Key figures on the Finnish Design

The report was commissioned by Ornamo from the Lith Consulting Group

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Key Figures on the Finnish Design

These figures are based on Ornamo Art and Design Finland's 2019 Report on the Finnish design sector and its economic outlook. Sources for the report are the Regional business operations statistics register and Corporate structure and financial statements by the Statistics Finland organisation and Ornamo's annual survey to design companies. The survey concerning the economic outlook was carried out in the autumn of 2019, with 144 enterprises responding. The report was commissioned by Ornamo from the Lith Consulting Group.

According to Ornamo's Report on the Finnish design sector and its economic outlook conducted in 2019, the turnover of design companies in the design sector continues to grow and the profitability of the companies to improve. The industry's turnover in 2017 was worth 11.4 billion euro. The design sector employed a total of 59,000 people. According to this year's survey, design companies expect good results from 2019–2020. 62% of the companies that responded to the survey believe that turnover will increase over the next year.

A new theme in the 2019 report was the question of design companies' views on corporate responsibility. The importance of sustainable consumption was strongly emphasized by design companies. As many as 89 percent of design companies considered this topic important. In the design industry responsibility was seen more important than the average. The Corporate Responsibility 2019 survey by FIBS, an organization specializing in sustainable business, shows that only 62% of all companies attach importance to sustainable consumption.

Chapters and themes presented in this review:

1. Growing turnover in the design sector

The turnover of the design sector in Finland was €11,4 billion in 2017 according to the regional business operations statistics of the Statistics Finland organisation. This figure includes design intensive industries, design service industries, digital design, architecture and landscape architecture and the creation of artworks.
Of the 11,4 billion euro was 63% from the digital design and 28% from design intensive industries.

The volume of turnover in the design sector has grown significanty in the timeframe 2010–2017. In the design service industries the growth has been +54%, in architecture and landscape services +30% and in digital design even +96%. While the service business is thriving the design intensive industial production is staying put (-4%). The creation of artworks has grown in turnover with +28% in the timeframe 2010–2017.
The development on the design sector has been better than in companies in Finland in general, where the turnover rised only 4,4% and employment 3,6% in the years 2010–2017. 4,2% of employment in Finland and 2,8% of the turnover of all finnish companies is generated by the design sector.

The Design Sector in Finland

Artistic creation 83 milj.€

INCREASE IN TURNOVER 2010–2017

+28%

Design services 261 milj.€

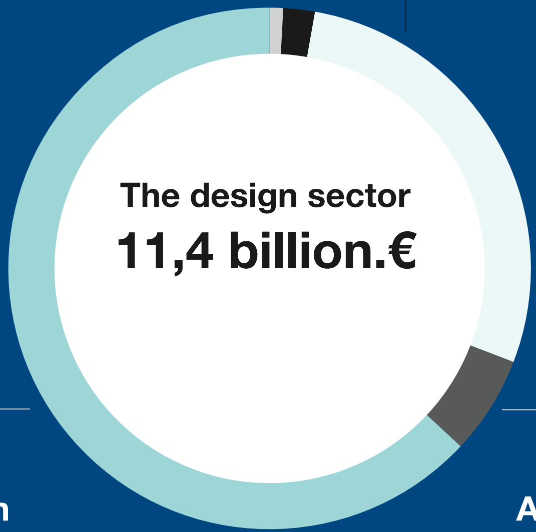
INCREASE IN TURNOVER 2010–2017

+54%

Design intensive manufacturing 3,7 mrd.€

INCREASE IN TURNOVER 2010–2017

-4%



Digital design 7,7 mrd.€

INCREASE IN TURNOVER 2010–2017

+96%

Architecture and landscaping 699 milj.€

INCREASE IN TURNOVER 2010–2017

+30%

Turnover of business using design 2017

408,7 billion €

COMMERCE

INDUSTRY

SERVICE

CONSTRUCTION

Sources: Regional business operations statistics register and Corporate structure and financial statements by the Statistics Finland organisation.

