Small Businesses and Their Perceived Value of Design

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by
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# Table of contents

Table of Contents .................................................................................................................. iii

List of Tables ......................................................................................................................... v

Acknowledgements ............................................................................................................... vi

CHAPTER I: Introduction ....................................................................................................... 1
  Introduction to Small Businesses ......................................................................................... 2

CHAPTER II: A Look at Small Businesses .............................................................................. 4
  What is a Small Business? .................................................................................................. 4
  Small Businesses and the Economy .................................................................................. 4
  Small Businesses Survival ............................................................................................... 5

CHAPTER III: A Look at Professional Design ...................................................................... 7
  Defining Professional Design ............................................................................................ 7
  The Importance of Design ............................................................................................... 7
  Case Study: The Economic Effects of Design (Danish Study) ........................................... 8
  Case Study: Design Effectiveness Industry Report .......................................................... 16

CHAPTER IV: Discussions with Small Business Owners ...................................................... 21
  Primary Research Overview ............................................................................................. 21
  The Interviews with Small Business Owners ..................................................................... 22
  Overview of the Business Interviewed ............................................................................. 24
  Trends Seen in the Interviews .......................................................................................... 30
CHAPTER V: Conclusion .............................................................................................................45

Strategies for Professional Designers ..................................................................................46

Proposed Next Steps ............................................................................................................47

Appendices ..........................................................................................................................49

Appendix A: Small Business Owner Interviews .................................................................50

References ............................................................................................................................57
List of Tables

Table 3.1 Company breakdown by number of employees.................................10
Table 3.2 Company breakdown by trade..........................................................10
Table 3.3 Company design purchase profile in relation to size.......................11
Table 3.4 Gross revenue performances in relation to the purchase of design.......11
Table 3.5 Gross revenue performances in relation to purchase of design internally and externally .................................................................12
Table 3.6 The placing of the companies on the design ladder .......................13
Table 3.7 Gross revenue performance of companies broken down by size and use of design...........................................................................................................15
Table 3.8 Sectors represented in sample ..........................................................17
Table 3.9 Size represented in sample ...............................................................17
Table 4.1 Employee breakdown according to size.........................................22
Table 4.2 Results summary from interviews ....................................................23
Acknowledgements

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Chapter I

Introduction

This study is a study of small business owners and their perceptions on graphic design. The basis for this study was to gain an understanding of whether or not small businesses view professional graphic design as a beneficial service worth pursuing, and why or why not they are employing the services of professional designers.

The design process itself is regarded as an important tool; in a study, firms that saw design as a process or used it to innovate increased their sales by 50% more than the norm. Design can also directly affect other areas of a business, such as the firm’s image. A recent study suggested that firm image will benefit more from designer involvement in website development and corporate visual identity development if the firm adopts an innovative strategy to experiential design.

While these large businesses see major benefits through the deliberate attention to funding for professional design, small businesses, unfortunately, may not have the opportunity to experience these benefits due to budgetary constraints. Small businesses also may fail to recognize the difference in the lesser value of inexpensive options versus the high value generated by professional designers (Holston, 2011).

This thesis will be a comprehensive study on the perception of the value of design by small businesses. It will explore their understanding of design, the value it generates, what their metrics are for success within the business, and how design can directly affect those areas.

The implications of this thesis will be the ability to start an informed conversation between professional designers and small business on the value of
design. Designers will have a better idea of how to sell themselves and their services to small businesses, and those businesses will see the benefits professional design can bring to a company—such as an increased ROI and enhanced firm image. By gaining a deep understanding behind the motivations of a small business, designers can attach themselves and their services to the success metrics of the company.

This study will look at case studies exploring the positive impact graphic design has on businesses in multiple areas. Primary research was conducted as well. Interviews with small business owners in Kent, Ohio were performed, and these conversations help to provide an understanding of how small business owners perceive design. Finally, suggestions will be provided to aid graphic designers and design related firms to have a reasonable conversation with small business owners, alleviating their concerns and speaking directly to their perceptions.

**Introduction to Small Businesses**

Even though large conglomerates are still very much the norm, small businesses still remain a large part of the community. and a revival of “Mom and Pop” shops is currently being observed, and the age of the internet is certainly beneficial. In the following discussion, statistics that reveal small businesses’ role in the economy will be explored. Entrepreneur.com states that “[b]eing online gives shops the opportunity to reach the world rather than just the tourist trade and local shoppers. Mom-and-pops have reached out and are using online in a real way that works” (Ransom, 2013).

The desire to keep these small shops alive is a valid concern; one article states “When these shops fail, the neighborhood is adversely affected. These old storefronts have the city’s history etched in their facades. They set the pulse, life, and texture of
their communities” (Geiling, 2014). Small businesses have even received their own Christmas shopping day, “Small Shop Friday.”

Studies in the UK have tracked the statistical impact small and medium enterprises (SMEs) have on the economy, and the results are compelling. That being said, SMEs are definitely deserving of an increase in attention and sales.

However, this study also states that SMEs are constantly in a fluctuation of opening and closing. More than one million small businesses form each year, and 40% of them fail within the first year, and 80% of small businesses that survive the first five years fail in the following five years. (Lisa, 2003 p. 14) A step small businesses can take to avoid becoming a negative statistic is to increase their attention to design. But, steps could be taken to help solidify a SME into this shifting economy. One such step is an increase in attention to design.

Many studies have shown that incorporating professional design into a business makes plenty of sense. Design can impact the ROI, increase transparency, improve public image, target a specific audience, produce demographic-specific solutions, and have businesses meet their goals. Unfortunately, there seems to be a bridge between the SMEs' needs to stay alive and the positive impact of design. The first step to tackling this is to understand the perception small businesses have on design, which this study seeks to explore.
Chapter II

A Look At Small Businesses

What is a Small Business?

The first task of this research is to define a small business, which can be difficult. It is hard to pinpoint exactly what a small business is, as there are many definitions. Inyang defines a small business as following.

The definition of SMEs varies in context across countries, industries, organizations, agencies and the academic community. SMEs are often defined numerically or specifically to cover companies with a workforce ranging from 1 to 100 employees and in some cases up to 250 employees as the upper limit. When they are statistically defined the lower limit for the member of employees for the “small scale enterprises” is usually put at between 5-10 workers with an upper limit of 50-100. The upper limit for the “medium-sized enterprises” is usually 100-250 employees. (Inyang, 2013 p. 3)

For the sake of this study, a small business will be defined as a company that has less than 100 employees.

Small Businesses and the Economy

In many countries, SMEs have a large impact on the economy. SMEs account for more than 90% of the world’s business enterprises (Inyang, 2013 p. 3). In the UK, small businesses account for 99% of all businesses in the UK, and there was an estimated 3.7 million active businesses in 1998 (Tonge, 2001 p. 5).

Small Businesses Make Up:
• 99.7 percent of U.S. employer firms
• 64 percent of net new private-sector jobs
• 49.2 percent of private-sector employment
• 42.9 percent of private-sector payroll
• 46 percent of private-sector output
• 43 percent of high-tech employment
• 98 percent of firms exporting goods
• 33 percent of exporting value.

Small Businesses Provide:
• 60% to 80% of net new jobs annually
• pay 44.3% of total U.S. private payroll
• represent 99.7% of all employers


According to Manta.com, there are 3,374 businesses in Kent. Out of these businesses, 3123 of them have 99 or fewer employees.

Small Businesses Survival

The life span of a small business can be short, resulting in large levels of fluctuation. From March 2008 to March 2009, there were 680,716 small business deaths and 518,500 small business births in the United States (“Frequently Asked Questions about Small Business,” p. 2).

Clow and Cole state that “[t]he small retailer has a difficult time competing with large mass merchandisers, category killers, and retail chains. Price discounting is not an option, because the small retailer can never beat the price of large retail
operations. Therefore, small retailers must look to other means of differentiation” (Clow and Cole, 2004 p. 69).

Another article also suggests that small businesses that fail make three primary mistakes; they ignore the competition, they ignore customers' needs, and they use ineffective marketing (Lisa, 2003 p. 14-15). R.T. Peterson's claim can support the issue of ineffective marketing, saying “[a] A widely held belief is that larger enterprises can outdo smaller ones in promotion efforts because small firms have limited budgets...Fortunately for small businesses, the quality of promotion campaigns determines their effectiveness as much as the quantity of resources injected into them” (Peterson, 1991 p. 7). Professional design can have a great impact on all three of these mistakes.

