

Design Efficiency of Market Seeker Strategy and Market Leader Strategy

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Abstract: Basically, Design is based on 2 stage design process model which means that design activities initially stem from designer's creative and sensuous abilities.(2 stage model means that design process begins with designers then ends with consumers). In this case, design concept is determined by designer's artistic and subjective judgment then design output is created by designer's subjective design work. To the contrary, some other design works are based on consumer's needs and wants which are found by consumer research or survey. Designers do their design works based on those results. This kind of design process is called 3 stage design process model (3 stage model means that design process begins with consumer's needs and wants on which designers do their design works based then ends with consumers).

Thus, which design model can cause more effective design outputs? Some design practitioners advocate the efficiency of 2-stage design process model. But some other designers support the effectiveness of 3 stage design process model. This study, through experiment, testified the efficiency of these 2 design process models based on the concept of market leader strategy and market seeker strategy. Market seeker design strategy focuses on current market, and current consumer's needs for quick return on investment. Market leader design strategy focuses on future market because this strategy eventually pursues prior market occupation in the future.

The experiment result shows that, in condition of high prestige brand, 2-stage model based on market leader strategy is more effective. In case of low prestige brand contrarily, 3-stage model based on market seeker strategy is more efficient.

This study suggested contingent framework on efficiency of design process model. However, it's required to perform more various investigation on situations in which each design process model is more effective for the generalization of the study results.

Key words: *2-stage design process model, 3-stage design process model, market seeker strategy, market leader strategy*

1. Introduction

In one survey of consumers, design was mentioned as the most important determinant of product evaluation by 60% of respondents [1]. Therefore, many companies are considering design as one of the most important strategic tools for competitive advantage in the market [2].

The importance of design in recent years leads design field to the time of Design Renaissance. [3] One

prevailing characteristic of this Design Renaissance Age is expansion of the scope of design study and research. That is, the main stream of design has shifted from styling and ornament until Industrial Revolution Age to Aesthetics, Engineering, Anthropology, Technology, Humanities, Management, Psychology, Marketing etc in modern times. So, it can be said that modern design has multi-academic characteristic which means that design shares characteristics of many other academic fields. This phenomena should be understood by the perspective that design ranges over various academic fields according to increasing perception of importance of design.

One of the salient characteristic of this phenomena is the combination of design and marketing. As to this matter, Jay Dublin in the early 80's explained the association between design and marketing through "DESMOD(Design Model)" as below.[4] He suggested that design originally begins at styling, then it encompasses manufacturing, methodology and next marketing.

