

discover design



Analysis on the evolution of Design in Piedmont

2012



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Torino Chamber of Commerce Industry Crafts and Agriculture
in collaboration with the Research Group of Polytechnic University of Torino DAD (Architecture and Design Department)

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We thank the following for the use of photographs: Archivio Piemonte Torino Design, Torino Chamber of Commerce;
Ceipiemonte; FIAT Group Automobiles; SAET Group

Editorial coordination: Studies, Statistics and Documentation Department of the Torino Chamber of Commerce

Graphic coordination: External Communications Department and URP of the Torino Chamber of Commerce

Graphic design: Bussolino - Sitcap

Printing and layout: Berrino Printer srl

Printed in: March 2013

Printed: ecological paper certificated Ecolabel.



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Camera di commercio di Torino



Presentation

The study entitled “Analysis on the evolution of Design in Piedmont”, prepared by the Chamber of Commerce of Torino and by the design research group of the Polytechnic University of Torino - DAD (Architecture and Design Department)¹, stems from the need to update the results gathered through the analysis entitled “The Design-related economy in Piedmont”² conducted in 2007 by the Chamber of Commerce of Torino, with the aim of capturing the developments in this sector and identifying some possible actions which could be implemented in order to boost economic growth.

Furthermore, this work is inspired by and compared with the first Study on the topic, promoted in 2003 by *Torino Internazionale*, and assigned to a team of experts belonging to the Department of Management Engineering of the School of Engineering of Torino³. The Chamber of Commerce of Torino and the design research group of the Polytechnic University of Torino - DAD (Architecture and Design Department) believed that providing an overview on the current scenario of design in Piedmont would require a broader and systemic view on its different components. In particular, besides *Sistema Impresa*, a key text for the drafting of the current study and of other surveys, it was deemed useful to look at the System made up of *Culture - Training - Research - Institutions*, which are intertwined among one another at several levels, with the goal of fully understanding the structure of the Enterprise

System in Piedmont, and its relationships with other components. In order to draw a more in-depth picture of these phenomena, also with respect to the economic crisis and experiences of the last years, especially virtuous ones, which took place in the Region's territory (for example, Torino World Design Capital in 2008), quantitative data emerged from on-line questionnaires have been interpreted and drafted from a qualitative point of view, in the light of the observations and information presented by Bodies, Institutions, Associations, Schools.

The methodology is structured in such a way to effectively respond to the following needs:

- draft a list of design related activities which can be updated over time
- set up an easy-to-consult tool, also accessible to operators in this sector
- present a picture of design activities in the Region's territory, from the point of view of value contents and current trends;
- examine design activities from the point of view of the economic value generated and transferred to the enterprise system.

¹ De Giorgi C., Germak C., Peruccio P., Lerma B.

² Assist Consulting, L'economia design-related in Piemonte, Camera di commercio di Torino, 2007

³ Cantamessa M., Ottino G.L, Paolucci E., Rapporto sul Design in Piemonte, Torino Internazionale, 2003



Distinctions within the sample

The sample includes 850 design companies (enterprises and professional practices) on the territory which have been divided as follows:

1. businesses/companies producing design-oriented goods
2. design and engineering practices (design/communication)
3. project/product service providers (modelling and/or prototyping, product engineering, testing).

The reasons for such distinctions are strategic in nature, in order to bring possible problems and ad hoc responses to the surface, for circumstances which under the cultural, scientific, organizational and economic point of view (sizes of companies and turnovers of the two scenarios are, as a matter of fact, quite different) are extremely different and they must be studied as such.

It was agreed to research information concerning the same topics, through questionnaires set up by categories, in order to organize, in the different analysis, data in an aggregated form for companies, practices and service providers, both

aggregated in form of design-oriented activity.

Data aggregate reading allows to compare previous studies, while the disaggregated one allows to get into the heart of considered categories analysis, without having to resort to estimates, as in the case of B2Bs or B2Cs in the 2007 study, they have been regarded as a “mirror” of the activities carried out by professional practices and manufacturing companies (certainly fitting, but not all the time).

Economic data received through on-line questionnaires have then been crossed referenced with 2010 balance sheet data from the Attiweb database of InfoCamere.