As we will see later in this study, small businesses rarely turn to professional designers who have been highly trained in producing marketing that is tailored to solve a specific problem and target an appropriate demographic. Rather than utilize the skill set of a professional designer, small businesses look internally to design various marketing tools (advertisements, logos, websites, e-mail marketing). As Peterson suggests, if small businesses aim to succeed and stay afloat, they should highly consider seeking professional help in order to alleviate the issue of “ineffective marketing” that is a primary cause of these businesses’ failure.
Chapter III
A Look at Professional Design

Defining Professional Design

Design has become a rather inclusive term stretching over a broad area of markets and areas of expertise ranging from engineering, to business models, to illustration. While this is not the venue to debate the particulars of how we define “professional design,” a definition will be attributed for the sake of consistency throughout the primary research. For this study, the aspect of design that will be analyzed is the brand identity.

A full brand identity is a “distinct visual look that is associated with a company,” not to be confused with simply a logo. Successful branding can be obtained by utilizing various parts in a consistent manner—such as logo, color, typefaces, typographic treatments, imagery and other graphic elements. (“Logo, Brand Identity, Brand: What Is Branding?”).

The Importance of Design

There have been many studies performed that aim to show the value of design and how it can positively impact a business. Through this research, it can be safely stated that design can impact a business in a positive fashion, and companies that adopt a comprehensive approach to design make more money and generate more exports when compared to companies that do not use design (Kretzschmar, 2003 p. 3). Some studies state that “design-conscious or design-led firms outperform their competitors” and “firms that invest in design are more profitable or successful than those that do not” (“The Design Ladder”). In fact, “[c]ompanies that adopt a
comprehensive and systematic approach to design increased gross revenue by 40%” according to the Danish National Agency for Enterprise & Construction. Also, in the UK, design-led companies outperformed the stock market by 200% over a ten year period (Marzano, 2012 p. 5).

In the article “Proving Our Value: Measuring Package Design’s Return on Investment,” research was performed in order to determine the value of money spent on package design. In one case study, “an additional $2.5 million was invested in advertising and $220 [thousand] was invested in package/brand identity design. The resulting outcome of $104 million in sales indicates that this integrated program resulted in a $7.21 return on dollar invested.” Another case study was performed, in which advertising was not involved, and design was the only variable studied. “[T]he only variable that changed was an enhanced brand identity expressed through a revitalized package design stem. It uses the same measures. In this case, sales rose an incremental $130 million as a direct result of a package design project with a total budget of $325K. This proves that, in this case, the package design change was exclusively responsible for generating $415 of increased sales for every dollar invested. That’s more than 50 times the ROI of the integrated program” (Wallace, 2001 p 25-26). Both results—$7.21 ROI and $415 ROI—make an admirable case for the financial value design can have for a business.

Case Study: The Economic Effects of Design (Danish Study)

In 2003 a Danish company performed research to understand the economic effects of design. Their study consisted of performing 1,074 telephone interviews with private Danish companies with at least 10 employees. The study examined the total investment of design, gross revenue performance and the development in
employment and export share of turnover among Danish companies with at least 10 employees, the difference in gross revenue, employment and exports for companies that adopt a comprehensive approach to design compared to those who did not use design. The survey's definition of design is “design strategies, development and styling - everything that takes place prior to production or implementation of products (printed matter, sales, fair stalls, web sites, interiors, etc).”

**General Conclusions of The Economic Effects of Design**

Danish companies invest DKK 5 billion (which is roughly $908,035,000.00) in the external procurement of design and DKK 2 billion ($363,214,000.00) in internal design purchases, which totals DKK 7 billion ($1,271,249,000.00). The research also stated that Danish companies that purchase design have registered an increase in their gross revenue over the past five financial years that is roughly DKK 58 billion ($10,533,206,000.00) higher than companies that do not purchase design. This is roughly 22% above-average growth in gross revenue. The study also states that “[c]ompanies which have experienced an increase in design activity (i.e. in investments in design-related employee training or external procurement of design services) achieve an additional 40% gross revenue increase compared to companies where design activity is either constant or has decreased.” Information also revealed the higher a company ranks on the design ladder, the better their gross revenue performances are and their exports are marked higher (Kretzschmar, 2003 p. 4).

**Participant Information of The Economic Effects of Design**

The following tables outline the employee and trade information of the participants in the Danish study—Table 3.1 reveals the breakdown of companies...
according to number of employees, while table 3.2 shows the breakdown by trade (Kretzschmar, 2003 p. 9).

**Table 3.1 Company breakdown by number of employees**

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Number of Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>10–19</td>
<td>702</td>
</tr>
<tr>
<td>20–29</td>
<td>488</td>
</tr>
<tr>
<td>50–99</td>
<td>163</td>
</tr>
<tr>
<td>100+</td>
<td>131</td>
</tr>
</tbody>
</table>

**Table 3.2 Company breakdown by trade**

<table>
<thead>
<tr>
<th>Trade</th>
<th>Number of Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>324</td>
</tr>
<tr>
<td>Commerce and Service</td>
<td>693</td>
</tr>
<tr>
<td>Missing</td>
<td>467</td>
</tr>
</tbody>
</table>

**Exploring Companies and Design**

The interview also sought to understand how each company procures design. The available options were whether they purchased design externally (hired outside of the company), internally (have an internal employee perform the design), both internally and externally, or not at all. Table 3.3 explores the breakdown of this information and categorizes it based on the size of the company as well (Kretzschmar, 2003 p. 10).
Table 3.3 Company design purchase profile in relation to size

<table>
<thead>
<tr>
<th></th>
<th>10-19 Employees</th>
<th>20–49 Employees</th>
<th>50–99 Employees</th>
<th>100+ Employees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do Not Purchase</td>
<td>379</td>
<td>238</td>
<td>76</td>
<td>51</td>
<td>744</td>
</tr>
<tr>
<td>Purchase Externally</td>
<td>261</td>
<td>189</td>
<td>62</td>
<td>48</td>
<td>560</td>
</tr>
<tr>
<td>Purchase Internally</td>
<td>27</td>
<td>15</td>
<td>10</td>
<td>7</td>
<td>59</td>
</tr>
<tr>
<td>Purchase Internally &amp; Externally</td>
<td>23</td>
<td>36</td>
<td>13</td>
<td>21</td>
<td>93</td>
</tr>
</tbody>
</table>

As the statistics state, about half of the companies do not use design at all. The remaining companies use design to varying degrees.

Among the information received from the interviews was financial information. Table 3.4 and 3.5 compares the gross revenue performance over 5 years. The statistics show that companies that employ design achieved higher gross revenue rates when compared to companies that did not employ design—a growth rate that is almost 22% higher (Kretzschmar, 2003 p. 18).

Table 3.4 Gross revenue performances in relation to the purchase of design

<table>
<thead>
<tr>
<th></th>
<th>Number of Companies</th>
<th>Gross Revenue Performance Over 5 Financial Years (averages in DKK 1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do Not Purchase</td>
<td>379</td>
<td>238</td>
</tr>
<tr>
<td>Purchase Design Internally and/or Externally</td>
<td>261</td>
<td>189</td>
</tr>
</tbody>
</table>
Table 3.5 *Gross revenue performances in relation to purchase of design internally and externally*

<table>
<thead>
<tr>
<th>Design Purchase Profile</th>
<th>Gross Revenue Performance (recent 5 years)(average in DKK 1,000)</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do Not Purchase</td>
<td>DKK4,029</td>
<td>241</td>
</tr>
<tr>
<td>Purchase Externally</td>
<td>DKK8,104</td>
<td>456</td>
</tr>
<tr>
<td>Purchase Internally</td>
<td>DKK9,089</td>
<td>54</td>
</tr>
<tr>
<td>Purchase Internally &amp; Externally</td>
<td>DKK25,887</td>
<td>68</td>
</tr>
<tr>
<td>Purchase Internally &amp; Externally in Total</td>
<td>DKK10,297</td>
<td>579</td>
</tr>
</tbody>
</table>

The Design Ladder

Companies’ relation to the design ladder were also observed. The design ladder is a tool to measure the level of design activity in businesses.

**Step Number 1 of the Design Ladder**

Design plays a minimal role within the business, and the minor amount of design that is present is typically executed by members of staff who are not design professionals. Design solutions are based on the perception of functionality and aesthetics shared by the people involved. The points of view of end-users play very little or no part at all.

**Step Number 2 of the Design Ladder**

Design as styling. Design is perceived as a final aesthetic finish of a product. In some cases, professional designers may perform the task, but generally other professions are involved.
Step Number 3 of the Design Ladder

Design as process: Design is not a finite part of a process but a work method adopted very early in product development. The design solution is adapted to the task and focused on the end-user and requires a multidisciplinary approach, e.g. involving process technicians, material technologists, marketing and organizational people.

Step Number 4 of the Design Ladder

Design as innovation: The designer collaborates with the owner/management in adopting an innovative approach to all – or substantial parts – of the business foundation. The design process combined with the company vision and future role in the value chain are important elements.

