Creating a brand. Extending brands. Repositioning brands to address a changing marketplace. These are all business challenges that are often addressed by design – and covered in this edition of @Issue. Our CEO interview with Putnam Investments’ Lawrence J. Lasser talks about why financial-services companies are paying more attention to design. Then read about how Mercedes-Benz is reshaping its marketing message for the youthful, baby-boom generation. Find out why necessity forced the invention of low-cost plastic Swatch wristwatches, and how design excellence keeps the company ticking. Want ten tips on writing an effective Design Brief? Turn to page 30. Then learn how the Zip drive changed Iomega from a technology-driven niche supplier into a customer-focused company for the portable computing market.
Putnam’s Lawrence J. Lasser On Design

President and CEO Lawrence J. Lasser has not only led Putnam Investments to top performance in management of more than $150 billion in mutual fund and retirement assets, he has recently overseen the redesign of its headquarters and corporate literature. Here he is interviewed by Peter Lawrence, chairman of the Corporate Design Foundation.

As CEO, you have championed quality design at Putnam. Could you explain why you feel design is important?

To be a truly great company, it is necessary to be world-class in everything you do. Not merely at the front line where customers see you, but in everything. What we say to clients about who we are is reflected in the look of our letterhead and advertising, in the look of our offices and in the way people are treated as professionals. The office environment is an important element of the image a company projects to the outside. What is often underestimated is the image projected to our own employees — which employees, in turn, project back to customers in their pride and enthusiasm. This image also influences a company’s ability to attract new people.

You recently hired an architectural firm to redesign Putnam’s headquarters in Boston. Could you comment on your design brief to them?

We talked about our personality as a firm to Elkus Manfredi. I said that I wanted to project it and advance it, but I absolutely did not want to do anything different from what we are. I wanted people to walk in here and capture the spirit of the company in the way it looked — not to misrepresent ourselves, not to be something we weren’t, not to make architectural statements that said more about the architect and designers than it did about the company.

How does a company find a design style for itself?

In the course of my business life, I have visited many corporate offices and have seen countless examples of people trying to be what they are not in their design. Around Boston, many try to duplicate the English club look. I think it is important that we first articulate what we are and then try to design around that personality, rather than take a design and say “maybe people will think we’re old conservative Yankees.” We have that in our heritage and are proud of it, but that is not what we are today.

With few exceptions, including Putnam, the financial sector has paid little attention to the design of its communications materials. Why has that been the case?

Historically, financial services have had an overwhelming emphasis on investment results as the driver of everything. That is No. 1, and everything else is secondary. Only in recent years has marketing, as it is broadly defined, been introduced into financial services. There have been one or two exceptions — American Express, Merrill Lynch, Fidelity maybe, but in general, marketing has been absent. It’s an industry that has been driven by investment professionals and secondarily by sales people. You sold and you produced. Marketing slipped through the cracks. Sales people perhaps didn’t have a refined understanding of the elements that go into communications, including design.
What prompted the financial services sector to pay more attention to marketing and design in recent years? Competitiveness and the growing size and profile of the industry. Not so long ago, people who saved and invested typically bought 100 shares of this, 100 shares of that. Now those traditional investing habits have been displaced and replaced by mutual funds. The mutual fund industry, which used to be very small, has literally exploded in size and become more competitive. In an increasingly crowded market, communications and advertising become ways to rise above the crowd and distinguish yourself.

Has the proliferation of company-sponsored 401(k) plans had an impact? This is a big growth area. Employee communications are an important aspect of company-sponsored 401(k) or defined contribution plans. A company will contract with a supplier like Putnam to manage its 401(k), but then it has to communicate with employees to explain its plan and encourage them to participate. One way that we acquired the wonderful list of clients we have is by demonstrating our communications skills, in the form of written materials, videos and other media.

In the investment business are there legal constraints that work against effective design? Yes, one example is the prospectus, issued by publicly held companies as well as mutual funds. This is a fascinating communications dilemma in our business, and a universal problem. The prospectus is overwhelming. It’s the most being, ponderous thing to read. Yet its contents are largely mandated by law to give investors the legal assurance of full disclosure. The purpose of the law, to me, is valid and necessary. It protects investors in terms of a level playing field by ensuring that everybody understands what they are buying. Today nobody can file a lawsuit and say he didn’t know because it’s all there somewhere. But try to find it. If you attempt to be creative, you violate the standards. Creativity is not allowed.

On the mutual fund side, the law says that a stockbroker cannot call up and persuade you to buy a mutual fund without first sending you a prospectus that gives you disclosure on fees, historical performance, etc. Even most people at Putnam can’t make much out of these prospectuses. We know, anecdotally and statistically, that the overwhelming majority of people do not read the prospectuses. They discard them. Even so, mutual funds must mail shareholders a prospectus not only before they purchase a fund, but annually. We spend millions of dollars in terms of legal, printing and postage costs doing these things.

Are regulatory agencies trying to remedy this? The SEC and regulatory agencies are constantly battling over how much to say. One theory is that the more information you make available, the more informed and risk-aware the investor. The other is that if you summarize and say less in the hope that people will actually read the prospectus. There are some good experiments underway, but the typical product is still the traditional one.

The prospectus is a dilemma of design, presentation and communication weighed against degrees of disclosure. There’s a real opportunity here to persuade the government to make changes, but in fairness to them, there would surely be cases of people cutting corners if too much flexibility was allowed. It might lead to misleading disclosure. It’s a big problem.

What were the reasons behind Putnam’s recent redesign of its communications program? With our growing range of products and the great growth experienced by our industry, it was becoming increasingly difficult to deliver the same message to intermediaries, brokers and financial advisors who recommend our products and receive our sales material being overwhelmed with competitive materials. This made it all the more important that ours stand out, not simply as provocative design, but as workman-like sales tools that would enable them to do their jobs more easily and with greater ability to give their customers an understanding of what they were doing.