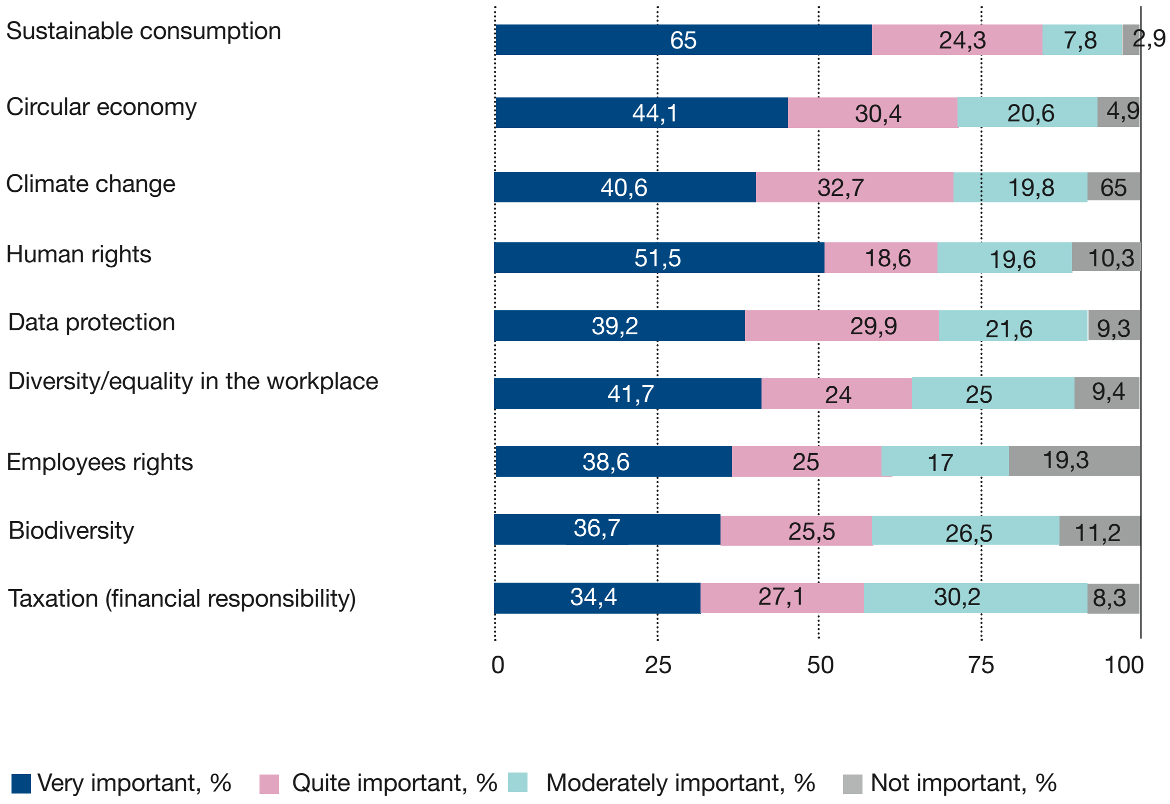
2. The design sector emphasizes sustainable consumption

Design companies emphasize above all sustainable consumption, the circular economy and the severity of climate change. In general, two thirds of companies that responded to the survey considered ecology to be an important competitive factor in products and services. Human rights and data protection were also seen as important factors.

Compared to the results of the Corporate Responsibility 2019 survey (by FIBS, a finnish organization specializing in sustainable business) climate change and the circular economy were seen as important as in finnish businesses in general. Instead, sustainable consumption was strongly emphasized: while 62% of companies in all fields found it important or fairly important, the figure for the design sector was as high as 89%.

The need to protect biodiversity was also recognized more strongly in the design sector by 36,7 % while in the other fields the need was seen by only 8 %.