Table 3.6 shows the breakdown of where the companies fall on the design ladder (Kretzschmar, 2003 p. 28).

Table 3.6 The placing of the companies on the design ladder

<table>
<thead>
<tr>
<th>Step Number</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 4: Design as Innovator</td>
<td>150</td>
</tr>
<tr>
<td>Step 3: Design as Process</td>
<td>352</td>
</tr>
<tr>
<td>Step 2: Design as Styling</td>
<td>134</td>
</tr>
<tr>
<td>Step 1: Non-design</td>
<td>362</td>
</tr>
</tbody>
</table>

The study was performed four years later in 2007. When comparing the results, they revealed that “between 2003 and 2007, the distribution of Danish
companies at stage three of design maturity rose from 35% to 45% and the number of companies at stage four rose from 15% to 20.”

**Gross revenue performance, export share of turnover and employment figures in relation to the use of design.**

Companies that employ design achieve higher gross revenue performances than companies that do not employ design—especially companies that purchase design internally and externally. A similar performance tendency was observed in export share of turnover and staff employment; a positive correlation between the use of design and the share of turnover represented by export and the number of design professionals employed.

Table 3.7 shows that size is obviously a factor in gross revenue performance. Also, within each size group design users perform better than non-design users.
Table 3.7 Gross revenue performance of companies broken down by size and use of design

<table>
<thead>
<tr>
<th>Number of Companies</th>
<th>Gross Revenue Performance (recent 5 years)(average in DKK 1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Design Users</strong></td>
<td></td>
</tr>
<tr>
<td>10-19</td>
<td>266</td>
</tr>
<tr>
<td></td>
<td>2,673</td>
</tr>
<tr>
<td>20–49</td>
<td>198</td>
</tr>
<tr>
<td></td>
<td>6,506</td>
</tr>
<tr>
<td>50–99</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>15,503</td>
</tr>
<tr>
<td>100+</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>63,646</td>
</tr>
<tr>
<td><strong>Non-Design Users</strong></td>
<td></td>
</tr>
<tr>
<td>10-19</td>
<td>138</td>
</tr>
<tr>
<td></td>
<td>1,976</td>
</tr>
<tr>
<td>20–49</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td>4,077</td>
</tr>
<tr>
<td>50–99</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>5,283</td>
</tr>
<tr>
<td>100+</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>34,797</td>
</tr>
</tbody>
</table>

Summary

There is a tendency toward higher growth rates in gross revenue in companies that employ design. The average investment in external design procurement is DKK 600,000, and the average investment in design professional staff lies between DKK 840,000 and 1,250,000. Providing these figures have been constant over the past five years, and from the figures from table 3.5 we can calculate the economic benefits.

The external design procurement sees the investment as beneficial. A five year investment of external design procurement comes to DKK three million, where the extra gross revenue increase is approximately DKK four million over five years.

Purchasing design only internally breaks even. A five year investment of design professional staff ranges from DKK 4.2—6.25 million, where the increase in gross revenue over five years is approximately DKK five million.
Purchasing design both internally and externally sees a large benefit. Total investment over five years ranges approximately between DKK 7.2 to 9.25 million. The increase in gross revenue over five years yields approximately DKK 25 million. The methodology used in this study was published, and was eventually repeated by the Centre of Design Innovation in Ireland, which yielded similar results (Kretzschmar, 2003 p. 32-33).

**Case Study: Design Effectiveness Industry Report**

Another study was performed, in which 163 Dutch firms were surveyed via telephone. The research was performed by the Rotterdam School of Management (RSM) in collaboration with the Delft University of Technology (TUD).

**General Information on the Design Effectiveness Industry Report**

Table 3.8 shows the breakdown of the number of businesses that fall into specific sectors, and table 3.9 shows the breakdown of number employees per firm (Candi & Gemser, 2012 p. 11).
Table 3.8 Sectors represented in sample

<table>
<thead>
<tr>
<th>Sector Description</th>
<th>Number of Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and kindred products</td>
<td>11</td>
</tr>
<tr>
<td>Apparel and other finished products made from fabrics; leather and leather products</td>
<td>5</td>
</tr>
<tr>
<td>Furniture and fixtures manufacturing</td>
<td>14</td>
</tr>
<tr>
<td>Paper, chemicals, rubber and miscellaneous plastics products manufacturing</td>
<td>26</td>
</tr>
<tr>
<td>Stone, clay, glass and concrete products manufacturing</td>
<td>7</td>
</tr>
<tr>
<td>Fabricated metal products, except machinery and transportation equipment</td>
<td>14</td>
</tr>
<tr>
<td>Industrial and commercial machinery, including transportation equipment, and computer equipment</td>
<td>35</td>
</tr>
<tr>
<td>Electronic and other electrical equipment and components, except computer equipment</td>
<td>9</td>
</tr>
<tr>
<td>Measuring, analyzing and controlling instruments; photographic, medical and optical goods; clocks</td>
<td>8</td>
</tr>
<tr>
<td>Miscellaneous manufacturing industries</td>
<td>6</td>
</tr>
<tr>
<td>Service sectors (e.g. financial services, communication services, insurance, hotels, health services)</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>163</td>
</tr>
</tbody>
</table>

Table 3.9 Size represented in sample

<table>
<thead>
<tr>
<th>Size Range</th>
<th>% of firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 or less</td>
<td>13%</td>
</tr>
<tr>
<td>11-25</td>
<td>9%</td>
</tr>
<tr>
<td>26-50</td>
<td>12%</td>
</tr>
<tr>
<td>50-100</td>
<td>12%</td>
</tr>
<tr>
<td>101-200</td>
<td>18%</td>
</tr>
<tr>
<td>201-500</td>
<td>16%</td>
</tr>
<tr>
<td>501-1000</td>
<td>7%</td>
</tr>
<tr>
<td>1,000 or more</td>
<td>13%</td>
</tr>
</tbody>
</table>
Definition of Design as per the Design Effectiveness Industry Report

The term “design,” which generally can refer to a broad array of skills and meanings, was refined into a more succinct definition to ensure that miscommunication would be avoided. This definition was developed by examining existing research, and a set of design aspects that fall under the work of a designer were obtained. Those aspects are as follows: Design for technology, design for functionality, design for ease of use (ergonomic design), design to appeal to one or more of the human senses (sensorial design), design to evoke emotions (symbolic design), design to support self-expression (symbolic design). These groups were then lumped into two separate groups. One group was functional design, which consists of design for technology, design for functionality, and design for ease of use. The second group is experiential design—design to appeal to the senses, design to evoke emotions, and design to support self-expression (Candi & Gemser, 2012 p. 13).

Design Orientation within the Design Effectiveness Industry Report

Product development projects in which there is high emphasis on both experiential and functional design are more likely to perform well financially than projects in which these two types of design are not emphasized. Experiential design emphasis and functional design emphasis are relatively equal in terms of their contribution to product financial performance.

The results indicate that, on average, new product development projects with high emphasis on experiential design will result in 9% better financial performance than those which have only medium emphasis on experiential design. Similarly, products with high emphasis on functional design will have on average 10% better financial performance than those with medium
emphasis. When taken together, we see that if both emphasis on experiential
design and functional design in a project are high, product financial
performance will be about 20% better than that of a project with medium
emphasis on both. The overall conclusion is that firms that want to optimize
the financial performance of their product development activities should
emphasize both experiential and functional design. (Candi & Gemser, 2012 p.
18)

Firms viewed websites and corporate visual identity as something that
designers should be involved in. The amount of these projects that involved at least
one designer was 91 to 92 percent. The number of projects that used external design
firms was 8 to 85 percent. Though the teams were not made up entirely of designers
—64% of team members for the corporate visual identity were designers, leaving
36% to be non-designers. Also, 66% of web site team members were designers, and
34% were non-designers (Candi & Gemser, 2012 p. 23).

Two masters students evaluated the firm image of the participating firms
based on their websites, and they indicated to the degree to which they thought each
firm was socially responsible, emotionally appealing, sold good products and services,
had a clear vision, had good leadership, was financially successful, and a good
employer. The analyzation of these characteristics determines the firm image. What
was found was that “the greater the involvement of designers in both website
development and corporate visual identity development, the better the outcome in
terms of how the firm was perceived. Designer involvement in house style
development was positively correlated with perceptions of social responsibility,
emotional appeal, financial success, and the impression that a firm was a good
employer” The more designers are involved in website and corporate identity results in a better public perception (Candi & Gemser, 2012 p. 24).

