

Design economy in
the Valencian Community
(Executive Summary)

La economía del
diseño en la Comunitat
Valenciana →

Credits

Publisher

Association of Designers
of the Valencian Community
(ADCV)

Strategic direction

Vicente Blasco
Kike Correcher
Ricardo Fibla
Xavier Giner

Coordination team

Mayte Aparisi
Rafael Armero
María Navarro

Texts

Mayte Aparisi
Vicente Blasco
Kike Correcher
Ricardo Fibla
Xavier Giner
María Navarro

Field research

GfK Emer Ad Hoc Research, S.L.

Design and layout

Bueno. Good Brands

English translation

Quality Interpreters

Financed by

Valencian Innovation Agency
(Agència Valenciana de la Innovació)
(Regional Government of Valencia)

Introduction ↻

The Association of Designers of the Valencian Community (ADCV) has developed this first quantitative and qualitative report on the design economy in the Valencian Community which is financed by the Valencian Innovation Agency. The aim of the report is to understand which agents make up the design industry and how design operates in our Region, and most notably to unravel the relationship between the design sector and the economy and society as a whole, as design consumers, users or beneficiaries.

In order to classify the design-production sector, starting from a unique conceptual definition of design has been precluded and instead a comprehensive definition has been used which includes the following design activities: industrial design, product design, packaging and labelling, graphic design, publishing, photography, illustration, advertising and communication, audiovisual, digital, computer and web applications, textile, fashion, services, interiors, spaces, food, events and experiences, processes, brand, design management and strategic design.

Accordingly, those NCEA (National Classification of Economic Activities) headings which correspond to these activities have been selected, including those that, being industrial in nature, base their activity entirely on design. This group is called purely design production sectors. Secondly, NCEA headings have been identified which, although they include design production activities, they also incorporate activities non related to design production. These sectors have been surveyed in order to obtain an estimate of the percentage of their activity that can be assigned to the design production sector, and have been called partial production design sectors.

When assessing the use of design in the Valencian economy as a whole, and given that the objective was to understand the impact of the design depending on the activity, we have resorted to the use of a telephone questionnaire and have questioned company managers belonging to the main activity headings with specific weight in the Valencian Community. This has enabled us to quantify –through this comprehensive primary research – the economic contribution and the relevance that the design sector has in the

non-primary production structure of our Autonomous Community, as well as its connection to corporate innovative processes. For its execution, the ADCV has had the support of the GfK consultancy firm, from a survey which has been forwarded to 1,345 Valencian companies.

The importance of qualitative research as a supplement has enabled us to better interpret the remaining indicators and sources of information. In order to understand the different methods in which design intervenes in the company, the case study methodology has been used, and thirty samples of companies, which cover a wide range of activity areas, geographic location and business sizes, have been selected.

In the identification of these cases we have avoided limiting ourselves to the stereotype of excellence in design, so very customary in existing literature. Although all case studies may be considered successes to a greater or lesser degree, design does not always play a central role or have the same visibility. However, they may shed light on the functions of design in the company, and the results it offers.

Finally, the importance of the educational system in design, not only for its fundamental strategic role, but likewise for its weight as an economic activity must not be forgotten. To that end, we have drawn up a first Formal Design Education Map of the Valencian Community, still incomplete in terms of quantitative data, but wherein it is expected to be completed in the future in order to offer a more accurate view of the scope of this activity.

By means of this comprehensive primary research carried out by GfK consultancy firm among more than a thousand Valencian companies, the economic contribution and the importance that the design sector has in the productive structure of the Valencian Community has been quantified. Fifteen main conclusions have been drawn from the research.

Conclusions ↻

1. The design production sector contributes 3,762 million Euros to the Valencian Community economy → The weight of the design production sector as regards to the productive economy of the non-primary sectors of the Valencian Community is 2.1% or in other words 3,762 million Euros. For the purpose of comparison of these figures, the chemical industry has a weight of 2.5% and the information and communications sector of 1.9%. That is, it is a relevant sector in the regional productive structure. This data refers to the direct turnover of the production sector. It is interesting to add that if the turnover of the companies which are positioned at levels 3 and 4 of the Design Ladder are calculated, which can be understood as "intensive sectors" in the use of design in the Valencian Community economy, this would be 12.1% of the total.