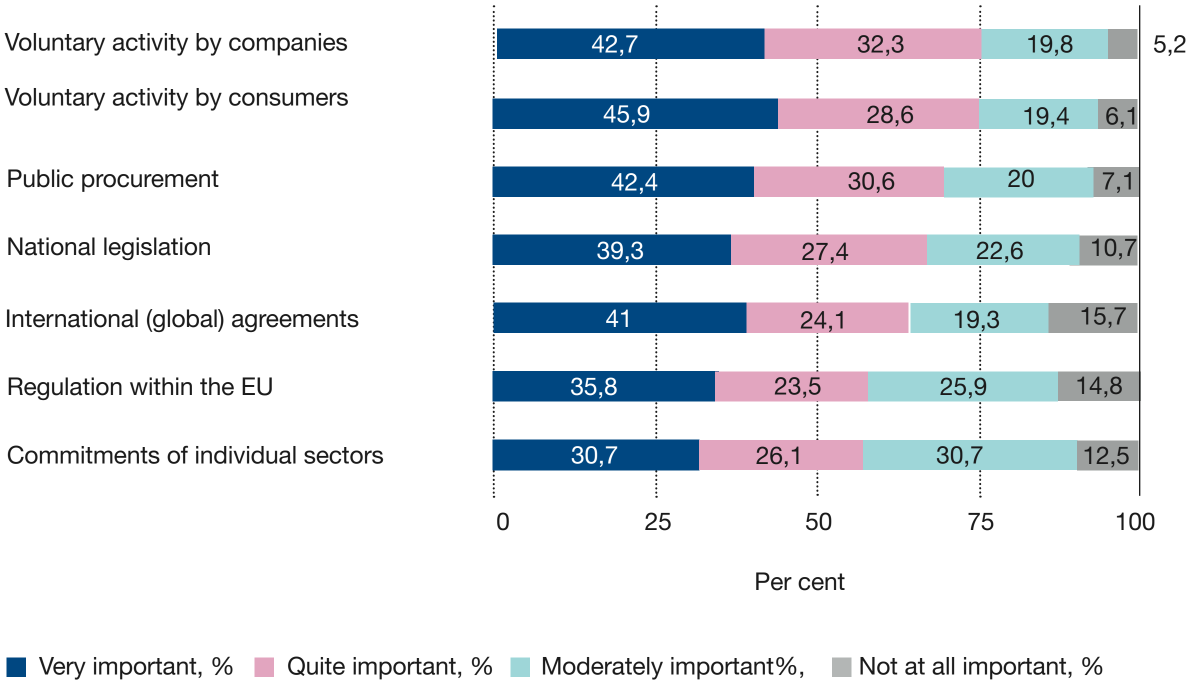
Importance of Corporate Social Responsibility Factors in Design Companies, Percentage of Respondents



Source: Ornamo's enterprise surveys 2019

3. The design sector's indirect impact on ecology is significant

Percentage of respondents to the best means available to promote sustainable development without harming the competitiveness of the design sector



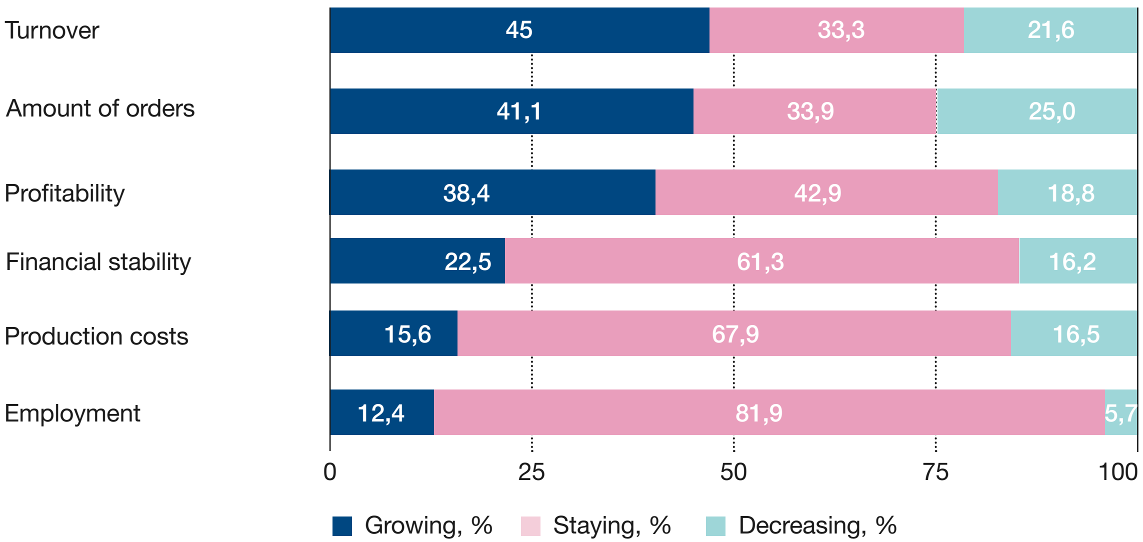
Source: Ornamo's enterprise surveys 2019 © ORNAMO RY

There are many ways in which design companies contribute to sustainable development, which, according to the survey, is considered by companies to be the most important element of corporate responsibility. 46% of respondents to the 2019 survey attached great importance to consumer awareness. The next most important are smart public procurement, voluntary measures by companies are also considered as important means and international agreements are also considered as important means.

