

PHILIPS

sense **and** simplicity

The value of Design

Stefano Marzano
CEO and Chief Creative Director

PHILIPS

Is design a new value driver of brand strength and innovation?



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Is design a new value driver of brand strength and innovation?

Yes! Design is a competitive force.



Design is rapidly gaining importance in the boardroom and the media



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Bottom-line impact of design

“Companies that adopted a comprehensive and systematic approach to design increased gross revenue by 40%.”

Danish National Agency for Enterprise & Construction

“Design-led companies have outperformed the UK stock market by 200% over a ten-year period.”

UK Design Council



“Is Philips Design the Absolute Best Design Company in The World?”

The Simplicity Event put on by Philips Design just blew me away. I saw technology in natural harmony, seamlessly integrated into the way we normally move through life.“

Bruce Nussbaum, Assistant Managing Editor, Business Week



Contributing to favorable perception of Philips

Strong, high quality press coverage with consistently high favorability ratings.

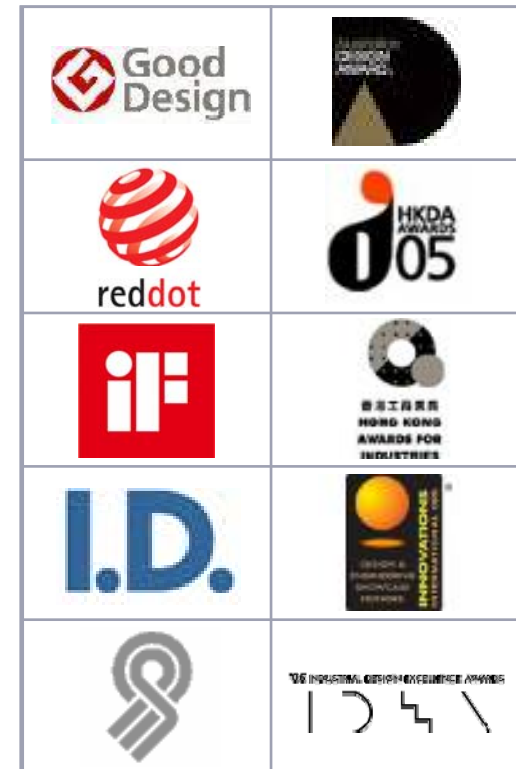
TIME The Best Inventions Of The Year



Recognized excellence in Design








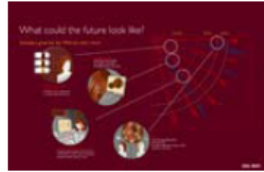




Philips Design receives over 50 international awards annually

- **Innovation of the Year, Skin Probes Project**
Time Magazine 2007
- **Design Management Team of the Year 2006,**
Design Management Institute USA
- **International Innovator of the Year 2005,**
Stefano Marzano
Business Week, 2005
- **ESOMAR Award for Best Paper**
ESOMAR, international institute for quality research of markets, consumers and society, 2004-2006
- **RedDot design team of the year Award 1998,**
RedDot Germany
- **Ranked 3rd of the 50 most successful companies**
that have taken part in iF competitions
'50 Years of iF', 2004



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Recognized brands looking for new competitive edge come to Philips Design

| | | | | | |
|---|---|---|---|---|--|
|  |  |  |  |  |  |
| Strategy and Development of Brand for consumer Security Services in to solutions for all touch points | Developed strategic planning & road mapping tool to visualize short, mid and long term innovation | Merchandising Strategy & Management Process, Identity guidelines and implementation per channel | Exploration of the multi-sensorial experience of the driver and passenger for the next generation of cars | Development of design concepts for both homecomputers in developed and emerging markets | Rationale and logic for Identity retail standards for global roll out |
|  |  |  |  |  |  |

Approximately 10% of global design work is for external clients in order to:

- Broaden competence development
- Attract top talent by broadening project portfolio
- Explore potential new business for Philips by partnership projects

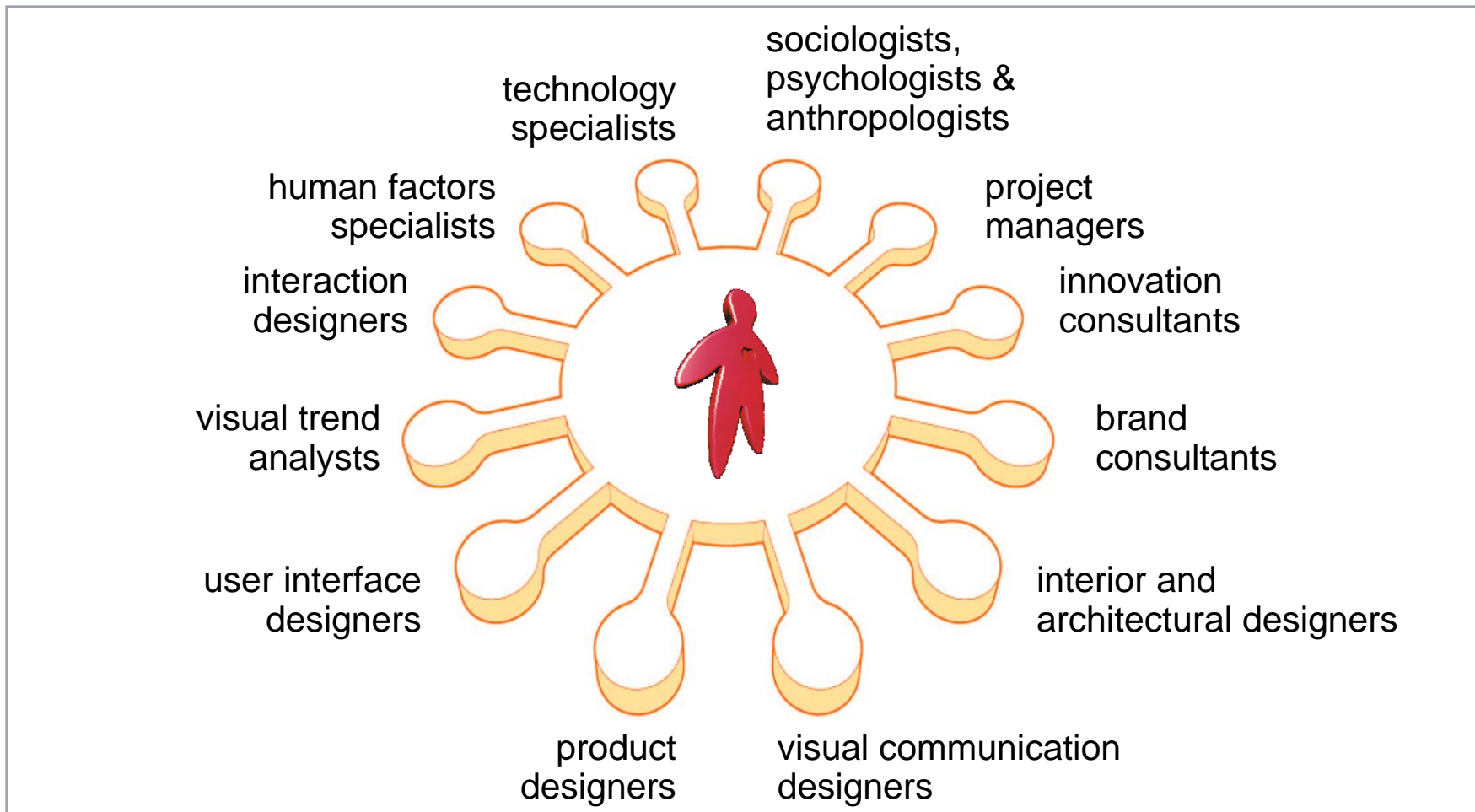
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We create value for people through valuing people



Design with a big 'D'

High Design integrates established design skills with other disciplines in the areas of human sciences, technology and business.

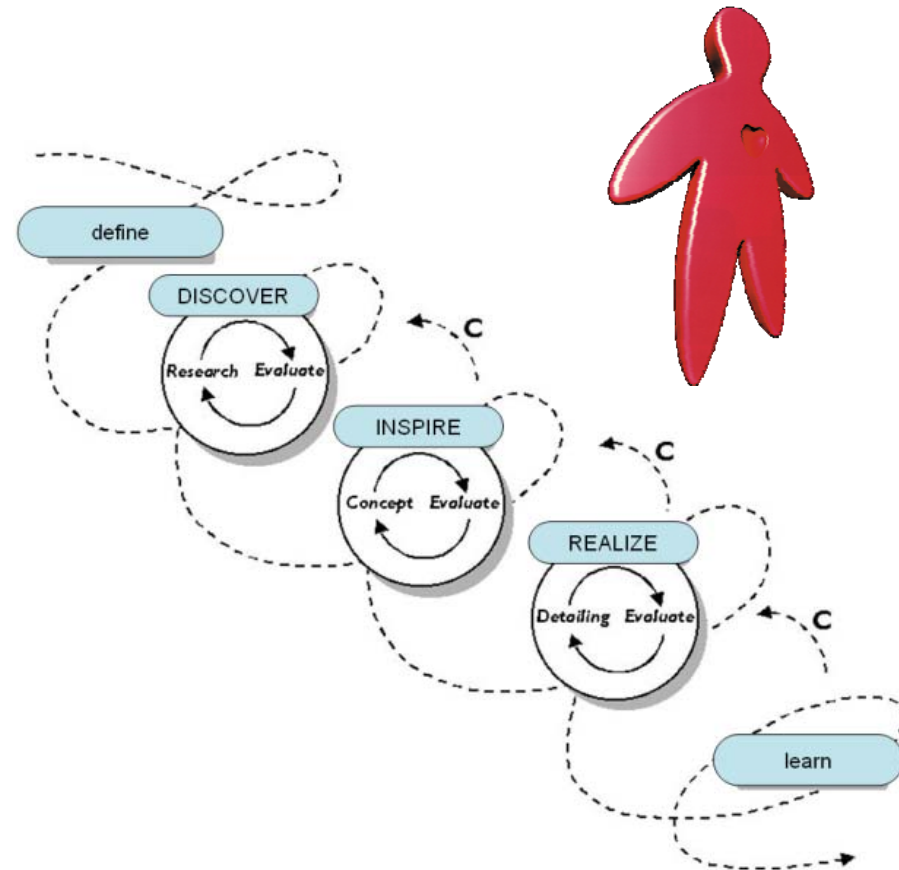


Our unique, people-centric High Design

High Design is:

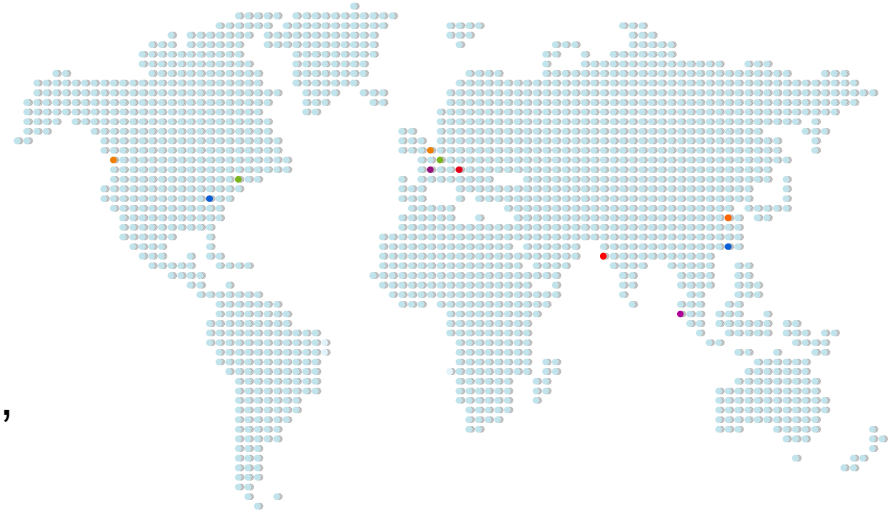
- People focused
- Multi-disciplinary
- Research based
- Business integrated

Our creative drive is underpinned with a process ensuring that the results are based on actual facts and insights.



Philips Design

- A creative force of some 550 professionals
- Representing over 35 nationalities
- 11 studio locations, across 3 regions:
 - **Europe:** Eindhoven, Amsterdam, Paris, Vienna
 - **Asia:** Hong Kong, India, Singapore
 - **North America:** Andover, Atlanta, New York, Seattle
- Unique position integrated throughout Philips



Design creates value at Philips

Thanks to our unique position within Philips and leading people-centric design approach, Design creates a stream of innovative, experiential and preferable solutions for Philips through:

- Brand identity design
- Experience design
- People understanding

Brand identity design



Ambient experiences for home



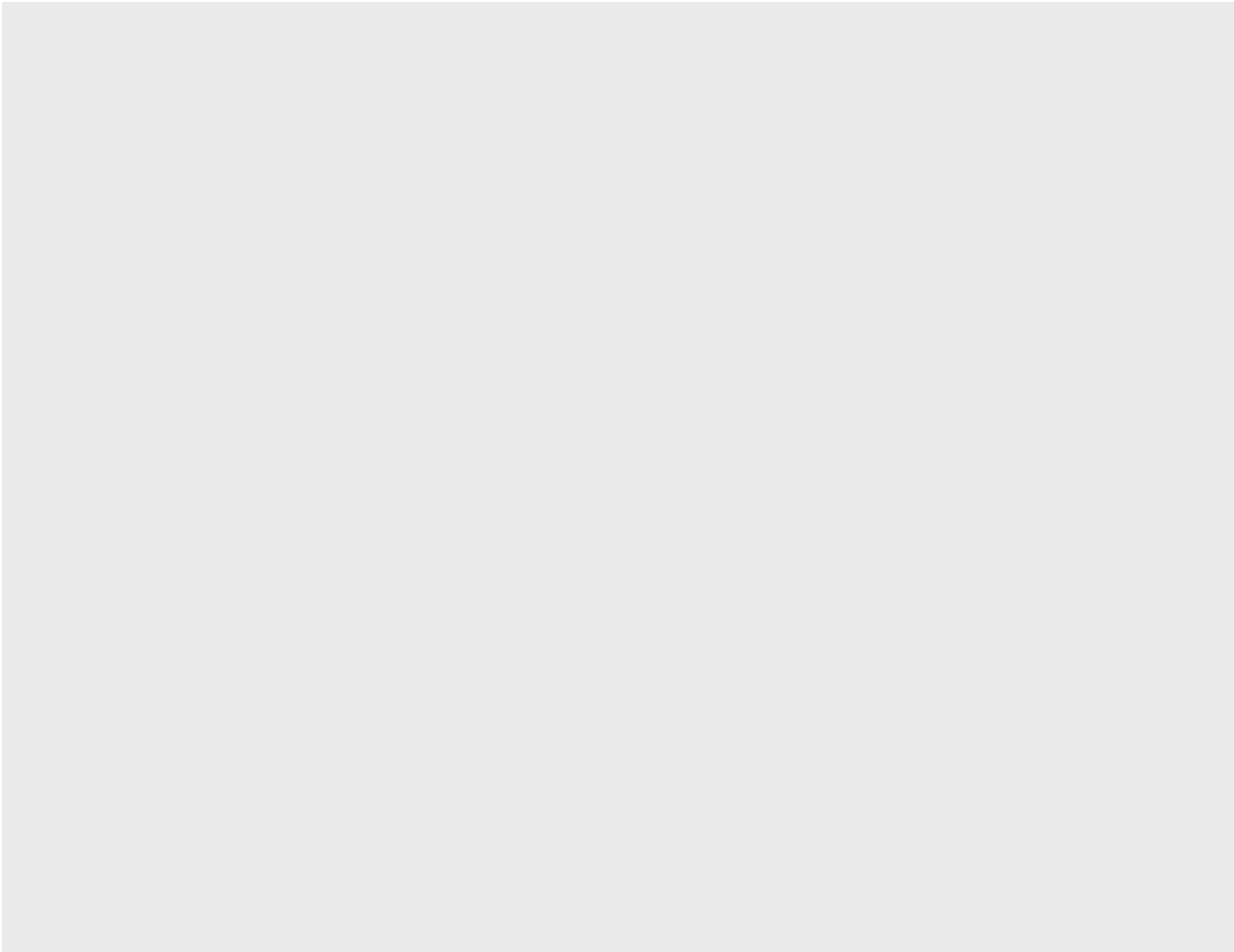
Professional innovative experiences

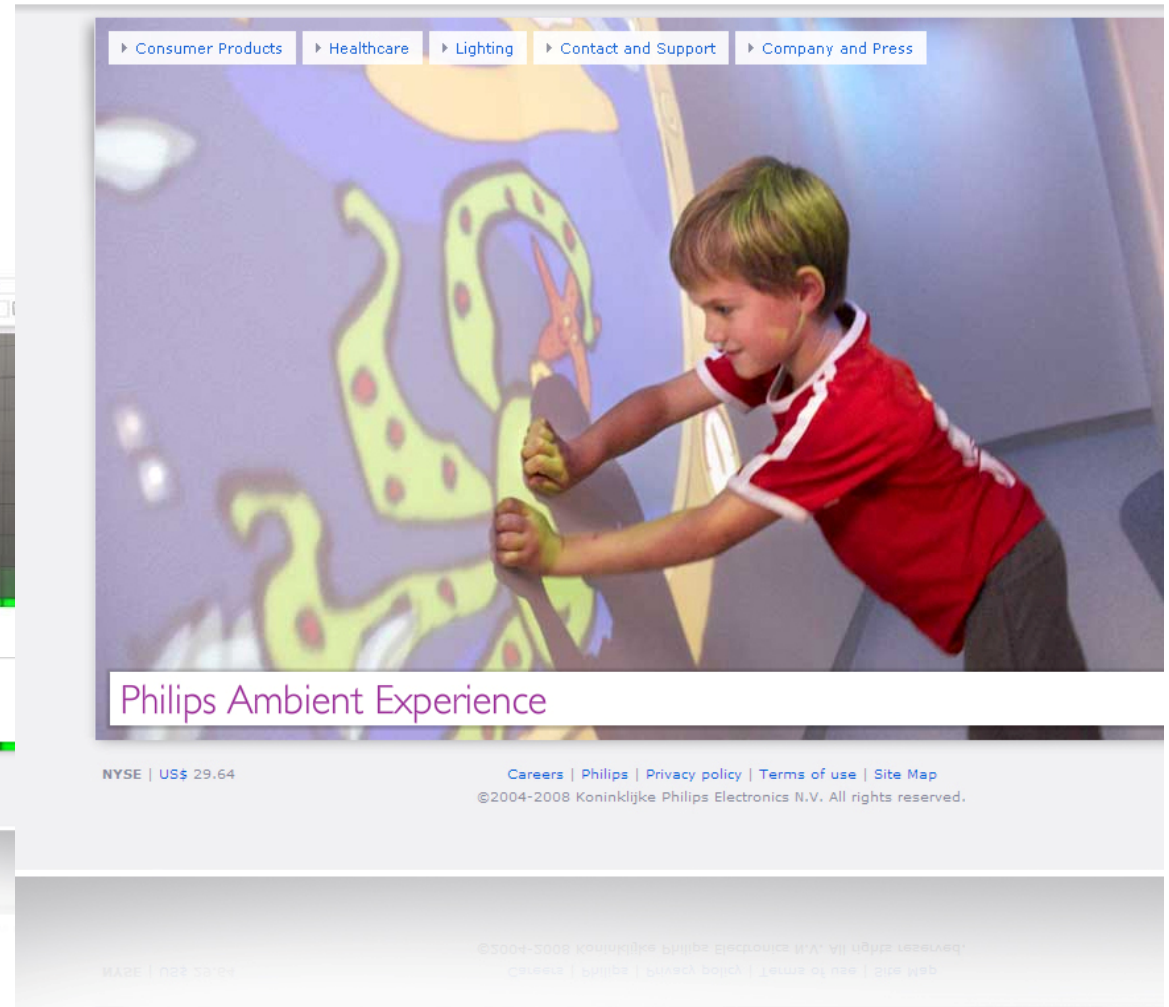
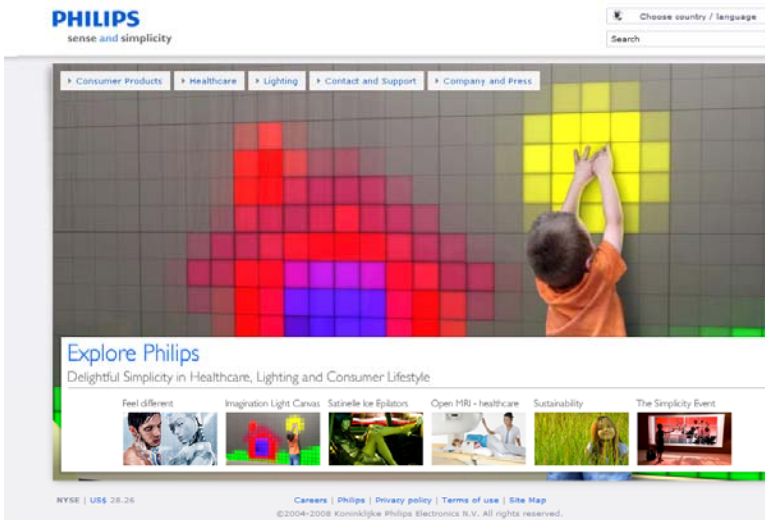