2. Design is more productive than other economic sectors → Specialised design activities (NCEA 7410) are more productive than other sectors of the Valencian economy. The productivity of the companies of this NCEA, according to National Statistics Institute (INE) data, exceeds 84,000 Euros/employee, a figure significantly higher than that of sectors such as service, industry and commerce.

3. The design production sector is composed mainly of companies → The data indicates that there is a high presence of companies in the purely design production sector. Contrary to what one might think, design is not a self-employed worker sector. The percentage of companies dedicated to design activities is similar to that of the industry sector and much higher than that of the tertiary sector.

4. Companies make a professional use of design → Approximately 50% of companies surveyed in non-primary production sectors have included the professional use of design into their business dynamics. This data is calculated based on two variables, on the one hand, the percentage of user companies that are positioned on levels 2, 3 and 4 of the Design Ladder (52%), and on the other, those who declare to have invested in design in the last two years (49%). Based on the 30 case studies undertaken, it can be stated

that the professional use of design is widespread in all cases. The entirety of the companies interviewed has a clear understanding of the practicality of design for certain business activities and know how to include same to meet their requirements.

5. The design production sector is highly innovative → The purely design production sector demonstrates major innovation activity. 23.8% of the sector's companies carry out all innovation variants (products, processes, organisational and marketing), a figure that stands at 17.3% in the industry sector and drops to 4.9% in the business and services sector.

6. Correlation between the Design Ladder and innovation → The probability of innovation in processes, products and marketing is twofold in those companies positioned on levels 3 and 4 of the Design Ladder than those found on levels 1 and 2. This connection implies either that the design culture shares the culture of innovation, or that the very use of design at intensive levels produces innovation, or that when companies wish to innovate have to resort to very intensive design uses.

7. Design is an investment → Over 70% of companies in the non-primary production sectors which have used economic resources in design consider that it has been an investment in order to obtain a profit, in lieu of being an expenditure. It follows that 3 out of 4 companies are able to identify the profitability of the use of design and that design is a tool incorporated into business practice. Nevertheless, the case studies reveal the difficulty of entrepreneurs to adequately measure the return on design investment.

8. Use of all design disciplines → In all case studies design is found in all its disciplines. Logically, each company employs those that assist one to find a solution to one's needs and requirements. This use of design is undertaken either using in-house designers, or the outsourcing of specialised external services. The major investments in design made by companies in the non-primary production sectors have been in advertising and communication, closely followed by investment in digital design (websites and applications) and editorial design and posters. Nevertheless, in the industrial sector, product design is on par with the remaining specialties.

9. Diversity in design intensity and uses → Our report shows that 76% of the companies which are positioned on the lower levels of the Design Ladder have carried out certain design-related activities. The case studies have enabled us to extract a variety of usage patterns which help explain this relationship between companies and design management.

10. Close relationship between design and business success → In general, companies in the non-primary production sectors positioned on levels 3 and 4 of the Design Ladder have better economic expectations. This is evidenced to a greater extent in the specific case of industrial sector companies where 71% of those which have a robust relationship with design are likewise those with good expectations, as compared to 41% of those with little or no connection with design. This high correlation is clearer in companies with less than 25 employees, which represent 96% of those in the Valencian Community. The case studies have enabled us to identify these best expectations in areas such as: turnover, productivity, export, economic benefit or the opening up of new markets..

11. The design sector exports very little → The purely design production sector has a low volume of exports and its scope of activity is, primarily, regional.

12. Low female participation in design production → Although currently 57% of students enrolled in design are female, it is evidenced that in the NCEA 7410 only 33% of the persons hired are women.

13. High level of education in design jobs → The purely design production sector is more professional and has a greater number of graduates hired than in the non-primary production sectors. Elsewhere, in these sector companies, design employees are twice the number of graduates than the rest of the workforce.