Responsible business and responsibility reporting and communications are also challenging. According to the 2019 design enterprise survey, responsible operations require more resources than usual, which raises production costs. According to the companies, the implementation of responsible activities is hindered by lack of information and reliable indicators. The indirect impact of design companies on eco-friendliness, sustainable development and the quality of the built environment can be many times larger than the size of the companies themselves.

4. The optimism of the design sector is reflected in the economic outlook

Design companies' views on the development of sales, production costs and profitability now (fall 2019) compared to a year ago (fall 2018),% of companies



Source: Ornamo's enterprise surveys 2019

The optimism of the design sector reflected in the economic outlook Ornamo's 2019 economic outlook survey indicates continued growth of turnover in the design sector. 62 % of the entrepreneurs that responded to Ornamo's 2019 economic outlook survey expected their turn over to improve during the year to come. Improved profitability was expected by 40 %.

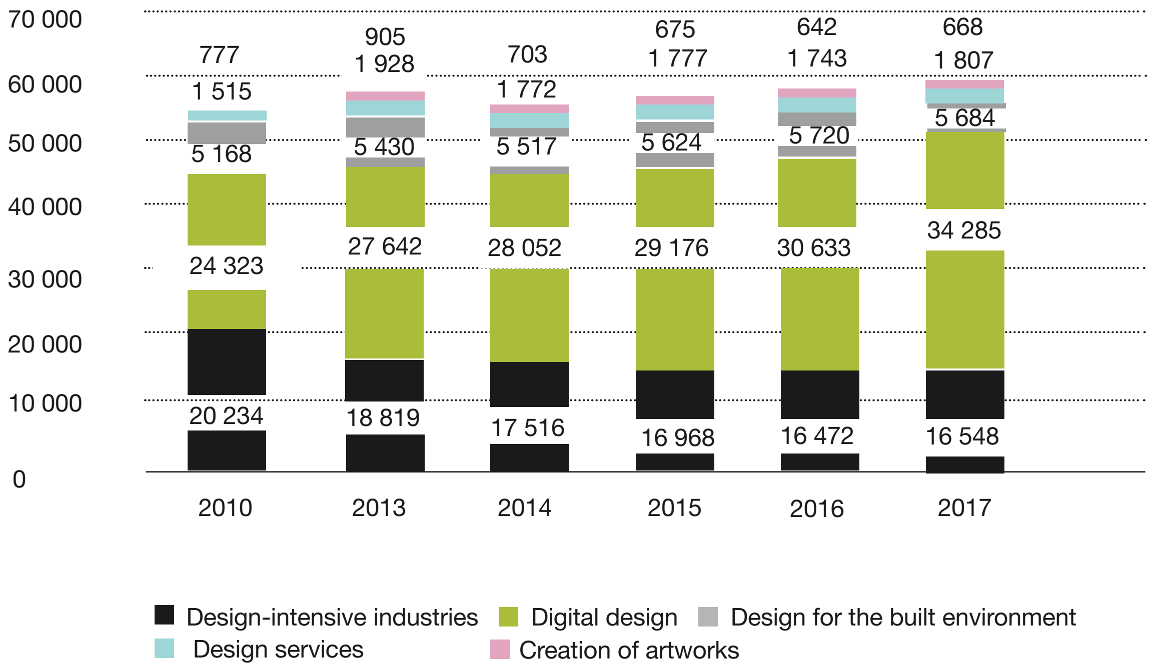
The design sector's expectations were much more positive than among Finnish enterprises on average. The small and medium enterprise barometer of the Ministry of Economic Affairs and Employment and the Finnvera organisation and the Federation of Finnish Enterprises also shows that the design sector's expectations of general economic trends and demand were more positive than the average among other small and medium sized enterprises. Ornamos research 2013-2018 show that the expectations of the design sector are often more positive than the realized growth of the sector.

5. Employment is growing in the design sector

In 2017 the design sector employed 59 000 people measured in terms of full-time work years. The number has grown 7,9 % since 2010.

The majority of them work in digital design field which has also grown employment most (44%). In design services employment grew 19% and in the design for the built environment the growth was 10%. In the creation of artworks and in design-intensive industries the employment did not grow; fashion and small metal-products sector making an exception.

