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Won-Sik Lee, *Senior Consultant, IFP (Interfashion Planning) Co., Ltd.*

Bo-Young Kim, *Business Consulting Director, IDS & Associates*

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Designing for the Service Industry

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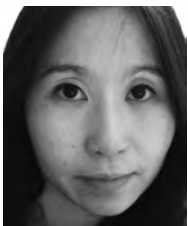
Designed by KTF: A Telecoms Case Study

by Won-Sik Lee and Bo-Young Kim

As technologies advance, cell phones have been transformed into a service. Won-Sik Lee and Bo-Young Kim highlight how making a phone call is just one facet of a broader experience, in which businesses vie for consumer loyalty based on their services, retail outlets, websites, and other touch-points. Their lessons are shared in the story of KTF, a Korean company pursuing a strategy they describe as “looking good, working well, and feeling good.”



Won-Sik Lee, Senior Consultant, IFP (Interfashion Planning) Co., Ltd.



Bo-Young Kim, Business Consulting Director, IDS & Associates

The mobile telecommunications industry, like many of today's industries, has reached a quality point at which advanced technology is basically taken for granted by customers. Consumers now desire a special experience and style, as well as the latest gadgetry. In essence, the market has entered into a mature stage, and the rate of technological improvement and productivity enhancement cannot ensure companies' continued growth. To overcome this situation, many companies are emphasizing their core competitiveness on a service level, creating new customer experiences and emotional communication.

A changing market

Mobile telecommunications companies are clearly exhibiting the signs of an abrupt change in the industry paradigm, as well as a variety of market transitions. Bolstered by the rapid devel-

opment of information and communication technologies and customer demand for high-quality products, communications services are shifting from voice-centered communications to combined communication using high-speed data and multimedia. Moreover, a stagnating rate of diffusion, indicated by a fall in the rate of increase in subscriber numbers, suggests that the market may have reached maturity.

These changes in the market are driving restructuring in the industry and intensifying competition in the corporate market. Most of all, the mobile services industry has realized the importance of a customer-oriented business strategy for sustaining a competitive edge and for maintaining a stable profit level. When the number of subscribers in a company has reached a saturation point, creating and securing

new customers becomes not only difficult but also costly, in terms of marketing. Hence, there has evolved an industry-wide belief that the best core marketing strategy for the future is to retain existing customers by heightening customer loyalty and customer value.

Recently, companies have provided more interactive services, such as the targeted addressing of customers, as well as more immediate transactions. The presence of informed consumers rewards companies that focus their resources on gaining and retaining the customers they really want through unique and innovative customer services and an attractive customer support system.

Design for the service industry

Service-intensive industries are forming an ever-greater part of the world economy. Service in the economic structure does not mean a resource to support the manufacturing industry; rather, it's an important tool for growing the economy. Services must be designed just as manufactured products are designed, and this design must be managed. In a fundamental way, services are unambiguously intangible. However, service design can be both tangible and intangible. It can involve artifacts, communication, environment, and behaviors; but whatever form it takes, it must be consistent, easy to use, and strategically applied.

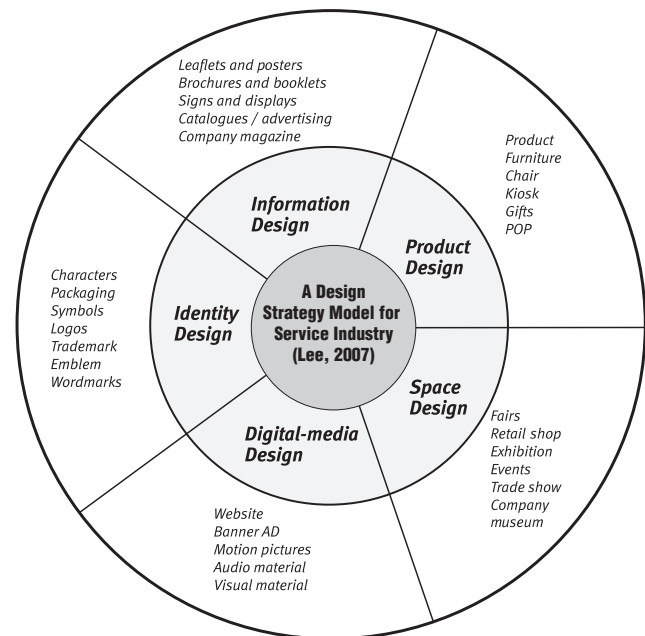
Design for services involves the visualization of concepts, plans, and ideas, and then the representation of these ideas in form. In the past, when industrial manufacturing was prevalent, companies naturally focused their design efforts on the products they were manufacturing. Now, the prevalence of service industries dictates that design focus on communication with consumers involving the service product's brand and the company's image. In short, design for service companies is a matter of marketing communications between company and consumer