What was the scope of this project? We had approximately 70 funds when we initiated the redesign project. Today we have nearly 90. Each requires us to do annual and semi-annual report mailings to our shareowners. We also develop packages of sales support materials. These are not unique funds; they can be grouped into categories. We needed an integrated design program. Initially, we thought of the design as packaging, but our designers showed us that we were talking about content as well. I don’t think we totally understood this at first. Carbone Smolan Associates, the world-class designers we hired, helped us understand that we needed a more comprehensive program. If Putnam was to have a new look, we had to go beyond mutual fund literature and first talk about our logos and then bring in more of the company into an integrated look, so that we could project a consistency and rationale for what we were doing in all our markets. The design didn’t need to be identical, but it needed to be consciously related.

How did this redesign change your approach to presenting information? We went from a one-off technique to a literature system that has elements of sales support attached to everything. Visually, we started with two objectives: First, we wanted to differentiate ourselves. In this industry, everybody is still doing the same thing: the straight, photographic approach — retired couple sitting on the porch, walking down the beach holding hands, the graduation shots, and the lovely baby pictures. We wanted to break through the clutter of all that and be able to get both the intermediary’s and the investor’s attention.

Our second objective was to simplify. We wanted to simplify the language by getting rid of jargon, and make our literature visually inviting and user-friendly. In this industry, companies typically jam as much as they can into every piece, thinking more is better. We took the opposite approach, saying let’s give people something they can comprehend and absorb. We used vivid colors and icons. We changed the size of the literature so that even if it sat on a pile of competitors’ information, it would stand out. We added white space, we tiered information so that key phrases and key messages were highlighted, so that if you just read the headlines and subheadlines you got a story. Collectively, the whole thing became much less intimidating.

Have you been able to measure the program’s success? It’s hard to measure except anecdotally, but it’s been very successful. People comment on the literature. They notice it. Use more of it than ever before, and customers react favorably to it.

Can you comment on corporate annual reports? Do you think your analysts and fund managers are influenced in their decision-making by their visual impressions of the material? As individuals, investment people are subject to the same influences of good, interesting design. Maybe more so than other people. Typical analysts are inundated with materials — some things they have to look at because it’s their job, but there’s a lot that is discretionary. Like a well-designed book cover, things that attract their attention are more likely to be picked up.

Can design be used to make financial reports more useful to analysts? Corporate financial materials have special design requirements because there are a lot of numbers. The way the numbers are organized and presented can make them easier to work with and more useful. Mutual funds are confronted with different yet similar challenges. Our materials are directed to non-professional individual investors. In our communications with them, we must convey fairly complex financial concepts and results, with implications for what they mean for the future. We also have to deal with the exacerbating complications of regulatory limits that define how we say things, what we say, even the words we can use to describe things. Design has provided a major way for us to communicate clearly and convincingly what is sometimes pretty archaic stuff.

Do you see design playing a bigger role in business today? As marketing plays a greater role in the business of every company and increasingly in institutions such as hospitals, colleges and law firms, design as an element in the marketing package becomes much more important. There is hardly a part of society today that does not have something that is the equivalent of a marketing department. That wasn’t the case until recently. So, I would say yes, design will play a bigger role.
With consumer focus groups requesting a powerful yet portable storage drive that would hold all their “stuff,” Iomega went back to the drawing board and returned with the colorful and friendly Zip drive, which has set a new standard in transportable data.

Stepping up to the podium at a design conference last October, Iomega CEO Kim Edwards shocked his audience by remarking: “Yup. Another formal namby-pamby academic presentation on the importance of design...success to be gauged on how many arcane awards were won from arcane magazines for beauty and elegance.” Pouting, he growled: “The hell with that. I’m here to talk about the real world. The world in which competitors are lurking, poised to stomp your guts. And the consumers are sophisticated, highly discretionary buyers with plenty of choices on which to spend their money. And they don’t understand nor want to understand your technology.”

Edwards should know. Recognition of what the “real world” wants led Iomega to introduce the hottest computer peripheral in the marketplace today — the Zip drive. Compact, colorful and affordably priced, Zip is a refreshing departure from the usual bland beige-colored high-tech equipment. What’s more, the success of the Zip drive, which provides transportable computer memory storage, saved the money-losing company from likely demise.

Edwards is credited for much of this turnaround. Before he joined the company in late 1993, he recalls receiving a copy of Iomega’s mainstay product, the Bernoulli Box. Resembling a gray shoebox with a hole in the front, the storage unit could hold 130 megabytes of information on one disk — or the equivalent of 107 floppies — and operate 10 times faster. Trouble was, as Edwards quickly discovered, the 52-page manual was hard to decipher and its $500–$600 unit price and $100 disk price unlikely to attract impulse buying by consumers. One of Bernoulli’s biggest customers was the U.S. Navy, which appreciated the fact that it was designed to withstand 14-foot swells and indirect military hits — not exactly a key selling point for typical consumers. To make matters worse, in the early ’80s SyQuest Corporation grabbed much of Bernoulli’s market with a cheaper, faster alternative that quickly gained popularity with Macintosh users, particularly graphics and publishing professionals.

By the time Edwards signed on with Iomega, the 13-year-old company had just reported losses of almost $18 million and its stock was at an all-time low. Edwards turned to Fitch Inc., the Columbus-based design company he had worked with in his previous job running Gates Energy Products’ rechargeable battery business, for help. Iomega’s survival clearly depended on a new product and Edwards was determined to introduce it at the November 1994 Comdex, the semiannual computer dealers’ expo where the industry’s hottest new products are unveiled. “We were given less than eight months to come up with a new product,
identity and positioning to show at Comdex," recalls Fitch vice president Spencer Murrell. "Iomega simply had no choice. It was fast going down the tubes."