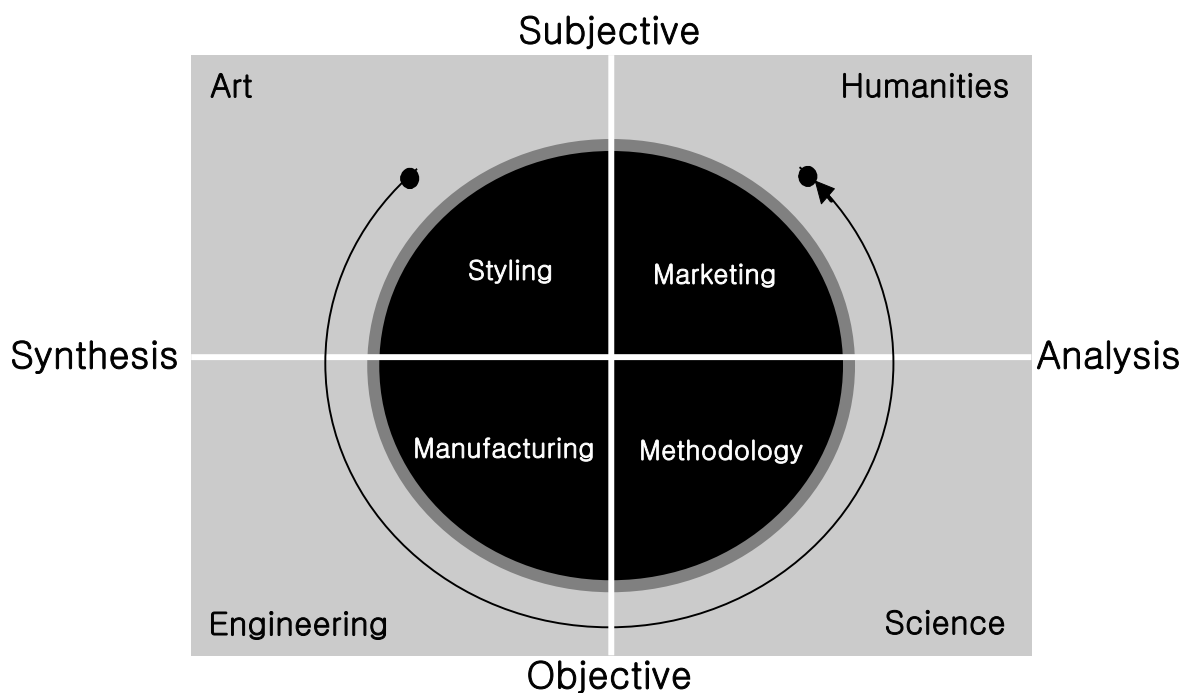


Figure1. Design Model of Jay Dublin(1983)

Originally, the basic concept of marketing is “not creating sales through production and then promotion but producing preferred products to be then enlarging sales naturally by understanding, identifying and satisfying consumer’s needs so that companies can have competitive advantage over competitors.

This basic concept of marketing may differentiate marketing-based design methodology from traditional design methodology. Basically, traditional design process starts from designer’s creativity for generating design concept then design output is handed over to consumers. It might be called “2 stage model”.

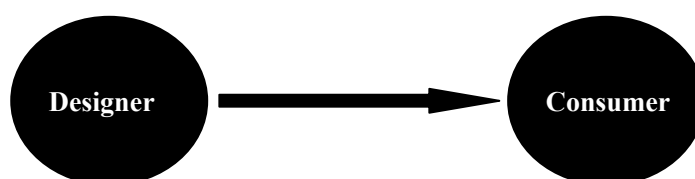


Figure2. 2 Stage Model of Design

However, if the marketing concept is applied in this basic design model, design process doesn't start from designer's creativity as suggested in 2 stage model. Rather, design starts from consumer's needs then designers do their design activities and finally design output is handed over to consumers. That might be called "3 stage model".

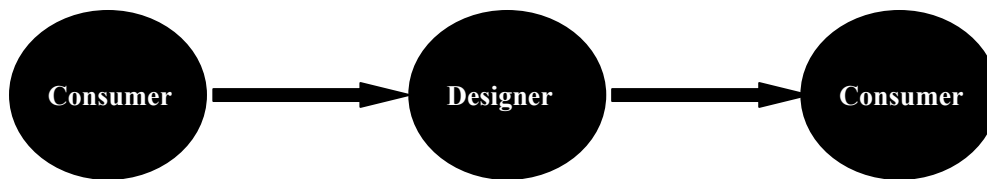


Figure3. 3 Stage Model of Design

Therefore, design process based on 3 stage model starts from acquiring data of consumer needs, and motive, main concept of design and design alternatives are processed based on data. For this, various types of information collecting techniques such as research tools, data collection methods and statistic analysis which are used in marketing fields are utilized in design process.

Actually, many companies have recognized the usefulness of 3 stage model and they aggressively collect data of consumer needs then utilize them as the basis of design activities.

However, there have been no consistency on opinion that which design process (2 stage model vs. 3 stage model) produces higher design performance. 2 stage model based on designer's creativity? or 3 stage model based on analysis of consumer needs?. Opinions are contradictory on performance of these two different design processes. Actually, the several interview results of this study with professional designers support inconsistency on efficiency of these two design processes. Follows are 2 contradictory interview results of this study.

