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**THE PRODUCT DESIGN AS A SIGNIFICANT ELEMENT
OF DIFFERENTIATION FOR ACHIEVING MARKET
COMPETITIVENESS**

Abstract

In today's economic conditions, each company is interested to gain and sustain a competitive advantage on the market. This paper refers principally to the design of the product according to the consumers' preferences and therefore, its influence to the purchasing process. The majority of the companies in Republic of Macedonia haven't paid attention to the issue of creating a design that will lead to building a strong brand and corporate image recognizable by the consumers.

The purpose of this paper is to highlight the need and necessity of good design that will help the companies to build long-term competitive advantage that will provide them superior performances. The influence of the design to the buying process will be researched with comparison of several products of the wine producers in Republic of Macedonia which have equal quality and prices. In fact, the research is concentrated on the key parameters of the design that affect the decision to purchase. The results analysis confirms the hypothesis and points out the great significance of the design for achieving company's competitive advantage.

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Introduction

The increase of the competition as a result of creation of unique market at level of the European Union includes new approach by the companies for successful appearance on that market. This approach is in the interest of the customers who receive abundant offer under best conditions with unique goal to be created competitive advantage. The question is how can be achieved competitive advantage? One of the methods that gives us such possibility is the differentiation which is achieved through innovative design of the products that enables the differentiation from the other similar competing products. It's easier said than done, because in practice it is not easy and must be done on the basis of more detailed researches and with the help of experts.

Besides the effects of the globalization not every product can be successful on all the markets because the consumers have different needs that need to be understood. The design, the innovation and the openness to new ideas can help the companies to survive these changes and to identify the new business opportunities in the markets.

The marketing, the research of the consumers and the branding are the key factors in providing assistance to the companies to build relationships with their consumers. If based on solid data of the consumers the quality, the flexibility, the design and the branding can help in increasing the sales and creating consumers' confidence (Baines and Langfield-Smith, 2003).

It should be mentioned that most of the companies in Macedonia believe that they can compete on both the domestic and the foreign market only on basis of lower prices. However we should point at the fact that to rely only on the price is very risky strategy, especially if we take into consideration that the competition is everywhere, and there is also competition from emerging markets such as China, where the production costs are extremely low. Because of this fact it is time the companies in Republic of Macedonia to put special emphasis on the design that will allow them to create competitive

advantage on the domestic as well as on the foreign market. In order the success of the Macedonian companies to be infallible it would be good to combine the shining design with the extremely low prices. We should know that the lowering of the prices is not the key to a success, but the design can be very helpful for maintaining the position on the market. In fact the design is a new approach on the market. Worldwide the companies such as Apple and Sony show what kind of success can be achieved by the companies who concentrated on the design and the innovations. Also on the Macedonian market there are companies who accept these idea and use innovative design, but still it is bigger the number of Macedonian companies who haven't done that yet, whether due to financial resources or some other reason. It is time to approach to good design. The marketing, the public relations and the lowering of the price can help in short terms, but we should know that the investment into the design is what is really necessary in future. Without this the domestic companies would risk losing the marketing fight with the sophisticated foreign brands and will fall behind with the innovations. The design can be helpful so that the companies can respond to the needs of the consumers, and not only to react to the competition.

1. COMPETITIVE ADVANTAGE

The competitive advantage is the basis for success of any company on the competitive market. Many companies with decades are in dynamic race with the domestic and the global competition. The goal of this research is to analyze one of the key methods for building and maintaining a competitive advantage, or creating a product design that will meet the consumers' needs and preferences. The competitive advantage is the ability of the company to make their offer more attractive than the competition in the eyes of the consumers. As defined by Michael Porter (1985), the competitive advantage is the ability of the company to create superiority over the competitors. "The company has competitive advantage if managed its profitability to be higher than the average profitability of the company during certain time period." In fact the company can create competitive advantage with differentiating its offer of products which provides superior value for the customers or reducing of the costs at minimum.

In the era of globalization every company realizes the competitive advantage if it is ready for radical changes and application of innovative design to its products, that will enable to create competitive advantage and at the same time will maintain that competitive advantage. We can compare the sources of the competitive advantage to the foundations of a house. As we can say that the house is safe only if its foundation has quality we can also say that the competitive advantage can be maintained only if their sources are stable, unique and difficult to imitate.