This allowed the performance of more accurate economic-financial analysis on the trend of the overall sector and an estimate of the design overall value within the Region.

Obtained data have thus been analyzed through descriptive statistics, and then interpreted and commented in the following steps of the research.



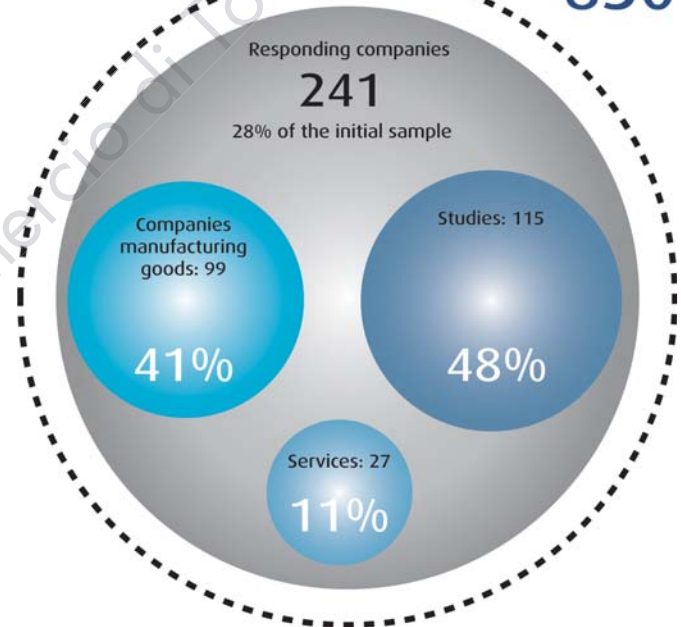
General characteristics of the Design Activity System

The report shows the characteristics of the sample of design companies which filled out the questionnaire, investigating them under different points of view (presenting percentages of companies, practices and service providers included in the sample, documenting their legal nature, turnovers, employees...) in order to estimate their economic value from different perspectives.

Of the 241 companies making up the sample of respondents, 41 % was represented by businesses manufacturing goods, 48% by design/engineering practices and 11% by service providers. With the intent of comparing the situation of the past and thus assuming as in the 2007 the B2Cs as businesses manufacturing goods, and the B2Bs as practices and aggregated services, the situation of the sample of responding businesses in the two studies appears to be very similar in terms of percentages (45.1% B2Cs, 54.1% B2Bs).

The sample consists of businesses manufacturing goods which started their activity at the beginning of the 80s (over 63%), and between the 90s and the year 2007 it includes design/engineering practices (58%) and project-related services (37%).

2011 "Design Activity" System: numbers, types
on-line questionnaires



Source: Elaborations by the Torino Chamber of Commerce and the Research Group of Polytechnic University of Torino – DAD (Architecture and Design Department) on data collected through interviews and balance sheet.



Design is always present, since the inception of the business activity, in 60% of businesses, in 73% of practices and 63% of services.

The sample consists for the most part of businesses and professional practices which have been involved in design for quite some time, and which made the decision to do so willingly and decided to include it in their corporate mission statement.

Within the sample of respondents, the recognized objective of “doing design activities” is innovation: this goal is supported by 49% of businesses, 36% of practices, 44% of service providers, with much lower percentages with respect to their needs to broaden their product range, to implement product restyling and to improve their corporate image.

These are good signs of a designing and productive culture, which are starting to rise also with respect to the problems related to environmental sustainability.

With reference to such issue, registered businesses show to have an improvable design and manufacturing sensibility, but they are already quite lively: 59% of businesses declares to tackling it on a regular basis or through aimed strategies which affect products and manufacturing processes, just like 44% of studies and 52% of service providers.

The types of interventions aimed at sustainability involve

research in the field of materials, reduction in the number of components, reduction of consumptions, disposal/recycling of wastes; however, only 22% of the sample of manufacturing businesses declares to have environmental certificates: thus, in the near future, this could become one of the new grounds of competitiveness challenges in the Region.