Interview 1

Well..... In my opinion, it's desirable to decide design concept based on consumer's needs and competitive environments. Because, designer's mind may be different from consumer's and also design is not sort of subjective activities but is fundamentally for sales by mass consumers. That's why I think consumer analysis is surely necessary and

Interview 2

As you said, it's true I think in recent years that analysis on consumers or competing companies before design activities is general in design projects. However I'm not positive on how such analysis is helpful for design effectiveness. Actually, meaning of numeric data resulted from statistic analysis can be changed by how researchers interpret them. Even though the result of analysis is accurate, it's designer's duty to transform data into visual output. In addition, we can see many successful company cases which are not based on quantitative methods such as statistic analysis. I think the most important thing in design is designer's sense.

Above two interview results actually show contradictory perspectives on 2 stage model and 3 stage model.

Also, it seems in real design field that these two design processes coexist without verification of efficiency. Therefore, more desirable design performance can be accomplished if we distinguish the efficiency of these two design processes. This study aims at investigating efficiency of frameworks of two design processes from the viewpoint of market seeker strategy and market leader strategy.

2. 2 stage model and 3 stage model

2.1 Difference between 2 stage model and 3 stage model

As suggested in previous section of this paper, the main difference between 2 stage model and 3 stage model is the starting point of design activities; 2 stage model begins at designer’s creative mind and 3 stage model at consumer’s needs. <Table 1> shows the difference of these two modes.

Table1. Difference between 2 stage model and 3 stage model

2 stage model	3 stage model
Art-base	Science-base
Subjective	Objective
Sensuous	Logical
Creativity-base	Data-base
Design-oriented	Market-oriented
Individual	Collaborative
Designer-centered	Consumer-centered
Aesthetic	Problem-solving

While 2 stage model is subjective and sensuous artistic expression activities based on designer’s individual creative mind, 3 stage model can be summarized into objective and logical activities based on data collection and analysis on consumer’s needs and competitive environment.

Here, it seems to be desirable to consider the efficiency of each process as in contingent perspective rather than in absolute perspective. It means that efficiency of each process depends on situation. That’s because each process has it’s own advantage and disadvantage. <Table 2> shows advantage and disadvantage of each process.

Table2. Advantage and disadvantage of two models

	2 stage model	3 stage model
Advantage	Maximize designer’s creativity	Decrease failure rate of design by understanding consumer’s needs
Disadvantage	Designer’s mind may be different from consumer’s needs	Restrict designer’s creativity

Advantage and disadvantage of each process tells us that each process has it’s own suitable situations in which higher design performance is possible. Then, the important thing is not to evaluate the absolute efficiency of both processes but to examine and understand situations which are appropriate for each process. Therefore, the purpose of this study is to investigate efficiency of two design process frameworks in the viewpoint of market seeker strategy and market leader strategy.

2.2 Market seeker strategy and market leader strategy

Distinction between market seeker strategy and market leader strategy can be explained by 2 factors; sourcing focus which consists of consumer-centered and designer-centered and timing focus which consists of present-centered and future-centered. <Table 3> shows strategic matrix resulted of joint of these two factors.

Table3. Strategic matrix resulted from joint of sourcing focus/timing focus

		Sourcing focus	
		Consumer-centered	Designer-centered
Timing focus	Present	Market seeker strategy	Creativity strategy for present market
	Future	Trend strategy for future market	Market leader strategy

Sourcing focus in <Table 3> means where the idea generation source is. Consumer-centered sourcing focus means design, as 3 stage model suggested, begins at consumer's needs and design is regarded as objective and logical activities based on data collection and analysis on consumer's needs and competitive environment. Designer-centered sourcing focus means design starts from designer's creative sense and design is considered as subjective and sensuous artistic expression activities based on designer's individual creative mind as 2 stage model suggested.

Timing focus is the criteria for classification of design output into alternatives satisfying needs of current market or of future market.

If a company wants to utilize design as a strategic tool for satisfying present consumer's needs, consumer-centered 3 stage model seems to be more appropriate. Actually data on consumer needs is expression of current market because consumers express their present needs in the survey, not past or future needs. Therefore understanding present market situation or present consumer's needs will produce much useful information for attacking current market.

Many companies all over the world perform their design projects based on design concept or design direction decided from data collection and analysis on present consumer's needs. Positioning strategy, consumer needs analysis, competitive environment analysis, consumer preference survey and various observation methods are good examples of this design strategy and <Figure 4> is one of real cases.

