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# Introduction

This report covers a design sector fact-finding mission undertaken by Trade Partners UK from 9–12 July 2000. It arose from a decision by the Design Industry Consultative Export Group (DICEG) to target German-speaking central Europe as one of a number of areas that had been highlighted by the design industry. Preparation for the mission was undertaken by the Commercial Section of the British Embassy in Berne.

# Profile of Austria

## Politics

Austria is a Federal Republic. The two-chamber Federal Assembly comprises the directly elected *Nationalrat* and the *Bundesrat*, the upper chamber drawn from provincial representatives. The Federal President (currently Dr Thomas Klestil), elected by popular vote for six years, is the Head of State and normally acts on the advice of the Council of Ministers, led by the Federal Chancellor (Dr Wolfgang Schüssel), which is responsible to the Nationalrat. Austria has nine provinces (Burgenland, Carinthia, Lower Austria, Salzburg, Styria, Tyrol, Upper Austria, Vienna and Vorarlberg), each with a provincial assembly and government.

Austria is situated in southern central Europe. It has common borders with Switzerland, Liechtenstein, Germany, the Czech Republic, Slovakia, Hungary, Slovenia and Italy. It is at the heart of Europe and has always been a central point for European trade and culture. According to the latest statistics, Austria has a population of 8.06 million, 9.26% (749,126) of the population are immigrants – one of the highest percentages in the EU.

## Internal political

A general election was last held in October 1999. The ÖVP (Conservative People's Party) and the FPÖ (Freedom Party) both won 52 seats. The SPÖ (Social Democratic Party) won 65 seats and the Greens 14. Discussions between the SPÖ and ÖVP failed to reach consensus on forming a government. President Klestil reluctantly agreed to the formation of a coalition between the ÖVP and the far-right FPÖ on 4 February 2000. Schuessel (former ÖVP Foreign Minister) is Chancellor, Mrs Riess-Passer (FPÖ) is Vice-

Chancellor. The FPÖ has control of the Finance, Defence, Social Affairs, Transport and Justice Ministries. Jörg Haider, leader of the FPÖ, did not take a ministerial post, remaining as Governor of Carinthia; on 28 February 2000 he resigned from the FPÖ leadership in favour of Susanne Riess-Passer. The other members of the EU introduced some measures to limit bilateral political contacts because of the concerns about the participation in the government of the right-wing Freedom Party. These measures do not affect the trading relations between the EU countries and Austria.

## EU enlargement

The Austrian government supports enlargement, and expects a start between 2004 and 2006. (They are providing practical assistance to the Slovaks in particular.)

## UK–Austria relations

### Bilateral trade

Austria is the UK's 27th largest market. UK exports amounted to £1.17 billion in 1998 or 3.1% of Austria's total imports, and the UK is Austria eighth largest supplier. Major UK exports include industrial machinery, office and telecommunications equipment, road vehicles and textiles. In 1997 Austrian exports to the UK rose by 20% to £1.4 billion, 4.2% of its total. Direct investment between the UK and Austria is rising, and Austria is still a popular tourist destination. The inclusion of Vienna on the schedules of British low-cost airlines has made a difference. Germany has traditionally been Austria's main trading partner. The common language and a similar business environment have obviously been conducive to this close relationship. Austrian exports to Germany represent 36% of its total, with 42% of all

Austria's imports coming from Germany. Switzerland on the other hand received 5% of Austria's total exports and supplied 3.5% of its imports (source: OSTAT 1999).

### Trade promotion: Austro-British Forum 2000

This annual, high-profile event is sponsored by Bank Austria and supported by British Trade International and the Austrian Chamber of Commerce network. (Last year's Forum took place in Vienna from 15–16 May.) It is designed for British companies interested in the Austrian market and getting their central European business on a surer footing.

### The budget

Austria has met the Maastricht criteria for membership of EMU, but further measures will be necessary to cut spending and to hold the deficit to the permitted norms. Austrian social spending is high, and arguments over how to restrain this and how best to deal with the budget problem were a major cause of difficulty within the previous coalition government. The government introduced its two-year budget for 2001–02 on 18 October 2000. Its objective is to reduce the country's deficit of 2% to 1.1% in 2001 and to zero by 2002.

### The business environment

Stability means security. Politically, socially and economically Austria has been as stable as any country. Steady growth, low unemployment, low inflation, a "hard" shilling (in Euroland), low interest rates, a productive, well-trained and highly motivated workforce have all made the country highly attractive – Austria has the European Union's lowest strike rate with days on

strike per 1,000 employees between 1990 and 1997 recorded as just two, as against Germany's 15 and Britain's 34. The changes in overall productivity between 1990 and 1998 were recorded as Austria 52%, Germany 36.9%, Switzerland 18.6% and Britain 14.9%, according to the OECD. In the same period industrial labour costs fell in Austria by 7%, compared to Germany where they grew by 3.2% for the same period (source: OECD and OSTAT). Average working hours in Germany are shorter than in Austria (35.8 per week compared to 38.4) and annual leave is longer (30 days compared to 26.5 days). On a measure of the availability of skilled labour Austria ranked eleventh with a worker motivation ranking of eighth (source: World Competitiveness Yearbook 1999).