In fact, Edwards wanted a product that would not only take back share from SyQuest, but actually create a new market category, with Iomega laying claim to nothing short of the next generation of floppy disk replacement. Edwards explains, "Shifting the industry paradigm would not be enough; Iomega had to smash the paradigm. This is a segment that has measured itself in [only] hundreds of thousands [of unit sales] a year. Shifting would be gaining share from the competing types of removables. Smashing would be chasing the real opportunity."

So began the race. The short lead time to Comdex made it difficult for Fitch to implement its normal process of "discover, define, design and deliver." Instead, Fitch and Iomega found themselves thrown into all those phases concurrently. Even while initiating preliminary customer research to find out what users wanted in computer storage, Fitch was testing Iomega prototypes with focus groups. Led by industrial designer Murrell and graphic designer Jaimie Alexander, the Fitch team launched into a crash course about Iomega. They interviewed more than 35 Iomega senior management people, cutting across corporate disciplines; talked to buyers throughout Iomega's various distribution channels; and set up exhaustive focus groups which eventually connected the designers with 1,000 people using computers in Fortune 1000 companies, government and at home. "Part of our discovery process was to gather the information informally - asking a lot of questions of every knowledgeable user that we encountered," explains Murrell. Fitch was so determined to get an understanding of those computer user needs that, prior to focus group sessions, it provided disposable cameras so participants could document a day in their lives with technology.

The interviews provided a disturbing picture of Iomega's prospects. As things stood, the company had a limited customer base, and that market was showing signs of saturation. Portable computing was booming and Iomega had no product for the category. The company had virtually no retail presence. Perhaps most discouraging, people were bored by the idea of computer storage. "They hated it. It was like insurance. You have to have it, but who wants to think about it," says Alexander. "But where we found they got excited was in having their 'stuff' near ready access. Data was an off-putting technological term. But they talked about their stuff the way they talked about the things on their desk and they really responded to the idea you could make it more organized, accessible and portable."

"Stuff," rather than data storage, became the rallying cry behind Fitch's brand positioning strategy and colloquial approach to design. It humanized Iomega and made for a powerful point of difference in an intimidating technology-driven marketplace. It spoke to a wide cross-section of people logging on, whether computer professionals, regular users or kids.

While much of that early research was invaluable in defining corporate positioning, other feedback from focus groups was causing sleepless nights. With the company already behind on product tooling deadlines, consumers told Fitch they hated the initial prototypes created by Iomega's engineers. The top-loading CD-player-like devices, they said, took up too much desk space and weren't easy to access the disk. Teachers laughed off the design, predicting students would have the lids ripped off in days. With about four months until Comdex, it was back to the drawing board, and Iomega's engineers didn't think it could be done. "When we questioned whether it was doable, Kim made our options pretty clear," says Alexander. "No Comdex, no company, no choice."

Edwards responds: "Product development is not an intuitive process. Of course this hurt morale at Iomega. Their first reaction was 'You gave us a clean slate to work with and now at the eleventh hour there are parameters.' So we took key engineers to focus groups so they could see end users directly."

Clearly the tide had changed at Iomega and, given the overnight success of the Zip, perhaps hereafter in the larger computer industry as well. Iomega had changed from a technology-driven company where engineers determined the marketplace to a marketing-sensitive organization guided by consumer demand. With little time left, the Fitch team - with its invaluable focus group research - scrambled to shepherd the design process. "It came straight from the consumer," describes Murrell. "They didn't like using the door design; they were much happier sticking something in..."
Early Prototype

The CD-player-type model was an early favorite with designers, but as Iomega got ready to retouch machinery to manufacture this version, consumer focus groups told them it took up too much desk space and would be too easy for kids to break.

Compact and Affordable

Named for its speed and agility, the Zip drive is about the size of a compact CD player and weighs around a pound, fitting easily into a briefcase or purse. Its comfortable price has made it affordable to small business and home office users.

Distinctive Disk

The "clipped" corners of a Zip disk give it an easily recognizable shape, while labels are branded with both the Zip and Iomega names and 100 megabyte capacity.

See-Through Window

Zip's see-through window lets users see which disk is inside without removing it from the drive.

Designed to Sit Flat or On Its Side

Tiny padded feet make it easy to stand the Zip on its side or lay it flat. A grooved path on the side houses the cord to keep it from dangling loose.

Zip Accessories

Iomega's complete line of accessories, with clear logo markings even on the SCSI cables, helps retailers extend sales through cross-merchandising.

"Stuff" Marketing Campaign

In advertising and promotional materials, Iomega used popular jargon to speak to consumers in a friendly, unintimidating voice.

a slot. So Fitch adapted streamlined versions of the Bernoulli Box, and for greater desktop efficiencies, made the designs usable standing or flat. They included a window so users would know if a disk was already in place. They made the drive units stackable with other new Iomega products. (While the Zip was Iomega's top Comdex priority, Fitch was simultaneously creating two other designs for the company's Jaz and Ditto products.)

Getting Iomega's engineers to back Fitch's designs was easy. Now came the hard part. "We'd worked out most of the troublesome details. It was time to address the big issue of color — subject of countless conversations, arguments and head shaking," says Murrell. "In many ways the industry ignores color. They say make it gray, beige or white, that's what consumers want and expect. We almost fell into that recidivist path until, in a late night fit of inspiration, boredom or whatever it was, we painted a model blue. We felt all along that it was critical for the Iomega products to stand out from their own environment. They had to make a statement that they were really different from the competition. The color clinched it."