Economic situation in the sector

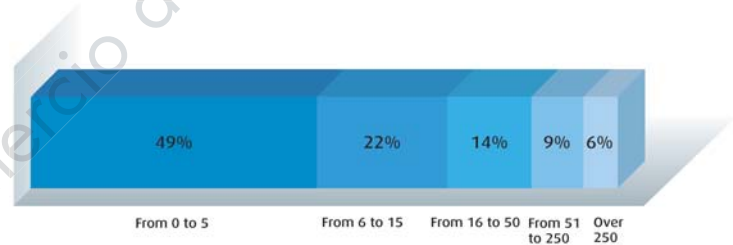
With respect to 2007, this study highlights a sector which is recording a growing global turnover (+6%) despite the crisis: the estimated global turnover of design-oriented businesses in 2011 was about 13 billion euros, if compared to the survey of 2007 (770 units). This datum is partially confirmed also by the replies to the question on turnover trends and by interviewed practices with respect to 2008: more than 50% of them reported a stable or growing turnover.

Global turnover and turnover by employee

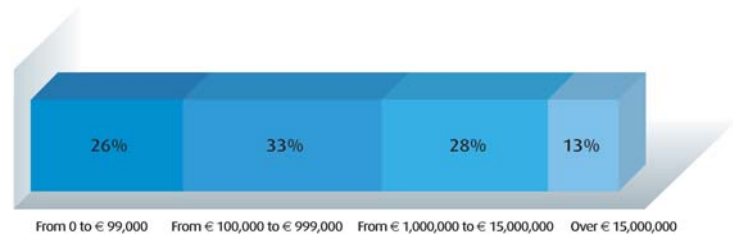
	2007 Enterprises	2011 Enterprises	2011 Enterprises	figures used for comparison
	770	850	770	
GLOBAL TURNOVER *	€ 12,032,038,889	€ 13,057,782,000	€ 12,873,261,000	increase by about 6%
No. OF EMPLOYEES	50,427	47,420	42,957	drop by about 15%
TURNOVER BY EMPLOYEE	€ 238,605	€ 275,350	€ 299,000	increase by about 25%

The average employment level in the sector is lower if compared to the one in 2007 (-15%), with businesses resorting more frequently to social shock absorbers. As a consequence, the average turnover per employee has increased by 25%.

Distribution by classes of employees



Distribution by classes of turnover



Source: Elaborations by the Torino Chamber of Commerce and the Research Group of Polytechnic University of Torino – DAD (Architecture and Design Department) on data collected through interviews and balance sheet.



Furthermore, we record a considerable fragmentation trend: businesses dealing with design are increasingly smaller in terms of number of employees (49% has up to 5 employees), as well as in economic terms: those making up to 99,000 euros went from 5% in 2007 to 26% in 2011.

In the next years this estimate will acquire more meaning if read in the perspective of a comparison over time; furthermore, for the first time, we should point out the attempt of associating an economic value to design in our Region.

To determine this value, several approaches have been applied to manufacturing businesses, design practices and to project-related service providers:

- 1) design practices and project-related service providers mainly working on a specific project, were asked to declare which percentage of their turnover was directly connected to design-related projects;
- 2) in the case of businesses producing goods, it was not possible to directly identifying the percentage of turnover resulting

from design-related activities; the turnover of each business was then identified per employee and by multiplying it by the percentage of employees engaged in intensive design-related activities, and more specifically engaged in activities related to product creation and design.

The addition of these values, projections were made according to respondents' sample composition, and this led to a design estimated value in Piedmont of €1,194,500,000, which accounts to 10% of the global turnover of about 13 billions.

In percentage terms, the above mentioned value encompasses businesses manufacturing goods which account for 78%, practices accounting for 12% and service providers accounting for 10%.

However, businesses, design practices and service providers collaborate in different ways to the creation of such value: design practices devote most of their activity, while businesses manufacturing goods devote only a small percentage of their turnover to strictly design-related activities.

