The answer is, it depends. Within various retail business models, the role of industrial design differs radically, from fully committed, preaching to the choir to crude and substandard. Sometimes a retailer is naïve or uninformed about the value of design. Worse yet, a retailer may purposely set aside design to cut costs, feeling it can address design issues from other disciplines (e.g., merchandising).

The Proposition
If design consultants (and individual designers looking to apply themselves within a product-providing organization) wish to maximize their contributions, they need to first understand the different business processes that exist for getting good-quality products to market. How well these processes are executed, or in some cases even used at all, depends upon the business structure, as outlined in the five business models below, and the corporate culture.

For consulting firms and individual designers who are willing to customize their positioning to meld with the business structure of potential retail clients, opportunities abound. Those that don’t will miss out—miss serving the consumer fully and will realize a relatively narrow bandwidth of contribution. Worse yet, they can find themselves in relationships that are mismatched to their expectations and ambitions.

Keep in mind two factors as you move through this article: the client organization and the client individual who drive the process and call the shots. Who are they? What is their professional culture? What are their inclinations? How are they measured? What motivates them?

Five Models Observed
Let’s start with one we are all familiar with: the branded manufacturer. This is where industrial design cut its teeth. In this case the manufacturer owns and cares for the brand. You know, the giants of consumer goods: Whirlpool, Black & Decker, Procter & Gamble, Moen, Krups, Braun, Nike and Sony, to name but a few. This model is characterized by strong and effective relationships between design consultants, or an internal design studio, and the manufacturer. Design, marketing, development and manufacturing are closely linked and focused, and the manufacturer consistently yields great products. The retailers, many of which are
with low margins. In order to achieve their desired profit margins, they realized the need for exclusive, differentiated branded products. Here, I think of such areas as consumer electronics, fine clothing, good furniture, power tools, jewelry—products that when evaluated on their own don’t reveal their attributes and specifications.

A retailer contracts with a branded manufacturer to customize products for exclusive distribution in its stores. Appearance and performance features are strategized and adjusted to meet specified price points. The manufacturer and its design and engineering groups oversee development of customized products while still attending to its foundation brand. Some manufacturers agonize over taking on such relationships, wary of protecting the essence of their own brand. Other manufacturers embrace customized branded products as a means to support their own growth objectives.

This practice can and does run afoul of a manufacturer’s brand integrity. Savvy consumers do suspect the consistency of a branded product between retailers. Is the John Deere tractor at the big-box store the same quality as the one found at the local John Deere dealer? Under this model, design’s
bandwidth narrows. Innovation is appreciated when put on the table at the manufacturers’ expense.

The third model, *retail-driven private-label branded products*, evolved out of the previous one. Here the retailer seeks to cut the branded manufacturer out of the value chain entirely in order to further reduce costs and increase margins. The retailer engages directly with non-brand manufacturers, which are often off-shore. Think of Frontgate and Costco.

As a by-product of this approach, design and engineering quality many times falls by the way side, especially if the non-brand manufacturer does not possess such skill sets. Likely if the retailer or the manufacturer doesn’t have strong design capabilities, neither will want to invest in it. In many instances the retailer will specify a design based on short-term sales trends of like products. Knowledge of spoken consumer needs, much less unspoken, is not on anyone’s radar screen.

But, there may be a conscious effort to establish long-term brand standards as directed by the retailer. Yet be aware that the manufacturing source can change during the life of the private-label brand. Design’s bandwidth is very narrow—a brief moment in the product development process. Innovation? These folks are following the obvious, and time frames are very short.

On the other hand, the fourth model, *retail-direct product sourcing*, is opportunistic; that is, it seizes the moment. A product life can be as short as a single container shipment. Think of the plethora of catalogs that invade your mailbox, maybe Pier One. There may be no brand involved other than that of the retailer itself. The retailer may be offered products by manufacturers of all sorts, or the retailer may seek out manufacturers to fulfill specific sales opportunities based on near-term trends or recent history. The product is a commodity to get to the numbers. In some instances independent agents link the retailer with manufacturing sources. These agents may offer a degree of design support. Design’s bandwidth is about zero. Innovation? What?