Indigo for Zip, mauve for Jaz, forest green for Ditto. Having agreed to such a bold visual statement, there was little preventing Iomega from creating an unconventional identity in its communications as well. Even the Fitch team dropped their more conservative product-information-driven ideas to finally embrace ad agency Dahlen Smith White's tagline "Because it's your stuff." Alan Reighard, senior vice president/group account director at the Salt Lake City-based ad agency, says, "There may have been some hesitation but it was important that first year to develop a personal, aggressive brand personality. We had to change the perception of storage technology, which was old and boring."

Likewise, that personal, aggressive brand personality was expressed through Iomega's new logos, packaging, Web site and direct mail campaign. Even Fitch's naming of the brands, as Alexander describes "like dog names; something you'd like to bring home with you," reflected Iomega's new user-friendly corporate sensibility.

"Everything came together literally minutes before the Comdex show opened. It was amazing to see it all in one place," recalls Alexander. "Sometimes it felt like we had been a heartbeat away from failure."

Which hardly proved to be the case. After Zip's late 1994 debut, at $200 for a drive and $20 per disk, Iomega had the highest increase in share value of any stock on the NASDAQ, New York and American Stock Exchange in 1995. In less than three years, Iomega soared from $2 to $150 in real terms, before stock splits. There was an immediate backlog in orders and Iomega scrambled to ship one million units in less than 11 months. There are now more than three million Zip drives in use.

The real challenge, of course, will be to maintain that momentum and convince computer manufacturers to install Zip drive units in their machines. Some companies, including Packard Bell, IBM, Acer and Hewlett-Packard, have joined with Iomega to include the Zip on high-end models or as a backup option.

Describing the Zip experience as "reinventing a company through design," Edwards adds, "I don't know how else you can sell in a consumer marketplace without understanding product design and usage. You have to know what the end user wants. The critical factors are aesthetics and usability, and how that interfaces with things like packaging, advertising, even price points. It's a very broad set of thought processes that affect one another."

If Iomega is any example, those processes can have immediate, dramatic impact on a company — and an industry.

"People talk about repositioning a company as if it is only a marketing problem. The product is a big part of repositioning. The reality is they are one and the same," says Fitch CEO Martin Beck. "It's taken quite a while for senior management in corporate America to fully realize products and services are linked together. Kim Edwards understands this. You can change your world pretty quickly through product design. It's one of the most powerful tools to get your message across."
Swatch was born out of necessity. In the 1970s, the Swiss watchmaking industry was plunged into a deep crisis. After centuries of dominating the watch business, the Swiss were jolted out of complacency by Asian manufacturers who were carving deep inroads into traditional markets with the introduction of low-cost, good-quality quartz watches. Swiss watches, which a few years earlier had accounted for about 50% of the market, plummeted to about 12%. Hong Kong and Japan had pushed Switzerland into third place, and Taiwan, China and South Korea were quickly catching up. Jobs in the Swiss watchmaking industry were in a free fall, dropping from over 90,000 jobs to less than 40,000. Something had to be done.

With the country’s two largest watchmakers – ASUAG and SSII – nearly insolvent, Swiss banks turned to Zurich-based Hayek Engineering, headed by Nicholas G. Hayek, to conduct an analysis. Hayek reported that the largest market and most growth potential was in the low-price segment – not at the luxury level, of which the Swiss owned 97% market share – and recommended that Swiss watchmakers take the offensive, competing head-on with Asian manufacturers by producing high-quality, low-cost plastic analog watches. What’s more, Hayek emphasized radical changes were necessary if the Swiss watch industry was to survive.

“We could retreat no longer. We had to have a broad market presence,” says Hayek, who became the CEO and the major stakeholder of SMHI, a company formed by the merger of ASUAG and SSII.

What followed was one of the 20th century’s most spectacular industrial comebacks. Throwing off entrenched traditions, Swatch (Swiss + watch) completely reinvented the industry – from the technology to public perception of what watches were all about.

Recognizing that manufacturing processes used by Swiss watchmakers for over 200 years would not solve the problem, the original Swatch project team of technicians, designers and marketing specialists abandoned conventional methods and searched for a completely new, integrated solution based on meeting defined marketing objectives – namely, to maintain the high-quality standards associated with Swiss brands; arrive at a retail price competitive with Asian manufacturers; produce a product adaptable to a wide range of models; and incorporate features desirable for everyday use. Hayek had one other major goal – to build the watches in Switzerland. “We must build where we live,” he says. “When a country loses the know-how and expertise to manufacture things, it loses its capacity to create wealth – its financial independence. When it loses its financial independence, it starts to lose political sovereignty.”

Challenged to think and act innovatively, Swatch design engineers looked for inspiration in things like children’s Lego blocks (for the injection molding and die-casting) and disposable plastic lighters (for the ultrasonic welding). The final design was an accurate quartz analog product that required only 51 parts, compared to the typical 90 to 150 parts found in conventional watches. Not only did this dramatically cut production costs and allow automated assembly, it enhanced performance reliability.

**Design Time**

Not long ago, people bought watches the way they purchased dinnerware – one for everyday use and one for formal occasions. Swatch changed all that by revolutionizing the reason we wear watches. Much more than a timepiece, a Swatch is an inexpensive fashion accessory that we can change according to our mood and activities.
Had Swatch simply stopped with cost-cutting, however, it wouldn't be the phenomenal success it is today. To entice consumers to buy three, four, 15, 20, an entire collection of Swatches, the company determined that it had to position its product as an affordable lifestyle accessory.

“We are selling an emotional product,” Hayek says. “You wear a watch on your wrist, right against your skin. You have it there for 12 hours a day, maybe 24 hours a day. It can be an important part of your self-image... We are not just offering people a style. We are offering them a message. This is an absolutely critical point. Fashion is about image. Emotional products are about message — a strong, exciting, distinct, authentic message that tells people who you are and why you do what you do.”