The same source puts Austria first in a league of 47 overall scores for the highest quality of life in the world. Switzerland came second, Germany eleventh and the UK twenty-first. Austria's scores are impressive. One of the measures was "security of people and property" which represented "the degree of local certainty" where a score of ten represented complete confidence that you and yours would be protected. Austria came top with 9.23%, Switzerland second with 8.58%, Germany scored 8.31% and Britain 6.93%. Other scores included Hungary 4.14%, the Czech Republic 3.47%, Poland 2.94% and Russia 0.82%. All of which makes Austria a safe base from which to work in the east.

The corporate tax rate in Austria is 34%. The Netherlands finance ministry recently released a study focusing on the "real" tax burden on companies within the European Union. The Ministry calculated the effective tax burden after exemptions and various deductions. The effective corporate tax rate averaged over 1990–96 was 17.67% in Austria 29% in the UK and 38.53% in

Germany. On a different measure, where the tax system was graded as to how supportive it was at fostering the competitiveness of business, the UK was marginally more highly rated than Austria, with both countries' tax regimes rated twice as supportive as that in Germany. The cost of office space recorded by Richard Ellis in 1999 compares Vienna, at \$355 per annum per square metre, favourably to Zurich at \$525, and Frankfurt at \$547.

There are only about 150 firms in Austria employing more than 1,000 people. The total number of industrial and trading firms is about 95,000 of which 50% employ less than 50 people. Privatisation began gradually over ten years ago in 1987 and has been expected to get a new impetus under the present government.

## Education

Austria's educational system ranks among the best in the world. Above all, "practice-orientated" training allows graduates from schools, technical schools and universities to rank among the best. After their ninth year in school, students can choose from an apprenticeship (with parallel vocational schooling) usually for a three-year period, continuation at a general education higher school for up to eight years, or a vocational higher school for five years. Graduation from a higher school qualifies the student to apply to a university or technical high school for a further five years. The so-called "dual apprentice system" means future "technical" workers receive three years of parallel training in business and a vocational school

At St Pölten the new WIFI Design Centre has begun to be fitted out. The range of courses on offer varies considerably from Britain, but following a tie-in with Kingston University, it will

be possible "to go from apprentice to academician in one house". For several years the college has been an international outpost of Britain's Society of Typographic Designers and has walked away with all the student prizes every year it has entered – six years in a row!

The system of trade licences is quite unlike anything in Britain. The need to obtain a licence in order to practice means that not only can you win work but also that you will make a contribution to the professional education of the next generation through your annual payment to the local Chamber of Commerce, of which the WIFI is an educational division. The guilds, which are still held in such high esteem, only further this encouragement of professionalism that pervades everything.

## Opportunity

Austria lies on the crossroads of the continent. Bratislava is so close you can drive there in under an hour. You can drive to Budapest in two hours. And, of course, the applicant nations to the European Union – to the north, south and east – are all nearer to Vienna than to anywhere else. Over 300 miles further north, neither so well positioned nor currently so well connected, is Berlin, which is working hard at establishing itself as Europe's "real" capital of the future. Vienna may miss out on that, simply through a lack of confidence and for want of a strategy, but no-one can deny it its geography. As a location from which to exploit the opportunities available from an enlarged European Union and a more open continent generally, it wins hands down.

# Austrian Design Sector

## Music, literature, art, design and architecture

In 2003 Graz will be the cultural capital of Europe. Inevitably the question arose “what about Vienna?” which provoked the not unreasonable reply “We are the cultural capital, without the title. Vienna is the cultural capital of Europe for all time.”

But it is architecture, not drama or literature or even philosophy, that is the second great cultural achievement for which Austria is internationally renowned.

## Austrian design: tradition and vision

It is this immense cultural heritage upon which modern design was built. Austria is not a country of design. It is a country of designers, and their influence extends far beyond the nation’s frontiers.

## Austrian design now

Questions of identity are never far away. Everyone thinks Porsche Design – one of the two leading industrial design firms in Austria – is German. Clients readily go to Austrian designers for their work to be undertaken, fully accepting that the work may be done abroad. There is certainly not a skills issue, there is a language issue and there is an issue over the management of large projects and the ability to cope with the sheer volume of work that can be involved. Many Austrians go abroad to undertake part of their training, to learn languages and to find work. Open to influences from anywhere and everywhere, it should come as no surprise to learn that the majority of creative directors in Austrian advertising agencies are Swiss, a result of the publicity accorded the

new wave of Swiss typography 20 years ago, and they are still in place, but that is a genuine anomaly.

As with Berlin, many agencies are now becoming established in Vienna as a “jumping off ground” for central and eastern Europe. Illustration from these countries is a cheap source of labour for the agencies, and arguably, it is still the best in Europe with its continued emphasis on fine art training.

