

Design Makes

2 + 2 = 5

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With the release of the iPhone just weeks away, it seems as though you can divide people into two groups. Those who can't wait to get their hands on one, and those eager to criticize it before they have had a chance to try it.

The critics love to point out the iPhone's deficiencies. No support for 3G. Only a 2MP fixed-focus camera and no flash. No expandable memory. No physical keypad. No Exchange support. No MS Office support. No support for third party applications. And let's not forget the price. The iPhone is going to cost \$499 or \$599 (depending on model) with a two-year service contract from AT&T and may not be discounted.

Listening to the critics talk makes you wonder why anyone would want an iPhone in the first place. Of course, there are an awful lot of people out there who do want one, myself included, and who will pay the price to get one. AT&T recently announced it had received over one million inquiries on the iPhone. And we all know why: Design.

This situation is indicative of a problem with marketing and common business thinking. There are three key concepts that marketing managers tend to overlook. One is that the feature set is not the product. This is very important. Too often the feature set is used as a checklist and no regard is given to the overall user experience. Your customers do

not buy a feature set (unless you are selling a commodity). They buy a complete product and it is through the design of the product that the feature set is realized for the user.

This leads to the second issue, which is that just because you have a feature does not mean that the feature is useful. In order to be useful, the feature needs to be both accessible and useable. Users must be able to access the feature in an easy and intuitive way and understand how to use the feature. We've all had the frustrating experience of trying to use a product or feature, but finding it just too difficult or confusing. Like trying to put someone on hold and transfer them to a colleague or browsing a webpage on a "smart" phone (ever try to buy movie tickets from Fandango on a Blackberry?). You would think that after all the jokes over the years about VCRs perpetually blinking twelve o'clock that more companies would have learned the lesson.

The third issue is that innovation is not limited to technology or performance. Aesthetics and usability are areas for

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innovation as well and should not be ignored. Too often style is not considered as having any value, yet there are numerous instances where a product introduces a fresh look and feel and has an impact in the marketplace and produces positive returns for the company.

Would you pay six dollars for a potato peeler when you could get one for two dollars? You might if it's an Oxo Good Grips peeler. When the company's peeler debuted, at a price of \$5.99, you could have purchased a standard peeler for \$1.99. Why pay more? Oxo did nothing to change the configuration. It was still just a blade with a handle. They didn't add extra blades or other performance enhancements. What Oxo did do was enhance the user's experience. They provided a generously sized and comfortably shaped handle. Added to that was a non-slip surface with a visual and tactile grip detail in the area where you would put your thumb. And the peeler was all black which stood apart from ordinary stainless steel or wood kitchen utensils.

Would you pay several thousand dollars more than the cost of a Honda Civic for a car that is underpowered, doesn't get great gas mileage and has less interior room? You might if it's for a MINI Cooper.

Would you pay over \$900 for an office chair that isn't even leather? You might if it's the Herman Miller Aeron Chair.

Would you pay as much as double for an MP3 player that is larger and has comparable memory? You probably did, along with millions of other iPod owners.

Consumers are often willing to pay more

for simplicity, style and ease of use. I call this Design Value Added™ or DVA™. A company has added value through design if it is able to charge more for its product than a competitor with a similar, or even superior, feature set. One way to calculate DVA is to subtract the price of a competitive product with equal features from the price of your product.

$$DVA = P_1 - P_2$$

The difference is the added value of design. The Good Grips peeler had \$4.00 in design value added, a 200% premium over its original competition. If you can get a Motorola Q this June for \$99 but would rather pay \$499 for an iPhone, that's \$400 in design value added by Apple.

Obviously, there is tremendous value to be gained from thinking about your product offering in broader terms than just the feature set. Considering the end users and their needs for style and usability can reap rewards in the marketplace. Design can truly make the product worth more than the sum of its parts.

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