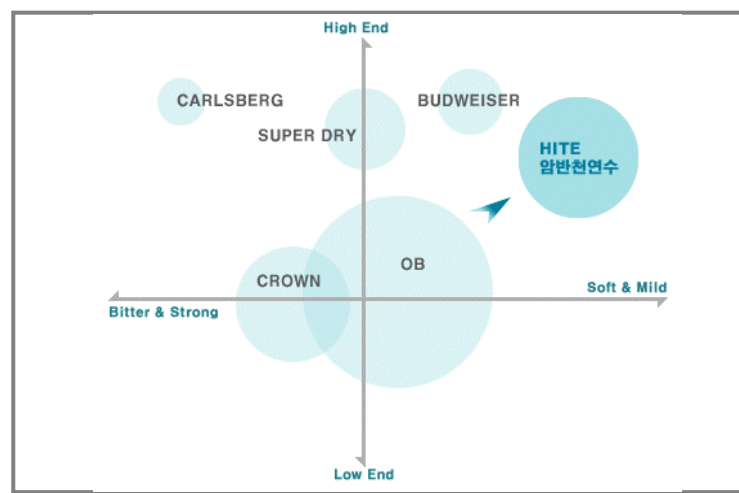


Figure4. Design concept decision through positioning strategy

This process seeks fast success through design in present consumer market so that data collection for various categories such as present consumer's needs, trend, consumption pattern etc. is necessary. Eventually, this process is targeting possible present market then it can be regarded as market seeker strategy through 3 stage model.

Unlike this, novel and innovative design concept leading future market's needs, not present market's needs is required in market leader strategy. As suggested in previous section, data from markets or consumers is the information of present market or consumers because they express their present situation in the survey or data collection. Therefore, data from present consumers is not appropriate for predicting needs of future market or future consumers.

In this case, designer's creative sense can be the good source for leading new market by breaking out-of-date concepts. Because suggestion from the result of data analysis makes designers focus on already-decided design concept so that designer's creativity is restricted and eventually creative design with innovative or new concept is rare. Rather, zero-base design activities will stimulate creative design outputs.

Therefore, in case that present market is targeted, market seeker strategy based on 3 stage model framework will be more desirable than present market creativity strategy based on designer's creative mind as 2 stage model suggests. To the contrary, in case that future market is targeted, 2 stage model for producing new and innovative design concept through designer's creative mind seems to be more effective rather than future market trend strategy producing design concept based on present data or other types of data-base methods.

However, this hypothesis includes two questionable matters as follows. First, Isn't it reasonable for companies to focus on present market for profits from consumer market because present market is more predictable than future market. This question can be explained by comparison of advantage and disadvantage of market seeker strategy and market leader strategy. The advantage of market seeker strategy focusing on present market is high success possibility and fast return on investment (ROI). However market seeker strategy also includes much disadvantage in that severe competition is unavoidable because it focuses on present market, and also huge amount of advertising and sales promotion cost is required to overcome such severe competition. To the contrary is case of market leader strategy focusing on future market, success possibility is uncertain and even design is successful, profit generation takes time because consumer's response to future-oriented design requires some period. However market leader strategy is advantageous in avoidance of competition and once design is successful, vast profit generation opportunity is possible because a company can avoid competition through strong market preoccupation effect. Therefore, Market leader strategy, once successful, produce much more profits than market seeker strategy, it's necessary for companies, if possible, to execute market leader strategy rather than market seeker strategy, <Tale 4> summarizes it.

Table4. Advantage and disadvantage of market seeker strategy and market leader strategy

	Market seeker strategy	Market leader strategy
Advantage	High success rate Fast return on investment	Avoidance of competition Strong market preoccupation effect
Disadvantage	Severe competitive environment Huge amount of advertising and sale promotion cost	Low success rate Slow return on investment

Second, it needs to consider whether consumers are likely to purchase new and innovative design launched by creative designers because innovative design is very atypical from existing design style. To answer this question, we need to investigate in which situation consumers tend to purchase innovative design. As to this matter, we examined the situation in which consumer's purchase possibility for innovative design is high based on consumer's cognitive response and affective response according to brand hierarchy.