14. Designers are underpaid → The average salary of designers, despite being a sector with high educational levels, is equivalent to that of the average salary of the workforce, both in the purely design production sector as well as in the non-primary production sectors.

15. Boom of the design education offer and interest in design → Design education in the Valencian Community has experienced a strong growth in the last eight years both in the educational offer — with approximately a 60% increase — and in the number of enrolled students — over 200%—. The data provided by the educational centres reflect that in 2018 5.08% of the students enrolled in Tertiary Education of the Valencian Community studied design-related degrees whilst in 2010 this figure dropped to 1.53%. In conclusion, currently 5 out of 100 students of the Valencian Community choose design-related educational degrees.

In addition to these conclusions, we highlight a series of data obtained from the qualitative research of thirty companies that has allowed a better interpretation of the different ways in which design intervenes in an organization. The information has been obtained by conducting in-depth interviews with the design decision makers of each of the case studies. These thirty examples illustrate the use of design irrespective of its exemplarity in this field or its relevance in the Valencian economy as a whole.

It should be noted that in the industrial sector there are two widely spread issues: the professional use of design and the belief that it is a tool that can contribute to productivity and competitiveness. Another noteworthy matter is that in the majority of the companies interviewed, design is perceived as an invisible and omnipresent wealth and, paradoxically, there is no awareness of its importance. Its exploitation brings us wealth, but it is not quantified, and as an unfair consequence, it does not seem to require attention, nor does it deserve any recognition or prestige. It is this situation that we wish to help reverse with this research.

The comparative study of 30 companies of the Valencian Community and how these companies implement design has led us to develop two new analysis tools as an alternative and supplement to the Design Ladder. The first tool, the Design Compass, focuses on the initial rationale for the use of design and specifies that design is present in the culture of companies in four different ways. The second tool, the Design Utility Patterns, identifies seven common patterns of recurring behaviours and phenomena in the companies that use design. These new tools do not question the Design Ladder, but rather are related thereto and inter se. They can be seen as three dimensions which contribute to obtain a prolific and dynamic image of the presence of design in any company.

The companies that make up the 30 case studies (their detailed information can be found in the full report) are: Spania GTA, Industrias Alegre, Industrias Saludes, ITC Packaging, Porcelanosa, Chie Mihara, Impresum, Actiu, Point, Expormim, LZF Lamps, Arkoslight, Tejidos Royo, Gandía Blasco, Marie Claire, La Marina de València, Bombas Gens, Consum, Ricard Camarena, Baleària, Cárnicas Serrano, Quesería Tot de Poble, Dulcesol, Zeta Beer, Bodegas Enrique

Mendoza, 565 MSNM, Ahumados Gimar, RNB, Zumex, ALE-HOP.

In view of the figures on the size of the training, based on the data obtained from official design qualifications given in the Valencian Community, at all the training levels of the Spanish Framework of Qualifications for Higher Education (MECES), both public and private centres, both university and higher education, we would like to highlight that the turnover generated in design qualifications (total amount of income from registrations) amounts to just over seven million Euros in 2018. This implies an increase over the last eight years of 585.11%. In addition, the increase in the number of titles on offer compared to 2010 is close to 60%.