2. PRODUCT DESIGN

The product design is an element of differentiation regarding the products of the competition, therefore is important source for gaining and maintaining of the competitive advantage of the companies on the market (Gouws and Van Oudtshoorn, 2011). Unfortunately the companies include the product design too late and therefore its potential and significance remain neglected. The question is: what is a good design and which precondition should be fulfilled? In order to say that the design is good should be fulfilled the following preconditions (Hsu, 2006):

- Usability of the product – which is a good practical design where the consumer or the user doesn't have to know, to understand or to worry how the product works;
- Ergonomic adjustments – where the product design must be adjusted to the physical and psychological needs of the people. The good design should offer easy usage, comfort, hygiene and safety;
- Economic adaptation – where the product must be available for the consumers in economic sense;
- Aesthetic sensibility – where the product design should affect the consumers preferences;
- Brand consistency – when the layout of the design should be synergy with the entire design of the company. The consumers usually prefer products where it is highlighted the name of the companies.

The dimensions of the good design shouldn't be seen as mutually independent. On the contrary the good design is a certain form of compromise between the conflict demands which arise from different dimensions. Any product that has outdated and unattractive design is very sensitive to the attacks

of the competition. Any company that has a product which is unattractive for the consumers is a serious problem for the company (Veryzer and Mozota, 2005). One of the ways to solve this problem is establishment of commission to monitor the products and their design, which should include experts from the marketing department, the production, the supply, the sale and the control, the management of human resources and the department for research and development. When we evaluate the product and the design we should make periodic testing of the product lines in order to identify those products that don't give satisfactory results regarding the sale, the profit, the competition and the demand in general. With this are identified the weaknesses of the product and the reasons for that. If the reason for the weaknesses is in the design should be approached to changes in the packing and additional promotional activities.

Certain countries are known as leaders in the area of design. For example world-wide famous are the Italian designers of clothes and shoes, the Scandinavian designers are known for the functionality, the aesthetics and the environmental awareness etc. The question is whether is payable to invest in design? The research and the practice suggest that it pays to invest in design because many worldwide famous companies as a result of the funds invested in the design have achieved great competitive advantage. As the competition increases the design offers the best ways of differentiation and positioning of the company products.

3. RESEARCH

According to the problem and the purposes of the research, the general hypothesis has been created: The design as one of the key components for differentiation on the market and creation of competitive advantage.

On the basis of this general hypothesis the respective hypothesis are determined:

- The innovative design can build a long-term maintenance of the competitive advantage
- The brand is important tool for competitiveness, while the innovations and the innovation processes are one of the most important aspects for the development of the competitiveness.

The research is conducted by using the questionnaire on the sample of wine consumers recognizing the influence of the design in the purchasing process. In this paper the main research is about the influence of the design to the customers as well as other factors which influences the purchasing decision process. It is determined with a comparison of several products – Macedonian wines that have equal quality and prices. In this research the key parameters are identified by the design that influences the decision to purchase. The results are obtained on a sample of 400 respondents using the method of stratified sampling. The questionnaire was distributed in shopping centers in Republic of Macedonia on three locations: Skopje, Bitola and Ohrid. The sample of examinees was created according to the goal of receiving relevant information from different categories of wine consumers. The research includes customers of different sex, age and education. In the sample are included 200 examinees from Skopje, 100 from Bitola, and 100 from Ohrid, from which 200 are woman and 200 are man. Half of the examinees are with high education and about equal number of examinees in each of the four age categories (20-30 years, 30-40 years, 40-50 years and 50-60 years).

The questions in the questionnaire are defined in order to gain information and opinion from the respondents about the quality of the wine, their preference for the wine brand and the design of the wine packing. The research was conducted in January 2015. The questionnaire is structured in three parts with total number of 20 questions. The first part contains questions referring to the demographic characteristics of the respondents. The second part consists of questions that are intended to reveal the influence of the design to the purchasing process. The third part contains questions through which are revealed the key parameters of the design that have major influence to the decision for purchasing.