**Practical Implications of the Design Effectiveness Industry Report**

Design emphasis and designer involvement in firm activities are likely to result in improved performance at both the project level and the overall firm level. Involving designers in new product development leads to greater emphasis on experiential and functional design. Emphasis on experiential and functional design leads to improved new product performance, particularly if designers are given a high degree of freedom to explore ideas outside the project scope, experiential design is innovative, functional design is innovative and customer involvement is limited. Involving designers in website development and corporate visual identity development leads to improved firm image, particularly if experiential design is innovative.

**Conclusion of the Design Effectiveness Industry Report**

It is apparent through the case studies examined above—as well as many other projects and studies available—that design plays an important role in companies. Companies that invest in design see not only financial benefits, but also benefits in the areas of firm image, the level of experiential and functional design, increased product performance, and innovation.
Chapter IV

Discussions with Small Business Owners

Primary Research Overview

According to Manta.com, there are 3,374 businesses in Kent. Out of these businesses, 3,123 of them have 99 or fewer employees, or roughly 93%. Research was performed, consisting of interviews with eight small business owners in the Kent, Tallmadge area. The purpose of the interviews was to gain insights on the business owners’ perceptions towards graphic design and how it has had any impact on their business. Often, the conversation would begin by discussing the company’s logo, but would then branch out into other designed materials—advertisements, websites—when applicable. The interviews also revealed information regarding other services small businesses employ.

While the number of interviews may be low, the information gathered was valuable and primarily consistent. The number of interviews was minimal for various reasons—many shop owners did not have much spare time to offer for the interview and some business owners were reluctant to discuss budgeting and operations. Trends formed in the information gathered from the interviews, which will be discussed later.

Table 4.1 shows how the businesses break down according to size.
Table 4.1 Employee breakdown according to size

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Number of Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>0</td>
</tr>
<tr>
<td>3-5</td>
<td>4</td>
</tr>
<tr>
<td>6-10</td>
<td>3</td>
</tr>
<tr>
<td>10+</td>
<td>1</td>
</tr>
</tbody>
</table>

The Interviews with Small Business Owners

The areas discussed during the interviews were:

- Whether or not the business owners outsource/contract out any aspect of their business
- Whether or not the business has a logo and who designed it
- Whether or not the businesses hire a designer to do work or do design work in-house
- Whether or not the businesses have seen any tangible, financial impact on their business due to design
- Their concern with design as it pertains to the public’s perception of the business
- Their thoughts on design giving their business the ability to compete at a higher level
- Their focus on relationships

The table below shows the various answers by each business.
### Table 4.2 Results summary from interviews

<table>
<thead>
<tr>
<th></th>
<th>Hired Accountant</th>
<th>Has a logo, who designed the logo</th>
<th>Who performs/ performed the design within the business</th>
<th>Has seen a tangible, financial impact design has had on business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business One</td>
<td>Yes</td>
<td>Yes. Hired a small firm</td>
<td>Hired a small design firm</td>
<td>No</td>
</tr>
<tr>
<td>Business Two</td>
<td>Yes</td>
<td>Yes. Hired an affordable online services</td>
<td>In-house (owner)</td>
<td>N/A</td>
</tr>
<tr>
<td>Business Three</td>
<td>Yes</td>
<td>Yes. Did it herself</td>
<td>In-house (owner)</td>
<td>No</td>
</tr>
<tr>
<td>Business Four</td>
<td>Yes</td>
<td>Yes. Hired an agency</td>
<td>Hired a marketing agency</td>
<td>No</td>
</tr>
<tr>
<td>Business Five</td>
<td>Yes</td>
<td>Yes. Had sister do it</td>
<td>In-house (students who have taken design courses)</td>
<td>No</td>
</tr>
<tr>
<td>Business Six</td>
<td>Yes</td>
<td>Yes. Hired a small agency</td>
<td>In-house (students who have taken design courses)</td>
<td>No</td>
</tr>
<tr>
<td>Business Seven</td>
<td>N/A</td>
<td>No</td>
<td>In-house</td>
<td>No</td>
</tr>
<tr>
<td>Business Eight</td>
<td>Yes</td>
<td>Yes. Hired a freelance designer</td>
<td>Freelance designer</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Primary concern with design is how it shapes public perception</th>
<th>Feelings on design impacting ability to compete at a higher level</th>
<th>Main focus is relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business One</td>
<td>Yes</td>
<td>It's a step in the right direction, but doesn't play a major role</td>
<td>N/A</td>
</tr>
<tr>
<td>Business Two</td>
<td>Yes</td>
<td>Doesn't use design to compete.</td>
<td>N/A</td>
</tr>
<tr>
<td>Business Three</td>
<td>Yes</td>
<td>Can see how a business who has a cohesive branding comes of as “first class” and “mean business.”</td>
<td>Yes</td>
</tr>
<tr>
<td>Business Four</td>
<td>“Perception is reality.”</td>
<td>Branding gives ability to compete at higher level. Some people think it is a chain.</td>
<td>N/A</td>
</tr>
<tr>
<td>Business Five</td>
<td>Yes</td>
<td>Doesn’t use design to compete.</td>
<td>Yes</td>
</tr>
<tr>
<td>Business Six</td>
<td>Customer awareness</td>
<td>Doesn’t use design to compete.</td>
<td>N/A</td>
</tr>
<tr>
<td>Business Seven</td>
<td>Yes</td>
<td>Doesn’t use design to compete.</td>
<td>N/A</td>
</tr>
<tr>
<td>Business Eight</td>
<td>Yes</td>
<td>Competes at a higher level due to their design making them look professional</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Overview of the Businesses Interviewed

Below is a brief overview of the eight businesses and their views on the questions/topics discussed.

Business One

Business One is a service industry located in Tallmadge, Ohio. They were previously affiliated with another business but went independent around 2012. They have four employees total, two of which are the store owners. They contract out a few minor aspects of their business such as accounting, medical billing, and basic cleaning. The primary motivation for outsourcing the finances is convenience. Business One has worked with a small design agency in Kent, Ohio for a brief period. The agency is responsible for some minor re-branding of the company since they became independent. This branding consisted of the logo, signage on the front and side of the store, and a few other smaller elements. The business is pleased with the small redesign, as they appreciate having a cohesive look of their own. While they see a minor benefit from the design, it has not impacted them significantly, as they’re “not Coca Cola” or “Apple.” They view branding as important, but only slightly. More than anything, the branding is equated to “pride and homeownership,” the idea of keeping a house that you own clean and looking hospitable and inviting. “There’s a certain degree of pride in having your own practice and having your own look and your own aesthetic is part of that, too.”

Business Two

Business Two has been in business since 2009 and has five employees (at the Kent location—the owner has a similar store at a different location). Business Two
hires out an accountant to do the taxes, but is concerned with hiring out too many aspects of their basic business functions since “[a]s soon as you start hiring out tasks and projects to people, you cut your bottom line.” The process of obtaining a logo was short, only lasting a few weeks, and an affordable online service was employed to design the mark. A small amount of advertisements in newspapers are produced for the store, but all handled by the owner in Adobe Photoshop. The ads have been slightly successful, but primarily uses the unique offerings the store has available to draw in customers. This business has a unique and specific market—toys—and competes heavily with online retailers. Despite this, the business mainly aims to leverage the experience the store has to offer in order to stand against competition. Design is an important aspect for this business, as it lets the public know who they are.

**Business Three**

Business Three has been around for 14 years—since 1990. However, Business Three has only been in Kent, Ohio for two years. This company hires an accountant to come in twice a month and look over the books. The owner of Business Two designed the logo themselves, since they went to school for graphic design. Very little advertising is done for the business, but the small portion that is done is handled by the owner themselves. A larger barrier preventing the pursuit of more promotions and advertising is simply time. Fortunately, the business has seen an increase in sales due to their relocation to a heavily trafficked area in Kent, Ohio. There is a heavy amount of competition, both locally (including big box stores and other mom and pop shops) and online, but Business Two stresses their 14 years of experience to stand out and heavily emphasizes their relationships with clients. When it comes to
design and advertising, the owner would like to reach out to more people for assistance, but simply does not know how to do that. They also are unaware if the design that has been done has had any impact or benefit on their company. The primary concern, however, is the public’s view of their company, and the owner feels like design can have a large effect on this—a business who has a cohesive branding comes off as “first class” and “means business,” which the owner finds impressive.