Although sophisticated technology can maintain a company's sustained development, thoughtful design does a lot to contribute to an innovative and creative marketing strategy. That is why countries want to develop not just as economic but also as cultural powers. There is a consensus that design is a power in the service

market. An innovative design should consider all the details to which customers are exposed, from the products themselves to employee attitudes and public relations. Organizations must learn how to identify the issues that affect the design implementation process for services, and know when to address them in the process to effectively ensure benefits and avoid potential failures.

Author Won-Sik Lee has identified the following design implementation factors for the service industry:

- *Product design.* The visual appearance of products, of course, plays an important role in determining consumer response. Service-related products can also draw consumer attention as a tangible symbol, and unique and charming product design leads to the service's attractiveness in the market. Even when the product is not the direct driver of company profits, it still supports the service and affects customer satisfaction.
- *Space design.* In service businesses, with consumers expecting and demanding more, the design of work and retail environments is essential. Customer-friendly retail environments reflect current trends in merchandising and offer a powerful way of delivering a unique point of view for the service.



- *Identity design.* As the visible expression of corporate value, corporate identity design offers brand guidance through the company’s logo, business cards, and other elements and invokes the quality of and trust in the service.
- *Information design.* The design of information or interactive services requires effective communication with end users. Information design creates effective visual and interactive designs for service products, but it can also play a significant role in the product development process, especially in the context of strategic marketing communications.
- *Digital media design.* Providing a wealth of opportunities for interaction between customer and company, as well as a chance for the customer to individualize him- or herself, digital media design includes websites, banner advertising, emails, and digital brochures.

Design management at KTF

Beginning in 1977 with the launch of its PCS (personal communication service) business, KTF has become Korea’s leading mobile carrier in both brand value and revenue. The company set a record by securing more than nine million subscribers within three years of commencing service, and in 2006 it ranked first among mobile communications companies in *BusinessWeek*’s top 100 global IT companies.¹

However, even with these business successes, KTF had to consider the changing market paradigm described above. In 2004, believing the company needed attractive and innovative services to entice new customers and maintain old ones, KTF turned to its marketing strategy division. That division, which manages design at KTF, consists of three teams. The marketing strategy team controlled corporate identity strategy and brand image strategy; the marketing communication team is in charge of all advertising on TV, print, and web. The third leg in this tripod is the marketing promotion team, which maintains retail store development and renewal. The main goal of these teams is to achieve successful communication with customers and to

create design strategies for KTF’s innovative service products.

In the past three years, KTF’s design management has become a secret weapon, with the stated aim of providing customers with a *good time* from the moment they encounter KTF. This strategy consists of three objectives:

1. KTF’s design strategy is to bring innovative design into service to create value for customers—to make KTF fun, convenient, and enjoyable.
2. KTF strives to meet the needs of customers by building up its own unique value and by creating customer satisfaction through *form, emotion, and function*—the three core values of design.
3. Across the board, KTF pursues the strategy of looking good (that is, cool), working well (that is, with convenience), and feeling good (that is, promoting pleasure) to enhance corporate value.

Within a short time, it became clear to KTF that it needed to centralize the overall management and control of design resources, and so in 2007 the company established a design center. One of the first things the design center did was to introduce the concept of Designed by KTF as a slogan for the design management campaign. Following Won-Sik Lee’s list of design imple-

1. KTF annual report 2006.

Changing the Marketing Strategy at KTF		
2001–2003	2004–2006	2007
Channel-based Marketing	CRM-based Marketing	Design & Emotional Marketing
Channel expansion Low-priced tariff	Segmented brands Sophisticated CRM Membership service	New roles for channels Driving new services
Marketing development & subscriber acquisition	Customization & differentiation	New product development

mentation factors for the service industry, KTF translated it into a design management implementation.

