Patrick Bayly

REPORT (~~2000~~)

2002

International
Specialised
Skills Institute

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# AGDA / ISS FELLOWSHIP 2000: Designing the future

The impact of technology on Australian Design Studios

March 2002 Report

**FELLOWSHIP AIM :**

To research the effect of technology on our industry

Locate skills gaps

Recommend strategies

**FELLOWSHIP STATUS:**

| | |
|---|---|
| **December 2000** | Awarded fellowship |
| **Feb/March 2001** | Interviewed studios and companies across Australia |
| **September 1st 2001** | Flight booked to visit studios & Seybold conference in San Francisco. Due to fly out Sept 14 |
| **September 11th 2001** | **Attack on the trade towers in NY** |
| **September 13th 2001** | Cancelled flights due to above |

**Current status**

Interviews and rough draft of fellowship written

| | |
|---|---|
| **September 6th 2002** | Will Fly to San Francisco |
| **September 9-11th 2002** | Attend Seybold |
| **September 11-16th 2002** | Resume USA interviews |
| **September 17th 2002** | Fly back to Australia |

**US STUDIOS TO VISIT 11-17TH SEPTEMBER 2002**

**Thunk Design**

2948 20th St. Studio 103 San Francisco, CA 94110

p: 415.641.5005 f: 415.641.5099 www.thunkdesign.com

**James Tucker Email: james@thunkdesign.com**

**Pentagram**

Tehama st SF CA 94103

P: 415 896 0499 F: 415 896 0555 www.pentagram.com

**Kit Hinrichs - Director**

**Brian Jacobs – Partner & president of AIGA San Francisco**

Contact : Diana Lopez lopez@sf.pentagram.com

**PopGun Design**

2155 Powell Street San Francisco CA 94133

Ph: 415.402.0080 Fax 415.402.0083 www.popgundesign.com

**Mark Kuerschner - Director** Email: markk@popgundesign.com

**GU3** - am

465 10th Street, Suite 201 San Francisco, CA 94103

Telephone: 415 503 1350 Facimile: 415 503 1351

**Guthrie Dolin (Principle) Email:** info@dept3.com

**Web:** www.dept3.com

**Landor**

1001 Front Street Klamath House

San Francisco, California 94111 United States

Telephone: 1-415-365-1700 Facsimile: 1-415-365-3190 www.landor.com

**Contact: Aaron Everheart Email: aaron_everhart@sfo.landor.com**

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Possible contact – Ingrid Ekstrom

## AUSTRALIAN COMPANIES INTERVIEWED:

### Design Studios

| | |
|---|---|
| Cato Partners | *Melbourne* |
| DDI Adworks | *Sydney* |
| Horniak & Canny | *Sydney* |
| FHA Image Design | *Melbourne* |
| an Kid Design | *Adelaide* |
| Hoyne Design | *Melbourne* |
| Nova Design | *Sydney* |
| Precinct | *Melbourne* |
| Sector 7G | *Adelaide* |
| Storm | *Melbourne* |
| Urban Buffalo | *Sydney* |

### New media

| | |
|---|---|
| Swish | *Melbourne* |

### Education

| | |
|---|---|
| Billy Blue School | *Sydney* |

### Other

| | |
|---|---|
| Arquent Employment Agency | *Sydney* |
| Fuji Xerox | *Sydney* |

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## INTRODUCTION

When I started researching for my fellowship application early in 2000 the internet boom was in full swing and it appeared our industry could be under threat from the fast expanding web development sector. However by April the bubble burst - since June 2000 more than 1,300 dotcom startups have failed in the US *(Fast company Feb 2001).*

This has impacted on the web development companies servicing the boom, shown by the dramatic drop in web design recruitment -down 60% as of March 2000. Web development companies cut staff to stay afloat; one of the world's largest Sapient, closed its Australian office in March 2000 laying off 70 people. World wide Sapient have fired 720 people, or 20% of its work force *(The Australian March 2001)*

Although the domination of our industry by web development companies has not happened as predicted by Andrew Lam Po Tang, we cannot afford to become complacent. From my interviews and Research so far, I believe that graphic design is at a crossroads and that over the next 5 years we will see major shifts impacting on our businesses and we need to be ready.

**Key areas of change for the design industry identified so far:**

- **Branding**
- **Media portability & Use**
- **Print profitability**
- **Digital print**

## BRANDING

Although not relevant to technology, branding was an area that came up consistently in my interviews. Of the 13 studios surveyed 10 mentioned branding as either the next big thing for designers or as an area of growth.

Branding has the potential to bring us both the recognition and financial reward we want. However a lot of hard work needs to be put in to reach this level. Designers would be required to learn marketing, strategic and business skills rather than just making something look good.

Developing branding as a core skill set, appears to hold the best opportunities for profitability. Instead of just putting together the logo or brochure, the designer (or brand architect) becomes a strategic partner steering the direction of the company.

Branding is something that designers have been doing unconsciously at a basic level for many years. To build these skills and to value them accordingly would be a huge step forward for our industry. The term graphic designer may have had its day - 9 out of the 13 studios interviewed agreeing we should change our title.