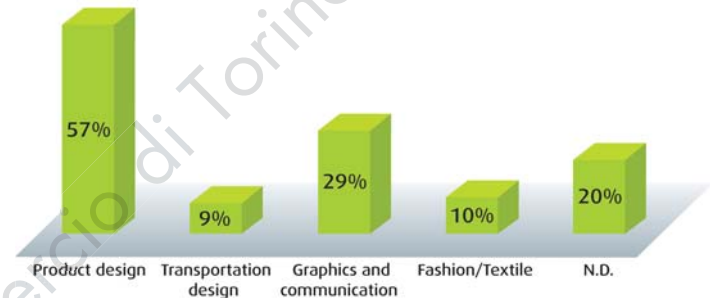


Concerned sectors

Almost 60% of design activities consist in product design, followed by graphics and communication activities (29% of overall replies), textiles (10%) and transportation (9%). With respect to the survey dated 2007, major increase was recorded in graphics and communication which increased from 12% to 29%; also other sectors showed increases, but not as relevant.

Transportation accounts for almost 41% of the turnover, while product design accounts for 18%. Graphics and communication (29% of businesses) only account for 1% of the turnover, while fashion and textile, which account for 10% of the sample, account for 5% of the total turnover.

Design fields of application



Source: Elaborations by the Torino Chamber of Commerce and the Research Group of Polytechnic University of Torino – DAD (Architecture and Design Department) on data collected through interviews and balance sheet.



Geographic distribution

The area around Torino definitely plays and confirms its key role in design-oriented activities. This aspect emerges clearly when looking at the area of origin of the interviewed companies (66% of respondents), at the number of employees (56% of them are based in Torino), at the turnover (67% is produced in Sub-Alpine area) and at the range of sectors of application.

On the territory of our region, monitoring pointed out the presence of districts and clusters which for quite some time characterized the area, with some developments which, even if they generated a small economic impact, appear to be relevant from the point of view of sector dynamics.

The survey conducted on the territory, province by province, and data implementation with information provided by some companies that did not respond to questionnaires, but anyhow very active, allowed the drafting up of a map directly and intuitively showing the sectors that are more populated by design-oriented businesses, and in particular manufacturing businesses, through a range of products that are currently produced in our Region. By looking at the map of enlarged districts, we notice that:

- transportation design, from the “automotive” heart of Torino, it is extended to earth moving equipment in the areas of Cuneo and Biella;

2011 Design Activity System in Piedmont



Source: Elaborations by the Torino Chamber of Commerce and the Research Group of Polytechnic University of Torino – DAD (Architecture and Design Department) on data collected through interviews and balance sheet.



- the textile sector, which is a cross-cutting sector in the region, stretches from the areas of Alessandria, to Torino and Biella;
- the agro-food sector is related to design in the provinces of Asti and Cuneo;
- product design is present throughout the region, and it is characterized by technology, materials and process research, which stand out in some product of excellence and which characterize the entire production across the board.

When looking more specifically to districts, territorial traditional vocations are confirmed, despite some minor development:

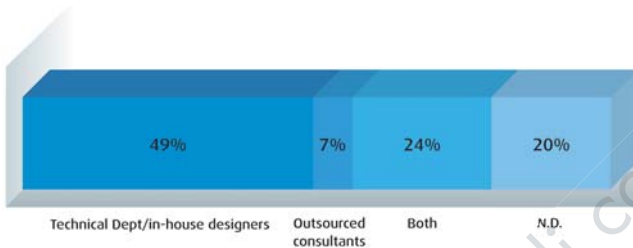
- in the Cusio area we record the production of taps and fittings and household articles in brass and steel, which at times expands to bathroom fittings as well;
- in the Alessandria province, Valenza is the "golden heart" of Piedmont, thanks to its well-known jewel production (which often has ties with fashion);
- the area of Torino is still the area specialized in automotive, graphics and communication , and this latter sector in growing consistently.



Who works in design

A positive trend that the survey highlighted is the increased percentage of those declaring of relying exclusively on internal designers (from 39% to 49%) and a reduced number of those declaring of relying exclusively on external designers. The evolution of the organizational model is very reassuring: it flags out the growth of a design culture developed within enterprises,

In-house or external structure?



Source: Elaborations by the Torino Chamber of Commerce and the Research Group of Polytechnic University of Torino – DAD (Architecture and Design Department) on data collected through interviews and balance sheet.

in particular in manufacturing companies, which in increasing numbers understand the relevance of getting equipped with an “in-house design centre”. This awareness allows to increase the production standard and facilitates the establishment of professional relationships with external designers in view of short and long term collaborations.