The number of people working in the design sector measured in terms of full-time work years, 2010–2017



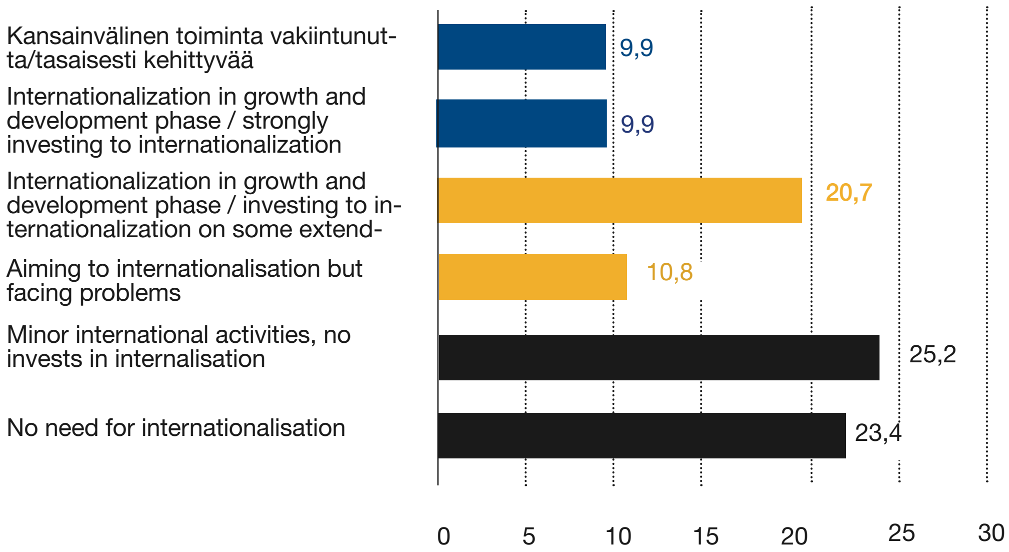
Source: Business and location register and Corporate structure and financial statements by the Statistics Finland organisation

6. Exports and the internationalisation of enterprises

Of the enterprises that responded to Ornamo's 2019 survey, eight per cent had established and steadily developing international operations that created at least 10 % of the companys turnover. In addition 45 %. has small-scale and occassional international operations which makes design companies more international than SMEs in Finland in general. Especially design service enterprises had more international customers than before.

45 % of international operations concerned of design-intensive products, 11 % of design services and 27 % of project export. The main market areas of design sector enterprises engaged in international operations are the Nordic countries and the EU, where slightly less than one third of respondents operated. Next on the list were North America, China and other Asian countries with about 7 per cent shares each. Russia and Eastern Europe had very low shares.

Aims related to internationalisation among design sector enterprises in 2019, percentage of enterprises.



Ornamo's enterprise surveys 2019

7. Design in the national economy – Where, how and for whom?

Enterprises of the design sector are divided into four main groups: the manufacturers of design-intensive products, design service enterprises (design offices and agencies), digital design and enterprises involved in the creation of artworks.
This classification is based on the EU's classification of industries.

Design-intensive manufacturing is defined as activity in which the physical properties of products (fashionable features, ergonomics, colours etc.), practical aspects or individuality are of particular importance for the end user. In the manufacturing of design-intensive products, design skills are usually associated with durable and other consumer goods, such as textiles, clothing, leather products, furniture and jewellery or decorative objects.

The manufacturing of design-intensive products often means the crafted production of small editions of products as opposed to capital-intensive and largely automated industrial mass production (production-line manufacturing). Skill-intensive design service enterprises or design agencies differ from design-intensive manufacturing by usually having no manufacturing operations of their own. They are service providers creating and passing on new ideas and skills, for example, to public corporations, businesses and other private entities. The design sector belongs by its nature to the labour-intensive service industries, whose main factor of production consists of trained labour and human capital based on a high degree of competence.

Artistic production consists of the enterprises of artisans and other artists operating on commission fees, contractually or on a freelance basis. Their works are unique, one-off pieces, not serially produced items. Actors in this field often consider themselves independent artists rather than entrepreneurs. Work as a side-line or on a part-time basis is typical of this field, because professional activity based on fees is often practised alongside other work such as teaching. The entrepreneurs in this connection are basically artists and designers in a wide range of fields.

Digital design was included in the survey as a new sub-group of the sector. It consists of three areas listed in the EU's official classification of industries: the publishing of computer games, the publishing of other software, and the design and production of software. To consider digital design alongside other areas of design is called for because of the rapid digitisation of the overall operating environment. Digitisation does not only mean converting operations into electronic format but also implies changes in the whole operating environment and new forms of action.

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