That message is being conveyed through design and marketing savvy. The company attributes its success largely to the communications specialists — advertising consultants, art directors, PR and promotion specialists — who have devised one original idea after another to put Swatch in the spotlight.

At Swatch design labs in Milan and New York, an ever-changing cadre of graphic artists, architects and industrial designers from a wide range of countries create about 140 different styles annually. Collections introduced twice a year address five basic Swatch lines: formal, active sports, casual leisure, fashion and art. Each model is part of a collection, and each has its own name.

The company never uses one-off designs for a single watch, but develops seasonal lines around theme concepts to gain greater promotional and sales presence. In every category, Swatch claims to stand for “provocation, joie de vivre and unlimited imagination.”

Carlo Giordanetti, director of Swatch Creative Services, says, “I like to think of Swatch as a product you can approach on two levels. The first reading is purely aesthetic and functional. The second reading is when someone says ‘I like your watch’ and you can show it has a meaning and a story to tell. Swatch always conveys something very personal. It’s not about nice color or fitting properly with your outfit. It says something about the personality of the wearer.”

Swatch also prides itself on being streetwise. “The art form we are really into is graffiti,” the company claims. “For the collection that is now going out we have a strong asphalt theme,” reports Giordanetti.

“We had never approached the hard side of the city, so we provided this as input to the designers, and then gave them total freedom to see what comes out in that direction.”

Since 1985, some of the world’s best known modern artists have also created Swatch Art Specials, including Yoko Ono, Studio Azzurro, Mieko Ichin, Victor Vasarely, Kiki Picasso, Keith Haring, Irri Batsy and Pedro Almodovar. As with other Swatch lines, the Art Special collection, featuring six styles annually, revolves around specific themes. “We look for artists with a non-traditional way of approaching art,” Giordanetti says, adding that one practical consideration in the selection of artists is the need for three black-and-white and three color watch designs in each collection.

Swatch has also expanded its offerings through technical innovations that now include scuba, solas, chronos, musical alarm, and electronic access wristwatches. Recently it launched a successful solid steel-case line, called irony, produced by metal injection molding instead of mechanical machining, to offer significant cost advantages.

Swatch’s zeal for the youthful, irreverent and provocative drives its communications campaign worldwide. “Swatch belongs on the streets” is the company’s motto. “Swatch isn’t all about gentility and reserve. Swatch gets in there with the people, wants to be part of the action, wherever it is. And more: Swatch is the action,” the company proclaims.

Swatch manifests its philosophy by sponsoring action events like the European Swatch Beach Volleyball Circuit, Australian Balloon Spectacular and London’s first freestyle snowboard competition in Covent Garden, and staging outrageous yet fun media events like sending seven of its Swatch Access models into outer space with the Columbia astronauts, and proving the water-resistant accuracy of its AquaChroino by submerging it 200 meters down into Loch Ness.

As the Official Timekeeper at the Atlanta Olympic Games, Swatch made the most of its association by selling one numbered Swatch Perfect Timing Chronometer model daily for 250 days leading up to the Opening Ceremony and commissioning artists to create 20-foot-high clock towers in 12 different cities around the world. It also issued four special Olympic watch collections, including one entitled Olympic Legends, featuring past Olympic champions.

Remarkably, Swatch has managed to keep the price point of its basic plastic Swatch model at $40, set when the company was launched in 1983, with other models kept within relatively affordable range. It has also tried to maintain a consistent international price positioning, so travelers to other countries won’t encounter an entirely different price point. Key to keeping prices down is Swatch’s proprietary mass production technologies, which also have enabled the company to produce more than 200 million watches to date.

While Swatch’s “approachable” price has appealed to typical consumers, its quality design and craftsmanship have helped it to become a great investment. Today Swatch watches command high prices at auctions and are exhibited in fine arts museums. Still, the company claims, “No Swatch has ever deliberately been designed to become a classic. A Swatch for a season, not a watch for all seasons, is our modest objective.”

Meanwhile, the company isn’t ignoring the legions who feel otherwise. “Swatch the Club,” a collectors’ fan club with more than 100,000 members worldwide, allows members to buy limited edition styles not available in stores, receive catalogs and newsletters, and attend special Swatch promotional events.

While by any measure Swatch can be judged an astonishing success, the company isn’t for a moment resting on its laurels. Swatch is opening its first flagship store in Manhattan this fall and is continually expanding into new markets, including sunglasses, telecommunications and cars. The much-anticipated Swatch Car features a concept by Mercedes-Benz.

What started out in the ’70s as a last ditch effort to save the besieged Swiss watch industry has become a model for turning around traditional businesses.

“Swatch is a symbol of our willingness to find a positive answer to the economic challenges of our time,” says Hayek.
Swatch Innovations

Developed for economical mass assembly, the shape and construction of the basic all-plastic Swatch remain the same from style to style, but the color, dial, hands, date display and strap are open to free interpretation by designers. In addition to outside design consultants, Swatch has some 15-18 designers working out of its design labs in Milan and New York. Together they produce some 140 Swatch styles a year, ranging from the whimsical to the avant-garde. Concepts for Swatch Specials include collectible theme-related packaging as well as promotional give-away items. In recent years, Swatch has also introduced a number of technological innovations such as the MusiCall, Irony, Scuba 200, Access, Solar, Automatic and AquaChrono lines. In every case, a relatively low price point, engineering excellence and provocative design are essential criteria.

MusiCall
A musical alarm watch featuring commissioned melodies by leading composers, the MusiCall will play a 32-second mini-concert on your wrist.

AquaChrono
A water-resistant stopwatch, the plastic AquaChrono was officially "baptized" in the depths of Loch Ness, and promoted with a ski boat key ring.

First All-Metal Swatch
After over a decade of producing plastic watches, in 1995 Swatch introduced Irony, its first all-metal wristwatch, which comes in its own uniquely designed package.