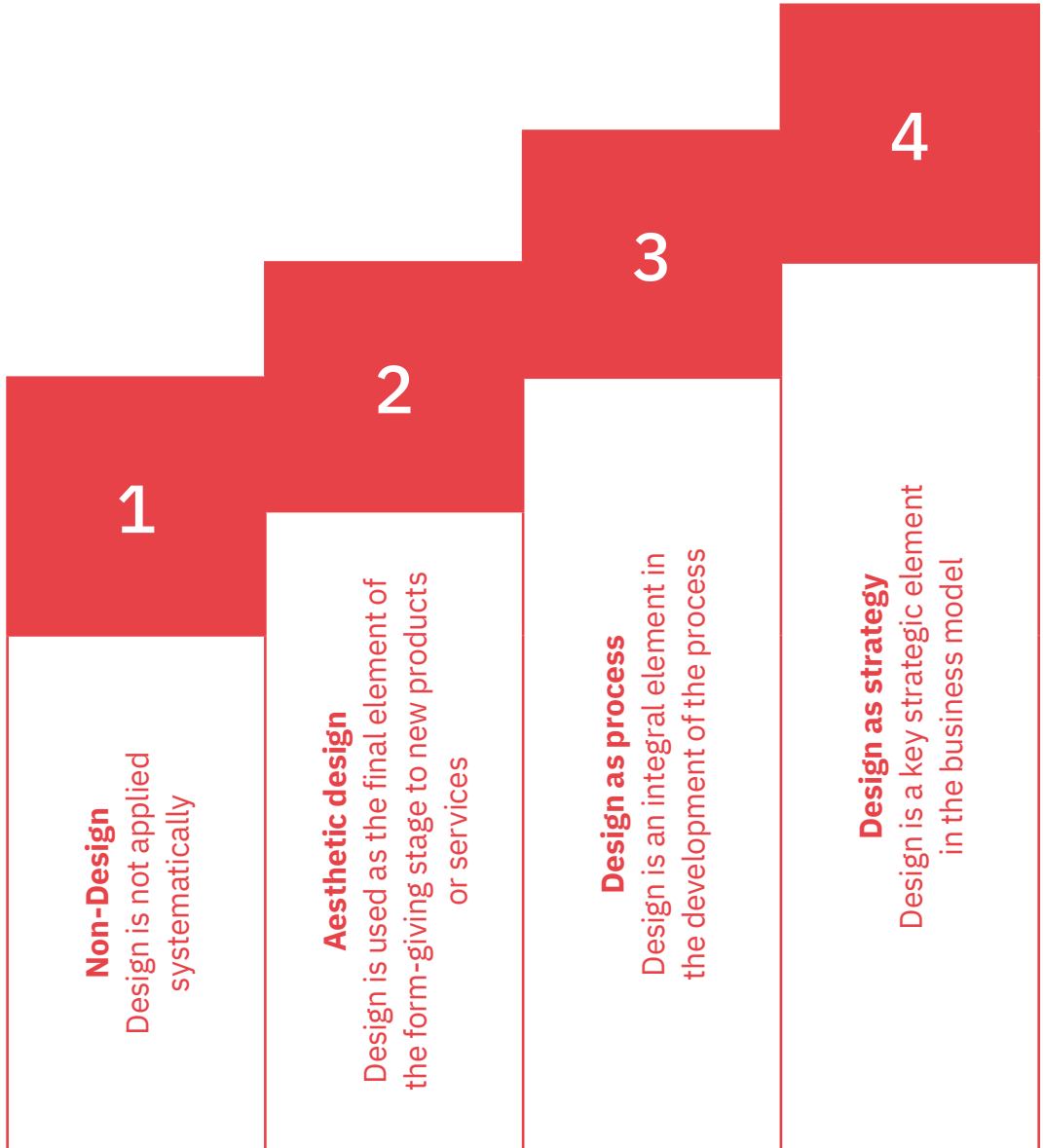
The surge in demand for training in design education is also significant. From representing 1.53% of the total number of students enrolled in Higher Education in the Valencian Community in 2010, it has increased to 5.08% in 2018. The number of students enrolled in 2018 has increased by more than 200% compared to 2010. It should be noted that 57% of these design students are women.

It is worth stressing that training in design companies to complete the education of a designer is considered essential, as reflected in the percentages of compulsory internship credits (between 5% and 15%). However, of the 82 titles surveyed, only 26 claim to have a labour exchange. This indicates that the centres do not have specific resources to manage these labour exchanges and they are generally either voluntary or specific actions.

Tools ↻

Design Ladder.

