

# Consequences of design outsourcing on firm-level product strategy: A multiple case study within the furniture industry

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## Abstract

This paper aims to explore the sourcing strategies of companies when contracting external design resources, i.e. how and why companies select and manage their portfolio of external design resources. It also aims to explore how these sourcing strategies may be related to companies' firm-level product strategy and their brand identity. The paper builds on interviews with managers from six Swedish furniture manufacturers. A tentative model for the relationship between the firms' brand identities and their sourcing practices is presented and discussed.

## Introduction

As highlighted in earlier research, the outsourcing of processes considered important to the competitiveness of the outsourcing company implies important risks, such as the potential loss of critical skills and capabilities. Accordingly, several frameworks for make-or-buy decisions suggest that activities considered strategically valuable for a company should instead be performed internally (Espino-Rodríguez and Padrón-Robaina, 2006; McIvor, 2000). Despite the strategic role that product design is recognised to have in companies (Kotler and Rath, 1984), e.g. product's differentiation and the visual recognition of a company's brand (Karjalainen and Snelders, 2010; Talke, Salomo et al., 2009), companies frequently choose to contract external design resources instead of employing internal designers. In fact, during the past decade, a separate service sector of product design has grown (Bruce and Morris, 1994), as with other knowledge intensive activities such as R&D (Manning, Massini and Lewin, 2008; Lewing, Massini and Peters, 2009; Hsuan and Mahnke, 2011). According to previous studies, this practice of outsourcing product design is due to a lack of in-house skills as well as a general will to "maintain a flow of fresh ideas" (Walsh, 1996).

Previous research on the outsourcing of design has focused on the actual buy-make decision of design (Bruce and Cooper, 1997; Chiva and Alegre, 2009), and the different motives of companies for outsourcing (Bruce and Morris, 1994). Moreover, this interaction has been studied, i.e. the cooperation with and necessary management of external designers, often focusing on companies that are small or technology-based or both (Bruce and Morris, 1994; Lewis and Brown, 1999; Bruce and Docherty, 1993; Berends, Reymen et al., 2011) Also, innovativeness in relation to the companies' collaborative strategies when involving external designers has been studied (Dell'Era and Verganti, 2010).

Despite the recognized strategic role of design, e.g for differentiation and visual recognition of the brand, and the risks mentioned in sourcing literature with outsourcing such skills, there seems to be little research that focuses upon such linkages between a company's overall strategy and its sourcing strategy of design resources. Earlier research suggests that a company's design skills could be divided into creative and strategic skills, with the latter preferably kept in-house (Kristensen and Lojacono, 2005). However, the sourcing strategy, i.e. the creation of a suitable designer portfolio, when contracting such creative design skills has not yet been studied in relation to the company's overall strategic intent. Therefore, this paper looks deeper into the contracting of design and how sourcing decisions when contracting design resources relate to a company's firm-level product strategy.

The study focuses on sourcing strategies in so-called "design-led companies", i.e. "companies that are characterized by a dominant logic that views design as central to the companies' strategic positioning" (Beverland and Farrell, 2007). In these companies, the brand and the design process are closely related and according to Beverland and Farrell (2007), their product design can be described as "a physical manifestation of their brand". The paper is based on qualitative data from interviews with six Swedish furniture manufacturers.

## Conceptual background

### Design as a strategic resource

Previous research has focused upon the strategic role of product design. Design is described as an important strategic tool for companies (Kotler and Rath, 1984; Olson, Cooper et al., 1998), i.e. a product design that is aligned with the overall business strategy of the company can be a way to create a competitive advantage through, for example, differentiation. Moreover, design is described as a tool for external communication, and several authors emphasize the important connection between the company brand and the firm's product design (Ravasi and Lojacono, 2005; Karjalainen and Snelders, 2010; Montaña, Guzmán et al., 2007; Borja De Mozota, 2004).

Moreover, product design is not only recognized as a tool to communicate the existing brand identity, it is also viewed in the literature as a driving force that may contribute to brand repositioning and strategic renewal (Karjalainen and Snelders, 2010; Ravasi and Lojcono, 2005; Jevnaker, 1998). Hence, the core design principles and the stylistic identity in a company should not be regarded as static but possibly revisable, e.g. as a result of an innovative product design idea. Thus, according to this latter view, product design and the brand are both understood as mouldable and as such may be co-constructed during the product development process (Christiansen, Varnes et al., 2009). Jevnaker (1998) supports this view and proposes that a company has two choices to achieve a “strategic fit” involving a design that is in line with the competitive strategy of the company. The design can be adapted to fit the existing strategy or the company’s competitive strategies can be revised to fit the (renewed) product design. Thus, according to Jevnaker, a company’s “design-strategic” ability to manage design strategically and integrate design into the existing company strategy should include a competence to “anchor” design development in the existing business strategy as well as an allowance for “out-of-the box discovery”, which may lead to a strategic “stretch”.