Design for service: Product

KTF launched Good Time Goods in 2005 with two products—a diary and an umbrella—both designed to attract public attention in the consumer market. KTF’s Diary in Wonderland was designed by 13 illustrators in a unique and polished style. The diary features a story that demonstrates the themes of understanding and love in an episodic way, encouraging a spirit of moving through the year joyfully—playing down the essentially dull function of a calendar. Interesting illustrations and design artwork add emotional value to the diary.

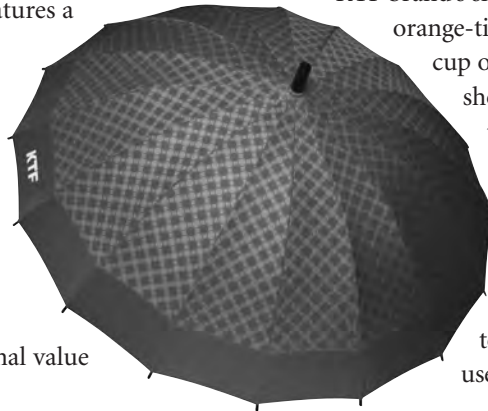


Figure 1.

The umbrella (Figures 1 and 2) used KTF colors and became a very visible symbol of the company. Both products were developed to approach customers as a strategic marketing tool; they were offered only to KTF’s customers, and they proved that an attractive product lends strength to a service business.

Design for service: Space

KTF’s design-for-service attitude carries over into its commercial areas. For customers, Members’ Plazas (Figures 3, 4, and 5) were

established as refreshing cultural and entertainment spaces; they also function as a marketing tool to achieve customer satisfaction and offer a comprehensive sensory experience of good times.

KTF used customer surveys to research shop design in an attempt to completely satisfy the customer’s five senses through an emotional experience. Customers can be reminded of the

KTF brand’s signature color in the orange-tinged space (sight), get a cup of coffee in the café of the shop (smell and taste), enjoy the music (hearing), and, of course, experience the latest mobile service (touch). The shop design is geared especially toward the young customers who are the main users of KTF’s services.



Figure 2.



Figure 3, 4, and 5.

Design for service: Identity

KTF's corporate identity program is centered around two concepts: vital dot and vital pattern. Both use the company's orange identity color, vital orange. The dots represent the concept of a seismic center (the origin of change) and waves (which imply changes and innovations initiated by the center). Both concepts promote KTF as a warm and friendly company.

The vital pattern symbolizes motion, life, evolution, and communication. It can create infinite patterns on pattern matrices based on time, size, and effect and is a very effective design for all communication platforms, from signage to mobile content and websites (Figure 6). The design idea of a vital pattern comes from

Design for service: Digital media

KTF has developed a website (www.ktf.com) and designed a digital service based on its marketing strategy. Of course, the web design features the orange color and vital pattern symbolizing KTF's identity, but the company is also seeking to strengthen its forward-looking convergence services, developing unique and differentiated broadcasting content and additional services in order to deliver various multimedia services at reasonable prices. For instance, *Dosirak*, which translates to *lunch box*, is an interesting example of a new kind of music download service. KTF developed the service as a special brand with a focus on the visualization of the sense of hearing. It is proving effective in catching the cus-

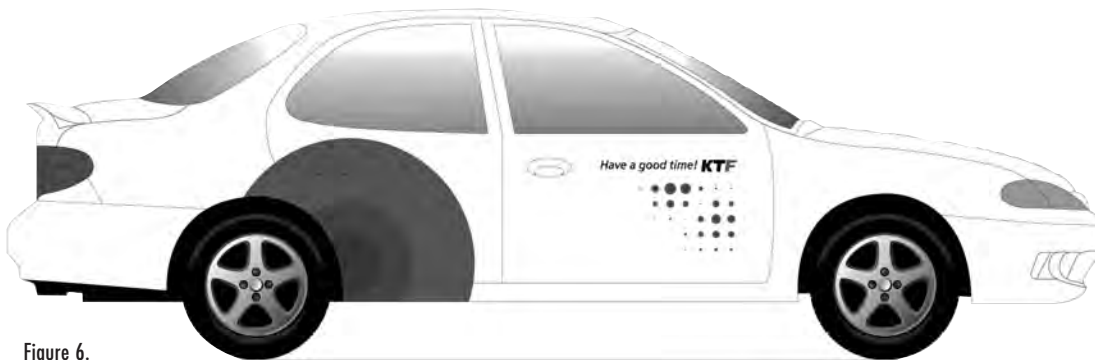


Figure 6.

digital technology, and the pattern design signifies that it can be an emotional design language to communicate between the company and the customer.