The current look of Austrian television was produced by Neville Brody. He set up an office here to carry out the work in 1990 for Premier, a pay TV channel that was launched a year later. The brief was “Mercedes meets MTV”, which, not surprisingly, the designers enjoyed. Bank Austria was done through an Austrian firm who brought in international freelancers. The new identity and signing system for the Wiener Stadthalle are being designed in London and the corporate identity for the Star Alliance that includes Austrian Airlines was the work of the same firm, Pentagram. Austrian Airlines itself went through an international agency, GGK, to an American corporate identity specialist firm who subbed it out again to a London graphics company. The WIFI was designed in London too, by Fitch, but only after the project had been won in Austria by a local firm based in Salzburg. Work for Levi Strauss Austria was commissioned through an Austrian agency, only to be actually executed in Frankfurt. Bene has commissioned a new identity from Wirz in Zurich, having shortlisted three other firms, two in Germany and one in London.

Most of the local firms are very small indeed. To succeed in business they have to collaborate. Many see their route to success through developing ideas in isolation from clients,

patenting those ideas and then marketing them to potential manufacturers. It takes courage and self-confidence, which appear to be lacking in Austrian design, but many young, idealistic designers follow this route. Their appreciation of UK design is that “it’s all image, no real strengths”. Yet they see that the internationally influential “edge music” scene that exists in Vienna today, reflecting the city’s avante-garde creativity, has direct parallels with similar movements and their developments in British graphics, in particular, 30 years ago.

The search by clients for a “one-stop shop” today sends them in the direction of the advertising agencies. The agencies take on a great deal of the business that in Britain would automatically go straight to a design group. Kiska is one of the few firms, if not the only one, to manage to cross the creative divide and go from being an industrial design firm to a creative consultant, working with its client to develop strategy. The other is DMC which went from producing TV identities to corporate graphics to becoming an advertising agency.

Many of the country’s industrial designers are, in fact, qualified architects.

Austrian designers are looking for partnerships. There is not enough work for them to survive at home. As well as Kiska and Porsche Design there are specialists such as Gunter Stotz, based in Vienna, whose fees are generated 100% outside the country.

The two senior designers at Skoda are Austrian. The designers at Hugo Boss are Austrian. The message they all carry around is “to be successful, you have to leave”.

The main problem for the design businesses seems to be in actually crossing those borders. Individuals clearly do it easily but not the design companies.

But it is not all bad news for the aspiring Austrian designer. In Styria there is a “car cluster”, a number of manufacturers, including DaimlerChrysler, have backed the province financially in order to develop potential staff with the right training and qualifications. Similarly, close to the Czech frontier, the government has assisted in the development of high-tech industries which has also had a spin-off for design.

There are no significant characteristics to Austrian design. Say “design” to the Austrian in the street and he thinks fashion. Ask him for some names of designers and he mentions architects. Neither in Austrian eyes is there anything particularly memorable about British design: “What do we mean by British design?” Rhetorical questions along the lines of “What is the essence of Italian design, or the substance of French design?” appear far easier for them to answer.

## Design perceptions

“I’ve never heard of anyone here wanting British design especially.” The speaker was one of Austria’s leading design commentators.

“International, maybe, but British, no... in Britain design as PR is very successful, you’ve learned how use those glitzy people to sell... they raise the profile of GB... [The message is] here we are, we’re loud, we’re interesting. It’s caught the attention of the international design press. Every industry needs its heroes, but the trouble is they all want to be famous, not design well, it’s show business. They’re very narrow in their approach sometimes. And very individual.” Contrast this

with Austria where, “as is the case with most successful products, Austria’s designers have achieved the higher status of anonymity through the daily use of their designs”. The outrageous idea goes against the conservative grain here, “the final result should be as flexible and simple as possible and allude to a typically Austrian tradition: the gadget should still be comfortable”.

Much of British design is seen as “cult” and, as such, ephemeral. “The engineering rigour of Swiss design is greatly admired” by comparison, in part “because engineering is understood” by the public and “there is a low perception of the value of design here generally”.

There is not enough industry in Austria to sustain the levels of product and industrial design activity that we see in Britain. Many of those manufacturers that are potential clients do not appreciate the value of design and those that do are a relatively small band of devotees. Others will tend to look outside, to Italy and Germany for their product design, which in turn gives the Austrian design fraternity the idea that “success is somewhere else”. This idea is reinforced by the cynicism of some of those who do work here. “There’s nothing [for design] to rely on. There are no galleries to show it, no media to regularly publish it, no official organisation to support it and no industry to employ it. It’s missing... We need lectures, debates, competitions, PR for design.”

The fact is that *EOOS – Bergmann, Bohmann, Gruendl-Design*, who worked for Red Bull – might well attribute its success to the fact that, like Porsche Design, many people think it is a German company! Whereas “architecture is seen as a distinctly Austrian art, design is not so distinguished, it’s assumed to be German until

proved otherwise”. Some of the larger manufacturers, such as Siemens Austria, have a considerable design group and Philips Design has an office here.