Therefore, the literature acknowledges the link between a company’s product design and strategy. Product design is often described as a potential tool to change a company’s brand identity and the overall competitive strategy. Previous empirical studies prove that the various product design strategies of a company and the composition of its product portfolio are important for the identity and heritage of the company’s brand (Karjalainen and Snelders, 2010). Yet, some companies search for a more consistent product portfolio, where the product design facilitates a clear recognition of the brand, whereas other still successful companies choose to be more flexible and let their product design indicate less distinct references to their brand (Person, Schoormans et al., 2008). Also discussed in the literature is the strategic choice between consistency versus newness in the companies’ new product design, i.e. if a new product’s appearance should look somewhat similar to existing products or if it should deviate from existing products to create attention in the market place (Talke, Salomo et al., 2009; Person, Schoormans et al., 2008; Karjalainen and Snelders, 2010). Although consistency in product design may lead to the advantage of brand recognition, it may also result in less interesting products for customers and less attention in the marketplace, such as in the press (Karjalainen and Snelders, 2010). Moreover, companies often tend to offer a few “lead” or “flagship” products that are more central to the identity of a brand and contribute more to the visual recognition than others (Karjalainen and Snelders, 2010; Kapferer, 2008).

## Designer sourcing strategy

As mentioned in this paper, there has been little research on the outsourcing of design that focuses on the designer sourcing strategy, i.e. the strategy when composing the portfolio of external design resources.

However, Jevnaker (1998) has studied the different criteria of companies to select an external designer. The results show one criterion as the different types of knowledge that the designer possesses. Jevnaker (1998) defines two core aspects of a designer's knowledge, "creativity" as the ability to be innovative and "familiarity" as the knowledge of the client firm and the market it acts upon. According to Jevnaker, a low level of creativity combined with a high level of familiarity may lead to a lock-in situation, where the designer does not provide any actual innovative ideas, but instead chooses to stick to the well-known. Alternatively, a low level of creativity combined with a low level of familiarity corresponds to where the designer is inexperienced and perhaps lack enough talent to succeed in being creative without a deep knowledge of the client (Jevnaker, 1998). A low familiarity combined with a high level of creativity leads to a "random walk experiment", i.e. the result would be innovative solutions, though not necessarily in line with the firm's strategic design goals. Jevnaker concludes that the most favorable situation is where the designer is highly creative and familiar with the client firm. According to Jevnaker, this combination would provide the best possibility to create innovative products that also fit into the company strategy.

Moreover, the existing reputation of the designer and the characteristics of the designer's own brand are other criteria in contracting designers, as addressed in the literature. A strong personal brand identity of the designer may affect the corporate image of the manufacturer and possibly become its "core", i.e. what people identify as the firm (Durgee, 2006). Although the selection of a designer affects the product design for a particular product, it may also have a long-term effect on the corporate image of the company.

A third aspect to consider, according to literature, is the contracting of several or a few designers. Kristensen and Lojaco (2002) note in their study that even though some companies choose to often contract new designers, others prefer long-term relationships with a few select. Further, Dell'Era and Verganti (2009) conclude that a collaboration with several designers, especially of various nationalities, positively affects the company's innovative capability.

## Specification of research question

As described in the conceptual framework above, previous research notes that design has a strategic role for companies, and the importance of product design being aligned with the overall business strategy of the company. Moreover, previous research has described different criteria for the sourcing of external designers, where a company's different sourcing strategies would, for example, affect the corporate image (Durgee, 2006) and innovativeness (Dell'Era and Verganti, 2009).

Although the importance of product design for a company's competitive strategy and its extensive use of external design resources has been acknowledged, there is a lack of empirical studies on how the companies' actual contracting of external design resources relates to their product design strategy, i.e. how their selection and

management of product designers interplays with their strategy for product range and product design.

Thus, the research question in this paper can be specified as follows: How and why do firms outsource product design and how do their different outsourcing practices influence the realization of their overall product strategies?