Design for service: Information

KTF needs to convey its service information to consumers as clearly as possible, and design as a visual language can present strong images to consumers through the widest range of media, quickly and simply (Figure 7). A consistent brand image is important, so the orange color and vital pattern always need to be included. KTF's information design is aimed at "understanding and sharing." In other words, it should serve as a means of delightful communication between corporation and customer, offering a good connection with each customer. KTF produced a TV advertising series as a campaign for corporate design management. With such titles as *Crazy for Design*, *Impressed by Design*, *Filled by Design*, and *Detected by Design*, they promoted the concept of *Designed by KTF*.

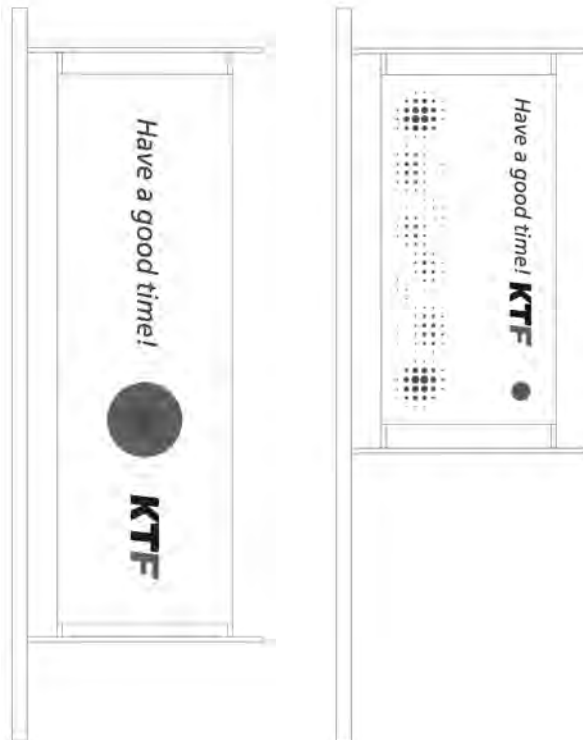


Figure 7.



Figure 8 and 9.

customer's attention (Figures 8 and 9) and offering a new experience of downloading digital content onto mobile phones.

KTF has also launched &Design, which is a branded music video service whose launch featured a music video of Moon Kun Young, who is a very famous South Korean actress. The video has since become a hot topic in Korean society. Many people have visited the Dosirak site to see it, even if they are not regular KTF customers. KTF has promoted its design policy and creative service strategy with this project, and has actively delivered the service with mobile sound content (ringtones, for instance), on the Dosirak site. &Design has improved the awareness and power of the KTF brand image by creating new subscribers while retaining existing ones.

Conclusion

KTF has achieved steady data revenue growth through services that stimulate the customer's emotions. The company deployed its emotional communication and experience for subscribers based on design services to create a unique customer support system, allowing KTF to improve customer service and launch proactive marketing activities, thus improving satisfaction rates. Following that implementation, KTF collected data and examined the quality of customer satisfaction, as well as its own brand reputation. The company won the Korean Design Management Awards at KIDP (Korean Institute of Design Promotion) in 2006 and garnered much respect for its use of design marketing.

KTF believes that continued growth in design for services provides the basis for the future development of new services. Based on this belief, it is continuing to drive design marketing and is designing new service products. In the near future, mobile services will converge with other industries, such as music and broadcast-

ing. Customers are delighted to make those changes themselves—it is better, easier, and faster for them. In turn, they receive more-efficient use of their wireless services, and KTF thus frees up valuable resources that can be reinvested in providing other value-added services. To make the most of these new trends in mobile convergence, designing new styles, integrated communication, and the unique experience of a company's service products are crucial. The KTF story suggests how to achieve success in a service company through effective design.

Acknowledgement

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