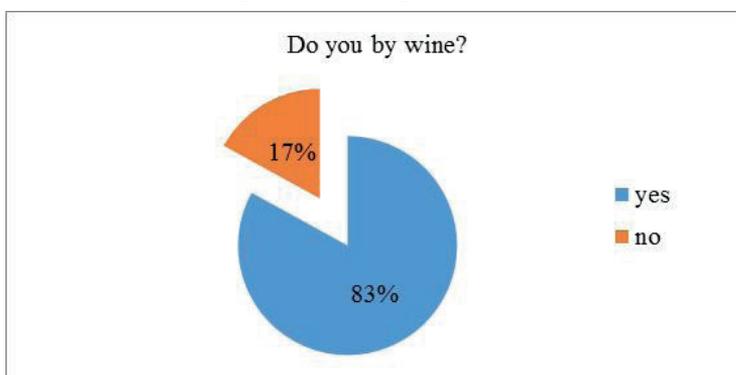
4. RESULT ANALYSIS

According to the research results, the hypothesis has been proven. The questions refer exclusively to the situation in Republic of Macedonia. Therefore, the results of the questions crucial for carrying out the conclusions of the research are presented.

About the question: *Do you buy wine?*, the following answers were received: great percentage of the Macedonian consumers or 83% buy wine,

only 17% of the respondents don't buy this kind of products, but it is not excluded the possibility that they prepare it at home. These results are presented in the chart 1.

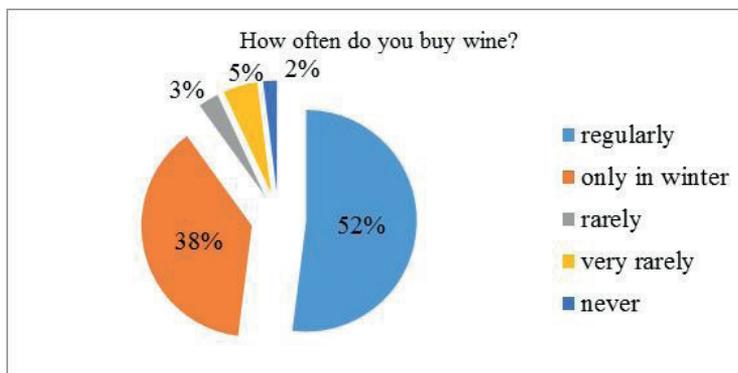
Chart 1: Costumers buying wine in Republic of Macedonia



Source: Authors' research

Regarding the question: *How often do you buy wine?*, 52% of the respondents answered that they regularly buy wine, 38% answered that they buy only during winter, 3% rarely buy these products, 5% very rarely and only 2% have never bought this kind of product. This data indicated that the Macedonian consumers prefer the wine as a drink. As for those who answered that they only buy during winter is due to the fact that the weather conditions are one of the factors that increase the consumption of this product. From the data we can conclude that the percentage of respondents who do not buy this product is very small.

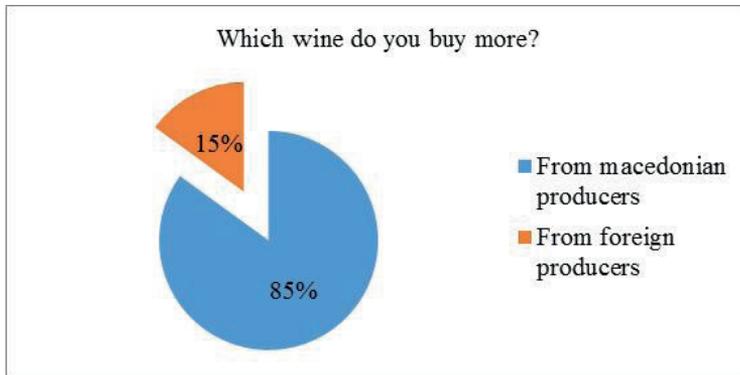
Chart 2: The frequency of buying wine



Source: Authors' research

Regarding the question: *Which wine do you buy more?*, the majority of the respondents or 85% answered that are buying Macedonian wine and only 15% of the respondents answered that they buy wine from foreign producers. This data indicates that the Macedonian consumers still prefer and have confidence in the products of Macedonian origin.