By investigating the correlation between the presence of an in-house technical department, and the size of the companies, it stems out that, unlike what was recorded back in 2007, today companies tend to equip themselves with an in-house technical department, and this is specially true for most small-size companies (with less than 15 employees, which also include design practices).

In 2007, minor design activities were mainly contracted out, while today companies resort to mixed models. Finally, as it was noted in 2007, the mixed model is much appreciated by more structured companies, with more than 16 employees (in particular those with more than 250 employees for which this is the preferred model).



The technical department in a big-size company is often set up to respond to daily product engineering problems, thus it is not uncommon that innovation projects are contracted outside the company, sometimes even to well-known designers.

Most companies declared to collaborate with Universities and with other training organizations, especially through internships with design students in the Region. Internships are very highly rated by respondents (95% of companies, 65% of practices and 87% of service providers) and they are the preferred avenue to hire designers in the company.

Most respondents in the sample which were involved in design-activities had a long-term employment contract. However, it should be noted, especially in design practices, that the trend is to work also with other forms of employment contract. This high percentage of employees is quite reassuring, and it witnesses the solidity of designers' contracts especially inside companies.

We would like to recall that, in the questionnaire, it was specified that by employees we meant the staff with long-term, short-term, apprenticeship and induction contracts, and by collaborators

we meant interns, project-based employment contracts, and freelancers, usually with their own VAT registration number.

It should be noted that, some manufacturing companies, have a hard time finding good designers due to unfavourable geographical locations (18%) such as the Cusio and the Cuneo valleys, or because of the non-existence or the inefficiency of a network which could facilitate contacts between companies and designers (46%). On the other hand, practices are not highlighting such networking difficulties, and thus they appear better fitted in the project system, but they point out that problems, when present, have to do with the identification of specific professional profiles and with actual skills and training (40%).

These are useful indications for training institutions in the Region, in order to fine tune the response to the real needs of design-related activities; some difficulties in finding adequate staff were also flagged out by the sample of service providers, which, for the most part, don't provide more accurate information on the topic.



Market

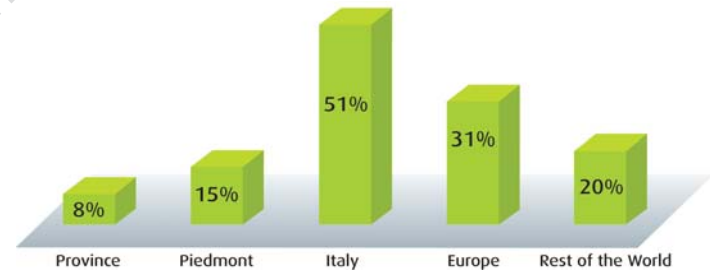
With reference to the sample selected to survey the market in 2007, and thus only for B2Bs, this study took into account the total sample of responding companies – companies manufacturing goods, design practices and project service providers – i.e. B2Bs and B2Cs of the previous survey.

Manufacturing companies are confirming their manufacturing nature, by importing raw materials from suppliers (total choices), accounting for 71%, thus for unfinished products accounting for 60%, finished products accounting for 38% and service providers accounting for 15%.

Unfortunately, the origin of supplies is unknown for most of the companies in the sample: 84% of the sampled manufacturing companies refused to reply to this question. Among those who answered, 78% replied Asia, 11% replied Latin America and 11% the USA.

To which markets is the design regional system addressed? Italy is the preferred market of reference (51% of respondents); 15% declared to focus on Piedmont and 8% on the province of Torino. There is also a considerable percentage of respondents who declared to focus on Europe (31%); fashion and transportation design are the sectors with the strongest interest in internationalization.

Geographical area of reference



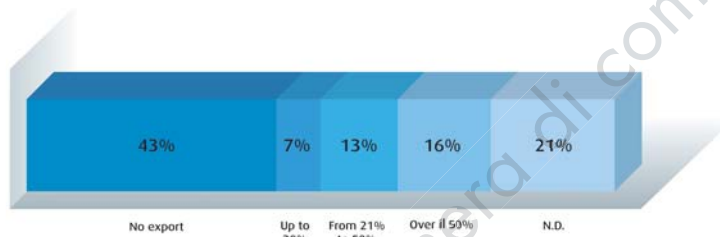
Source: Elaborations by the Torino Chamber of Commerce and the Research Group of Polytechnic University of Torino – DAD (Architecture and Design Department) on data collected through interviews and balance sheet.