The Austrian Economic Chamber has tried to help small and medium-sized companies in particular to be aware of the advantages of design with its Design Initiative, a “design portal” to over 100 companies that disseminates information to over 1,000 business leaders on a series of themes such as point-of-sale, packaging and so on and produces case studies of best practice on how companies have worked successfully with design, runs a design management programme and has, in effect, created a virtual design council. The programme finished at the end of 2000. With over 100,000 hits on its website a month, the initiative is unlikely to go away, but in what form it will continue is not yet clear. The decision was taken at the outset to use only German – although the title is English. Certain items are in English.

There is undoubted excellent design, architecture and technology in Austria. What it lacks is marketing ability. The flair of the Italians and the discipline of the Germans come together in an Austrian sensibility, a remarkable flair that has gone unrecognised, not least at home in Austria. “There is no perception of Austrian design outside Austria” was a line heard more than once. “Austrian designers have great passion and talent. They are very successful at winning clients abroad, but not in Austria. They’re not good at business like you. Our future is in collaboration with architects and advertising agencies. Kiska is the only one, the exception to this” was the comment. “British design is so much more holistic than design is here.”

“Many of the new trends are born in Britain.

Completely new ideas are very well promoted there. The Design Council is working well. British people know of the importance of design and children are even educated about design. The design press in Britain is good too. You can quarrel about the content, but at least they exist. In Austria the level of awareness of design is zero! There is no discussion about design. There has been a design export offensive, but it's of little use to big companies."

At *DMC*, 70% of the company's work comes from outside Austria. *EOOS* works in Germany, France, Italy, Canada – almost anywhere but Austria. *Greger & Pauschitz* is one of Austria's design companies that finds most of its work at home (80%). *Valentinitsch*, on the other hand, competes regularly against the likes of Design Triangle, Giugaro, Neumeister and Porsche Design and works mainly abroad. Both produce industrial and product designs alongside corporate identity and strategy. But they make the same comments on British design: "When it's good it's international, when it's bad you hide it – it's the same as Austria." And their impressions of British design? "Conservative". Austrian design? "Sensitive by comparison to Germans. Germans are very straight. Austrians will always negotiate. Austrians are adaptable. But it's a problem for Austrian designers to cross frontiers. In Italy you need perfect Italian. In Germany you have to adapt your character." They both refer to the complicated employment regulations in Austria with regard to freelancers, social security payments and insurance.

Originally founded in Hamburg by Austrians, *DMC* today has 62 people, "30 of whom work exclusively in new media, as IT consultants, programming and so on". Twelve of them are in Germany full-time. There is "a mix of

nationalities: US, German, Austrian and Polish. They're all specialists. We train them to be generalists. It's far easier to find good creative people here than it is in Germany. The skill base is here. It always has been." Since working with Brody on Premier TV the company has produced the identity for a dozen stations "from major to minor" in German-speaking Europe. In 1994 it was responsible for Viva, the first German music channel where the brief was to "be as different as possible. It was brilliant."

"We're mainly learning by doing, as you do in TV." As television has developed in Germany in the last ten years, so the Austrians have moved in. There was no one in Germany who had the experience required to do the work. "It's all done by Austrians – and it's still like that. It's easy for Austrians to work in Germany. Germany is different to Austria but Austrians understand German culture and see things more clearly just because they are outside. The British could work there, my experience is that they're very professional. They're good at strategic things, planning, but they need commitment. They're not good at really finding out what the German or the French market will really accept. They're a bit too global."

When the third generation GSM network was set up the identity was a pitch between British, Danish, German and Austrian designers. The Austrians won. The new network, called "One", which has one of the largest media budgets in the country, chose to stick with its designers for the advertising. A major departure, not only for Austria but anywhere, *DMC* still endorses the comments about how much harder it is to find work in Austria than in Germany. "Germany is the best paid market. They pay more than Italy or Britain or France. The economic structure here

doesn't allow it – and anyway, Austrians don't trust Austrians so much in these things."

## Industrial design

*Porsche Design* and *Kiska* are the two largest design groups in Austria. Both very influential and very international, they nevertheless have no more than 60 staff between them. Gerald Kiska worked for Porsche before starting his own business in 1990 and today his team includes seven nationalities, including Canadians and New Zealanders. With only 15% of their billings from Austrian clients they are a little more extreme in their client base than some Austrian design groups – but not that unusual. (Porsche bills less than 10% in Austria.) Kiska talk a language that British design groups would recognise. "The product is what a company produces, but the brand is what the customer buys... brand is the religion, product is the hero, design is the tool... we act as the interface between brand, product and customer... a consistent process; research, analysis, strategy, design, development, communication..."