A more recent iteration is the *direct-sourced retail brand model* where the retailer (i.e., product driver) realizes the value design can have for a product as well as its brand and accepts the financial investments it must make to put design capabilities in place. It engages in its own product design and development and takes charge of manufacturing sourcing. Williams-Sonoma, Restoration Hardware, Target and IKEA are notable examples.

The retailer’s motivation is to deliver holistically—draw consumers to the powerful retail brand and then deliver compelling products that reflect the brand promise. The consumer sees the retailer as the brand and enjoys the value of the products it offers. The *retail brand and product designs are attractively intertwined into a compelling package and customer experience*. Here design’s bandwidth grows back. Innovation…let’s kick back and see.

**The Emergence of Monolithic Brands**

I am not indicting of any of these retail models. All are operating concurrently in the retail world and with success—that is, success in regard to a viable business enterprise, not necessarily design quality. Each model has a significantly different relationship to design and innovation. And remember, customers also have widely varying relationships to design and product quality.
One could easily conclude that the best business environments for design are at the opposite ends of this spectrum: branded manufacturers and direct-sourced retail brand products. The common denominator in these models is the strong, designed brand linked directly to the products being retailed and the willingness to dedicate the resources necessary to support design and innovation for strategic advantage.

On the contrary, the three models in the middle are challenging and in need of design. Retailers operating under these models can be indifferent, even somewhat hostile, to the idea of expending time and resources in the pursuit of design. But, given the sheer volume of goods they move into consumers’ hands, maybe an infusion of our collective attention, our expertise and, at the very least, our passion for the end user can convince them design could only help.

So where exactly are the opportunities to inject the value of design? The second model, retail-driven, customized branded products, is best served by the designers who support the original branded products. But first these designers need to accept that designing customized branded products is a service to the retailer and a common way of growing a brand business. Then the designers can begin by joining the debate about which retailers to engage with—specifically, which retailers will best support the integrity of the manufacturer’s brand while customizing the product and merchandising it? After selecting the retailer partners, the designers can then work closely with marketing to define the feature/cost set structure to customize existing products. Within this framework, a multifunction team can then strategize a design brief and concept for the custom product. The goal, as usual, is a win-win value proposition for the manufacturer, retailer, existing sales channels and consumers.

The third model, retail-driven, private-label branded products, is quite different as there is a high probability that neither the retailer nor the manufacturer possesses significant design capabilities. In this scenario, the retailer is probably the most appropriate entity for designers to seek out for a number of reasons: The retailer is most likely domestically based. The retailer’s marketing/merchandising organization will be calling the shots on product strategy, making it a strategic group for designers to partner with.

I believe most retailers operating under the third model would be receptive to a design value proposition but only if design processes are tailored to their way of doing business (i.e., fast, intuitive and entrepreneurial). In addition to design expertise, designers can provide welcome support to a retailer’s liaison with its manufacturers in such areas as concept envisioning, specification development, control documentation, problem solving and quality control. The big reward here is in quickly and repeatedly making an impact with design. Be ready to travel to developing countries, to work strange hours and to be a very patient communicator. Once the value of design is recognized by the retailer, a long-term relationship may emerge, possibly even an internal design organization.

The opportunity for designers in the fourth model, retail-direct product sourcing, is very similar to the previous one. The big difference is the length of the relationship with source manufacturers, which are short (sometimes just a one-time project) and even faster and looser processes. Here designers really need to be prepared to significantly abbreviate design processes and think from the hip. The saving grace is that designers can make a big difference in a lot of products and for a lot of consumers who otherwise are at the mercy of this model.

When working with any of these three opportunistic models, keep these three key points in mind: tailor your thinking and processes, think broadly regarding design’s value added (from strategic planning to merchandising), and be flexible and adaptable as you move ahead with relationships and processes.

Designers and design firms, if you need the warmth and support of a design-conscious business environment, stick to the end models. If you seek adventure and even more fulfillment, check out the center models. Retailers, if you haven’t discovered the power of design to move your business and delight your customers, give us a call…we can help.