Understanding people & trends



Brand identity design





The Philips Brand identity,
designed to 'touch' consumers

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The Philips Brand identity

Every day, and all over the world, the Philips Brand touches millions of people.

For many, the impressions gained from contact with our products and communications is **all** they ever see, or know of our brand.

It is the enduring role of our brand identity program to ensure we **'make the right impression'**.

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Making the right impression

In developing our brand identity, we engaged with **tens of thousands of consumers** all over the world.

To understand their impressions:

- of our brand (recognition)
- of our relevance and meaning across categories

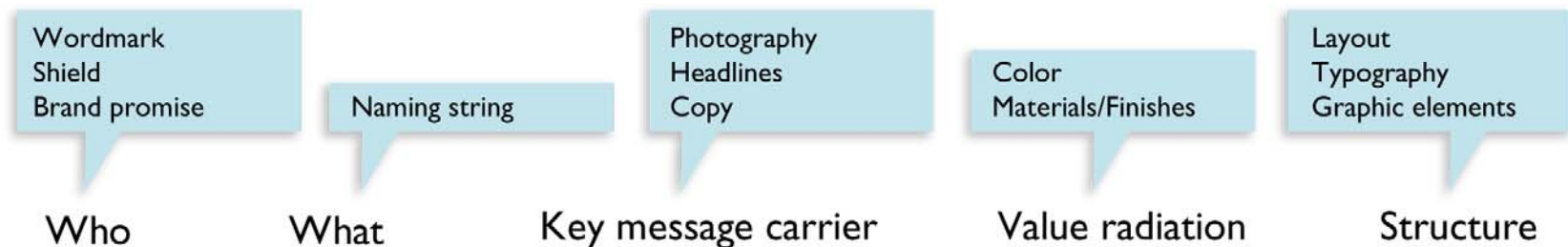
...**people** are at the heart,
of everything we do.



Relevance and meaning

These consumer insights are locked into the very foundation of the brand identity program.

To inform, every day, on how we are to use the program.



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Relevance and meaning

And these consumer insights have inspired the creation of our distinct brand identity ‘signatures’.

Expressed through use of:

- photography
- headlines
- color

Designed to maximize our appeal.

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Photography of **people**: emotional benefits

...**people** are at the heart,
of everything we do.

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Photography of people: emotional benefits



Human

Close-up on emotion

Eye-catching

Simple, strong compositions

Illuminated

Bright and colorful

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Photography of people: emotional benefits



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Photography of **product**

Make easy for **people**
to enjoy the beauty of our products.

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Photography of product



Distinctive

Expressive of function and design; shape, color, materials and finishes

Eye-catching

Using distinctive angles

Illuminated

Bright, reflective backgrounds and use of shadow

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Photography of product



Photography and our headlines



Personal

from our audiences point of view
from consumer insights (and VPH)

Inspiring

communicating advanced solutions

Clear

acting together with photography

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Photography and our color



We are colorful

Attractive and stimulating for people

Responsive to cultures and categories

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Philips LivingColors LED lamp

LivingColors

Philips LivingColors LED lamp

LivingColors

Colour your life with light

Create your own atmosphere with colour and light

Colour your life with light

Create your own atmosphere with colour and light

LivingColors

Color your life with light

PHILIPS
sense and simplicity

Simplicity is light that changes the color of your mood

LivingColors

LivingColors

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Connecting with people

In-store and on-line

Packaging

Photography, headlines and color join force to make it easy for the consumer to see and understand our message on the shelf.



- precious real estate
- 'brand identity on the front line'
- 'the last three feet'
- 'the decisive moment'

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Packaging



- precious real estate
- 'brand identity on the front line'
- 'the last three feet'
- 'the decisive moment'

50% more light

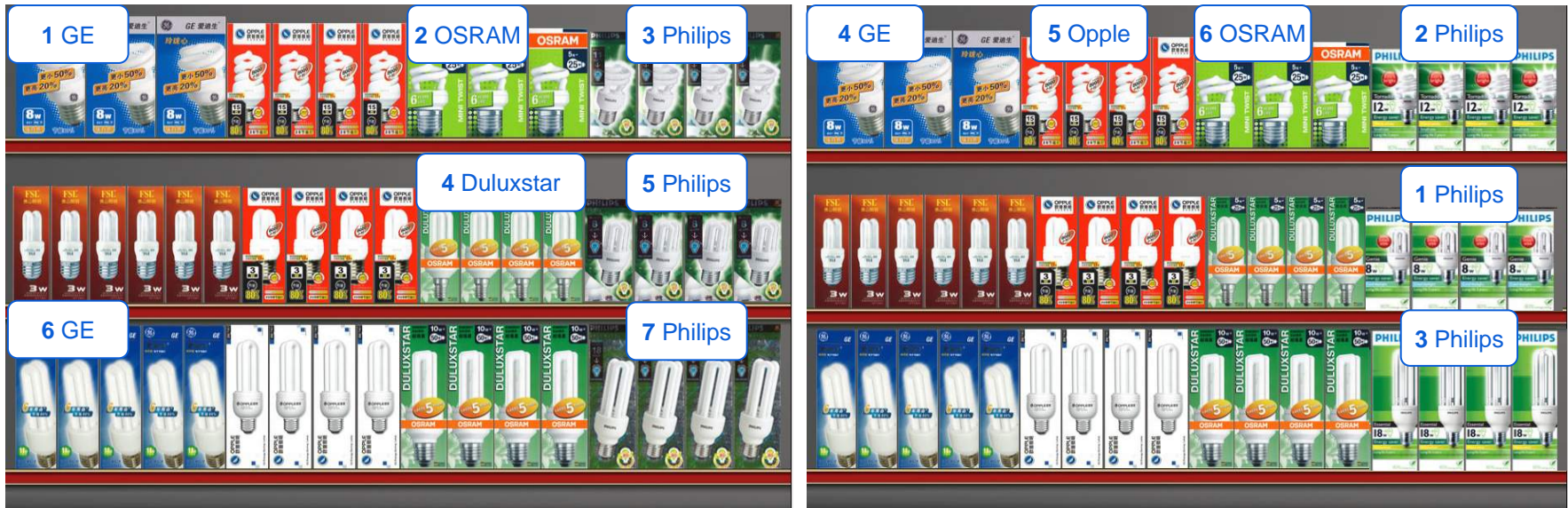


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Packaging shelf performance



Three Philips Energy Saving Lamp ranges and competitive offer



“Pre Brand Identity” packaging design:
 - Philips holds number **3, 5, 7** positions

“New Brand Identity” packaging design:
 - Philips holds number **1, 2, 3** positions

Easy for people

- to see from the shelf; bulb shape, size and wattage, and benefits
- research, way of working and design program = Brand identity

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Online



International
Forum
Design

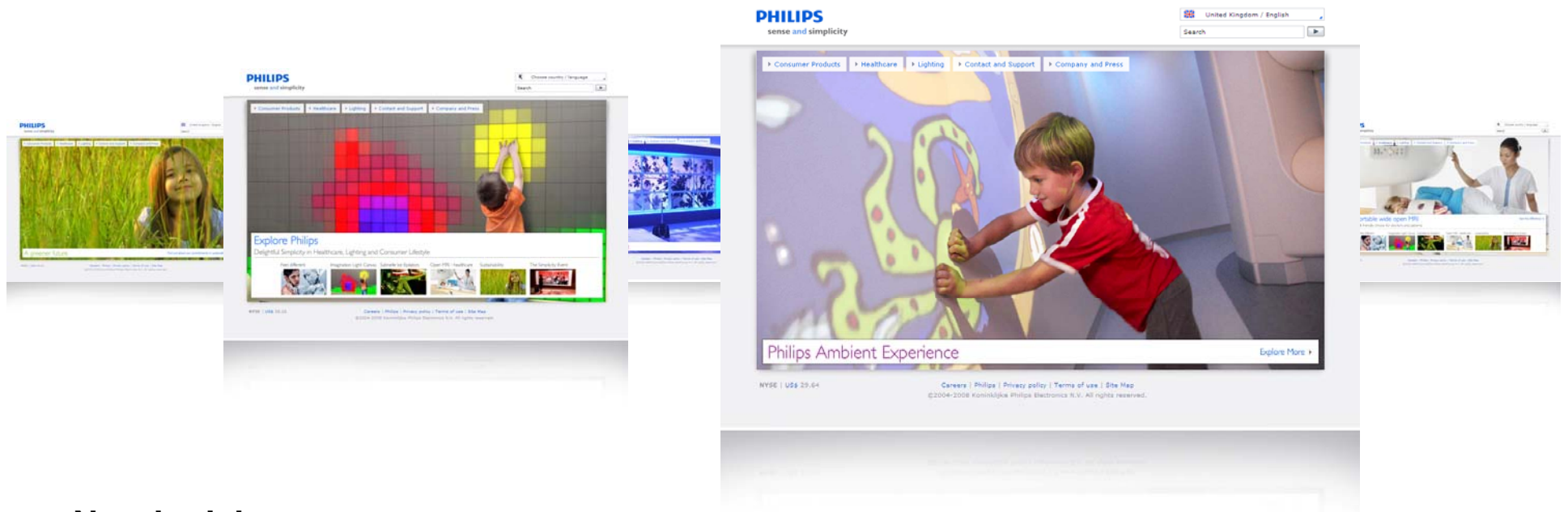
Philips consumer website wins Gold iF award - August 29, 2008