## Methodology and empirical context

The paper is based on semi-structured interviews with managers at six Swedish furniture manufacturing companies. The companies were expressly selected with the research question in mind, and may all be defined as “design-led” furniture manufacturers. “Design-led” companies are defined as “characterized by a dominant logic that views design as central to the companies’ strategic positioning” (Beverland and Farrell, 2007). With the exception of one company, the study objects were selected from two strategic groups of Swedish furniture manufacturers, identified in the study by Brege et al. (2001) as “Home design” and “Office design”. In the selected companies, the brand and design process are closely related and according to Beverland and Farrell (2007), their product design is “a physical manifestation of their brand”. Moreover, these companies produce or allow others to produce products with the companies’ “own” design, i.e. the manufacturer uses internal or external design resources to design their products. Further, these companies market and sell their products under their own company brand and the products therefore not only communicate the product brand, but also the company’s corporate brand (Brege, Milewski et al., 2001). The study objects range from small to large companies, with 11 to 99 employees, and turnovers from 2.5 MEUR to 16.9 MEUR. Three of the companies manufacture furniture for both home and office interiors, with the other companies focusing on office interiors only. Table 1 presents an overview of the studied companies, number of employees, turnover and activities.

The interviews were recorded and transcribed in detail. The content was categorized according to research sub-themes that were identified in the material and the information from the respondents was compared and interpreted.

Table 1. Overview of the studied companies

Company	Approx. turnover 2009 (MEUR)	Number of employees	Activity
Company A	3.5	11	Manufacturer of furniture for office interiors, e.g. sofas, tables and stools.
Company B	2.5	29	Manufacturer of furniture for home and office interiors, e.g. chairs, tables and storage.
Company C	16.9	99	Manufacturer of furniture for home and office interiors, e.g. sofas, tables and stools.
Company D	14	53	Manufacturer of furniture for office interiors, e.g. sofas, tables and stools.
Company E	2.6	25	Manufacturer of furniture for office interiors sofas, tables and stools.
Company F	14.3	97	Manufacturer of furniture for home and office interiors, e.g. sofas, tables and stools

## The relationship between sourcing strategies and firm-level product strategy – empirical findings

### Companies' product strategies

A first observation is that the product strategies in these companies are described rather vaguely and are seldom fixed. Only two of the larger companies (Company C and F) showed proof of written documentation describing their product strategies and design philosophies through key words, whereas the other respondents could not easily explain what distinguished their product design from others. The CEO at Company B simply described the characteristics that possibly unified their product design as “having a certain twist”. The CEO at company A actually explains that his company prefers to not transcribe and present their product plans or design philosophies, since they consider that in doing so, their freedom of change may be restricted. They simply describe their design as “design from an innovative perspective”, trying to avoid any possible limitations. The CEO at Company A describes this tension with members of the company board as follows:

“One of our board members wanted us to formulate a statement for our product ambition and I answered that if I do, it will be very short. I asked him how long he wanted this document to be and he answered “two pages”. I replied that he would then get three words on each page”.

In Company F, one of the larger companies, written documentation on design philosophy and product strategy exist, and the CEO who is responsible for product

design decisions still describes himself as “jumping back and forth”. He stresses the need for the company to be flexible in relation to their plans. The CEO concludes that if a good idea comes up, it should always be evaluated. In line with this reasoning, the CEO at Company B explains:

“We keep a rough plan. Occasionally, you get these (laughter) “gems”, these good ideas that are sent to you, which you have not thought of... You are not to be a slave under this plan either, you don’t have to be stupid. We might get another idea and then another and then we end up with five ideas (laughter).”

From these examples, neither the product strategy nor the design philosophies in the studied companies seem strictly defined and if documented, there still seems to be a large degree of flexibility.