Winner of major awards in every year (except the first) of its existence to date, Kiska was named "best designer in Germany, Switzerland and Austria in the field of public design" in 1997 when the firm also won Design Austria's prestigious Joseph Binder Award for its overall contribution to design and the Golden Award at BIO 16. There's nothing about this that is so exceptional. Austrian designers are by many people's reckoning the most creative in the German-speaking world and individually and collectively they go abroad to find their work because of the small scale of the home market.

So whether Kiska is making aesthetic

modifications for a product revitalisation (a design task rather than a strategic one), working on next generation products by way of concept improvements, functional enhancements, different componentry, etc or embarking on the full strategic design process in devising revolutionary products in order to create new markets, it is most probably doing that work outside Austria. Not only in the European Union, but also as far away as in India and Japan where Austrian trade is negligible.

As with similar companies in Switzerland, industrial design firms claim graphics and communications design as a core competence. In Kiska's case this extends into promotional advertising, exhibition and catalogue work. There the comparison ends. The Swiss certainly like to buy Swiss products, both design and manufacture. In Austria it is a case of "prophets never being recognised in their own country". There is an awareness at last that good design is not only produced in Italy but is done here as well, but it has taken a long time. One reason perhaps is, as in Kiska's case, there is not a strong "signature" to their work, a consistent design language maybe; aesthetics emerging from their strategic analysis of a problem, but not a "Kiska look".

The battles they fight to convince potential clients of the value of good design – that the investment is worthwhile, that design is of economic value – are very similar to those in Britain where, for all the publicity about 35% of companies professing that design is integral to their business, the reality is that lowest cost options still prevail. "Success does not happen by accident, it happens by design... it is not incidental to industry, it is absolutely integral", said the Chancellor of the Exchequer at the Design Museum in October 1999.

“Only 7% of Austrian companies think that design is an essential part of their company. I have received an invitation to the Austrian launch of Dyson at the British Embassy. That would never happen at an Austrian Embassy. Our ambassadors think of ceremony, yours think of the economy. It fits very well.”

## Design success – furniture

The majority of design companies in Austria are one-, two- or three-person outfits. Yet one of the great names in Austria, *Wittmann*, the chair manufacturer, invested heavily in design in the mid-1990s – and succeeded.

Today Wittmann manufactures the modern classical furniture designed by *Josef Hoffmann* between 1903 and 1913, when his declared goal of creating *Gesamtkunstwerke* or total works of art began. The goal of the Wiener Werstätten that Hoffmann founded with *Kolo Moser* was to “unify craftwork with architecture”. The economy of Hoffmann’s furniture design means it is perfectly attuned to modern production methods and their timeless simplicity makes them as valid today as they were a century ago.

If Hoffmann was the first star designer, once Wittmann had secured the exclusive rights to manufacture his designs they began on a commissioning process that has been the remaking of the company. Most recently, Jan Armgardt from Germany, Paolo Piva from Italy, Matteo Thun, Adolf Krischanitz, Andreas Weber, Hannes Wettstein, Gottfried Tschaikner from Austria, Toshiyuki Kita from Japan, Torstein Nilsen from Norway, Gerard van den Berg from the Netherlands and many others have worked with Wittmann as it has become design-led, with four or five new products launched every year now.

Inspired by Ludwig Wittgenstein’s dictum “Form is a possible result of structure”, they all admit to having learnt a great deal from Wittmann. The nineteenth century saddlery in Etsdorf has become one of the great manufacturers of modern furniture and its success is based on design. Seventy-five per cent of its products are exported, with eastern Europe the fastest growing market. The company has subsidiaries in Zurich, where the offices of Swiss Re were designed by Austrians and furnished by Wittmann, and in the UK, where “we established the company so as to work with British designers”, according to *Heinz Hofer*. Evocative of the *Wiener Secession*, the firm’s corporate identity was designed in London. The firm exhibits at the Austrian Furniture Fair in the Hofburg each year, in Cologne every January, at Spectrum in London since its inception in 1992 and, for the first time in 2000, has taken a stand at Orgatec.

Whilst clearly recognising the quality of British graphics, “there is a very low opinion here of British furniture; it’s very traditional, no British furniture designers are known here. It’s difficult to change those perceptions. The European Union has changed things. Formerly we had the Scandinavians, then the Italians. There’s nothing here to compare with the scale of the Italian furniture industry. The British are not important at all... The strong pound helps us sell in Britain. Customers buy our products because they’re Wittmann, not because they’re Austrian. Many companies are now manufacturing in the east. De Sede are in the Czech Republic for instance. But not us. You cannot get the quality, you cannot transfer the generations of knowledge and the management. We have less than 1% staff turnover a year!”