**Business Four**

Business Four has been in business for over two years, and has 17 employees. They hire an accountant (yet could live without one) whose primary role is to do the taxes. The business does have a professionally designed logo, awards, and professionally designed menus. A marketing agency was hired to do all of the design work, spent one full year doing 100% of the the business’s social media, and has since then been performing half of the social media, while the business handles the other half. The design associated with the place has been beneficial, as people see it and think “[t]hat’s a really cool place.” At the same time, the design deters some potential clientele due to a misconception that the company is in fact a large chain, rather than a family run, small business. This misconception comes from the professional design, as well as the interior design, architecture, signage, and art inside the business (all of which was done by various professionals). The owner of the business believes the high level of design implemented into the business gives them the ability to compete at a higher level, due to the clean, professional image the business gives off.
**Business Five**

Business Five has been around for over two years, and currently employs seven people. The owner has an accountant that checks the books four times a year (once every quarter) and perform the payroll taxes. This company does have a logo that is professionally designed, though the design was done by a family member and little time was put into it. Company Five has a website, but used a template through a hosting service. The email marketing the business uses also is performed through a template. There is a small bit of design used primarily for advertisements, and these designs are executed through two employees who are currently college students who have taken some courses on design. Though when it comes to advertising, their primary tool is social media, which does not require a designer. There is an employee on staff that is a public relations (PR) major who is in charge of the social media. The owner of Business Five has not seen any impact from the design that has been done, and the owner believes they have not done enough print work to make a difference. The primary focus as it pertains to design was the logo, as it is the one piece that is associated with the business that is the most visible. There is a great deal of competition in this business’ particular market, especially from big box stores and department stores, and they seek to separate themselves with customer service and offering great products that cannot be found elsewhere. Another tactic used to compete is the hospitable relationship that is sought to have between the business and their customers—knowing names, birthdays, etc. The owner feels that design has impacted their company “from the standpoint of [their] logo, mainly because that’s one of the only things [they] used a graphic designer for, but one of the most important things to use design for.”
**Business Six**

Business Six has been open since 2011, and has six employees. The main areas they seek professional help with is advertising and accounting—though design was temporary during the birth of the business. Accounting is still outsourced due to the fact that no one on staff can perform those tasks. A tactic used by the store owner is to hire students who take courses in specific areas, then utilizes those skills within the store. A primary example of this is designing ads in house through employees who have taken design courses in college. Business Six hired a small, local marketing agency to design their logo. They feel that design’s primary impact on the business is customer awareness—“the more professional you look, the bigger you look.” The business’ main competition is online retailers, as the store offers unique and specialized products. At the same time, these unique products are the same thing that the store uses to draw in potential customers. A bulk of customers hear about the store through the websites of vendors whose products they sell.

**Business Seven**

Business Seven has been in business the longest out of all the other companies interviewed, 29 years, and it has seven employees. Business Seven does not have a logo, however they do have a mark that was designed that is directly associated with the store—a silhouetted black squirrel. The black squirrel mark is placed on many of their products, such as mugs, shirts and stickers. A professional designed the mark, and the owner has seen value through recognition. Currently, Business Seven does not do much printed material, but relies heavily on email blasts, which they use a predesigned template for. Over the years, an increase of traffic to the store specifically for the black squirrel stickers has been observed. Business Seven has
expanded their market, but primarily due to the fact that similar shops have been run out of businesses by big box stores, specifically Hobby Lobby and Michael's. The owner does run a small amount of ads in local newspapers, but is not aware as to whether or not they are effective, and has no analytical methods in place to determine the ad’s effectiveness. The business owner feels that supporting local and charitable events leverages the brand of the host organization while showcasing shared value to participants, giving the business a positive image to the public. Though the owner would “love to have an agency to help [them] design ads and do some . . . designing for us and give [them] consistency,” there are various factors preventing them from taking that step. Those factors were cost, investment of time, unwillingness to be stuck in a business relationship, and does not know who to turn to.

**Business Eight**

Business Eight has been in business for over three years and has five employees—two of which are the husband and wife who own the business. They hire an accountant to do payroll, but have been considering no longer outsourcing this service. They have a logo that was designed by one of the owners’ previous co-workers and was donated. The business does pay for the services of a freelance designer to handle the graphic identity—primarily signage and packaging. The owners believe design has had a large impact on how the public views their business; the business (which is a boutique popcorn shop) did not want to fall into visual stereotypes of either “childish” or “gourmet,” but professional and high quality, while remaining inviting. The high level of design has given the owners the ability to price their product at the level they feel it should be priced, especially since the high quality of
the design matches the high quality of their product. The level of design has led many customers to believe the shop is part of a larger chain, which the owners view as both beneficial and potentially harmful. Some customers prefer Mom and Pop shops, and avoid shopping at chains, while others may be intimidated or uncomfortable with Mom and Pop shops. The level of design has given them the ability to compete at a higher level.

**Trends Seen in the Interviews**

As mentioned earlier, various trends were exposed during the interviews that can be seen in the above table, but are also analyzed in detail below.

**Hired an Accountant**

One tactic employed was to determine how hiring a designer compared to outsourcing other aspects of running a business. For the sake of this research, the question was raised as to whether or not they hired an accountant, and what drew them to hiring an accountant. Seven out of the eight businesses hired an accountant to help with their taxes and payroll to various extents, the final did not state whether or not they hire an accountant. However, a bulk of the businesses (6 out of 8) do not work consistently with a contracted, professional designer. Each business is in agreement over their decision to hire an accountant. In many cases, accounting got brought up without much probing—simply asking if the business owners outsource any aspect of their business.

Business Six stated “we don’t have anyone on staff who does those things.” As will be discussed later, many of these small business hire students from local universities who take courses in particular areas of study that are beneficial to the
business. In this particular case, Business Six reveals that they do not have a worker on their current staff who is knowledgeable of accounting, and therefore must outsource the task.

When it comes to running a small business, convenience is necessary, as a limited amount of time is a large concern. Business One, in relation to why they hire a an accountant, replied with, “[c]onvenience, more than anything. It’s time-consuming. [T]he people we’re utilizing know how to do it the proper way . . . And then there’s the question of whether it gets done properly . . . .”

Another issue is the business owners not being educated on the intricacies of accounting as well as other areas of expertise, like law. When asked why they hire an accountant, Business Two stated, “[b]ecause he does our corporate taxes, and I don’t want to learn how to do corporate taxes. On rare occasions, we needed a lawyer for something since we have several stores. I mean, we’ve been in business a lot longer than 2009. So on a rare occasion, we hire a lawyer, because I don’t want to learn the law. So certainly there’s times it’s necessary to hire professionals.”

When asked if any services are employed outside of the company, Business Four said “[a]ccounting is a big one. I could live without it, but the risk associated with that and the time it takes to do that? It’s worth it. It’s better for me, and in my best interests to just pay for it.”

Some businesses hire an accountant for smaller portions of their business and split the duties of handling the books.

Business Three hires an accountant in order to save time, though has plans of handling it themselves rather than outsourcing to someone else. They stated, “[y]es [it helps] because . . . I don’t put my time into it like I should. I’m sure I could do, [w]hich I’m trying to take that step now. . . . So I’m trying to phase her out to do it
myself instead of hiring somebody else.” Business Eight currently has an accountant to aid in payroll, but plans are in place to handle payroll internally to eliminate an unnecessary expense.

Though the owner of Business Five has a degree in business and can handle a bulk of the accounting themselves, they still outsource a smaller portion of the accounting in order to save time. “I have an accountant, but mainly I do the accounting. He checks my book four times a year, so once every quarter. I have a business degree, so it kind of cuts down on costs since I don’t have to use him all the time. I have a background in it. . . . [T]hey do all the taxes for me. That’s one thing I couldn’t live without because I would not be able to do payroll taxes.”

As shown above, the primary concern is hiring someone who is an expert in a field that they are not knowledgeable of and do not want to spend their time on it. This resolves issues of providing business owners more time rather than spending their valuable time on accounting, which is viewed as necessary, time-consuming, and complicated enough to spend money on hiring outside help to handle the books and taxes.

In comparison to design, on the other hand, only two out of the eight businesses work consistently with a designer (excluding stores who have college students who work in their shop who have taken graphic design courses). These two businesses work with a designer for the same reasons—the desire to hire someone with experience in a field they are unfamiliar with. When compared to the number of businesses who hire an accountant—all eight of them—there is a stark difference.

This reveals the businesses’ perception on the value and necessity of design. Small businesses have a limited budget, and as Business Six said, “[h]ow much can you do on the amounted budget out of a store like this?” So when it comes to budget
allocation, all eight of the businesses leave room available for accountants, but only two leave budget room for designers.

In reviewing the reasons these businesses hire an accountant, the reasons are consistently the amount of time required, the desire to have it done properly and the lack of knowledge the store owners have in the area of accounting. If having these factors present typically results in outsourcing to a professional, then it can be inferred that design is viewed as not time consuming, not challenging enough to seek a professional to ensure it is done properly, and that a lack-of knowledge in design is not a concern when it comes to execution.