‘truly consumer-friendly, designed around the shopper at every step along purchasing process’

- 71 million visitors
- 11% user satisfaction improvement – well above industry benchmark
- retailers love it, through generation of many more qualified leads

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Online



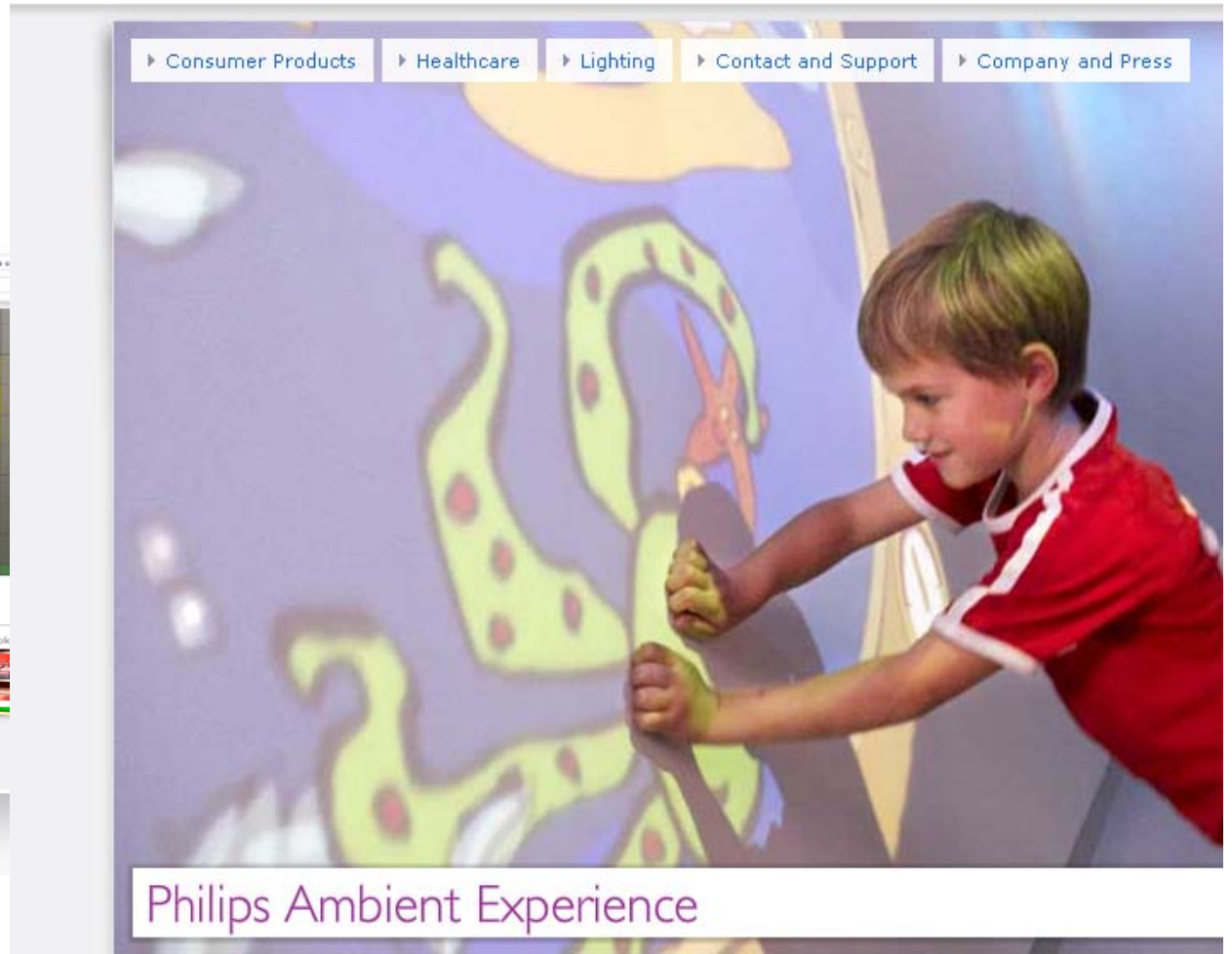
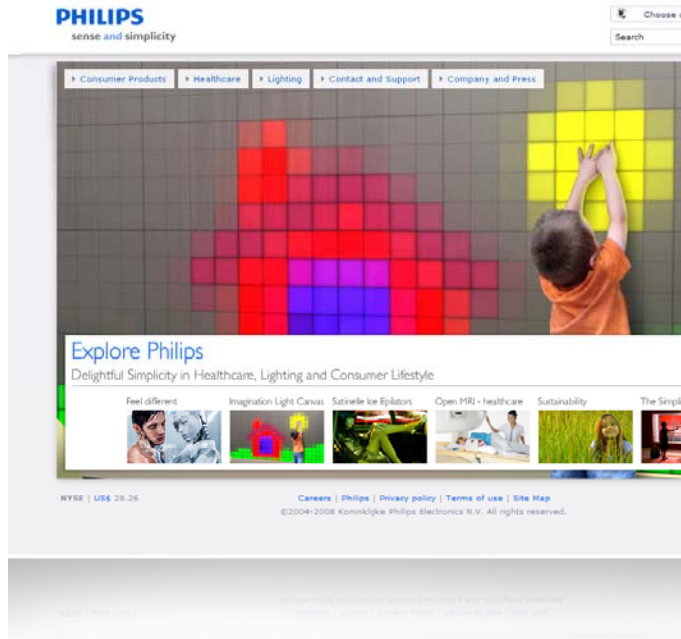
New look home page:

- Exemplary use of brand identity signatures

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Online

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sense and simplicity



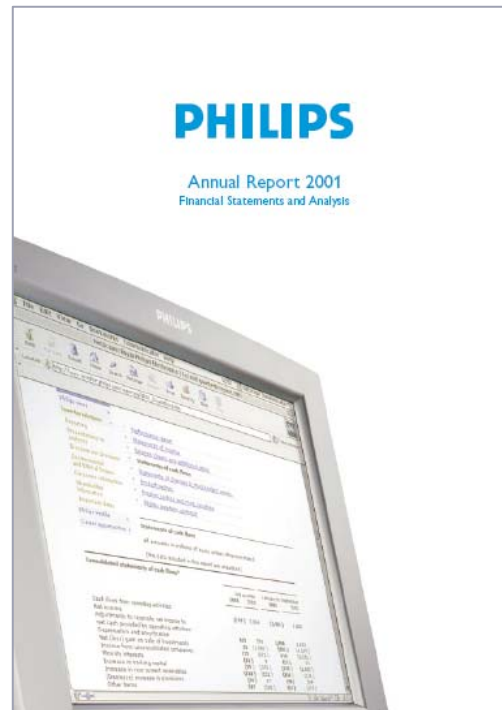
NYSE | US\$ 29.64

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Annual Reports 2007

communicating a vision



“Glance at the front cover of the Philips annual report for 2001 (and) look at the same document for 2007... The difference illustrates Mr. Kleisterlee’s efforts to change the Philips brand ... to one that talks about being ‘**people-centric**’ ”

Reinventing the Philips brand FT interview Michael Steen

PHILIPS sense and simplicity

Choose country / language

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Consumer Products Healthcare Lighting Contact and Support Company and Press

Explore Philips
Delightful Simplicity in Healthcare, Lighting and Consumer Lifestyle

Feel different | Imagination Light Canvas | Satinlike Ice Explorers | Open MRI - healthcare | Sustainability | The Simplicity Event

NYSE | US\$ 28.26

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PHILIPS sense and simplicity

United Kingdom

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Philips Ambient Experience

NYSE | US\$ 29.64

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Thank you

Ambient
experiences
for home





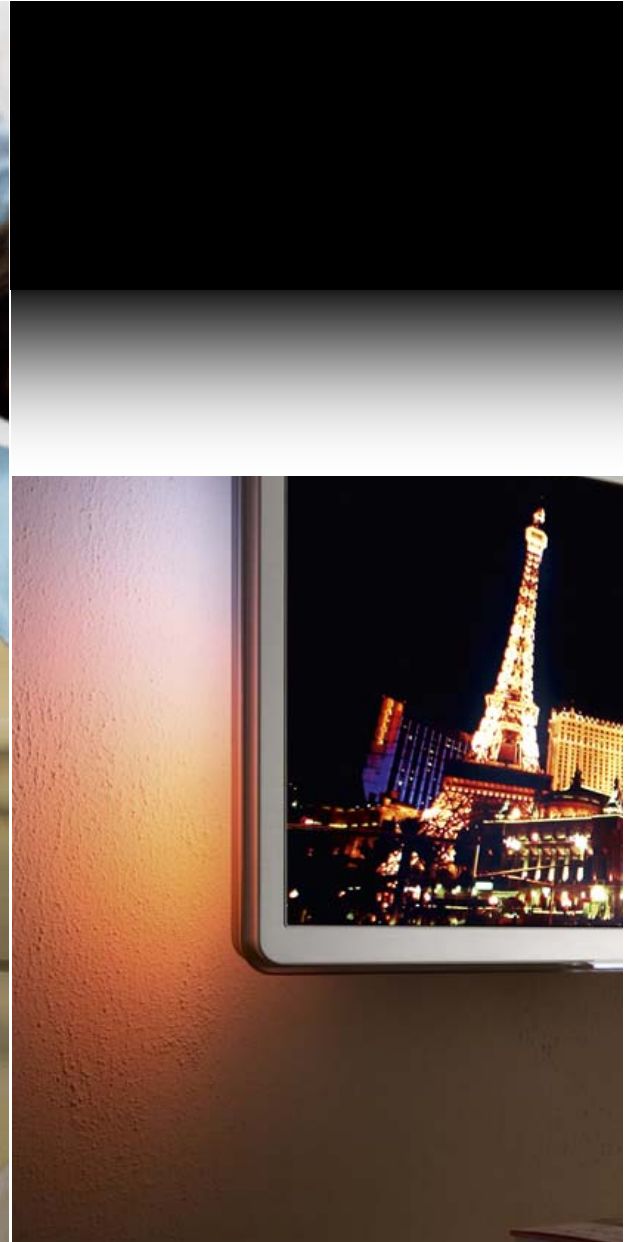
Ambient Experience for home
designing for the senses and emotions



mood



wellbeing



entertainment



People love to use color light to express themselves



Washing the wall with color creates mood and atmosphere



A highly distinctive design sets Livingcolors apart from other lights

PHI



The color wheel makes choosing color simplicity itself



9 out of 10 people admit to not being ready to wake up



The Wake-up Light is designed to recreate the effect of the rising sun



An elegant shade that blends into any bedroom



A simple lever for easy and relaxed control



After Ambilight ordinary TV is just not the same



The led lux TV takes viewing to a new level

PHILIPS



The latest new arrival - Livingcolors mini



Thank you

Professional
innovative
experiences



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Designing innovative Ambient Experiences for professional & public spaces