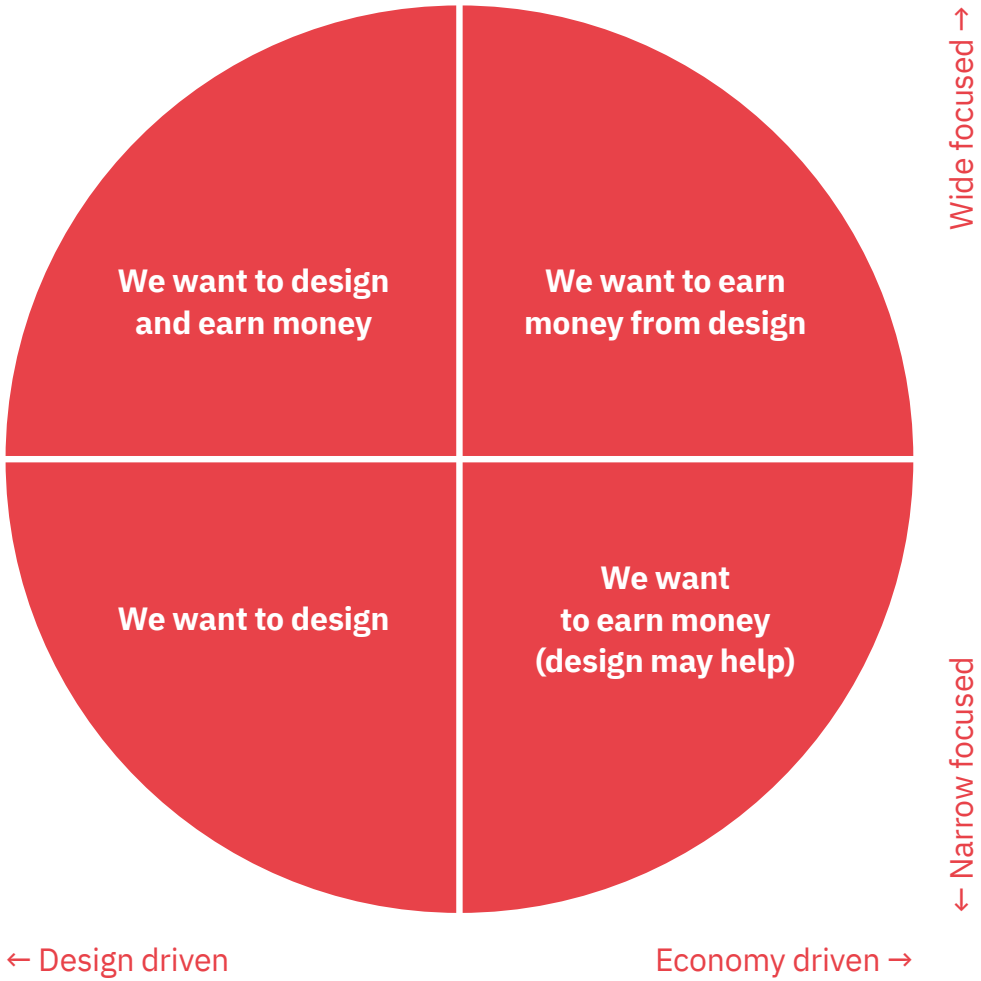
Danish Design Centre



Tools ↻

Design Compass.

Association of Designers of
the Valencian Community (ADCV)



Tools ↷

The seven design utility patterns.

Association of Designers of
the Valencian Community (ADCV)

1. Design in the pursuit of excellence/Design as a factor of excellence → Design emerges in the company as a result of an indisputable pursuit for excellence. This pursuit of the sublime in all aspects of the organisation makes the use of design essential.

2. Design as a problem solution → Design emerges as a solution to an existential problem of the company. In its history the company encounters a barrier that threatens its subsistence. The case of the disappearance or limitation of access to traditional raw material is paradigmatic. In such cases, the company finds in design the solution which enables subsistence and subsequent progress.

3. Design for strategic positioning → Design emerges and is used as part of the company's positioning strategy. Design helps the world perceive the company as it wants to be seen, and facilitates an advantageous position over the competition.

4. Design as a differentiating factor → Design emerges and is used as part of a differentiation strategy. In certain cases, traditional, primary or undifferentiated production (textile, milk, oil ...) goes beyond being a mere commodity to becoming a differentiated product with added value due, in large part, to the contribution of design.