**Do the Businesses Have a Logo?**

Another topic discussed was whether or not the businesses in question have a logo. All but one of the companies interviewed currently have a logo (the final company has a mark that is associated with their store, but is not an official logo that represents the company). The companies hired a variety of people to design their logos—ranging from family members, to affordable online services, to a marketing agency, and freelance designers.

When it comes to branding and design, most businesses felt the logo was the most crucial piece. As Business Five stated, “I really think a logo is one of the most important things for a company when creating a brand for yourself, so I wanted to make sure that was really really good, . . . everyone is going to see it.” As will be discussed later, the way the public perceives their business is the primary concern for each owner. Having a logo that is professionally done is an important aspect as it is the most visible.
Out of the seven companies that do have logos, one hired a family member (Business Five), one used an affordable online template service (Business Two), and one owner designed the logo themselves (Business Three). Two hired small design firms (Business One and Business Six), one hired a freelance designer (Business Eight), and the last hired a local marketing agency (Business Four). That means 50 percent of the interviewed businesses did not use a professional designer to design their logo, despite the issue of public appearance as it relates to design being the foremost concern.

Again, this correlates with the previous section in that these companies do not view design (the most visible piece of design within a company) as something that requires the services of a professional.

**Design Executed Internally by Non-professionals**

A popular tactic used by most small businesses is to hire college students who have taken classes in a particular field—whether it be something in public relations (PR) or graphic design—and utilize their incomplete knowledge within the business.

As Business Six stated, “We do a lot of our ads in house because I have students here who are studying graphics. I look for that when I hire people – that they have skills that can complement.” Business Five shares a similar idea, “I do have two girls that have taken some graphic design classes and are pretty good with the programs [and] they do some of my advertising.”

Many of the store owners, as it has been stated, wear multiple hats (perform a variety of tasks to avoid outsourcing). In a bulk of the businesses interviewed, the owner is responsible for a majority of the design work done, even though they are not formally trained in design. Business Two, Business Three, Business Five, Business Six
and Business Seven—which is five out of the eight businesses—handle the design in-house without the help of professionals. One store owner—owner of Business Two—uses Photoshop to design ads in the newspaper: Record Publishing, Akron Beacon Journal, Hudson Hub, The Record Publishing group, and “online stuff.” They stated, in reference to this, “I am admittedly self-taught on these things, but I’ve been doing it since 2001 about[,] . . . a long time. It doesn’t make me good, necessarily, but at least I know my way around on how to do this stuff.”

Another business—Business Five—does do much printed work and sticks primarily to email. The design of the emails are handled in house by the owner, using templates from Constant Contact.

To reference the two previous sections, the lack of a perceived value of design is apparent. Again, the owners of these businesses do not see design as time consuming, required of being “done properly,” and feel that no professional experience is necessary to perform design to a level viewed as acceptable by the owners. Based on the behavior related to the hiring of professional accounting and other legal services, it stands to reason that if design carried more weight and was viewed as something that requires time, difficult to accomplish properly and needed professional experience, these business owners would seek out professional help more frequently in the realm of design.

Three out of the eight businesses hired professionals to do their design work. Two businesses hired small firms to do branding and various print work (Business One and Business Six), while the other works consistently with the same freelance designer (Business Eight). One business—Business Four—who hired a firm utilized the firm’s expertise to design their restaurant’s menus and signage. The other
business had the firm design their signage, banners used at local sporting events, and a small amount of industry-specific materials (glasses cleaning kits).

The first business has also sought the help of other professionals in the overall appearance of their store—they hired a professional artist to provide original artwork for the interior of the restaurant, as well as architects and interior designers to complete the interior of the store.

Business Eight has been working with the same freelance designer for over two years. The designer is responsible for carrying out all visual aspects of the company’s branding, which primarily consists of packaging.

**Haven't Seen a Tangible, Financial Impact on Business via Design**

As demonstrated earlier, the positive effect design can have on ROI (Return on Investment) has the potential to be fairly significant. In order to discover this, research methods were employed and statistics were analyzed. Another intent of the primary research performed was to determine whether or not any of the small businesses have seen a noticeable financial impact on their business due to any design initiatives that have been utilized. However, when asked if they have seen a positive, financial impact on the use of design, most of the businesses expressed they have not seen any impact.

As Business Five put it, when asked if she’s seen a financial impact, she simply stated, “[t]o be honest, not really.” Business One responded very similarly with, “[h]onestly, I don’t know that I’ve seen any tangible impact.” These answers came without reservation, and the business owners can state with confidence that they have not seen any financial impact brought on by design.
Business Seven is also unaware as to whether or not any design has a positive impact, 
“[w]e always get people saying, first time customers, ‘oh I saw your ad.’ We get 
enough to give us a little hope that it’s effective. Is it effective? I have no idea. But 
there is that glimmer of hope and a little bit of feedback for us”

Business Eight, however, has seen a positive financial impact due to their 
attention to design and hiring a professional designer. The high level of design of 
their packaging gives them ability to price their product at a level they feel is 
appropriate. “We have a high quality product, but if the design didn’t match it, I don’t 
think we could charge as much as we do. We do use the highest quality everything, 
and the design has to be highest quality so when people see it, it matches and they 
say ‘it looks great, it must taste great.’”

However, some positive impacts were observed by these business—just not 
financially. Many of these businesses do see value in raising awareness and public 
perception of their store. Business Six has been refining their identity over the period 
of a few years, and has observed a positive impact. When asked what they impact 
was, they replied, “[w]ell, it’s customer awareness.”

Business Four has seen a positive impact in the realm of perception as well. “I 
think [design has] impacted [our business] greatly. It’s definitely been a positive 
thing. It goes back to perception. One of my old sayings is perception is reality. . .  So 
you could have the best product, but if you don’t know how to market it, good luck to 
you. It’s probably not going to go pretty well. As much as I hate marketing, it is a 
necessary evil. But [design has] definitely [impacted my company], and that all goes 
back to design and image.”

The owner of Business Two agrees and sees value in branding as it raises 
customer awareness. “[W]hen people talk about our store and they say, ’Hey, you
know that funny toy store down in Kent?” they know the name. Business Two. It gives us a name and a place.”

When asked if the logo has impacted the company, Business Three is just unsure.

**Primary Concern with Design is How it Shapes Public Perception**

During conversations about the impact design has had on their businesses, many owners raised the concern of public perception. A valuable consideration is how the public perceives the company—as Business Two put it, “a personality.” This, in turn, provides the primary motivation for small businesses to take on various design pursuits, not finances. In essence, they have a business that wants to appeal to potential customers, and having a fairly acceptable visual presence can help with this concern.

Business Five’s focus on design, primarily with the logo, is due to the fact that a company’s logo is the most visible aspect of the branding. When asked why Business Five hired a designer to create their logo (even though the designer was a family member), they stated “my logo was going to be in so many different places—obviously it was going to be in the building and everywhere my business is seen—I really think a logo is one of the most important things for a company when creating a brand for yourself, so I wanted to make sure that was really, really good”

Business One is concerned with design simply because of the pride related to having a business that is perceived as clean, much like a homeowner caring and cleaning their house. As he stated, “[b]ut at the same time, you know, it’s kind of like pride and homeownership, too. There’s a certain degree of pride in like having your own practice and having your own look and your own aesthetic is part of that, too.”
Two cases developed where the interviewees introduce the idea of looking like a small business. In both instances, the shops have elevated the level of design within their shop to a higher level than what is typically seen in most local, small businesses. This attention to design—which included not only the graphic design, but also the interior design—was seen as a deterrent in some ways. In many occasions, the owners were asked if their particular store was one part of a chain of stores, which they are not. This idea of “looking like a chain” often can prevent customers from shopping at that particular store, due to their tendency to shop only at local stores and “Mom and Pop shops.” The perception of looking like a chain can mislead customers, preventing them from shopping at this particular location. As Business Eight stated, “The chain association can be good or bad. There’s the other side, sometimes people are afraid of mom and pop shops. Sometimes confused. Mom and pop is kind of scary.”

While this was seen as a potential deterrent in the eyes of a particular brand of customers, a high level of design was also seen as an opportunity to attract different group of customers. This group is quite the opposite of the group who refuses to shop at only small shops, they feel more comfortable and secure shopping at a location that has the appearance of a larger corporation. Therefore, a certain level of play is involved, depending on how the business wants to be perceived.

As stated previously, Business Four believes that perception is reality—if you can market a product successfully, the product will sell. Though, for Business Four, this perception can have both a positive and negative impact.

“For Kent being what it is as far as people liking their local mom and pop stuff, a lot of people view us as a chain... and this is the only one. People come in here and look at us, and think that it’s a franchise. And then they find out it’s just me and
my dad running this . . . So, we wanted it to look sharp; we wanted it to look clean. I love mom and pops places. If I ever go to other big cities, I go to hole in the wall places. Those are the best. But . . . some of them are just uncomfortable. You just feel awkward in some of those places . . . There’s nothing on the walls. There’s a deli counter with glass. And it’s just . . . kind of cold, even though the food might be awesome. Majority of the public . . . walk by and say, 'Oh my gosh, let’s check that place out.' So it helps in that sense, too.”