Another finding is that the companies show quite different approaches to consistency versus newness, i.e. if new product designs should look similar or deviate from already existing products. As explained in the theoretical framework of this paper, both strategies may have advantages, such as brand recognition versus more attention in the marketplace. This study shows examples of companies that strive for a complete product range and a consistent product design, whereas other companies would rather see their products as independent, without being part of a complete range and without common design characteristics. Of course, the former companies seem more proactive in their product design efforts, because they aim to base their products and product design ideas on “gaps” in their existing product range, i.e. products that are lacking in the view of customer needs or product range. However, such gaps are described somewhat differently in the interviews. In describing their intention to go towards a more systematic product development process, the CEO at Company C states, “We are trying to change this company from being a design arena to becoming led more by market needs”, and explains that they intend to start their development process by defining and quantifying the market’s need of a product instead of letting the (external) designer lead this process through his proposals. The CEO at Company C describes his view of the general situation among his competitors, “Design-led companies are in general very much outside-in; it is the designer who is creating”. Yet, a slightly different view of the “demand-offerings gap” is given by the CEO at Company A, who states that his company’s product development process starts from an as yet unfulfilled “human need”, i.e. they search for innovative products with new forms and functions that are not offered on the market. He states that their main motivation is their will to introduce new furniture to the market that has not yet been thought of. Contrary to an ambition to fill gaps, other companies in the study have a more or less conscious strategy as a “design arena”, i.e. they produce products regarded as more independent, without an aim to create a consistent product range. These companies are more reactive, since they often seem to base their new product development upon idea generation done by the external designer.

However, another aspect of design philosophy that is connected to brand identity is if the company intends to be expressive and more radical in their product design or searches for more “low-profile” furniture, in some cases described as “classical”, whose primary aim is to fit into almost any interior solution without much attention.

Of note, because the selected companies are design-led, all aim to express their brand identity through their products. This may lead to a generally expressive range of products, i.e. these companies are all somewhat “radical” compared to many other furniture manufacturers. However, even within the sample of companies in this study, there are differences. Some companies intend to be more radical and innovative, whereas others consider this less important. For example, the CEO at Company E says, “It easily becomes a little ridiculous if you try to scream the loudest”. Instead, he explains that his company aims to create furniture that may easily fit into different interior solutions.

Perhaps the brand identity changes over the years, consciously or unconsciously. The CEO at Company C describes such a long-term change of brand image as being less radical. He explains

“Twenty years ago, we were extremely daring in our expression and attracted interior architects, and still today, because they are older. But today we do not attract the younger architects because we are not radical or daring enough or something. I don’t think that we have somehow succeeded”.

## The selection of external design resources

When sourcing design, the companies view numerous suggestions from national and international designers daily. However, their practices when selecting and contracting designers seem to differ. One practice is to wait for proposals from potential external designers, and then evaluate and select suitable ideas from these external resources. The CEO at Company B explains,

“ It is always this twist that we are searching for. We are often asked why we choose to work with so many different designers and people think that we should make a choice... But this practice is because we get many different suggestions and see different items on exhibitions and so on.”

Another related practice described by the product development manager at Company D is that the proposal from the selected designer leads to cooperation, as well as another product than the one originally presented by the external designer. A third practice is that the company prefers to evaluate and choose suggestions from a designer within their already existing network of designers. This evaluation is based on the proposed design, but more so from the criteria that the designer is someone they trust and with whom they feel they can have a fruitful dialogue. One evaluation criterion may be that they have had earlier cooperation in another successful project. A fourth selection method is where the company actively searches for new product ideas, and evaluates and addresses selected product designers, e.g. at fairs. Once contact is established, the presented product is further discussed or a design brief is sent out to the potential designer. Naturally, these practices can be combined within a company’s operation.



## The characteristics of the designer

A strategy from the study is to only contract designers who are well-known and have established brands. According to the CEO at company C, this practice is motivated by the fact that a well-known, successful designer would serve as a guarantee for design quality. If the designer has shown good results and is appreciated by both clients and peers, e.g. design journals and award committees, it is assumed that the designer can provide a design with a high potential for commercial success. According to the respondents, "co-branding" is another reason, i.e. by contracting a designer with a well-known and successful identity on the market, the designer's brand will possibly affect and strengthen the company's own brand. In co-branding, the company aims to gain attention in the press and on the market. However, the CEO at company E questions the "hype" surrounding some established designers. The respondent argues that because the hype is often short-lived, the investment in contracting a famous designer is not always a success. Of the companies in the study, this company instead has an alternative practice, which is to contract unknown designers, often young and not established on the market. One reason is that by contracting a young, innovative designer, the company gets a reputation for being more "daring", young-at-heart and innovative. Another presented view is that unknown talents with a high potential for success could be more "future-secure", i.e. these talents will be "hyped" tomorrow and build a long-term network of peers, clients and journalists. Another reason to contract non-established designers is to "shape" the designer, with the aim of getting the designer "connected" to the company. Also, by contracting a designer without a strong brand of his own, there is no competition with the brand of the company itself. In contrast, as described by one respondent, a well-known designer may very well propose one product out of a series of products to one company and then propose a very similar product to another company. In the long-term, this may lead to a loss of design identity.