New spatial interactions A Philips Design **visionary project** looking into connecting **new interactions** to **natural rituals**, creating heightened, positive experiences for the people involved.

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Ambient Experience @ RSNA 2003 applying the findings of our research to the **clinical environment**, and creating the **market** fascination and “**pull**”.



Philips Healthcare business commitment the Philips Healthcare **business unit** Ambient Experience is created, and tuned to the design of **repeatable and customized** solutions for hospital imaging suites and beyond.

Cultural Changes



Resulting Needs

Brand is more important than location

Loyalty is Lost

Access & Personalization of Content

Hotel challenges

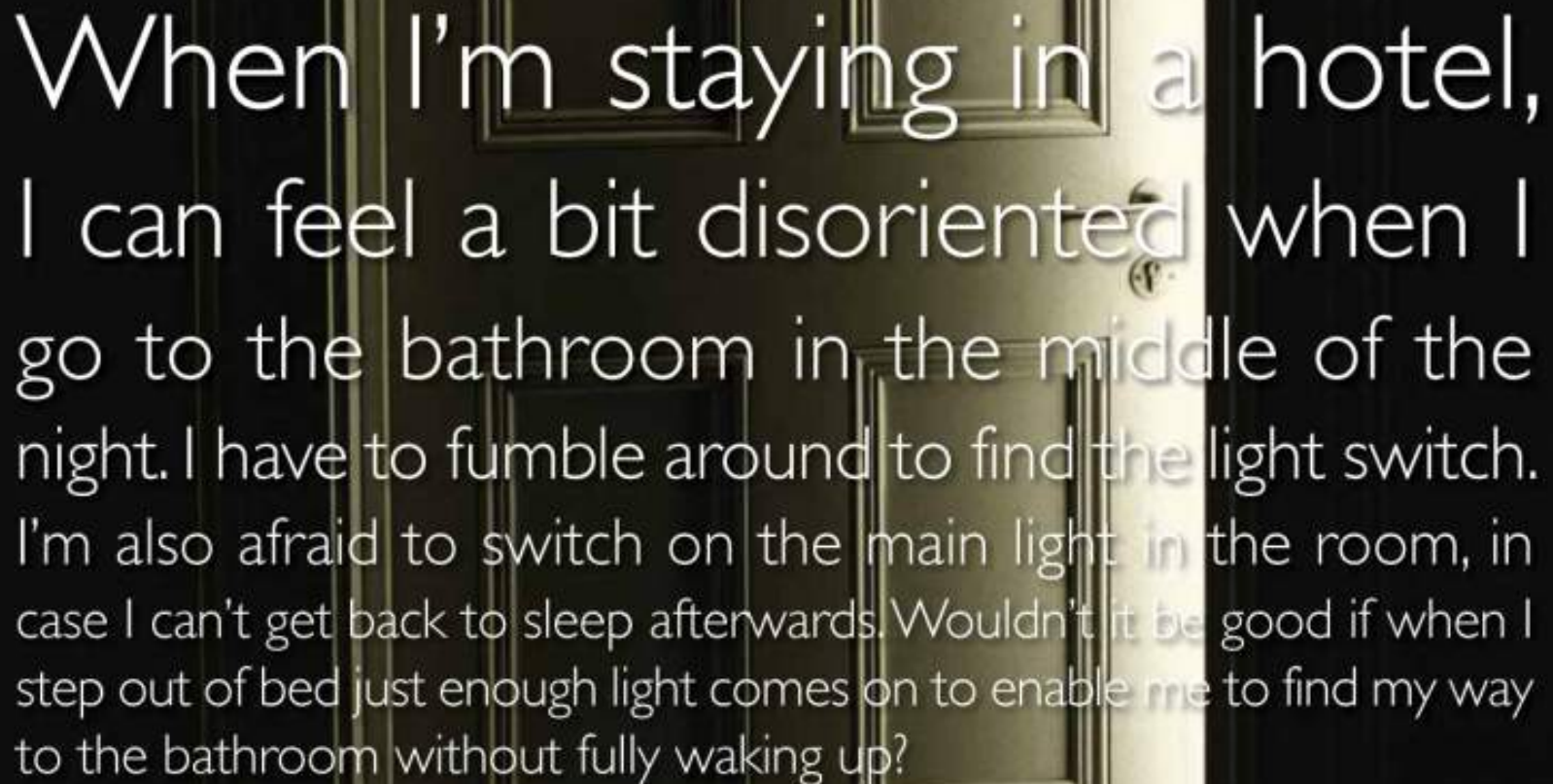
- *Manage your brands*
- *Provide the guest with access to content and the ability to personalize that experience*
- *Provide ability to access and personalize the content*
- *Focus on entire experience from start to finish*

CitizenM studying the **guest of the future**, shows how hotels need to cater for a changing generation of clients and their increasing **desire for personalization**.

There are two things that can wake me up in the morning: a refreshing shower and bright sunshine. But when I am traveling I barely see the sun. I wish there was a way to combine the invigorating effect of a shower and the energy I get from the sun to set me up for the day.

CitizenM uncovering insights

. . . I wish there was a way to combine the **invigorating** effect of a shower with the **energy** I get from the sun, to set me up for the day . . .



When I'm staying in a hotel, I can feel a bit disoriented when I go to the bathroom in the middle of the night. I have to fumble around to find the light switch. I'm also afraid to switch on the main light in the room, in case I can't get back to sleep afterwards. Wouldn't it be good if when I step out of bed just enough light comes on to enable me to find my way to the bathroom without fully waking up?

CitizenM uncovering insights

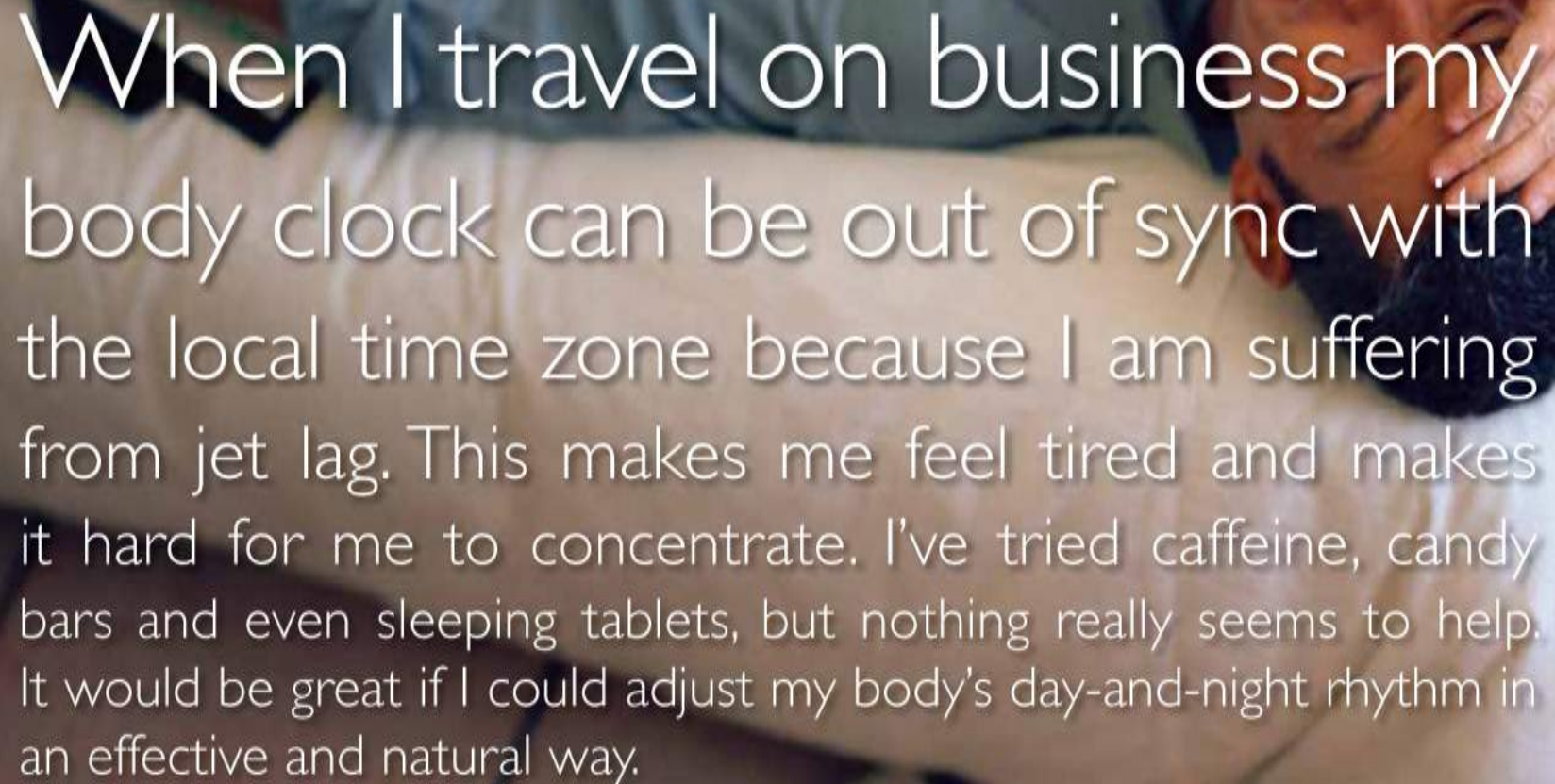
. . . wouldn't it be good if, when I step out of bed **just enough light** comes on to enable me **to find my way**, without fully waking up . . .