The positive impact comes from the stores clean, professional design encouraging passersby to stop in and visit. Though, at the same time, many customers seek to shop strictly at “mom and pop” shops may not visit Business Four due to their appearance giving off the impression that the store is part of a larger chain of stores, and not a mom and pop shop.

Again, we see with Business Six that perception is reality, and design can help alter that perception for the store’s benefit. With Business Six, the goal is for the store to appear bigger than it actually is, and even come off as a franchise. The owner stated “[The m]ore professional we look, the bigger we look. The more we look like we’re not just one business. The more we look like a franchise. We get asked that all the time. Are you just this? Where are your other locations?”

Though she can admittedly do more with design, Business Three admits that “[w]hen you see like a pamphlet or something with nice graphic design on it and it’s laid out nice, I think it makes your company come off as professional. . . . In fact that donut shop down the the road, . . . they came around when they first opened, and gave a couple donuts to every place. And they gave me literature, a menu [and] they were all in uniforms. And I told [one of my employees], 'Man, this is a first class place.' . . . I was really impressed.”
Feelings on Design Impacting Ability to Compete at a Higher Level

As was seen in the previous questions, design is employed in order to develop the perception that the store is actually larger than it is in reality. This can be seen as a tactic by some to give the business the ability to compete at a higher level. Logically, if a business appears just as large as a chain of similar stores, they can compete against them. Another observation was whether or not these businesses feel comfortable competing at a higher level, and whether or not design plays any role in that.

Business One responded by saying “[r]ealistically, probably not. It doesn’t hurt. Every little bit adds up to a greater whole. If you can get some product recognition, you can get some attention and you can get some loyal patients. That’s one piece of it.” So they do view design as important in the ability to compete at a higher level, though it is not a largely important aspect.

Business Seven has been able to expand their market, but primarily due to the fact that other smaller frame shops have been closing down as a result of big box stores opening up, such as Hobby Lobby and Michaels. “[W]hat we used to have was a very localized business. Hudson (another local city in Northeast Ohio) has a few, Stow has a few, Munroe Falls has one, Ravenna has one. There are still framers out there working out of their homes, under the radar. As we see the Hobby Lobby’s pop up and the Micahel’s, we’re competing with them but we’re also noticing—and this is coupled with the growth of downtown Kent—they have expanded their area, and as frame shops go out—one in stow, one in ravenna, one in rootstown), our trading area has expanded also.”
Business Four believes they can compete at a higher level, but in doing so, they may lose some of their market who prefers small, Mom and Pop shops—as previously mentioned.

Business Six, due to the exclusiveness of their industry competes primarily with online retailers. When asked if they feel their branding can help them to compete with online shops, things they can compete, but not successfully. “No, ... we don’t have the money to spend to do that. How much can you do on the amounted budget you can do out of a store like this? That’s the biggest hurdle. We look professional. Our ads are looking more professional.”

Business Five has competition with other larger clothing shops, including places such as Target, Wal-Mart and Gabriel Brothers (Gabriel Brothers states on their Facebook “70% off famous name brands”). Business Five feels like they may be able to compete, but not particularly due to their design—rather, by offering something that Gabriel Brothers cannot. “Everyone wants something for the least expensive price, and then going to Gabe’s (Gabriel Brothers) is better than going here, but I need to make sure going to Gabe’s isn’t going to be better than going here. . . . [We can compete by] giving our customers something they can't get at Gabe's, and that’s customer service. When a customer comes in, for the most part, I know that customer’s name. If I don’t know that customer’s name this time, next time they come in I try to remember it, and so does my staff, too. And knowing someone’s birthday, and if something happened to their family.”

What this reveals is many of the companies have a desire to compete at a higher level, but rarely does design play an important role. Rather, the focus is primarily on customer service, and offering goods/services that their competition does not offer.
Similarly to Business Six and Five, Business Two utilizes their unique products and the tactile environment the store creates to draw customers in—a physical, tangible experience that is not present online. “It’s fun to come and look at what we got. We’re more than happy if people just want to browse around the store.”

Business Eight attributes their ability to compete at a higher level, “[i]f you want to run around with the big dogs, you got to look like a pro.”

Main Focus on Shop is Relationships

Small businesses in a small town tend to maintain a relatively high level of relationships, which can play an integral role in a business’ performance. These relationships were observed, and covered a business’ relationship with clients, as well as the business’ relationship with potential designers in one case.

In reference to their largest client, Business Three stated ”[a]nd my relationship with them is . . . if [the order] is something that I really don’t even offer, I’ll research it and find it. So they kind of use me for everything.”

Business Seven also has a large focus on relationships, but that focus can actually prevent the company from pursuing a long-term relationship with a designer/design firm. “How do you pick a creative person you’re going to get along with, jive with? If the personalities don’t work well, it’s going to suck. Then you have to fire them, and I’m not very good at that then I would just run the stupid ad and be done with it. I’m not good at saying this sucks fire them and hire someone else. There’s the fear of getting along and making sure their vision is the same as our vision. There’s also the problem of us coming up with a vision that we can tell them and put it into words.”
The responses show and confirm that relationships play a vital role in small businesses, though very little has been done to prove or support whether or not these relationships are crucial—it is based merely off observation.
Chapter V

Conclusion

As mentioned previously, small business often make three major mistakes that lead to their failure: they ignore the competition, they ignore customers' needs, and they use ineffective marketing. The goal of a designer is to solve specific issues a client is having. If the previously mentioned mistakes lead to failure, designers can be sought to mend these issues—designers often do competitor analyses that can help a business gain a comprehensive understanding of what their competitors are accomplishing and how. Research can be performed to determine the needs of potential customers by researching the target demographic, and designers can gain an understanding of what the target demographic is seeking and properly meet their needs.

Outside of these three mistakes, often other aspects that concern small businesses are budget and public perception.

Budget

It has been clearly shown in the case studies discussed at the beginning of the paper that design has the ability to impact a business. Unfortunately, these case studies talk numbers that are far out of the reach of small businesses (one case study that saw a substantial increase on ROI involved an investment of 325 thousand dollars into package design—money that most, if not all, small businesses do not have readily available). Many of the owners of these small businesses acknowledge they have a limited budget, and design is a factor that is deemed as disposable and is not pursued vigorously. It can also be examined that, during the interviews, finances as it pertains to design was rarely a topic many of the small business owners evaluate. Most of the answers when asked if design has had a financial impact on their business was simply “not really,” though they
admittedly do not have any metrics in place to properly analyze the potential relationship between design and an increased ROI.

**Public Perception**

The Design Effectiveness Industry report (discussed earlier) reached the conclusion that “the greater the involvement of designers in both website development and corporate visual identity development, the better the outcome in terms of how the firm was perceived.” As we saw in many of the interviews conducted for this study, public perception was at the top of the priority list with most of the small businesses.

Though there may be hurdles present in pursuing design—whether it be budgetary constraints, lack of awareness of who to seek out, or the pressures of time—it certainly proves to be worth pursuing. Not only can implementing design professionally lead to a greater profit, but it can also contribute to an enhanced public perception, which is a present concern for most small business owners.

**Strategies for Professional Designers**

By gaining an understanding of how small businesses perceive the value of design, designers now have the ability to exercise this knowledge and attempt to bridge the gap between small businesses and professional design. The primary concerns and roadblocks that stood in the way between owners and seeking the help of designers was cost, time, and lack of any apparent value.

The problem of finances owners raise is certainly a valid concern. However, as the studies explored in this paper (the Danish study as well as the Design Effectiveness Industry Report) show that design is undoubtedly a positive driving force that can push sales. This can be a strong point in conversations, informing the business owner that the
investment in professional design will yield a return that may exceed the initial investment. Clarifying conversations with business owners on cost is also highly important; depending on the size and industry of the business, professional design solutions can be affordable and fit within the owners’ budgets.

The other factor of time is similar to finances, especially with small businesses where the statement “time is money” is undeniably true. One business owner raised the fear of the time commitment that would be present if they agreed to have their website, even though it would be designed for free, “[i]t’s not going to be free to me, it’s going to suck up a lot of my time.” Similarly to the issue of finances, stressing the value associated with design is a highly important statement to make—not only as it applies to finances, but also the businesses’ image. A reasonable timeline with the requirements of the business listed (which can be delivering the designer images, copy, and other relevant documents) may alleviate these concerns, stressing that the commitment on the businesses’ end is minimal.