## New ways of working

One of the few examples of flexible working in Austria is to be found in the new offices of Andersen Consulting located in the Wiener Börse. Designed by Atelier Schmitzer and incorporating a specially commissioned "art stripe" project by Heinrich Dunst that encircles the interior, this office provides 70 places for an organisation expected to grow from its current 120 to 190 in 2001. The firm, renamed "Accenture" in January 2001, now has at its disposal a fully flexible space for its predominantly mobile workers that incorporates project spaces, open spaces and private offices, all of which are pre-bookable on an "as needs basis". Unique in Vienna the move to fully flexible working did not encounter the usual resistance that such changes normally generate and has been positively welcomed by the staff.

"Renamed, redefined, reborn" reads the sign outside the office on the unprepossessing landing. Inside the organisation has clearly been "reworked" as much as the building has been worked over to enable it to meet the demands of the new company.

One of the leaders in Europe's contract office furniture market is Bene, a family business based in Waidhofen/Ybbs and with a major new showroom in Vienna. With a quarter of the Austrian market and 34 European outlets, Bene is facilitating the introduction of nomadic working and greater flexibility in the workplace from Moscow to London. It reckons there are now about five good examples of non-territorial offices in Austria. But what drives their market is not the new ideas dreamed up in London but that stranglehold on the home market and the attraction of Germany, where 30% of the entire European contract furniture sales are made.

# Opportunities for the UK

## Opportunities

There are no real opportunities here. As the majority of Austrian designers have to find work abroad in order to survive, then clearly there is not room for a great deal more competition. However, the growth of the city of Vienna – the increasing population and the office and house building programme that is under way – all signal a potential need for workplace design and retail design that will surely follow.

Openings to central and eastern Europe begin in Vienna. Privatisation in countries applying to join the European Union as well as those further east offer significant opportunities, as do openings to the east afforded by the Internet. Several telecoms companies have major administrative centres here from which they conduct business in the east, for example Cable & Wireless. From a technical point of view, too, everything that needs to be done can be done from here.

Location is Austria's competitive edge. The key banks are increasingly capitalising on the developing relationships with eastern Europe's capital markets. These include Bank Austria, Creditanstalt-Bank Association, First Austrian Savings Bank (Este), Raiffeisen Central Bank, the Postage Savings Bank (Postsparkassen) and the Bank for Labour and Business (BAWAG).

The main problem for the design businesses seems to be in actually crossing those borders. Individuals clearly do it easily but not the companies.

There is very little competition for Austrians in their own country, which is understandable if there is not enough work to sustain them. But there could be in future. The time to become

established if you have an eye to the longer term is now, before things really get going. Austrian design firms are looking for partnerships.

The real opportunity is to use Austria as a base for central and eastern Europe. The quality of life is good; the design talent is considered possibly the most creative and certainly the best-educated in the area. Links to the east and south-east of Europe come naturally here. Remember, not only is Austria the biggest investor in the "old countries", but it is safe here.

When looking east, remember that Germany is focused on Poland.

Realistically, "don't come here if you are an industrial designer, but the graphics here all looks the same. *That* is an opportunity. There are many fields here in which British designers could succeed." That's all very well for a commentator to say – it was almost a plea – but in reality where is the work going to come from? Many of the small- to medium-sized manufacturers have difficulty meeting the demand for the goods they manufacture, which brings forth the stubborn reaction, "Why should we invest in design if we can sell everything we can produce?" The market is so small that to survive here you have to use it as a base for a much wider geographical range of activity. From Vienna that is possible.

2001–02 is *Kunstjahrwien*, Vienna's art year, so named in order to coincide with the opening of the MuseumQuartier, a major centre that will be the focus for design, architecture and art in the city. It may well signal the beginning of a new appreciation of design in Austria.

## The development of Vienna – between tradition and progress

“Vienna should be different and yet remain the same as it is... Vienna must become a world city, a metropolis open to everything that is new...Vienna should keep and preserve everything that visitors so appreciate... Vienna is a special case... Vienna should not just remain traditional but must also become modern and contemporary.” Whichever Austrian urban theorist or Viennese head of town planning you read, you understand their problem. Vienna has traditions and an identity that must be preserved. It also has to face the fundamental contradiction that part of its tradition is that it is a home of modernism and exciting new design and architecture. It is caught between its traditions and an aspiration for progress.

In 1984, projections for the population of Vienna in 2001 were 1.4 million. By 1999 the population had already risen to 1.7 million as Austria’s geopolitical situation changed. The opening up of eastern Europe and membership of the European Union brought fresh and very different demands for both social housing and high-quality accommodation. For ten years the Municipality of Vienna has been constructing 10,000 new subsidised residential units a year. There has been “a similarly dramatic increase in demand for workplaces” according to the Director of the Municipal Planning Office. These demands have led to significant amendments to the city’s development plan with literally “hundreds of competitions” to choose the architects. The pressure for new homes is easing off, but the pressure for offices continues.

Investors have been demanding very tall buildings for ten years. Now they have the

permission, and a 200-metre-high tower has been built. One or two tall buildings have been designed in the centre along the Donaukanal, such as the *Generali Tower* by *Hollein* and the *Uniq Tower* by *Neumann* but, “the problem is we do not have enough experience of tall structures...”