When I enter my hotel room, I need a few minutes to figure out where everything is and to adjust things to suit my preferences (temperature, lighting and TV). This does not make me feel special. I would feel much more welcome if the hotel knew my preferences and had already made the necessary adjustments so that when I enter my room everything is in place and I instantly feel at home.

CitizenM uncovering insights

. . . I would feel much more **welcome** if the hotel knew my preferences, and had made the necessary **adjustments before I arrive** . . .



When I travel on business my body clock can be out of sync with the local time zone because I am suffering from jet lag. This makes me feel tired and makes it hard for me to concentrate. I've tried caffeine, candy bars and even sleeping tablets, but nothing really seems to help. It would be great if I could adjust my body's day-and-night rhythm in an effective and natural way.

CitizenM uncovering insights

. . . it would be great if I could adjust my **body**'s day-and-night **rythym** in an effective and **natural** way . . .

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CitizenM individual guest **customization** and customer profiles. One concept adaptable to individual **guest needs and moods**.

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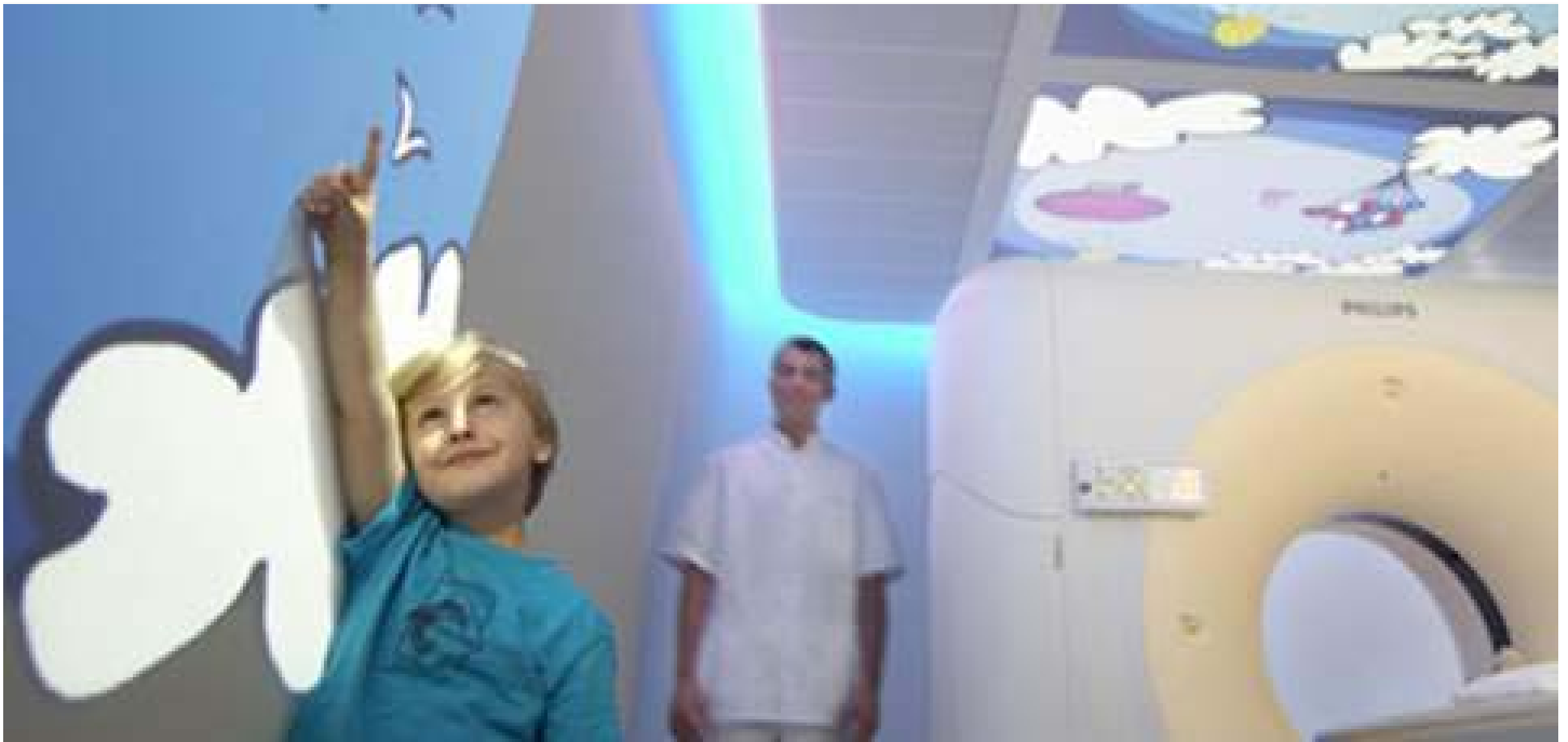


CitizenM first location opened at Amsterdam Schiphol Airport, with more locations planned



Unfamiliar landscapes patients and visitors feel **uneasy** and **intimidated** . . . “you’re ill, or just plain nervous.” . . . your experience from first **impression to memory**, may not be the most pleasurable.

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Flagship installation @ Advocate Lutheran based on deep insights from all stakeholders, including the **children** themselves.



Advocate Lutheran uncovering insights

. . . children strongly **associate memories** with **location**.

. . . it is important to give children **say and influence** in their procedures



Advocate Lutheran uncovering insights
. . . a child is more at ease when asked to **cooperate to the best of their ability**, rather than being told to be a good child

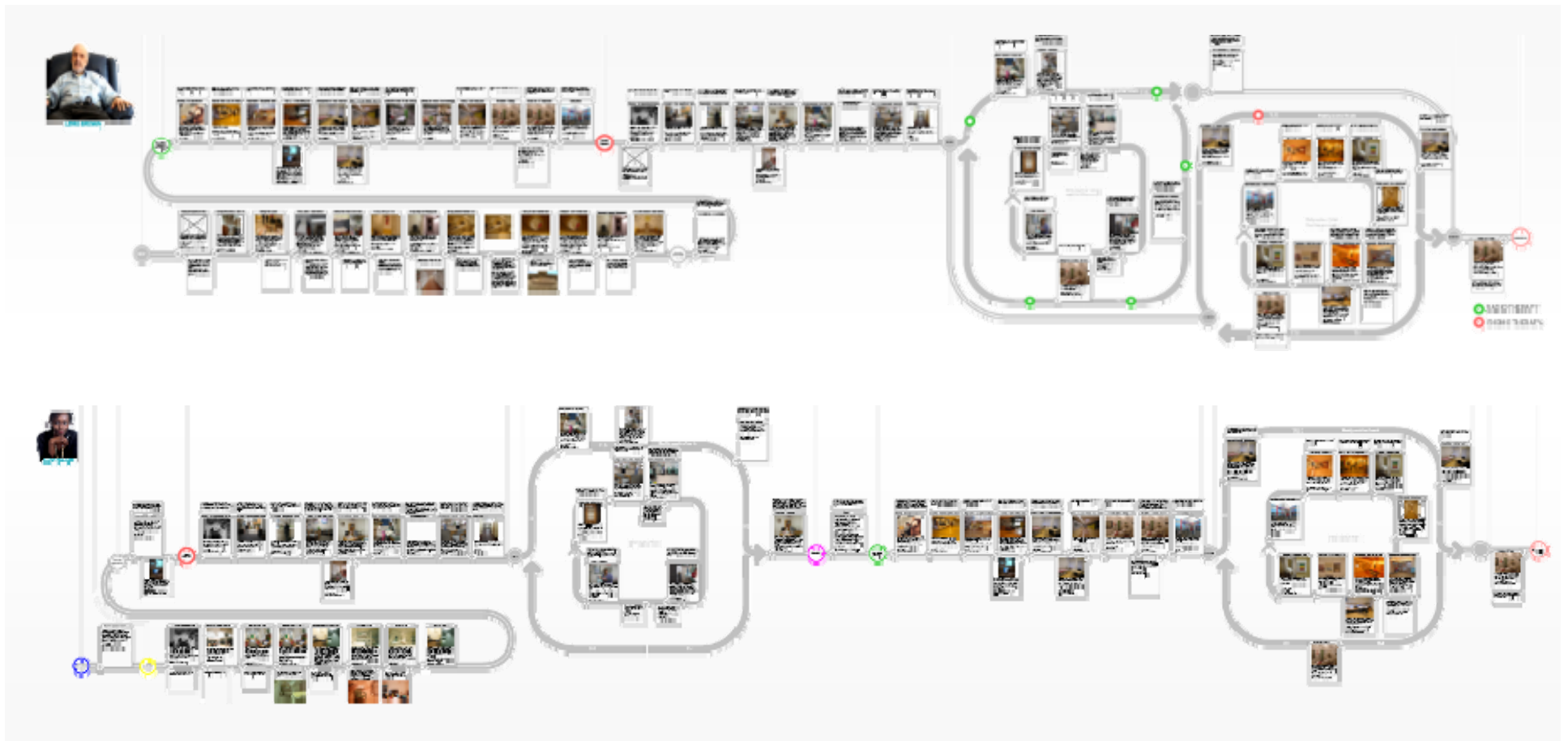
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Advocate Lutheran uncovering insights
... **visual representation** can help a child understand what is required of them, rather than spoken instructions.