An alternative strategy, as observed in Company D, is a combination of the two described above. Here, the main strategy is to contract established designers within their own network, but as a complement, regularly contract a younger, non-established designer, e.g. once a year. The result of such cooperation is often quite an innovative and "provocative" product that can be presented as a "flagship product" of a design-led company. The goal when producing such products is rarely financial success, but rather publicity, peer-appreciation and brand building. Because many of the products are still designed by a recognized designer and in line with the other product designs of the company, it is possible to occasionally take more business risks.

Moreover, besides the aspect of market recognition and the designer's own brand, the designer might be more or less familiar with the buying company. A high level of familiarity is a way for the companies in the study to decrease quality risks, leading to better consistency in their product range and allowing new product designs to show more of the company's design philosophy. However, some companies do not prefer this practice and even see potential risks. The CEO at company E says, "The problem with hiring a designer for a long period of time is that they know exactly what is requested after a while. By regularly changing contracted networks, you create a more

vital product design". The same company also states that by contracting unfamiliar designers, they seek to avoid the designer's innovativeness being hindered by the company's existing image.

## The number of contracted designers

A third observation of the companies' sourcing practices concerns the number of contracted designers, i.e. how many different designers the company chooses to work with, both simultaneously and over time. Whereas some companies choose to only work with a limited number of designers, others contract several different designers. The first practice, i.e. working with a limited number of designers, seems to be related to the selection practice above, where some companies primarily select designers based on the criterion that they have cooperated previously with the company. The reason for the studied companies to only cooperate with a few designers seems to be an aim to obtain a more consistent product design and lower the risks for bad quality.

The latter practice, i.e. to contract several different designers, is often due to a selection practice based on waiting for proposals from potential external designers, followed by an evaluation and selection of the most suitable ideas. This practice often leads to an increased number of contracted designers, since new potential product ideas/designers are discovered and selected from their different proposals. The companies in the study with this practice seem to be more attention seeking, i.e. searching for appreciation in the press, etc., than the former companies and respond that they are continuously searching for new talents with innovative ideas.

## Discussion

Overall, the findings support what has been stated in previous research (Kristensen and Lojaco, 2002; Jevnaker, 1998), i.e. a companies' design capabilities not only depend on the creative design skills, but also the company's capability to use design strategically in the firm.

The studied companies have no employed designers or at least very few. Even when design skills exist internally, e.g. when company managers have this competence, their creative design efforts are achieved by contracting external design resources. However, depending on the company's own skills in creative design, external designers seem to work more or less independently. Whereas some companies view these resources as consultants, other companies see them more as independent, and sometimes more artistic creators. Even if the designers are contracted externally, the CEO at company A stressed that it is an important skill to keep in-house and cover the process of making a product producible, i.e. developing the idea from the designer into a product that is possible to produce. This most important skill may also be included in the definition of "creative design skills".

The strategic design skills of the studied companies, i.e. their skills in creating and managing a design philosophy that “fits” the company’s competitive strategy, are kept in-house for all cases in the empirical study. The companies in the study seem to aim at the flexibility in their product and design strategies and want to avoid being limited by long-term plans or policies. Product and design strategies are seldom documented, though when documented, the companies state that they are flexible and will change if judged necessary.

A number of reasons for companies’ sourcing practices were identified during the interviews (Table 2). The dimensions and their reasons are described below, following the dimensions proposed by Jevnaker (1998).

*Table 2. Three dimensions of sourcing practices and the studied companies’ underlying motives*

	<b>Low</b>	<b>High</b>
<b>The designer’s level of recognition on the market</b>	<ul style="list-style-type: none"> <li>-Search for innovative design ideas</li> <li>-Possibility to “shape” the designer</li> <li>-No effects from co-branding with the designer</li> </ul>	<ul style="list-style-type: none"> <li>-Attention drawing</li> <li>-Lower quality risks</li> <li>- Positive co-branding effects</li> </ul>
<b>Familiarity</b>	<ul style="list-style-type: none"> <li>-Seeking for new talents</li> <li>-Avoid lock-in effects</li> </ul>	<ul style="list-style-type: none"> <li>-Searching for consistency in design</li> <li>-Lower quality risk</li> </ul>
<b>Number of contracted designers</b>	<ul style="list-style-type: none"> <li>-Searching for consistency in design</li> <li>-Lower quality risk</li> </ul>	<ul style="list-style-type: none"> <li>-Attention drawing</li> <li>-Constant search for new talent</li> <li>-Seeking innovativeness</li> </ul>