By analyzing turnover shares achieved abroad, we identified two separate poles: there are companies that grow by entering into international markets (36%) and other companies which focus instead on local markets, out of choice or necessity, and the percentage of these companies is actually on the rise: from 36% in 2007 to 43% in 2011.

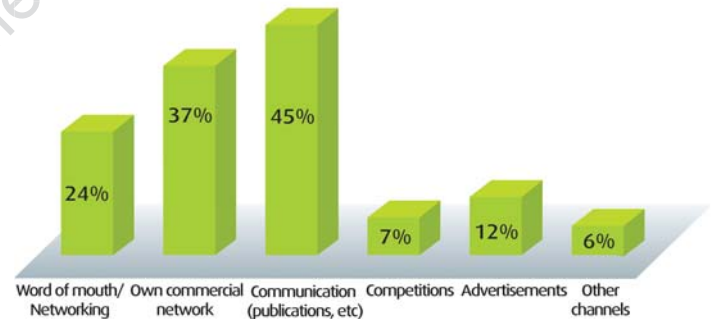
It appears that companies, in order to promote their products

Share of turnover produced abroad



and services, decide to invest on several channels, simultaneously. The most widespread modality is communication, as it already surfaced back in 2007, but in a much lower percentage (from 77% to 45% of total replies); they rely less on the word-of-mouth (from 74% to 24%) and on competitions (from 17% to 7%). Instead, there is an increased use of commercial networks (from 27% in 2007 to 37% in 2011) and of advertisement (from 6% to 12%).

Modality of contract with the customer



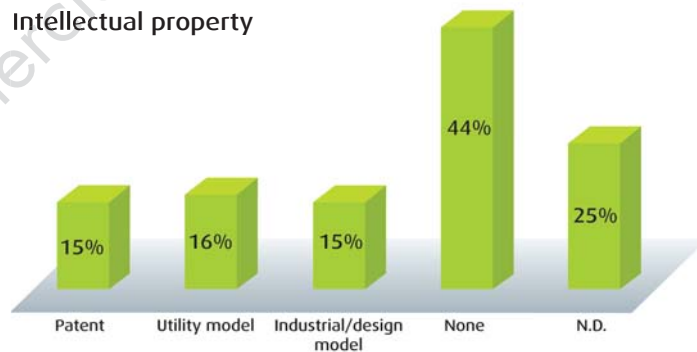
Source: Elaborations by the Torino Chamber of Commerce and the Research Group of Polytechnic University of Torino – DAD (Architecture and Design Department) on data collected through interviews and balance sheet.





A point of weakness of design-oriented companies in Piedmont is the protection of intellectual property: 44% of interviewed design-oriented companies never submitted any patent application; there is a very low percentage of patent submissions. The survey points out that the companies which submitted patents' applications firmly believe in this protection tool, and usually registered more than one patent.

Intellectual property



Source: Elaborations by the Torino Chamber of Commerce and the Research Group of Polytechnic University of Torino – DAD (Architecture and Design Department) on data collected through interviews and balance sheet.



The role of training

The liveliness and quality of the training offer in Piedmont (Degree Course in Design and Visual Communication and Degree Course in Teacher's Training in Ecodesign at the School of Engineering of Torino, IAAD – Institute of Applied Art and Design, IED – European Institute of Design) also has an impact on youth entrepreneurship: the sample includes 44 new companies established since 2007 to date, and more than 30 new design practices.

Applications and enrolments to courses offered by the above mentioned Schools, many of them are with restricted entry, are quite numerous, and it is calculated that in the region, overall, with the design curriculum that counts about 1,000 students, there are over 2,000 enrolled students in total to the various first level courses, for Diploma and University Degrees in the territory, including a relevant number of foreigners.

Graduates are well absorbed by the entrepreneurial system of the region and beyond: this statement is pronounced by design private institutes and it is confirmed by Almalaurea data of

the School of Engineering of Torino in a survey highlighting that 60% of graduates find a job within one year from the end of their studies, and more specifically, 7% as freelancers, 24% with a long-term contract, 61% with a short-term contract and 8% with an apprenticeship contract.