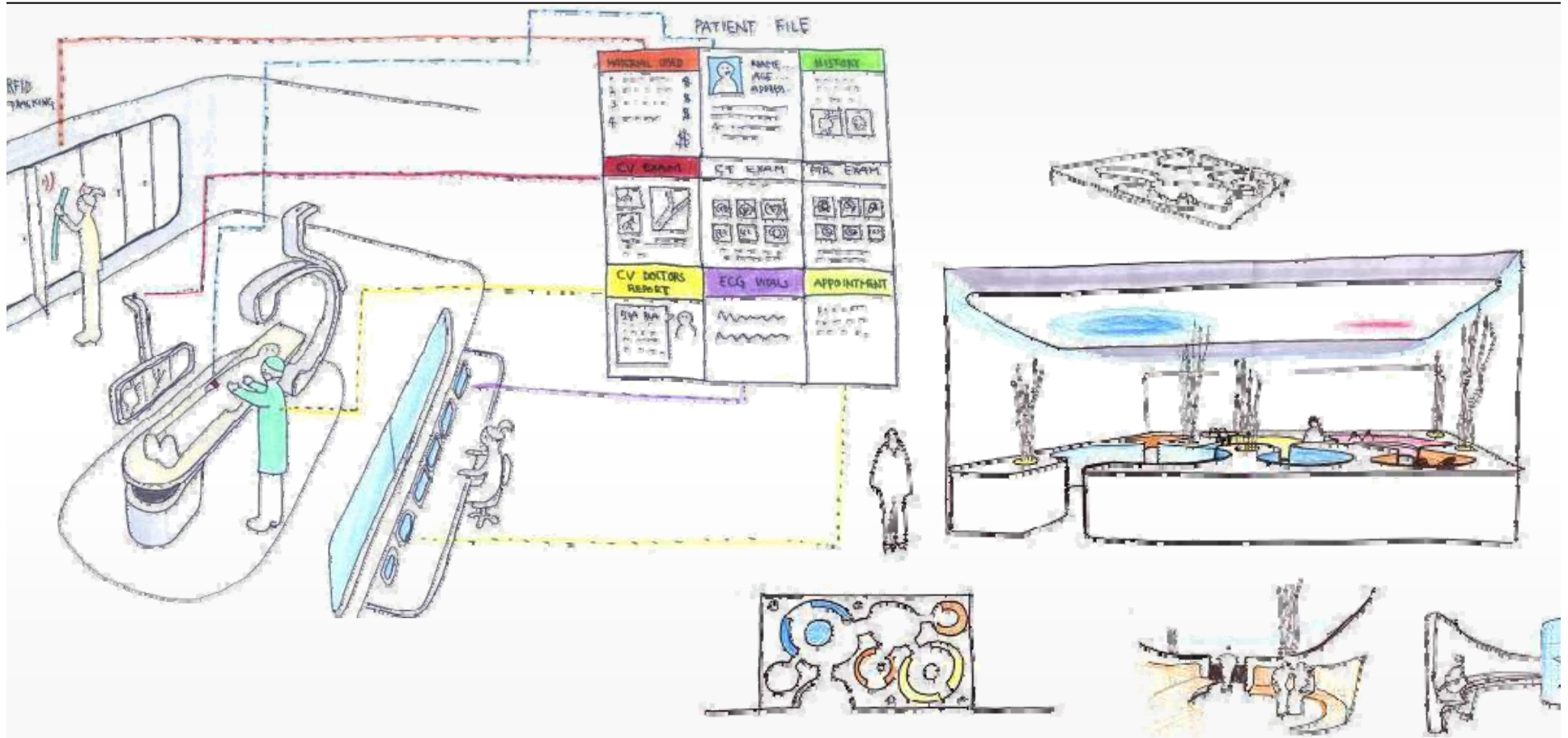
People Research cornerstone to uncovering **fresh and surprising insights**, on which relevant and meaningful solutions can be built. In the Healthcare domain, we do this in a **collaborative** way with teams from the client, leading clinical specialists, and patient safety experts.



Experience Flow charting procedural improvements, coping with anxiety associated with disease states, and **life-changing** moments. . . . the epitome of the High Design Process, and **integrated** into the Philips Healthcare **business process** of the Value Proposition House.



Ambient Experience is growing we have supported the business in the design and installation of **80 imaging suites**. The portfolio has an increasing number of **full department** projects, and a growing component of **Design Consulting** towards medical institutes.



Disney Children's Hospital an Ambient Experience project covering **two floors**, including 110 in-patient rooms, ICU's, nursing stations, staff and public areas.



Business benefits patient **safety** raised, diminished **need for sedation** of children, more **efficient utilization** of equipment, patient **comfort** increased, **motivating** work environment, **attractive** to new top-class professional talent.

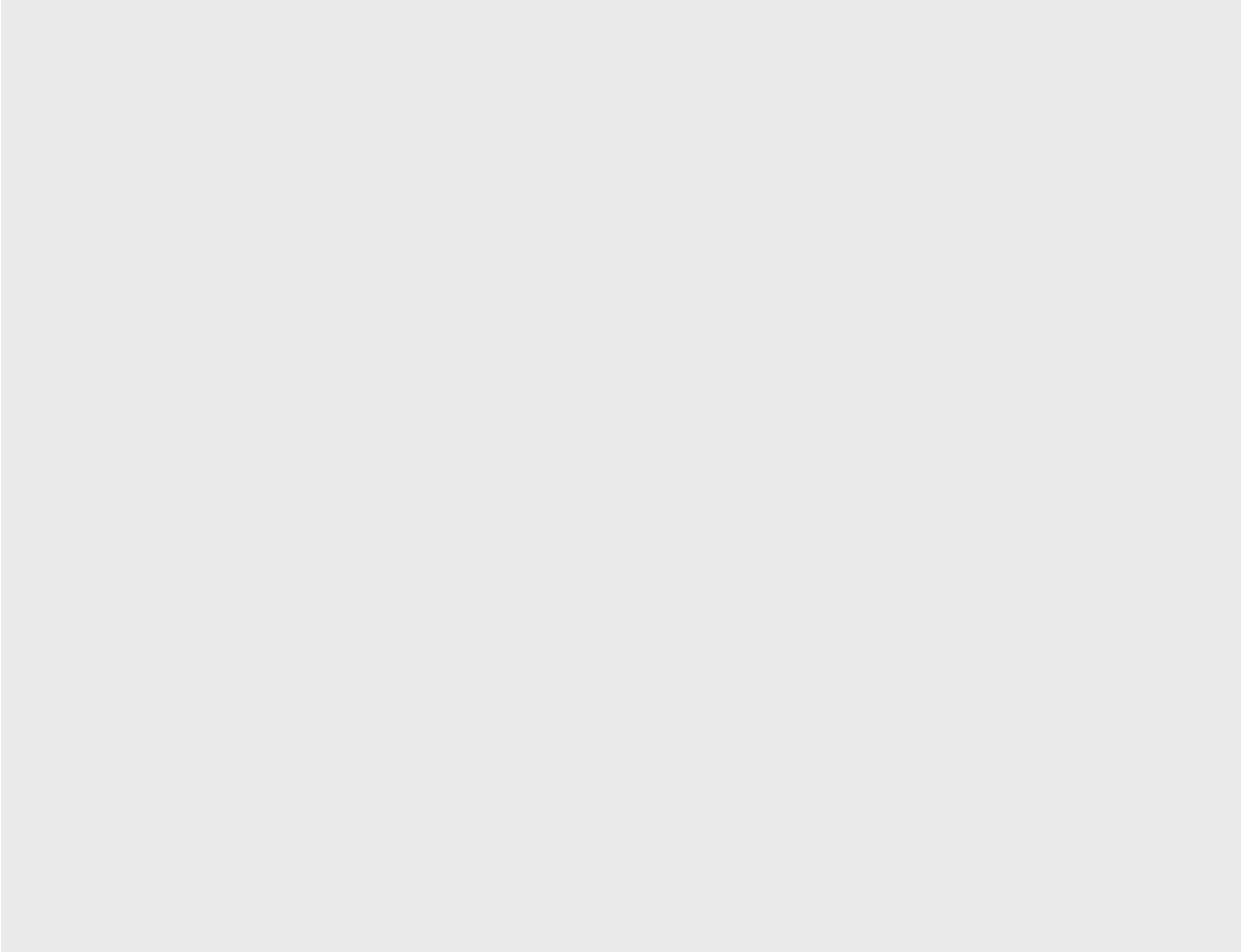


Innovative Ambient Experiences for professional and public spaces improve people's **health and sense of wellbeing**, as well as **adding value** to company bottom line.

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Thank you



Understanding
people & trends



A photograph of a person walking on a beach at sunset. The person is in the center of the frame, walking away from the viewer. The sky is filled with soft, colorful clouds in shades of orange, yellow, and blue. The water in the foreground is calm, reflecting the person and the sky. The overall mood is serene and contemplative.