“With the original opening to the east many American and international companies went straight to Prague and Budapest. Then they came back here to settle once they found a lack of infrastructure, problems over land ownership, a general lack of certainty. The east-west gateway function of Vienna is assured.”

## From the centre to the periphery

The Haas-Haus was the last prominent site in the *Innere Stadt* and after it was finally built developers started to look for opportunities away from the centre. The demands of the tourist industry had been met by some urban cosmetics in the centre during the 1980s, the politicians turned their attentions to creating a world city in the 1990s. Not simply a capital of a small country but one built on the relevance of “its geopolitical position, historical experience and cultural possibilities”. “A new metropolis for central Europe” had been the goal of the World’s Fair. The event was to provide “a bridge to the future” and the “decisive impetus” that it was to have afforded was a shift in emphasis for development away from the centre. It happened anyway.

Earlier than many other cities, Vienna placed its rich architectural inheritance under special protection. The risk inherent in being over zealous with such a policy is that when a city becomes a museum it risks losing out in the competition to don the mantle of internationalism – one that is built as much on planning, architecture and

design as much as on anything else. Evidence of a modern cosmopolitan city arising out of a rich, traditional past is now there for all to see. Universally recognised as “a city with a history” it is at last a city with an exciting future.

## Vienna moves towards the Danube

Vienna is unimaginable in people’s minds without the Danube and yet unlike Budapest the river does not flow through the centre of the city. It is on the edge. Yet the planners’ dream of “Vienna on the Danube” is slowly happening as the city develops towards the north-east, in a move not unlike the development of London’s docklands. Plans for urban expansion had been scaled back to plans for urban renewal in the 1980s, when a third of all the buildings, over 20,000, were placed under preservation orders. The force for change, however, was further away.

The “Iron Curtain” was just 40 miles from Vienna. In the ten years since it was drawn open the growing population needed housing, schools and health facilities. These have been built, the basic U-Bahn network of four lines has been, and continues to be, extended, the nineteenth century urban theories – “Vienna’s future does not lie on the Kuniglberg but on the Danube” – have been dusted off, and high-rise buildings, previously inconceivable, have started to go up. Ideas drawn up by a pupil of Otto Wagner’s, *Leopold Bauer*, together with *Edmund Goldemund*, the director of planning in 1918, are remarkably similar to what has been happening in the last ten years.

## New centres

*Die Neue Gründerzeit* is the politician’s slogan for this new beginning. Built on the former EXPO

site, *Donaucity* began with offices for IBM, OMV (the Austrian Mineral Oil Administration) and Bank Austria, which was designed by *Wilhelm Holzbauer*.

At *Brigittenau*, Vienna’s twentieth Bezirk has long gone unnoticed, perhaps because the *Gürtel*, the outer ring road) goes right through it. Squeezed between the railway goods lines, the Danube Canal and the River Danube, this former industrial district that includes *Handelskai*, now has a new life with new schools, new homes and 4,000 new jobs created. It also has unheard-of traffic congestion. Not surprisingly, you now have to pay to park a car. A previously unremarkable piece of in-between land is now being reinvigorated. Europe’s third tallest building, the *Milleniumtower*, by *Peichl, Podrecca, Weber*, is entirely offices (38,000 square metres) with a shopping mall, 1,500 car parking spaces and 400 apartments at the base. Other housing has been designed by *Neumann und Steiner* and the polytechnic and school is by *Holzbauer und Piva*.

Ottakring is what was once part of “Red Vienna”, a residential, working-class district located outside the *Gürtel* that, whilst it stretches away to the Vienna Woods, is not traditionally what the image makers draw to visitors’ attention. Since the autumn of 1999 when an extension to the U3 U-Bahn line opened, the district has begun to take off. The new centre has become a magnet and demand for apartments is enormous. A 60-metre-high nurses’ residence by *Manfred Nehrer* has given the district a symbol, new squares have been laid out and an “art in public space” project has been instigated.

The terminus of the U3 by the *Architektengruppe U-Bahn*, a park-and-ride complex by *Wilfried Probst* and an apartment building by *Hermann*

*Czech* that sits either side of the train tracks are the most striking additions to date in a district that has now firmly “attached itself to the city”.

## Other developments

Sensational architecture can be seen in buildings like the KunstHausWien, one of the city of Vienna’s newer landmarks. Created by the painter and designer Friedensreich Hundertwasser who died in 2000, his philosophy was “the straight line is godless”. He was also responsible for the Spittelau incineration plant, a short U-Bahn ride from Schönbrunn, which has some totally different, over-the-top, extravagant interiors. The whole place, like the whole city, is an assault on the senses and a living theatre.

But of “300 buildings worth seeing in Vienna” only six rate in the category “Factories and Warehouses” and thirteen in the category “Shops and Shopping Centres”, of which ten are small shops, five of them designed by Hans Hollein. Not only does there appear to be “a lack of interest in this area” according to the architectural critic Jan Tabor, there is certainly a lack of experience and expertise. Which is perhaps why British firms are already beginning to be engaged to design the retail and commercial aspects of some major redevelopments.