However, as described earlier in this paper, the studied companies showed rather different approaches to strategic design. Some companies act as “design arenas”, i.e. act as producers for several different designers, with little focus on creating a consistent collection of products, whereas others put effort into the creation of a consistent collection of products. A deliberate strategy for some of these companies is what Jevnaker (1998) calls a “random walk” through the subsequent contracting of designers with high innovativeness and low familiarity of the client. In these cases, the brand identity of these “design arena” companies is actually the broad and non-consistent collection. However, this walk can also be the result of a lack of strategic design capabilities (Jevnaker, 1998). The risk connected to a strategy as a “design arena” is when the company does not create any company brand recognition through their products. Instead of building company brand value through product design, the designer’s brand may instead be strengthened and promoted through the company’s

product. Still, the contracting of well-known designers may strengthen a company's brand identity. However, the contracting of external well-known designers with an existing brand could be perceived as a type of co-branding and the two brands should thus be coordinated and integrated (Hestad, 2008). In other words, the brand identity of the company is affected by the brand identity of the designer and vice versa.

Another dimension of the strategic design decision found in the study is the companies' intention to create a brand identity as more expressive and innovative versus more low profile and classic. The study shows examples of companies with different intentions, according their responses during the interviews. However, it should be noted that this labelling is quite difficult to accomplish because it is highly related to the subjective understanding of the respondents and the authors of this paper to the words "radical" and "expressive" as well as "classical" and "low-profile".

High level of consistency	<p><b>Low-profile design family</b></p> <ul style="list-style-type: none"> <li>- Few designers</li> <li>- High level of familiarity</li> <li>- Well-known designers</li> </ul>	<p><b>Radical design family</b></p> <ul style="list-style-type: none"> <li>- Few designers</li> <li>- Low level of familiarity</li> <li>- Less known designers</li> </ul>
Low level of consistency	<p><b>Low-profile design arenas</b></p> <ul style="list-style-type: none"> <li>- Many designers</li> <li>- Low level of familiarity</li> <li>- Less known designers</li> </ul>	<p><b>Radical design arenas</b></p> <ul style="list-style-type: none"> <li>- Many designers</li> <li>- Low level of familiarity</li> <li>- Well-known designers</li> </ul>
	Low level of innovativeness	High level of innovativeness

*Figure 1. The intended brand identity of the studied companies and the related sourcing practices*

Hence, based on the interview findings and the discussion above, a tentative typology of the company's different brand identities related to their motives when contracting external design resources (Fig.1) is presented. A company with a brand characterized by a high level of consistency is labelled depending on its level of innovativeness, "low-profile design family" or "radical design family". Further, a company with a lower level of consistency is labelled depending on its level of innovativeness, "low profile design arena" or "radical design arenas"

This model also presents practices of firms when outsourcing, related to their different brand identities. The first aspect in the model is the number of designers the firm chooses to cooperate with. The second aspect that is somewhat connected to the first involving the number of designers, is familiarity, i.e. how familiar the designer is to the company and vice versa. A high level of familiarity is understood by the companies in the study to lead to lower quality risk, a better consistency in the design strategy, and a better connection to the firm's brand. Companies that prefer to work with designers who they are unfamiliar with state that they want to avoid having the company's existing image hinder the designer's innovativeness. This observation agrees with the model by Jevnaker (1998), which notes that "lock-in effects" is a risk when the familiarity is high but the designer's innovativeness is low. Companies seeking a low level of familiarity are also continuously searching for new innovative talents. The last aspect is related to the designer's level of recognition on the market.

## Summary and Conclusions

Several recent studies have called for research on the relationship between product design and marketing (e.g. Luchs and Swan, 2011). The aim of this paper was to analyze the practices of companies when contracting external resources and explore if and how these practices are related to their product strategy and intended brand identities. However, this paper tentatively presents a possible model for the relationship between the practices when outsourcing design and the company's aimed at brand identity. The results have several implications for managers as it highlights central dimensions to consider when outsourcing critical activities such as design and explains how and why different outsourcing practices may influence the realization of different product strategies on the firm-level. Due to the limitation of the study, the aim is to verify these results by studying this relationship further in other companies within and outside the furniture industry.

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