5. Design adds meaning and structure to the organisation → Over the course of the organisation's history, it has developed seemingly unrelated capabilities, products and images inter se. Design is the vehicle which imbues meaning to the whole.

6. Design as the seed of innovation → Innovation, whether technological, material or process, follows design. It is because there is design in the organisation which is required to generate new ideas and solutions. Design is the engine of innovation and propels the remaining activities.

7. Design as a role model to follow → There are organisations which influence their clients and suppliers through their designs. There are others which have been influenced, either by this avenue or by others (family, cultural context etc.). With this contagiousness there are significant changes in the manner in which organisations behave and see themselves.

Recommendations ↪

Update of national data classification systems → A review of the classification systems of different public bodies is necessary, such as the State Tax Administration Agency (AEAT) and the National Statistics Institute (INE) in relation to the economic design sector. The current breakdown of the headings of the Tax on Economic Activities (IAE), without the presence of the majority of design specialties, and the difficulty of working with the National Classification of Occupations (CNO) given the fact that in the surveys to companies certain decisive parameters are not included, which in particular complicates the measurement of the sector through official sources. It is the responsibility of the administration through the AEAT to offer a solution for the companies which are registered in the NCEA 7410 (specialised design activities) and that nevertheless do not find a coherent correlation of these activities with IAE headings. Currently there is no tax heading which makes reference to graphic design, product or new media, among others. Insofar as the CNO is concerned, it has been verified that the surveys do not reflect the reality of design. An issue of some concern when this classification is that which warrants the processing of statistical information in relation to occupations at the national level and the international and community comparability thereof, as well as sector measurement.

Dissemination of the NCEA 7410 as a design heading → All agents involved in ensuring a correct reading of the business reality must facilitate the allocation of professionals and design companies in the NCEA 7410 (specialised design activities) heading. The National Classification of Economic Activities (NCEA) is used to identify economic sectors in order to draw up statistics. The economic measurement of a sector is essential so as to be recognised in its aspects and therefore obtain its incorporation, for example, into public support plans and initiatives. A downsized sector is a sector of lost public opportunities. And this, in partly, occurs in design. Adequate notification is required through awareness campaigns intended at design professionals and companies but similarly at corporate managers and consultants as regards the necessary registration for all those who exercise specialised design activities under the NCEA 7410. Among other issues, it is necessary to notify as regards the requirement to place on record in the deed of memorandum of associa-

tion of companies and in the corporate resolutions the corresponding NCEA. And in the event of wishing to update the information, it is recommended to undertake the corresponding procedures similarly in the Mercantile Register. It is likewise important to verify that the statistical data system offered by the INE through the NCEA does not include all headings of the different economic activities in which a company may be registered. The statistics are only based on the main activity declared by the company, which is the activity that contributes to a greater extent the added value generated by same. Insofar as design is concerned, there was an obvious difficulty. It was not until 2009 when the 7410 heading was included into the NCEA. Whereby it was intended that the majority of design companies incorporated prior to that year were (and will continue to be) registered in a distinct main economic activity heading to that corresponding to specialised design. An update of all these companies to the NCEA 7410 as the main activity is recommended.

Greater detail in statistical data → As a suggestion, the processing of the information of the official statistics may be formulated in greater detail. It has been previously mentioned that the statistical data system offered by the INE based on the NCEA does not include all the headings of the different economic activities in which a company may be registered, only the main activity declared by the company is used for its statistics. It would be interesting that, from this public entity, two options which may contribute to greater clarification and an image of the economic reality be assessed. On the one hand, to enable obtaining information of all the headings to which a company is assigned whether the main activity or the secondary activity. And on the other, to facilitate the modification of the main NCEA of a company if the company so requests same.