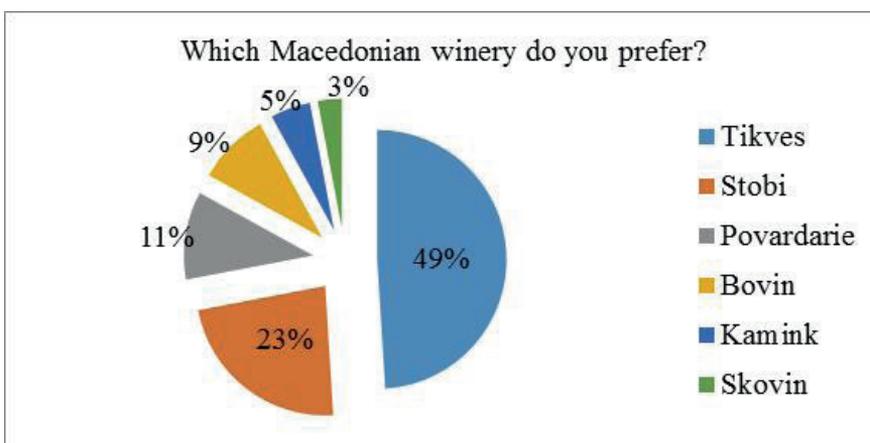
Chart 3: The wine origin that costumers regularly buy



Source: Authors' research

Regarding the question: *Which Macedonian winery do you prefer?*, the majority of the respondents or 49 % buy wine from the Tikves winery, 23% answered that they prefer the Stobi winery, 11% prefer the Povardarie winery, 9% of the respondents prefer the Bovin winery, 5% prefer the Kamnik winery and 3% prefer the Skovin winery. These results can be represented as follows:

Chart 4: Preferable Macedonian wineries

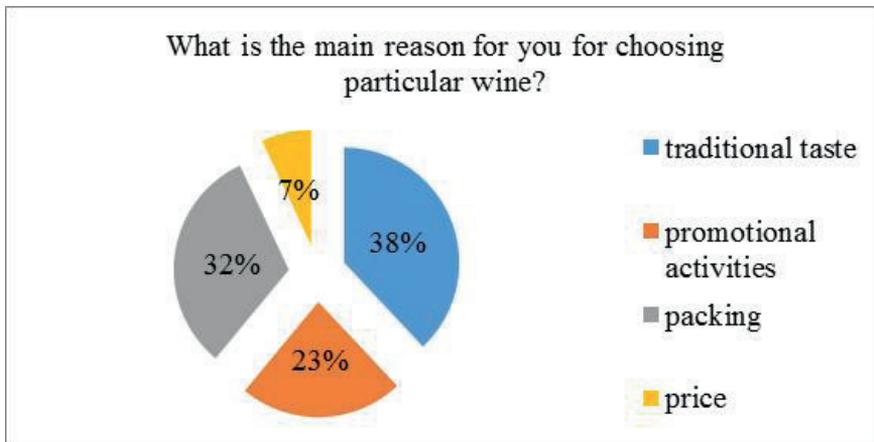


Source: Authors' research

From the graphic chart we can notice that the most of the consumers that were questioned are loyal to the Tikves winery, because they believe in the traditionalism of its products and the original taste of the wine, but on the other hand they are very satisfied with the design of the wine bottles. However, it is not small percentage of loyalty of the consumers to the Povardarie winery, which indicates that in future this winery can be strong competition to the Tikves and Stobi wineries regarding the quality of the wines only if it makes appropriate redesign of the products. The people from Macedonia somehow trust more in their own wineries and believe in the traditional taste of these products.

Regarding the question: *What is the main reason for you for choosing particular wine?*, 38% of the respondents answered that major role in the selection process has the good traditional taste. However, very important influence, according to the 32% of the respondents have the promotional activities, 23% of the respondents emphasize the packing (design) of the products, and only 7 % of the respondents answered that the price has major influence to their purchasing decision.