2.3 Brand hierarchy and consumer's cognitive and affective response

Consumer behavior researchers explain consumer's judgment process by distinguishing it into two response processes; cognitive response and affective response.[3]. Cognitive response is rational judgment process on objects in which rational criteria such as quality, price level and so on are used for judgment. Therefore, cognitive response is objective and become logical rationale for accomplishing one's purpose. To the contrary, affective response is emotional judgment such as affection, special feeling, mood etc. Therefore, illogical and irrational factors such as affection, feeling, and mood etc. are used for judgment.

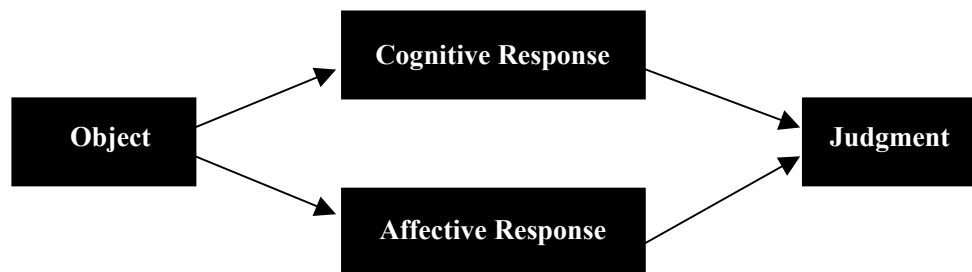


Figure5. Consumer's cognitive and affective response

New and novel design different from existing pattern stimulates both cognitive response and affective response at the same time. When consumers face novel objects, they feel perceived risk in cognitive response and delights of newness in affective response.[5]

We premise that 'Halo effect' stemming from brand prestige level would moderate consumer's cognitive and affective response. Halo effect is defined as phenomena that overall image of an object generated from only some part of object's attribute such as country-of-origin or brand directly influence evaluation of the object.[6] For example, even though sound quality of SAMSUNG TV is better than SAMYAGN TV, consumers perceive sound quality of SAMSUNG TV more better than that of SAMSUNG TV because of Halo effect generated by high brand prestige level of SAMSUNG. Halo effect occurs in two ways; positive effect and negative effect. For example, worsened national image of IMF countries will have negative effect on consumer's evaluation on products of those countries. Brand is one of the most important factors generating halo effect.

In general, consumers depend more on cognitive response than on affective response in evaluation of high price products. In this case, if brand prestige level is high, consumer's perceived risk decreases because they think the brand is reliable. Therefore, positive affection stemming from delights of newness will influence consumer's overall evaluation of novel design. To the contrary in low prestige brand, consumer's cognitive perceived risk stemming from newness will overwhelm positive affective response so that overall evaluation on novel design becomes negative.

Therefore, if brand prestige level is low, stable design satisfying present consumer's needs which are not so

different from existing design patterns seems to be more desirable than novel and innovative design. It's market seeker strategy. Unlike this, if brand prestige level is high, it seems to be more desirable to pursue long-term return on investment(ROI) by focusing on future market than present market where competition is severe. Next section examines Halo effect of brands.

3. Experiment

This section examines Halo effect of brands by survey with consumers on a product (TV) of two brands (high prestige brand and low prestige brand).

3-1. Stimulus

In order to examine Halo effect of brand, a product was selected. For the selection, many design images were collected from various sources such as newspapers, magazines, catalogues, web-sites and so on. There was no limitation on collection of images excepting that design images are foreign countries' and they are not well known in Korea. The reason is experimental stimulus should be unfamiliar to consumers. Finally one design image from 54 alternatives is selected through in-depth discussion with 23 design graduate students. The 3 criteria for the selection is first, it's not well known to Korean consumers, second it's very novel from existing design pattern and third, it's high price product. Selected stimulus is a TV of Philips Co. which are shown in <Figure 6>