Delivering competitive business value
by understanding people and trends

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We create **value for people....**
... through **valuing people**



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Understanding people and cultural change has evolved into a unique asset in Philips Design



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We aim to inspire design through understanding

people's daily experiences

cultural and societal trends

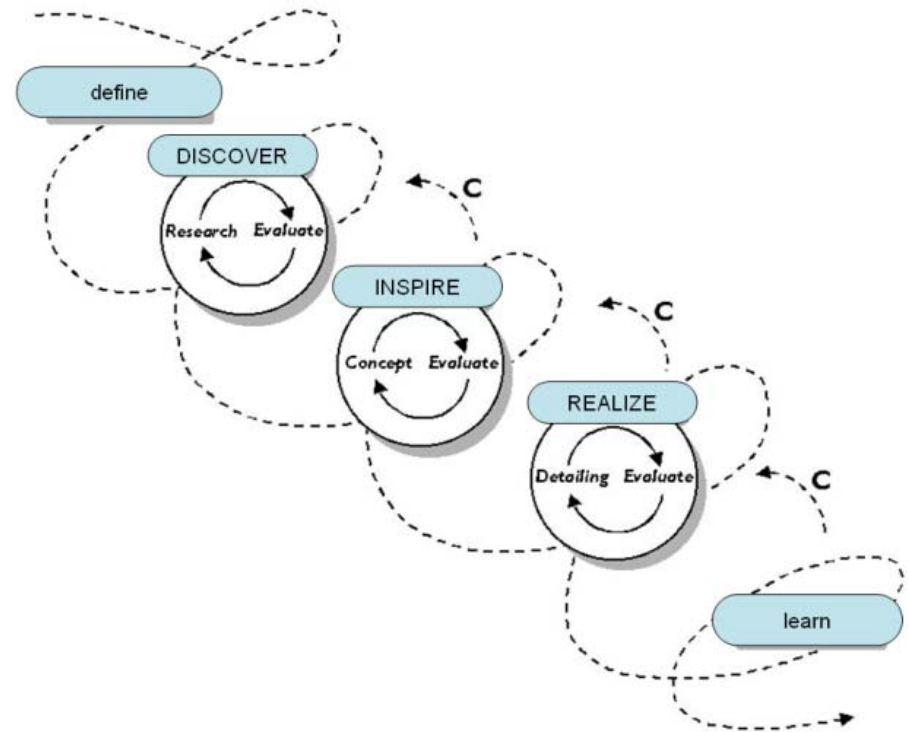
global drivers of change



Integrating insights into the High Design Process

High Design Process is:

- People focused
- Multi-disciplinary
- Research based
- Business integrated

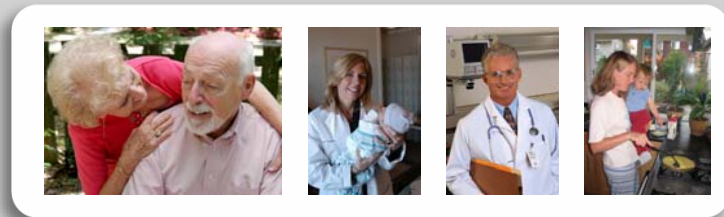


We weave a rich web of perspectives

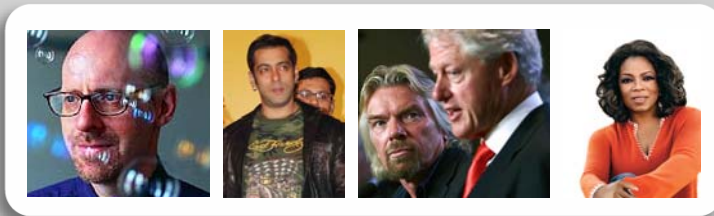
different ideas



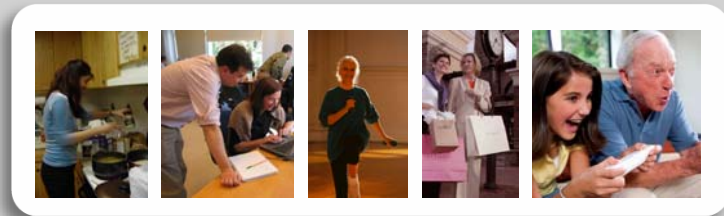
different stakeholders



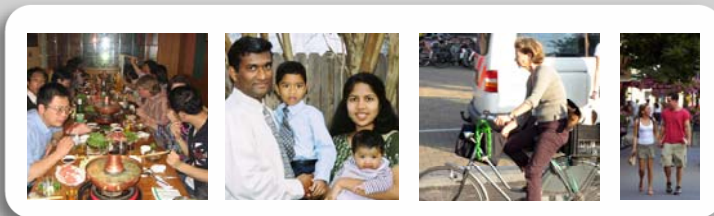
different influencers



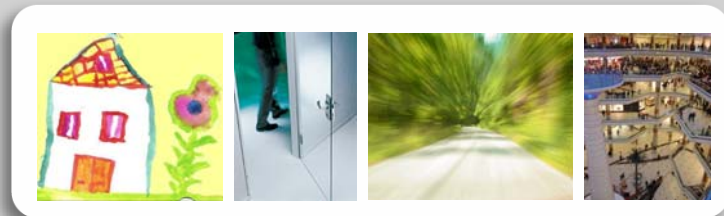
different activities



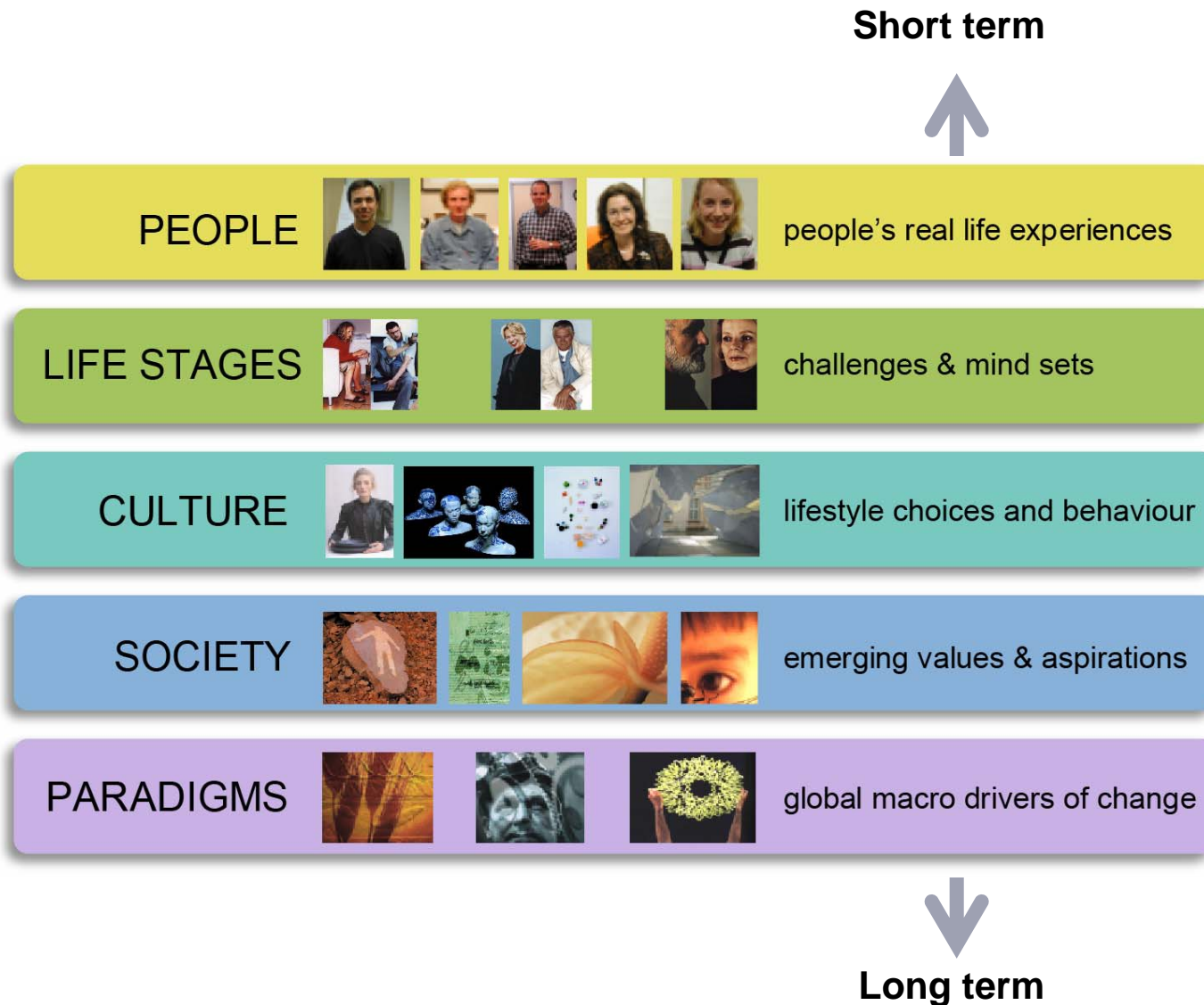
different cultures



different contexts



A unique capability mix



Insights to inspire three core business areas

Strategic Directions



Brand translation



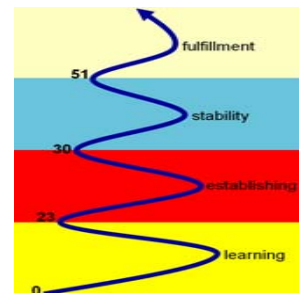
Value Propositions



Lighting Future



China Wellbeing



Relationship Care



Case study: Relationship Care

Relationship Care: **a new product category** in the UK

Contribution:

- **Understanding intimacy** in adult relationships
 - Increased openness in society
 - Expectations
 - Stress
- Inspirational **input for Design**



Deep understanding of people and cultural change delivers a competitive edge to Philips

A Compass for:

- Informing and inspiring design of new propositions
- Translating the Brand to different cultural contexts
- Supporting Business in strategic direction setting



Thank you

Design creates value at Philips

Brand identity design



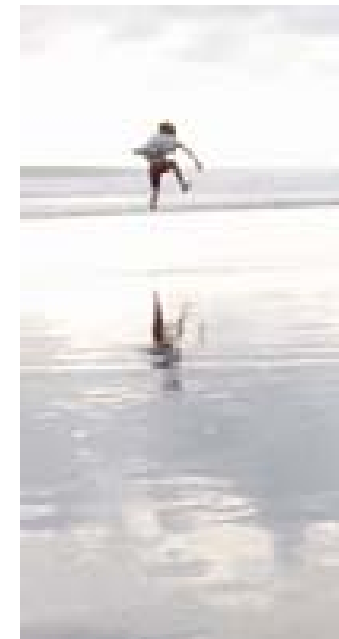
Personal ambient experiences



Professional innovative experiences



Understanding people & trends





“For us, design is the starting point for any innovation process.

Design not in its narrow sense, referring to styling, but in its broadest sense: designed around you. In our view, design-led innovation includes working from customer insights, creating an application out of technology that fits the user’s needs and wishes, as well as design in the narrow sense: ergonomically sound, emotionally appealing, easy to use.”

Gerard Kleisterlee

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Is design a new value driver of brand strength and innovation?

Yes! Philips Design is a competitive force for Philips.