The *Wiener Stadthalle* is being refurbished and extended by its original architect *Dr Roland Rainer* who was also responsible for the urban planning of Vienna between 1958 and 1961 and subsequently Los Angeles, as well as being at one time Hollein’s tutor. The building is also being repositioned as an urban entertainment centre, a place where leisure and retail merge as a destination that is a brand in its own right. Slower to recognise the shift in demand than north America, Europe is catching up fast with

developers’ “ownership” of the experience at all times and on every level ensuring such places are always entertaining. Requiring a sound commercial strategy with the most appropriate mix of facilities for a particular site in order to achieve the right return on investment, a number of different centres are under development in Vienna. The others are *Wien Mitte*, the central railway station, and the “gasometers project” in the Simmering district.

This latter development, on a site familiar to anyone who saw the James Bond movie *The Living Daylights*, where a Harrier jump-jet rises out of one of the gasometers, is the conversion of a local landmark into 600 apartments. The scheme has been made viable by a British idea to create a retail and leisure mall linking the four buildings and to build a new “leisure box” linked into the scheme as part of the overall redevelopment, to make it economically viable. The Vienna State Archive will be housed here, other offices are located in a new tower attached to Gasometer B, a kindergarten is being built, there are cinemas, and a major function hall for 3,000 located underground will all make this a destination in its own right – which is what the developers required.

With four signature architects, each working on one of the gasometers, a new U-Bahn station delivering customers directly to the site and within close proximity to major road intersections, the scheme was launched in 2001.

At the central bus and railway station where there are 33 million people movements a year, the development will mix 40,000 square metres of leisure and retailing with 70,000 square metres of offices designed to attract commuters, tourists and local residents alike. The design

includes five 97-metre-high towers that have attracted considerable controversy. Capitalising on their location and benefiting from a high concentration of commercial activity these centres are set to be an Austrian phenomenon in the next few years. For instance, Vienna is seeking selection by the International Olympic Committee as home to an “*Olympic Spirit*” project – a specialised entertainment complex that has already proved a success in other locations around the world.

*The Lost Boulevard* may sound like a movie, but it is a name given to an ambitious development of the *Gürtel*, a 13-kilometre-long avenue, with the Stadtbahn bisecting it into thin strips, that runs through the 15th, 16th and 17th Bezirk. “A traffic hell and a slum”, it is being turned into spaces for offices, small businesses, restaurants and bars, clubs and archive storage that have lead to some private residential schemes and renovated courtyard spaces in one of the city’s most remarkable projects of urban regeneration. The main city library will be relocated to one end of the scheme.

The Municipality of Vienna chose to implement a new strategic plan over the last ten years, one it still adheres to and invests in. Its investment in restoration, regeneration, the opening up of new zones, changing the city building regulations to allow taller buildings, railway and road connections, the creation of new centres, have all been done with one aim – to enhance Vienna’s regional and strategic importance to Europe. With the *Kunstjahrwien 2001–02*, that began with the opening of the Museumquartier on 29 June, a landmark will have been reached from which the scale of change can be appreciated and judged. Whatever the judgement, the city will continue to invest in the *Die Neue Gründerzeit* to ensure that it really is “a bridge to the future”.

# Doing business

## How to operate in the market

Speak German. Do not embarrass your client by expecting him or her to speak English. Most people speak English at school level and will be too polite to say they do not understand you. English is not spoken at management or business level. If you do not speak German you will be at a great disadvantage.

When travelling to find work further east remember that in many of these countries the official second language is now English. However, it is German that you need in order to do business. It is the *next* generation of business leaders who will be fluent in English.

Advertising agencies receive 17.5% commission by law on everything they buy in for a client. Designers cannot get this. To qualify as an agency you need two separate licences that come from studying and qualifying in various subjects including business.

Joint ventures and partnerships are essential.

This is not a market for big studios of 200 people.

There are opportunities for educational expansion.

# Appendices

## Background

This report covers a design sector scoping mission undertaken by Trade Partners UK from 21–24 November 2000. It was undertaken following a decision by the Design Industry Consultative Exports Group (DICEG) to target German-speaking central Europe. It covers certain specific areas of design. Preparation for the mission was undertaken by the Commercial Section of the British Embassy in Vienna.

It was decided that during 2000, Austria, together with Switzerland and Germany should be considered for a multi-post promotional campaign. This mission developed as a part of the work to determine the potential scale of the opportunities for the design sector.

## Objectives

The objectives of the mission were to analyse current and future opportunities for the UK design industry to increase trade and investment with Austria, to produce this report on the design sector, identifying areas that offer good opportunities for UK companies, and to devise, in conjunction with work being undertaken in neighbouring countries, a strategy that would help to maximise the UK design sector's involvement in the Austrian market.

## Acknowledgements

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