Fostering of innovation policies through design to increase corporate productivity → Based on the results of this report from which it is extracted that the major use of design there is a greater degree of innovation in the company and likewise better economic expectations, it is presumed that support for design through innovation plans to the company will generate productive improvements in the economic sector. Our research similarly reflects the existence of a substantial potential for expansion in the professional use of design by various economic sectors. To the extent that this reality prevails in

the Valencian business fabric, further guidance can be expected to incorporate design as a standardised management tool. The support of the public administration is therefore required to implement initiatives for the promotion and understanding of the use of design through innovation policies intended at the industrial, services and commerce sectors. In this regard there has been certain progress, but it is necessary to establish further and new lines of relationship between design and companies.

Deduction of non-technological innovation → In Spain, the Tax Agency offers companies a deduction for research and development activities and technological innovation as regards Corporate Tax. Article 35 of the Corporate Tax Law specifies precisely which activities are considered as research and development, and technological innovation. Although certain design activities are specifically included in the drafting of the Article, including the design of processes or production systems, the design of the sample for the launch of new products, the materialisation of new products or processes in a design or the creation of prototypes, these activities are contemplated only in the context of strictly technological innovation. It is urgent that in the text of the Corporate Tax Law, as well as in any other government innovation incentive measure, the technological name vanishes and the four types of innovation defined by the Oslo Manual are contemplated: products, processes, marketing and organisational innovation. Design, in all its disciplines, contributes – as does technology – to research, development and innovation processes. The application of tax incentives to design activities would have a very positive impact on the improvement of corporate innovation and competitiveness in our country, and in particular the Valencian productive framework.

Improvement of the design education system → From the research carried out in the academic field, great opportunities have been identified in order to improve design education. Firstly, the relationship between the academic and professional fields should be encouraged. In this regard, it is essential, on the one hand, the effective participation of designers in the exercise of the education of future designers. Elsewhere, that the administrations related to education develop the legal frameworks which enable study programme work placements in companies for all formal design degrees, to ensure the compulsory undertaking of these external work placements and facilitate

professional participation in the formal education programmes through its hiring for the giving of courses, seminars or workshops. Secondly, the creation of an information exchange platform which promotes student and teacher mobility, exchanges, research projects and opportunities, both nationally and internationally, should be encouraged. Thirdly, access models to continuous education for professionals must be promoted through the participation of education centres and social design agents in the definition and implementation of continued learning plans for designers. In order to implement this recommendation it is necessary to compile, develop and share new formats, methodologies and study programmes for design education and the improvement of its competences.

And it is likewise suggested ↻

- The creation of a Design Observatory which is responsible for the continuity of studies on the measurement of design economy, the development of public policies and strategies based on design, the promotion of research on education and the laying down of the foundations of a Valencian design action plan.
- In future studies on design economy based on primary sources, the impact of design must be connected to the positioning of companies in the Design Ladder.
- A more direct relationship and greater exchange of information between associations in the design production sector and the various public agencies responsible for promoting internationalisation. In addition to requesting that internationalisation support programmes be planned, in order to be truly effective, according to the demands of the sector, and not vice versa.
- Foster research on the employability of graduates in order to analyse the results of formal education. This exceeds the realm of possibility of the educational centres and should therefore be the work of the administration or independent bodies responsible for population studies.
- Amendment of the Spanish translation "Drawings and models section" in reference to the name "Community design" of the European Union Intellectual Property Office (EUIPO) by one more in line with its original meaning. This misinterpretation of the English term contributes to the invisibility of the design and hinders the options for improvement so that this protection is more in line with the needs of the sector.
- The results of this report should be disseminated to the entire business sector, in particular that of the Valencian Community, through all available channels. One of the main objectives of this research has been to contribute to the development of initiatives that lead to increased productivity in our region. It is expected that, if companies have access to the information included in the report that establishes the use of design as a factor of business success, that information will be incorporated to a greater extent in their strategies and, therefore, will increase sectoral performance.

More information

Association of Designers of the Valencian Community (ADCV)

María Navarro (Manager ADCV)

mnavarro@adcv.com

economyadisseny.com

(+34) 963 510 028



GENERALITAT
VALENCIANA



AVI AGÈNCIA VALENCIANA
DE LA INNOVACIÓ

ADCV

Asociación de
Diseñadores
de la Comunitat
Valenciana