Pop Swatch
A decorative accessory that doesn't have to be worn on a wrist, the Pop Swatch has a pop-out face that can be clipped onto clothing.

Fairy Tales and Fables
This Swatch tells a quick story of a man romancing a woman, who is left crying. At right, Eve forms the hands and apples the hours, with a snakeskin band.
Access Swatch
Converted for Olympic press corps use, the Access was first introduced as a ski-pass that wearers could wave over a scanner to open the turnstile.

First Graphics
The earliest Swatches were small, black and plain and identified by code numbers instead of names. GB103 was the first attempt at putting graphics on the face.

Collectors' Editions
Only "Swatch the Club" members can purchase certain special limited edition watches, such as Looka, which comes in a special standup case.

Scuba 200 Swatch
Made for deep dives, the Scuba 200 is water-resistant down to 200 meters. Early Scubas were promoted with a flipper key chain.

Automatic Swatch
With a weighted rotor that spins every time you turn your wrist and winds the movement, the Automatic has a power reserve of over 40 hours.

Annie Leibovitz
This limited edition Swatch Special created for the Atlanta Olympics features photographs by Annie Leibovitz, and came with a photographer’s loupe.
The Language of Visual Metaphors

Imagine that each painting below is an airline, a bank or a prospective employer. Which would you choose? Does one feel safer and more reliable? Is one more open and creative? Chances are, your opinion is heavily influenced by cultural references, generational attitudes and gender. Because experiences help form our visual vocabulary, it is believed that people from similar backgrounds are more likely to attribute the same values to what they see – even abstract images. To find out how your answers match with others, fill out the return mailer at the back of the book. We'll tabulate your responses and print them in a forthcoming @Issue.

1. You have three job offers, one from each of these companies. Which one do you choose to work for, and why?

2. Now imagine that each of the paintings represents a different airline. Which one do you choose to fly with, and why?

3. Which picture represents the organization you actually do work for?

4. Imagine each of the paintings represents a candidate for President of the U.S. Which would you vote for, and why?

This abstract painting exercise was developed by Dr. Angela Dumas, director of research at the Design Council in the UK and senior associate of the Judge Institute of Management Studies at the University of Cambridge. Used as a warm-up for her "Totem Building" workshop, designed to improve the group dynamics of cross-functional creative teams, the exercise helps participants realize that even when their tastes and perspectives differ, the values they attribute to the paintings often are not that far apart. By looking for common conceptual ground on issues, team members are encouraged to collaborate more closely in seeking solutions.
Driving Emotions

Long known for safety, luxury and precision engineering, Mercedes-Benz now seeks to appeal to younger, less conservative audiences by presenting the more approachable, fun-loving, energetic side of itself in its car catalogs and promotional materials.

When you've long been considered the standard for automotive luxury and engineering excellence, extending your brand can be a sensitive operation. But with aggressive global competitors slicing the luxury car market into ever thinner segments, Mercedes-Benz sought to dispel its reputation as a status vehicle only for affluent, older guys to showing that it can be an accessible, fun-to-drive car for successful professionals. The launch of its new E-Class sedan targeted to youthful, less conservative 40-plus baby boomers provided the impetus to adopt a more emotional tone in its 1996 model catalogs and advertising.

The effort paid off. The Mercedes-Benz line - C-Class, E-Class, S-Class, SL-Class and 600 Series - saw U.S. sales jump 19.3% to 58,486 vehicles in the first eight months of 1996. Auto insiders predict strong sales to continue as Mercedes-Benz embraces lifestyle-oriented marketing to seed the launch of its U.S.-made products like the M-Class All-Activity Vehicle.

The public got its first look at the new Mercedes-Benz marketing strategy last year when the company pitched the generation raised on rock-and-roll with a broadcast ad using the Janis Joplin song, "Lord, Won't You Buy Me a Mercedes-Benz." Created by New York-based Lowe & Partners/SMS, the ad was a startling departure from Mercedes-Benz's sedate image. The carmaker continued appealing to younger, upscale consumers with its aggressive $30,000-plus pricing on the C-Class and then the debut of its new E-Class in the '96 model year.

Long Beach-based The Designory, which has been creating Mercedes-Benz car catalogs since 1993, has been responsible for changing the perception of the brand at the personal level through marketing materials distributed to prospective buyers via showrooms and queries on an 800 number.

"There's a strong evolutionary aspect to the design of Mercedes-Benz cars, and we look at that as a guideline to how we evolve their marketing materials," says Rich Conklin, The Designory copy director on the
With titles like “Desires,” that message is conveyed right from the cover. “Most manufacturers would have put the name and model on the cover, but we wanted to talk about you, what inspires you, what you are all about,” Conklin says. “The idea is that before we sell you a car, we need to sell you an idea about that car. We also recognize that buying cars on the Mercedes-Benz level isn’t about somebody who wants a car just to get from point A to point B.”

Inside, the catalogs feature photos of people and landscapes, not just cars, and experimentally convey the excitement of driving a Mercedes-Benz through blurred action photographs, angled shots and a combination of duotone, tritone and full-color images. “If you look at the photography versus images in other car catalogs, it is imperfect by design,” says Andrea Schindler, the Designory art director for Mercedes-Benz. “Others look retouched like mad. We do as little retouching as possible. If there is a reflection of a tree in a window, we leave it in as long as it looks good. We want to support a look of naturalness and approachability. Mercedes-Benz feels pretty confident that they have one of the 10 most recognizable brands in the world and they are willing to play with that a bit.”

Another way Mercedes-Benz humanized its catalogs was by showing close-up fashion-style photographs of people, often without the car even in the picture. “We struggled with how to do that a long time,” says Meraz. “We finally hired a fashion photographer and are pleased with the results.”