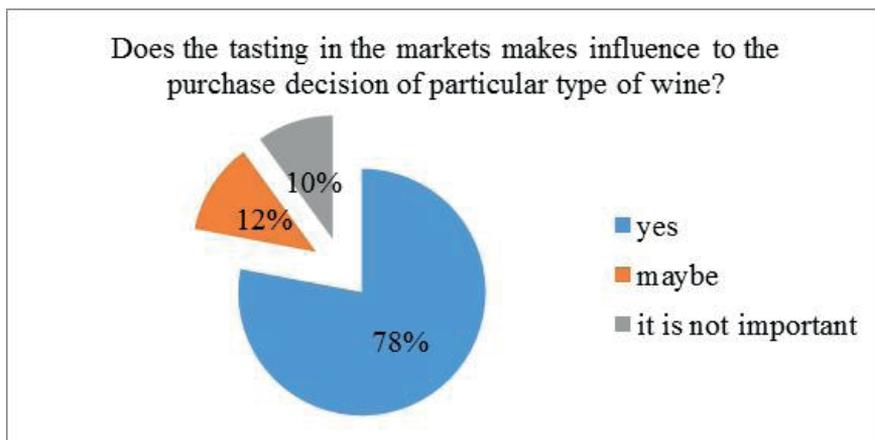
Chart 5: Reasons for buying particular wine



Source: Authors' research

Regarding the question if the wine tasting in the markets affects your purchasing, 78% of the respondents said yes, that the tasting is important for making the decision for purchase especially at this kind of products. 12% of the respondents answered maybe, and only 10% think that the tasting is not important for making decision for purchasing. This is shown in the chart below.

Chart 6: The influence of tasting to the purchase decision

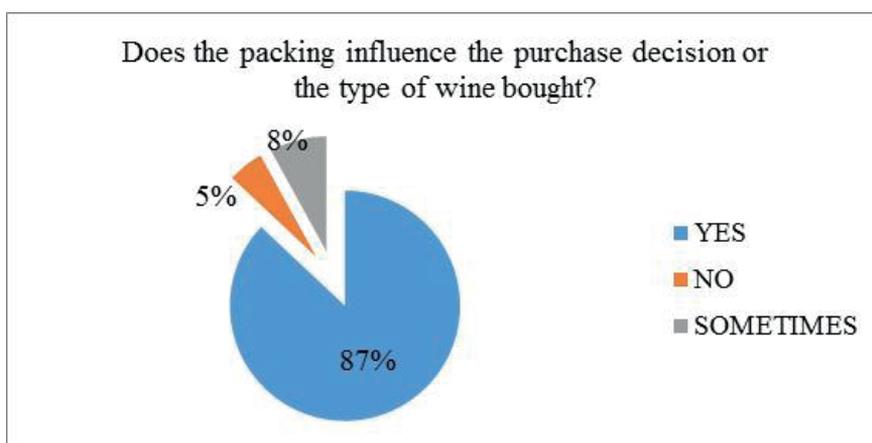


Source: Authors' research

Regarding the question: *Does the tasting in the markets makes influence to the purchase decision of particular type of wine?*, 78% of the respondents answered that tasting in the markets will influence to the purchase decision of particular type of wine, 12% answered that the tasting may influence their purchasing decision, and 10% of the respondents said that the tasting is not important for their decision.

Regarding the question: *Does the packing influence the purchase decision or the type of wine bought?*, 93% of the respondents answered with Yes, 5% answered with No, and only 2% answered with Sometimes.

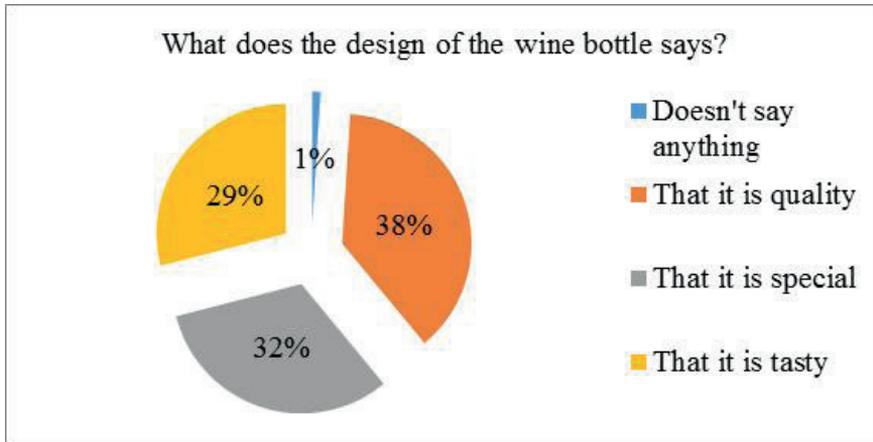
Chart 7: The influence of the packing to the purchase decision



Source: Authors' research

From the chart 7, we can notice that the packing (design) of the products has great influence to purchasing decision making.