**Skills gap:**

As far as I am aware there is not a single course offering branding as an area of study. There are various courses in marketing, business and design but nothing that ties them together. I recommend that colleges start to address this issue.

## MEDIA PORTABILITY & USE

The dot com frenzy has eased and the internet has come of age. Most clients are now aware of its benefits and drawbacks. Companies coming to a design studio for an identity, brochure, stationary etc now want a website to go with it. Of the 12 design studios interviewed all had produced or designed sites, however only 4 were using this area as a major source of revenue. This was surprising considering 9 saw the internet as an area of growth.

The main strengths of the internet are its flexibility, accessibility and cost savings. In certain instances a web site is a far better vehicle for communication than traditional print. Web sites will never completely take over from the printed medium, but I forecast that it will erode into it substantially.

Already, here in Western Australia, the recently elected Labour government has ditched printed annual reports for 46 government departments and 198 government agencies, in favour of hosting them on-line. This is having a huge effect on both studios, printers and prepress industries, as annual reports make up about 23% of the printing business generated by the state government.

The Premier Dr Gallop said;

"Posting annual reports on the internet could save taxpayers millions ($6million). If people wanted a hard copy, it could be printed and posted, what is important is the content not how it looks" *(West Australian June 2001)*

This worrying attitude has increasingly affected WA designers. In a pathetic bid to save money the state government has recently designed its new WA government identity in-house (see right).

Government of
Western
Australia

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There is a general trend developing driven by clients for developing digital material, not just web delivery, but PDF, Flash and word documents that can be distributed and printed in-house by the client or their customers. As this develops further, I see this having a major impact on areas of traditional design together with allied suppliers.

Clients want portability. Our own studio was recently involved in a project for the Ministry of Justice that started as a traditional print job of 15 separate DL brochures. This was costed at aprox $40,000 including design, photography prepress and printing. Instead, under instruction from the client we developed the project as a single Word document. The document is sent out to each prison on CD and printed in-house on a colour printer. The all-up cost? $10,000 in art and design. Apart from the obvious savings it has the benefit of being updateable by each prison and printed as needed.

Although the quality of such documents is questionable, it is hard to argue the financial savings. Designers need to start looking now at other areas of revenue apart from print, as more and more projects go this way over the next couple of years. Designers will need to start exploring, understanding and making use of these new areas of communication or risk being left behind.

**Skills gap:**

Traditional print-based designers need better understanding of screen-based design

Designers will also need to learn to design using Microsoft Word.

Designers should be looking at the wider possibilities of PDF delivery – Client trends suggests this is a growth area.

## PRINT PROFITABILITY

Graphic designers relying solely on print work could well be at a bleak future. Printing is set for a major upheaval over the next five years.

The Australian printing industry is aware of this and has produced a joint industry and government action plan– Print 21. (check out www.print21.com.au).

The survey found, although the volume of printing looks healthy on the surface – with sales rising annually reaching more than $15,000 million. Print profitability has dropped significantly from a healthy 17% in 1991 to 9% in 1998 and continues to decrease.

It seems that not only are prices falling but so too are the print runs; this is another sign that many large documents are heading on-line. If the print industry is making less money from print it would stand to reason that so too are the design studios.

Another impact on our industry is as printers search for other ways to make money, an obvious choice for them would be design services. This would make life even harder for the majority of Australia's small studios.

## DIGITAL PRINT

The other part of the print equation is the shift from traditional, to digital print. Currently most runs over 500 are produced using offset presses, this is poised to change very soon as new technologies will see colour runs of 1500 to 2000 becoming economically viable on docutech type systems.

These machines have completely taken over in the black and white market, but until now there has not been the technology to take on the colour work.

**As these machines begin to take over the offset publications it will have repercussions for the graphic design industry.**

Since the print price will be substantially lower and the challenges of setting the artwork up is seen as easier, it will become harder to convince the client to pay the same design fees as for offset. Despite the design taking the same time.

There is minimal opportunity for markup of prepress

As digital printing is more forgiving of artwork it will become easier for untrained or in-house staff to produce a printable document.

## FINALLY

This fellowship is currently at draft stage. There are many other areas to be looked at. Such as DVD and broadband immerging as new areas for design. From my research broadband is around 8 years away. However when (not if) it arrives it may provide the sizzle the internet gold rush promised, but never delivered. Of the studios I interviewed 3 are already gearing up for this new shift.

Designers are fortunate the direction that our industry has taken keeps forcing us to adapt and change. We are constantly at the pointy end of technological change whether we like it or not. From my surveys it points toward the younger designers being the trailblazers in the digital world. For many of the older designers they have reluctantly entered the on-line world.

As I formalise my fellowship and see what is happening overseas (when I get there!) I will be able to make detailed recommendations. However at this point in my research **I strongly recommend the following action for any studio:**

1. Move towards delivering information in as many forms as possible
   – Do not rely on print work alone
2. Become a strategic partner with clients
   – learn about branding
3. High end web development requires large staff numbers, which is unfeasible for the 85% of our industry that has less than 4 staff
   – Look at specialising in certain areas of web development eg flash animation, web cams, e-marketing, etc
4. Keep pace with technology
   – It is important we are a step ahead of our clients

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