Figure6. Experiment stimulus selected

3-2. Brand selection and experiment

Two brands are necessary for the experiment; high prestige brand and low prestige brand. For the selection, we collected TV brands which are transacted in present market. Total 11 brands are chosen and they are SAMSUNG, HYUNDAI, LG, DAEWOO, ANAM, SAEGIL, PROCHIPS, OBITRON, SAMYANG ESTEC and SHINHWA. Through the pilot test with 50 real consumers, perceived values of 11 brands were measured with 5 question items. Two of them are measurement items used in Keller and Aaker(1992)'s study evaluating brand prestige level; high quality/low quality, bad product/good product and the other 3 are items used in Hong and Kang(1999)'s

study; attractiveness, preference and purchase intension.[7][8] All items are in the format of 11 Rikert-scales.

Cronbach’s α test shows that internal consistency of multi-items is 0.89 so that mean value was used for the selection of brands. Two brands are selected for the experiment of this study; SAMSUNG(7.1) for high prestige brand and SAMYANG(3.72) for low prestige brand.

For the experiment, two types of questionnaire were made. Each questionnaire includes one page of TV advertising. Then in the next page, answer sheet including questions are presented; attractiveness, preference and purchase intention on the product in advertising. Same design image of <Figure 6> was used for advertising stimulus of two questionnaires. The only difference of questionnaires is brand names. SAMSUNG is used in the one and SAMYANG the other one.

200 consumers participated in the experimental survey and were given a booklet of questionnaire (100 for one type of questionnaire and the other 100 for the other types of questionnaire). They were asked to look advertising carefully and to answer 3 questions in the answer sheet next. They were also told that the product in advertising was about to launch and the result of survey was important for launching strategy execution.

In the questionnaire, one more “yes or no” answering question was included. It was about whether a subject is familiar to TV design presented in the questionnaire. In the final analysis, “yes” marked questionnaires were excluded for data coding.

3-3. Analysis

Data coding was done for total 190 answer sheets. 10 answer sheets are excluded because they are answers from subjects who already know the design very well. Cronbach’s α value on 3 question items of 190 responses was 0.91 so that mean value was calculated and used for ANOVA. <Table 5> shows the result of ANOVA.

Table5. ANOVA result of two questionnaire groups

	Sample Size	Mean	Standard Deviation	Standard Error
SAMSUNG	93	8.4086	2.3324	.2419
SAMYANG	97	2.3711	1.7098	.1736
Total	190	5.3263	3.6455	.2645

(mean comparison)

	Sum of Squares	df	Mean Squares	F	Sig.
Between Groups	1730.656	1	1730.656	416.539	.000
Within Groups	781.112	188	4.155		
Total	2511.768	189			

(Significance test)

The ANOVA results shows that mean difference of two groups is significant at .05 level (SAMSUNG : 8.4086, SAMYANG : 2.3711, $F_{(1,188)}=416.539$, $P<.001$). It means that evaluation on same design can be different

according to brand hierarchy of the product. <Figure 7> verifies Halo effect of brands more precisely.

