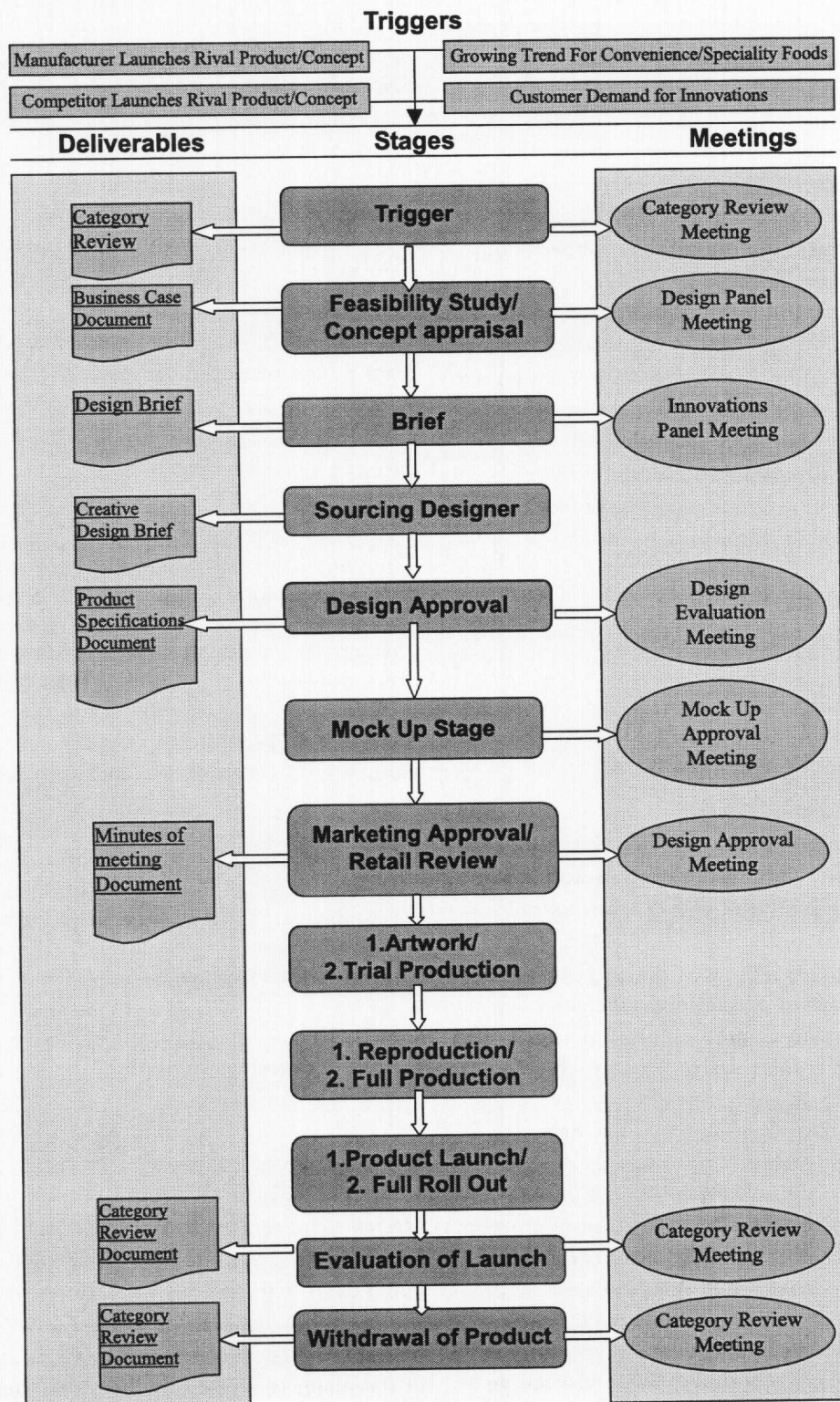
- emotional aspects of the brand must be considered in briefing;
- evaluate store design projects against control stores;
- design project managers develop project alongside design managers;
- costs for design predicted and analysed by a specific cost department in the company;
- creative framework or other process model developed in the design management process to aid integration of design;
- design strategy documentation-link visual aspects with company strategy;
- company-wide seminars to create and develop design understanding in company;
- phase review process integrated into design management process;
- job shares between retailers and design agencies to foster closer working relationships;
- design managers working alongside buyers in a "category" team to foster better integration and to speed up process, still reporting to a design centre to keep design consistency.

Another result of the study is the model presented here of the seven Ps of design management.

The three Ps of design management according to Cooper (1997) were:

(1) patience;
(2) persistence; and
(3) persuasion.

Cooper's (1997) model has been adapted by adding four new Ps, including setting design policy and policing design projects to ensure brand consistency. This model summarises most of the "better practice" features identified in the case study material and can be used by other retailers and adapted for their brands.

The seven Ps of food retail design management are:

(1) patience;
(2) persistence;
(3) persuasion;
(4) policy – setting company-wide design policy;
(5) promotion – promoting the value of design internally;
(6) planning – planning design projects and strategies;

(7) policing – policing internal design to ensure consistency with the brand.

In addition, design management was integrated with other key aspects of the business, notably finance and marketing. Top-level commitment to design was evident and, in one company, the chief executive reviewed all design projects and met the design team on a monthly basis.

Food retailers are highly skilled at design management. Other companies in different industries could learn from their experience. The case studies attempted to provide a snapshot of the design management process within food retailers.

Conclusion

Of the four retailers, Company C used design as a service department. All the other three retailers saw design as a core marketing competence. Company B probably defined design management in the most strategic terms of all the retailers. The case studies highlight approaches to design management within food retailers and it differs to the literature in that the food retailers must deliver a dynamically evolving cohesive brand image.

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Appendix. Adapted interview checklist

Section 1. The design manager within retail

(1) What is your position within the company?
(2) What are your main responsibilities?
(3) How many people are employed in design?

Section 2. Company strategy

(1) What is your company's marketing strategy?
(2) Who is responsible for developing and implementing the marketing strategy?
(3) Do you have formal long-term marketing and design strategies?

Section 3. Design awareness

(1) Does your company have a design policy?
(2) In what ways do you think design could contribute to your company profit?
(3) Does anyone within your company have a particular responsibility for design?

Section 4. Constraints on the use of design and the new product development process

(1) Are financial considerations a major constraint in the use of design in retail?
(2) How do you raise finance for new designs in retail?
(3) Is there a favourable culture within your company towards design in retail?

Section 5. Sourcing a designer

(1) How do you source a designer?
(2) What is important to you when considering a designer? Is it price, personality, commercial acumen of designer, competence in design?

Section 6. Briefing a designer

(1) What elements do you include in the brief?
(2) How do you brief a designer?

Section 7. Evaluating design

(1) What methods do you use to evaluate design?
(2) Is it possible to evaluate design effectively in retail?

Section 8. Integrating design

(1) Is design fully integrated into your company?
(2) Is design a core business process?