The text is meant to be friendly as well. The copy — in an easy-to-read font called Corporate A, cut especially for Mercedes-Benz — is simple, clear and direct, counterbalancing the ethereal quality of some of the imagery. “Posing questions like What does it feel like to drive?, ” says Conklin, “puts the dialogue on the consumers’ level and approaches information from their perspective.”

The catalogs themselves were developed in three sections. “In the main part of the brochure, we wanted to present the beauty of the car and the emotional experience,” explains Meraz. “People who want to go deeper can look at the back of the brochure and see it from a benefits standpoint. The third level is a diskette that fits into the back pocket, which shows Mercedes-Benz heritage and history of engineering excellence. These diskettes are rich with technical information.”

The Designory, along with its affiliate Pinkhaus in Miami, also produces other major pieces, including a welcome brochure for new car owners and lessors and a Collection catalog of signature accessory and gift items.

Compared to the average 16 to 24 pages of most other car brochures, the Mercedes-Benz car catalogs have a leisurely 52-plus pages to deliver their message. “Mercedes-Benz feels their customers have certain expectations, that their brochures need to have a certain tactile quality, a heel factor,” says Conklin. “When you get the brochure and hold it in your hand, it needs to feel like there is substance there.”

The catalogs feature a combination of coated and uncoated papers in 100 lb. basis weight. “Uncoated papers are good for showing emotions, but when it comes to product, where we need to clearly represent the car and its textures, there is nothing like a coated sheet,” says Meraz. As a result, the bulk of the catalogs are made up of coated papers, showing crisp details of the cars and exuding sophisticated energy.

The size and scope of the Mercedes-Benz marketing support program also means that work must continue year-round. The Designory has 20 people assigned full-time to the Mercedes account. The team includes two product specialists, with engineering backgrounds, “who do nothing but live and breathe Mercedes-Benz product information,” Meraz says. “They go to all the photo-shoots and make sure that art directors and copywriters are in line and review all the mechanicals.
Brand Extension
Capitalizing on the cachet of the Mercedes-Benz name, the Collection catalog, offering exclusive branded car accessories and gift items, generates additional revenue for the company and its dealers. Because all items can be ordered directly through dealers, the collection facilitates tracking target customers.

Trademark Emblem
One of the world's best-known trademarks, the Mercedes-Benz emblem combined the three-pointed star of Daimler and the laurel wreath of Benz when the two companies merged in 1926.

New E-Class Model
The softer silhouette of the new E-Class instigated the move toward a more emotional message in Mercedes-Benz's promotional materials.

High-End Gift Items
Mercedes-Benz gift selection caters to the lifestyle needs of its customers with items like terry velour robes, golf caps and men's silk formalwear sets.

Children's Book
With a 110-year history, the company has stories that have evolved into legend, including this charming tale about the world's first long-distance car trip taken by Carl Benz's wife, Bertha, and their sons.

Friday Wear
The prestige value of the Mercedes-Benz name is subtly conveyed in apparel, such as this denim shirt with a tiny logo tag attached to the pocket.

Logo Keychain
Not just one, but a half dozen choices of logo keychains are available to Mercedes-Benz owners.

Designer Necktie
This necktie by Nicole Miller features the company's milestone cars, ranging from the 1886 Benz Patent Motorwagen to the new E-Class.

Accessories Wheels
Accessories for the car include such items as wool sheepskin seat covers, ski and bike racks, and AMG custom-alloy wheels.

Limited Edition Poster
To celebrate its 100th anniversary, the company commissioned Andy Warhol to create a limited edition poster, which is now sold in the gift collection.

(continued layouts) to make sure the best angles of the car are shown, the wheels are correct, and the cars are exactly the way buyers are going to get them.

During every step of the process, Mercedes marketing people are involved, providing direction and signoff. Mercedes-Benz director of national marketing communications Albert Weiss says Mercedes-Benz of North America, based in New Jersey, works closely with The Designory to ensure effective communications while allowing enough flexibility for creative powers to flourish. “Our process is to do a postmortem at the end of each year,” Weiss says. “We try to anticipate what the customer is thinking a year or so in advance. Through the graphic design, layout and photo imagery, we try to provide the consumer with as much relevant information as possible – complete, engaging and emotional.”

Much of this is hashed out at an annual retreat. “The client will characterize what will be happening in the next year. If there is a new car coming out, we go to the factory in Stuttgart, Germany, and talk to the people who designed it. We might spend a month designing the look of these brochures and nine months executing them,” explains Meraz. The Designory also works closely with ad agency Lowe & Partners/SMS. “In extending the new Mercedes-Benz personality being broadcast by the agency, we try to drive it all the way down to the collateral level so everything will look and feel like one company. To make sure this message is cohesive, every time we’re in New York, we try to get together with Lowe and do a show-and-tell,” says Meraz. “It is surprising that even when we arrive at our solutions independently, they are remarkably synergistic.”

Perhaps because customers see the Mercedes-Benz print materials as an extension and reflection of the prestigious cars themselves, they tend to hang onto the catalogs even after they have made their purchasing decision. “We find people use them on coffee tables in their offices,” says Weiss. “Our literature is not only a supportive element in the purchase of the product, it’s also table-top quality. They’re passed from one consumer to the next.”
Ten Tips for Writing an Effective Design Brief

Whether the project is an annual report, product design, packaging, Web site, CD-ROM, marketing brochure, corporate identity program or environmental graphics, companies can save time and misunderstanding by putting together a design brief before interviewing prospective design firms. Unfortunately, too few corporate managers take the time to prepare a brief, thinking that “talking it through” in a meeting will suffice. A written brief offers two important advantages, however: 1) It demands that in-house managers clarify the project’s business objectives at the start, and 2) it gives designers a summary of key corporate points to refer to later on. But keep the design brief short, and recognize that its purpose is to provide enough information to assess the proposed assignment realistically without discouraging creative exploration.