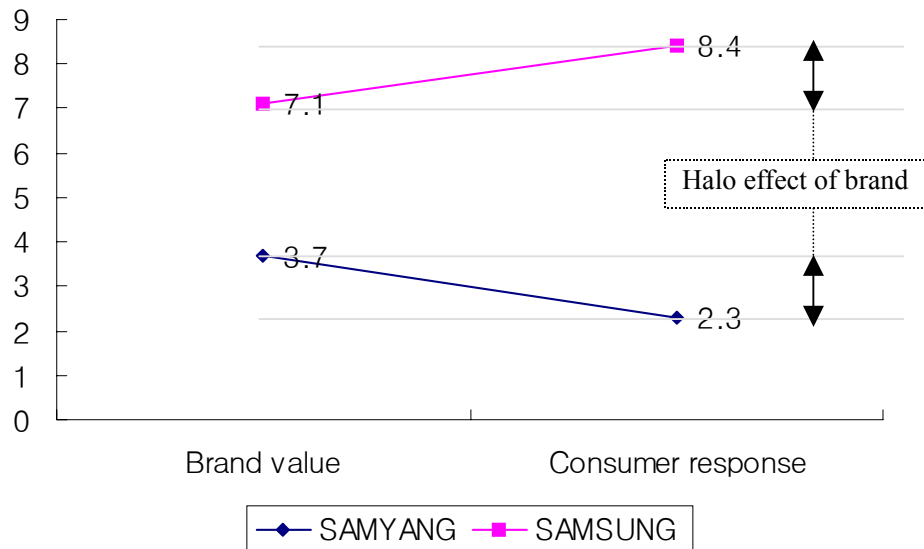


Figure7. Halo effect according to brand prestige level

In the <Figure 7>, evaluation (8.4) on design of SAMSUNG TV is higher brand value (7.11) of SAMSUNG. Therefore in case of SAMSUNG, we can see positive Halo effect of brand. To the contrary, evaluation (2.37) on SAMYANG TV is lower than brand value (3.72) of SAMYANG. In this case, negative Halo effect of brand influences consumer’s evaluation on design.

From the results, we can infer when novel and innovative design is competitive. That is, in case of high prestige brand, novel and innovation design decreases consumer’s cognitive perceived risk so that positive affection stemming from delights of newness increases overall evaluation of an object. To the contrary, low prestige brand doesn’t decrease cognitive perceived risk and it has negative effect on evaluation of an object regardless of positive affection coming from newness.

In the previous section, we, as a second question for executing market leader strategy, suggested the possibility that consumers unlikely to purchase new and innovative design launched by creative designers because innovative design is very atypical from existing design style. However, our study results shows that novel and innovative design appeals consumers in positive way when brand prestige is high.

4. Conclusions and future research directions

This study examined the efficiency of 2 design process frameworks(2 stage model and 3 stage model) in the viewpoint of market seeker strategy and market leader strategy.

2 stage model is advantageous in maximizing designer’s creativity. But it’s disadvantageous in that failure rate is high because designer’s mind may be different from consumer’s needs. To the contrary in 3 stage model, minimizing failure rate by meeting consumer’s needs is advantageous but designer’s creativity is restricted.

In this study, this trade-off was evaluated by the viewpoint of market seeker strategy and market leader strategy. Distinction between market seeker strategy and market leader strategy can be done by 2 factors; sourcing focus for idea generation and timing focus for targeting timing. Market seeker strategy focuses on present consumer’s

needs with objective, data-based and consumer-centered design activities. To the contrary, market leader strategy focuses on future market with designer's creative and sensuous design activities.

The results of this study suggest that, in case of high prestige brand, design efficiency of 2 stage model which consider design as subjective, sensuous artistic activities based on designer's creativity is higher than 3 stage model. But in low prestige brand, design efficiency of 3 stage model which consider design as objective, data-based activities based on consumer's needs. One possible rationale for this argument is difference of consumer's judgment process according to cognitive and affective response on an object. During the judgment process on an object, both cognitive response and affective response occur simultaneously. Cognitive perceived risk stemming from newness is traded off by high prestige brand and positive affection of newness influences consumer's overall evaluation on an object. To the contrary, cognitive perceived risk stemming from newness of low prestige brand is not traded off and it influences evaluation on an object in negative direction.

We eventually suggest that design efficiency of 2 stage model and 3 stage model should be understood not by absolute perspective which means that "the one is better than the other" but by contingent perspective which means that "efficiency of two models depends on situation". Therefore debate on "which is more efficient for design performance" has no more meaning and rather, more studies should be done for examining what situations match or doesn't match to each process. Also, understanding contingent characteristics of design efficiency of 2 stage model and 3 stage model is necessary to utilize design as strategic tool for performing competitive advantage of corporations.

Despite of some useful implications, this study includes some limitations. First, only one product sample is used for verification of halo effect of brand and it's not enough for generalization of the study result. Second, this study considers brand only. More variables such as country-of-origin, price level and so on may moderate consumer's cognitive and affective response. Third, demographic variables such as age, sex and so on may influence the result of the study. Considering more factors mentioned above in the future researches will produce more useful implications for the efficiency of design processes.

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