This has been possible thanks to the tight and long-lasting relationships existing between enterprises and Schools: curricula on the Region's best sectors, agreements with schools (especially private schools), exhibitions, corporate internships (mandatory, for 250 hours minimum, University course in Design at the School of Engineering of Torino), researches and degree dissertations drafted in collaboration with enterprises.

There are specialized graphics and communication private institutes, and professional training and/or specialized courses promoted by training Agencies which propose training and postgraduate courses with quite different goals and durations, also free of charge if supported by specific projects and funds (for example to contract unemployment) aimed at responding





to the needs of enterprises by posting training activities available and new ones (from individual long-life training to IFTS courses, to Employment Training courses).

With reference to the relationship that enterprises entertain with young designers, a question was asked, with multiple choices, concerning their preferences towards training.

45% of the sample places special trust on previous working experiences, confirming the attitude that “learning in the field” is always very important, and the desire to “test” the designer’s professionalism through a rich portfolio of past work experiences.

The trend is confirmed, quite surprisingly, by 10% of the sample which believes that no specific training is required. However, by focussing on training choices, preferences are equally distributed among professionals who have acquired postgraduate diplomas (such as IED and IAAD, today with the



same value of a first level university degree) or degrees, of first and second level.

As a matter of fact, enterprises make no distinction between private training and public university education, nor between the two levels of degree; and they don't attach much relevance to acknowledgement and post-university teaching approaches and PhD, highlighted as interesting only by 5% of the sample. This trend is typical of Italy: abroad, the title of PhD can become key to access responsibility positions, while in our country is valuable only within the academic world: we prefer to invest less on human resources assigned to R&S, an activity that is no yet consolidated among the enterprises of this regional sample.

The situation is much better for vocational training certificates, which have been defined by 12% of respondents as a possible preferred requirement.



Conclusions

This study followed quantitative and qualitative criteria: data gathered through questionnaires on the Design System has been commented and interpreted through numerous interviews in the field by the actors in this system.

These interviews painted an overall picture of a very vibrant territory, also thanks to the work of organizations that in the recent past supported, and still support now, cultural and promotional initiatives to disseminate knowledge on “doing design” also of high level, which must be fully disclosed to everyone. This aura of secrecy is typical of those who perform this profession, but which is also close to the Regional understatement style and which is the daughter of an unbalanced interpretation of the competition-collaboration combination on which industrial dynamics are based upon, and that in our territory seem to indulge towards a tougher than required competition.

In fact, today collaboration among actors in the system does exist, however these relationships are for the most part under the radar, we don't know much about them and people are not willing to talk about them, because apparently on the territory there is no neutral ground acknowledged by everyone (while awaiting for the creation of a Design Centre that in Piedmont does not exist yet) where designers can exchange their ideas openly. The network of relationships does exist, and there is also a system of excellence which, if enhanced, could provide outstanding results.

Design in Piedmont can in fact rely on organizations and institutions which successfully develop own initiatives and/or fund events and initiatives of other actors in the system (cultural associations, schools, universities...), which could have a positive impact on the entire sector. In 2008 Turin has been the World Design Capital, and the city became the first world capital of design thanks to ICSID - International Council of Societies of Industrial Design and for one year our region hosted over 300 initiatives among exhibitions, events, workshops and international conferences (78% of which organized in Torino, 11% in the province and 11% in the rest of the Region), organized by public and private entities (30% by private bodies, 24% by associations, 21% by public institutions, 14% by cultural institutions, 7% by schools, 4% by a combination of various organizations).

What have we learnt from this event? We certainly obtained further confirmation, after the Winter Olympics in 2006, of the renewed image of Torino from industrial city to European city (and this goal has also been achieved thanks to events such as Artissima, the International Book Fair, Luci d'Artista, Salone del Gusto, Terra Madre, Torino Film Festival...), and a number of new regional and international design-related collaborations were established.

Since the network of design relationships is quite vital, it would be appropriate to create a physical and/or virtual place designed to make such relationships even more manifest, as this would help spreading the word that the Design Centre in Piedmont is still present.



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