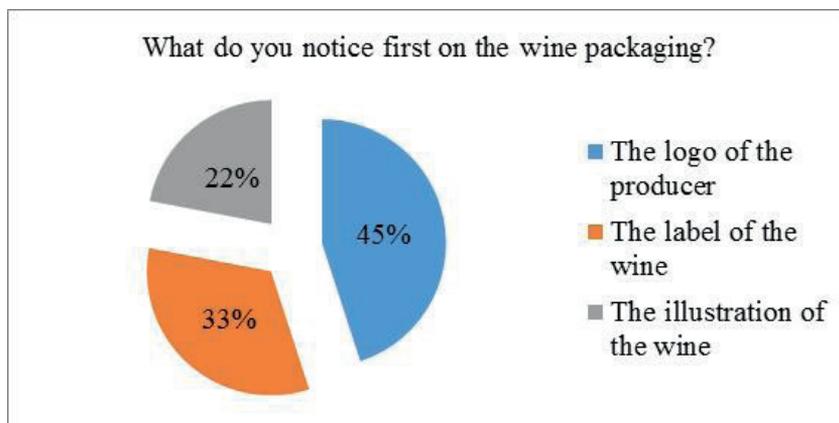
Chart 8: The message of the wine bottle design



Source: Authors' research

Regarding the question: *What does the design of the wine bottle says about the wine?*, 38% of the respondents answered that it confirms the wine quality, 29% think that it indicates its taste, 32% think that the design of the bottle suggest it is special and only 1% of the respondents think that the design doesn't say anything about the wine. On the basis of the received data of the research can be concluded that the design influence the perception of the consumers and the good design indicates that the product is special and with high quality.

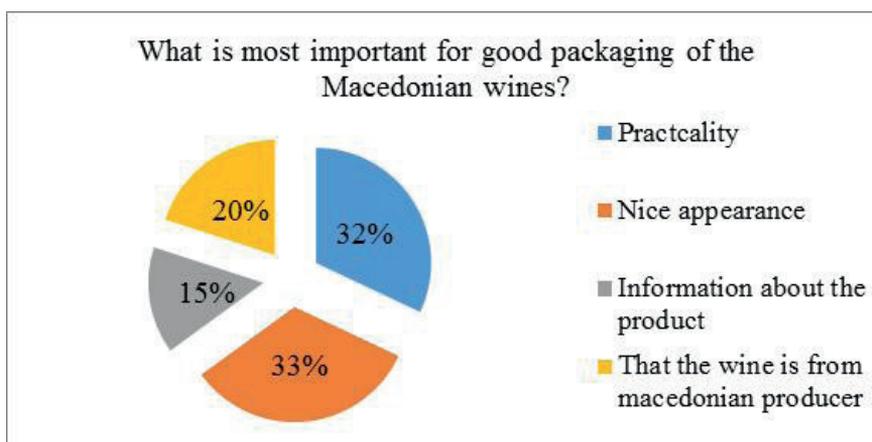
Chart 9: The packaging influence



Source: Authors' research

Regarding the question: *What do you notice first on the wine packaging?*, 45% of the respondents notice the logo of the producer, 33% notice the label of the wine and 22% notice the illustration of the wine. This data show that to the consumers is important the producer of certain products and the perception they have for it, but it is not small the percentage of respondents affected by the elements of the design.

Chart 10: What is most important for good packaging of the Macedonian wines



Source: Authors' research

Regarding the question: *What is most important for good packaging of the Macedonian wines?*, 33% of the respondents answered that the great appearance is very important to them, 32% said that the functionality is important, 15% said that from the packing they expect information about the product, 20% of the respondents are buying the wine because is from Macedonian producer. The data of the research show that the design and the functionality are the most important reasons for making decision for buying when it comes to wines. However, it should not be neglected the fact that the Macedonian customers want to buy wines from Macedonian producers.