The apparent lack of value business owners see in design has been addressed previously—both financially and perception.

**Proposed Next Steps**

An overarching goal of this study was to better determine how to have conversations with small business owners about the positive impact design can have on their business. Unfortunately, the ability to discuss positive financial impact is unavailable—small businesses do not currently perceive there to be any financial benefits to utilizing professional design, and there is a sparsity of research currently available that speaks to professional design and return on investment.
This study is not comprehensive, and in no way aims to resolve the stresses of designers and/or firms and conversations with small business owners in convincing the owners to seek the assistance of professional design. However, by gaining an understanding of small businesses and their perception of design, it can be utilized as a stepping stone to seek further information and perform more research. Bridging the gap between professional design and small businesses is not easily tackled, as it is a multifaceted issue.

Some suggested research that may be performed in the future may include:

- Researching the positive impacts a website can have for a small business
  - Perhaps a small, affordable template service to build a website is sufficient for a small business—expensive, robust services and websites may not be necessary
- Researching the public’s perception of small businesses and design
  - An understanding of what the public seeks in relation to design and small businesses would provide a basis for a conversation between designers and small business owners

Small businesses are a crucial part of our economy, but are at times shadowed by the presence of large conglomerates. Unfortunately, most small businesses perceive there to be little benefits in the pursuit of design. Yet research has shown that design has value, and a value that many small businesses can benefit from.
Appendices
Appendix A
Small Business Owner Interviews

Participant 1

• Has two employees, in addition to the two owners
• Hire an accountant and outsource medical billing
• Contract out cleaning
• Likes the convenience of outsourcing the financial stuff out to people
• Hired out design for their knowledge (had logo and signage redone)
• Hasn’t seen a tangible impact since the redesign
• Though hasn’t seen a tangible impact, they are happy with how it looks. That they have a cohesive look of their own
• Sees some benefit of having a brand, but “we’re not Coca-Cola[, w]e’re not Apple.”
• Doesn’t think branding gives them the ability to compete at a higher level. Though it is a step in the right direction, every bit helps
  • Its like pride and homeownership
  • “There’s a certain degree of pride in like having your own practice and having your own look and your own aesthetic is part of that, too.”

Participant 2

• Been in business since 2009
• Has 5 employees (at Kent store)
• Hire out an accountant to do taxes
• As soon as you start hiring out tasks and projects to people, you cut your bottom line.
• Hired someone online to do the logo
  • Just took a few weeks to get something back
• Do ads in the newspaper
  • She does the design for them
• Uses photoshop
• Has seen some success in the ads
  • Uses unique products to draw people in
• Main competition is online
  • Compete by getting them in the store
  • The fun experience of being in there
• All about the relationships
• Design is important in how the public perceives the store
  • Letting people know who you are
  • “Yeah. ... It’s a personality, so to speak. It helps.”

Participant 3

• Been in business since 1990 (14 years)
• In Kent for 2 years
• Has an accountant come in twice a month
• She did her own logo—went to school for graphic design
• Does very little advertising
• Does a lot of the design work herself
• Time has prevent her from taking steps into doing more promotions and advertising
• Location has played a huge role in an increase of sales
• Uses her expertise to stand out from competition
• Stresses the idea of relationships more than anything
• Would like to reach out to more people, but doesn't know how to do that
• Doesn't know if design has benefitted her in any way
• Has had positive feedback on logo, but doesn't know if it’s affective
• Concerned with how the public views her company—ex, having a nicely laid out pamphlet
• Can see how a business who has a cohesive branding comes of as “first class” and “mean business.”
  • Impressed by this
Participant 4

- Been there over a year
- Not a chain
- 17 employees
- Could live without an accountant
  - Mainly due to taxes
- Does have a logo
- Doesn’t have advertisements (printed)
- Social media
- Hired someone for menu and logo, does social media as well
- Spent a few months on logo
- Yes, beneficial
- [P]eople see it and say, “Man. That’s a really cool place.” But then from the other side, other people say, “Oh. It’s a franchise. I’m not going in there.”
- Doesn’t think it affects them financially
- Hire designers because they are professionals.
  - Best friend did the artwork inside, but didn’t have him do the logo—he’s an artist not a designer
- Hired an architect for interior design
- Marketing guys did signs
- Meets monthly with marketing team
- Doesn’t like social media—too difficult to maintain
  - Told marketing people to take it easy
  - Marketing used to 100% of social media, now it’s 50/50—doesn’t see the value in paying someone
- Thinks the amount of branding he has done has given him the ability to compete at a higher level
- Uses coupons in the surrounding area
  - Basic metrics in place—how many coupons do they get back.
“I think it’s impacted it greatly. It’s definitely been a positive thing. It goes back to perception. One of my old sayings is perception is reality. You could have the best product and not know how to – I always compare it to music. There’s so much good music that nobody has any idea about and then you have all this crap on the radio. It’s [on the radio] because it’s marketed better. These guys are paying the d.j.’s this money to play the music. It’s not...and then the public just takes it because that’s what they’re being fed. So you could have the best product, but if you don’t know how to market it, good luck to you. It’s probably not going to go pretty well. As much as I hate marketing, it is a necessary evil. But definitely, and that all goes back to design and image. What’s your image?”

Participant 5

- Been in business over a year
- 7 employees
- Has an accountant, checks books 4 times a year, does payroll taxes
- Does have a logo
  - Hired a family member (who was a designer to do it)
  - Didn’t spend much time on it
- Has a website
  - Uses GoDaddy template
- Uses constant contact to send emails
- Uses a template
- Has two girls who work there who took some design classes, use them for ads
- Has ads in A Magazine (KSU Fashion Magazine)
- Social networking is the best advertising, don’t need a designer
- Hasn’t seen any impact from the design she does employ (doesn’t do enough print work that it doesn’t make a difference)
- Focused on the logo, seemed important (going to be everywhere)
  - Wanted to make sure logo was professionally done, everyone is going to see it
• When it comes to competition, want to stand out with great customer service and
great products
  • Compete with big box stores, much cheaper
  • Wants to offer something those places don’t have
    • Know the customers name
    • All about the relationship
• Has a PR major on staff that does social media
• “I think mainly probably design has impacted my business from the standpoint of my
  logo. Mainly because that’s one of the only things I used a graphic designer for, but
  one of the most important things to use design for.”

Participant Six

• Been open since 2011
• Has 6 employees
• Advertising and accounting are the biggest things they contract out or hire people for
  • Hires out because they don’t have anyone on staff that does it
  • Looks for stuff like that when hires people
• Does ads in house cause he has employees who are taking design classes
• Hired someone to do the logo (The Tannery)
• Runs newspaper ads
• Likes having consistency among materials
• The design has impacted the business through customer awareness
• Getting more confident in the brand
  • The more professional you look, the bigger you look
  • Gets asked if he’s a chain
• Competes with online a lot, but doesn’t have the money to spend to compete with
  them
• Has a few key things he tries to hit on with the advertising
  • Who they are
  • Where they are
• Invoke a state of mind, a passion
• Uses coupons to measure success
• Uses unique products to pull people
• People hear about them from vendor websites

Participant Seven

• Been in business for 29 years
• 7 employees
• Doesn’t really have a logo, but does have the famous black squirrel
  • Designed the black squirrel as a way to differentiate themselves from the big box stores
  • Has seen value through recognition
  • Hired someone who used to work with him who is a graphic artist
  • Spent 6/7 weeks on the logo
• Doesn’t do much other printed material, mainly email
• Too lazy to deal with printed material
• Uses templates for email blasts
• Seen an increase in traffic of people who come in just for the black squirrel stickers
• Has expanded their area of focus, but only due to the fact that other small shops are closing due to big box stores opening up
• Runs printed ads in various area newspapers
• Isn’t sure if they’re effective, but people mention it
• Don’t have any analytical methods in place to evaluate it’s effectiveness
• Small businesses, it’s ego driven
  • Donate to charitable events, not sure how successful it is, but its ego driven
  • “In a perfect world I would love to have an agency to help us design ads and do some of that designing for us and give us that one consistency you need, you know, and in the perfect world our type style and fonts, our singe and our ads and price tags ands everything would all match.”
• What prevents from expanding design and brand:
• Cost
• Don’t know the people
• Even doesn’t want stuff for free, because it’s not free. There is time invested in it
• “What prevents me from doing it, cost and basically being afraid to be stuck in a business relationship.”

Participant Eight

• In business for over 3 years
• 5 employees, including wife and husband owners
• Accountant that does payroll, may cease to utilize this service
• Logo donated from a former coworker
• Freelance designer to develop and carry out visual identity
• Level of design leads some customers to believe it is a chain, though it is not
• The level of design has given them the ability to compete at a higher level
References