1. Corporate Profile
   Even if your corporate name is more famous than Madonna’s, don’t assume everyone knows what you do. People may only know your company by name, or have an outdated image of what you do, or think of you too narrowly in terms of one product or one market area. A designer’s erroneous assumptions about your business can skew the entire opening discussion, so first provide a synopsis of your current line of business, market emphasis and reach, along with pertinent historical highlights.

2. Market Position
   Provide a realistic evaluation of your organization, service or brand relative to your competitors. How is your company unique or different? What is your standing in the industry? What marketing communications techniques are most effective among your competitors?

3. Current Situation
   Explain the situation that instigated the need for this project. Examples: Our brand identity isn’t working anymore. The baby-boom generation thinks of us fondly from their youth, but their children consider us too conservative. We’re about to launch a big push into global markets, and our packaging hasn’t changed since we were a regional company. We just went public and need to be taken seriously on Wall Street.

4. Business Objectives
   What do you want to achieve? If it’s a sales brochure, what points are you pushing? If it’s an annual report, what are the key messages for the year? If it’s a product design, what attributes do you want to convey? Define your objectives.

5. Target Audience
   Who are you trying to reach? Are you reaching them now? If not, what do you feel is missing? For multiple audiences, rank them in terms of importance. Provide demographic information, if relevant. Explain any unusual or unique attributes about your audience.

6. Corporate/Brand Personality
   What is your image in the marketplace? How do you want to be perceived? Cutting edge? Relaxed and friendly? Trendy and elegant? Inexpensive and approachable? What subliminal messages do you want to convey? Jot down a list of adjectives describing the image you want to project and another describing messages you want to avoid.

7. Budget
   Until you know what the solution will take, it’s hard to define a budget. However, it usually helps to state a ballpark figure for the total project, so that the designer knows whether you are thinking about a three-panel brochure or a 48-page full-color book. Some companies undertake design projects so infrequently, they have no idea how much things cost. They come in with lavish samples of what they want, only to discover that something comparable would wildly exceed their budget. In fairness to the design process, it is important to provide a budget range, so that the designer can develop concepts with that in mind – or advise you early-on that the ideas you want to execute will cost more than is currently budgeted. Don’t try to break out the budget by line items – i.e., design, photography, typesetting, printing, paper, etc.; let the designer do that once the solution is defined.

8. Schedule and Deadline
   What absolute targets must be met? A product launch at a conference that happens once a year? An SEC filing? A Board of Directors’ presentation? If this is a program with many elements, is there a rollout sequence? Does the print advertising have to coincide with the brochure distribution, for instance? State any interim targets that must be met during production, if relevant, and when the project must be completed.

9. Design Medium
   What medium do you have in mind for the design? A print piece, advertising, packaging, Web site, poster, exterior signage, CD-ROM, video, multimedia interactive kiosk – or all of the above? Do you have a particular size in mind – e.g., a 24-page self-cover brochure, a direct-mail piece that fits a No. 10 envelope? In some cases, the situation will dictate the medium; in others, the best medium may emerge through an audit and analysis of your needs. State your preference, but keep an open mind.

10. Technical and Practical Constraints
   Does the designer have to stay within certain parameters? Is it a point-of-purchase display that has to meet specific supermarket guidelines? A brochure that has to be translated into three languages? Packaging that must include recycled materials? If there are inexorable constraints, state them up front. Don’t base your parameters simply on the fact that “it’s always been done that way,” because you may prevent your designer from coming up with a solution that no one has ever considered before.
DESIGN AND BUSINESS CLASSIC: COCA-COLA BOTTLE

W

e need a new bottle - a distinctive package that will help us fight substitutions...we need a bottle which a person will recognize as a Coca-Cola bottle even when he feels it in the dark. The Coca-Cola bottle should be so shaped that, even if broken, a person could tell what it was..." wrote the company's legal counsel in 1915, urging management to develop packaging that could be protected by trademark and patent laws.

In response, the now globally celebrated contoured glass Coke bottle was born. Created by The Root Glass Co. of Terre Haute, Indiana, in 1915, the bottle with its distinctive fluted sides and bulging middle was inspired by the shape of an African kola nut — which along with the South American coca leaf contributes to the soft drink's unique flavor. The beverage itself was invented by John S. Pemberton, an Atlanta pharmacist, in 1886 and named by Pemberton's bookkeeper Frank Robinson who suggested that featuring the drink's two most exotic ingredients had a nice alliterative sound. A penmanship expert, Robinson drew the brand name in the flourished Spencerian style of the time — and that's how it has remained.

The curvaceous bottle came to symbolize the American spirit during World War II, when the company pledged that U.S. fighting forces could count on Coca-Cola whenever they were and set up 64 bottling plants overseas.

The sight of the familiar Coke bottle served as a reassuring reminder of home and engendered good will toward the soft drink. Today Coca-Cola is sold in more than 200 countries, and recently the company introduced the soft drink in a new 20-ounce contoured plastic bottle, capitalizing on a shape known around the world.
The sponsor of the Design Foundation, Potlatch Corporation has long been a proponent of the use of quality design to create corporate identity, promote products and establish credibility and distinction in the marketplace. In addition to setting the standard for coated and uncoated printing papers available today, including a selection of coated and uncoated papers, in addition to leading the charge for coated and uncoated printing papers available today, including a selection of coated and uncoated papers, Potlatch has developed and marketed a line of high-quality, high-value products that are recognized by consumers around the world.

The Design Foundation, a non-profit educational institution, was founded on the belief that design can help organizations develop successful products and services. Through its programs and initiatives, the Design Foundation helps organizations improve their design processes and outcomes, and in doing so, contribute to the development of a better world.

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