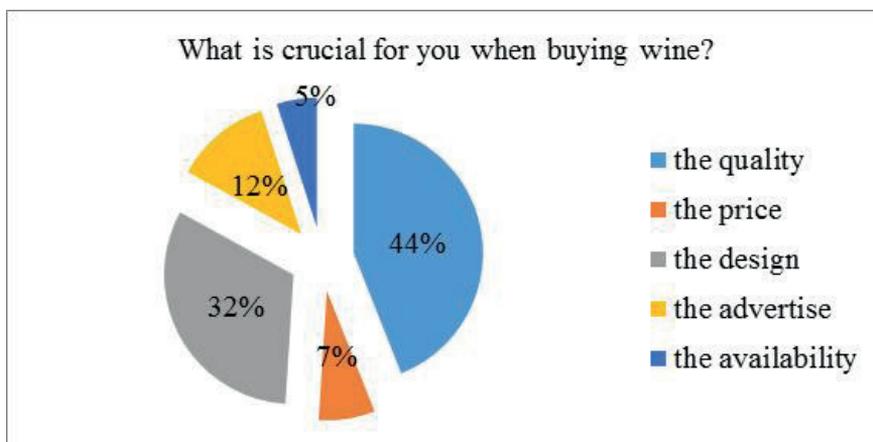
Chart 11: The influence of the price to the purchase decision



Source: Authors' research

Regarding the question: *What do you think for the price of the Macedonian wines?*, 69% of the respondents think that their price is acceptable, 2% think is too high and the remaining 29% think that it is low. This brings us to the conclusion that the redesign of the packaging should be implemented because the rising of the price is not going to affect the decision for buying.

Chart 12: Factors that affect the purchase of Macedonian wines



Source: Authors' research

Regarding the question: What is crucial for you when buying wine?, 44% of the respondents said that it is the quality of the wine, 32% said that it is the packing, 7% answered that crucial for them is the price, for 12% of the respondents crucial is the advertising and for 5% of the respondents, crucial is the availability of the product.

According to the research results, the most important factors that influence the purchasing decision of the wine are the quality and the design, and less important are the price, the advertising and the availability.

Conclusion

Regarding the research results, Macedonian wines are recognized as high quality products with traditional taste. The designed packaging is also preferred by the consumers which lead the producers and designers to implement the aesthetic and functional aspects in order to differentiate their products on the market. For one product to be selected and bought, it is necessary to have well designed packaging. The appearance of the product is created by the designer and the brand manager which leads to aesthetic strong and sustained solution that will be presented on the market. The design of the product should refer to the quality and the functionality but at the same time to differentiate the product on the market. This differentiation by the innovative product design or due to its visual appearance can bring competitive advantage to the product. The decision to purchase a product is influenced by different factors depending on the type of the product and their price and demand elasticity. Often, consumers buy daily products depending on the product design.

According to the research, besides the product quality, its visual attractiveness and functionality are key factors that influence the purchase. In fact, the design is the one that attracts the consumers, that differentiates and primarily influences the purchasing decision. Therefore, companies should give special attention to the process of designing its products.

The results of this research confirm that the consumers prefer the wines of the Tikves winery due to the shows that the price of the macedonian wines is not high and gives possibility to approach to redesign which will not drastically change the price of the wine but will make them more competitive on the market. Companies should always take into consideration that the

losses from lower sale due to the bad design are bigger than the anticipated investments for redesign of the products. Even tough, the most important factor for consumers' decision to purchase is the quality, the results from the practice show that the design and the brand are also highly important. The design of the packaging is crucial for the companies' marketing because it has impact to the corporate image. The aim of this research is effectuated, through the directions and opinions that the respondents gave themselves for increasing the attractiveness of the product through innovative design. Therefore, the recommendation for the Macedonian wine companies is to put special emphasis to the design of their products that can bring them better market position, possibility to gain differentiation, originality and finally, increased competitiveness.

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