



# 1.0

THIS IS X



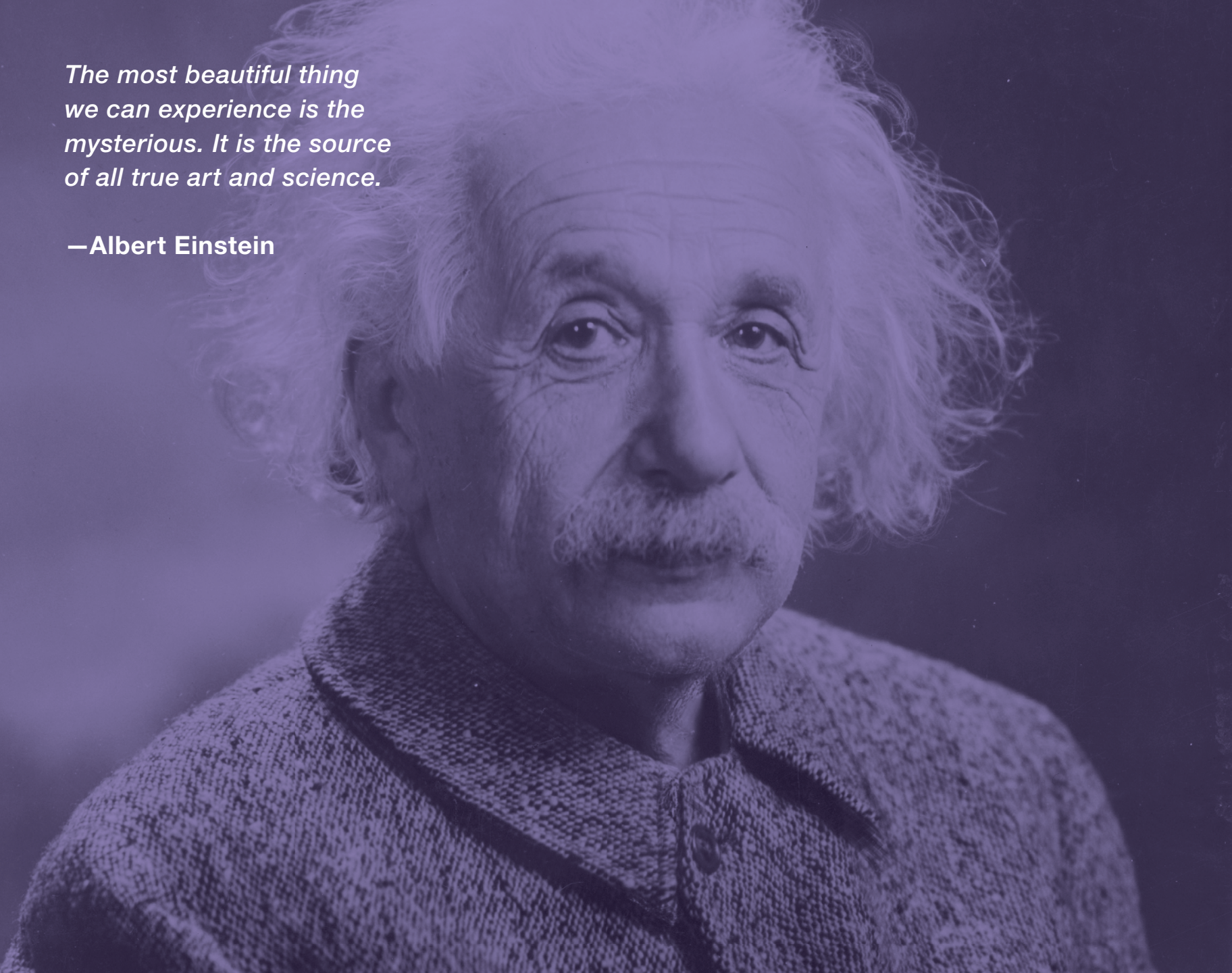
**EXPERIENCE IS  
THE NEW BRAND.  
EXPERIENCES ARE  
THE NEW BRANDING.**

**THE FUTURE IS  
EXPERIENCE.**



*The most beautiful thing  
we can experience is the  
mysterious. It is the source  
of all true art and science.*

**—Albert Einstein**



CLOSE YOUR EYES FOR A MOMENT AND THINK ABOUT THE LAST TIME YOU TRULY HAD A GREAT EXPERIENCE WITH A COMPANY AS A CONSUMER, AN EXPERIENCE THAT CAPTURED YOUR HEART, MIND, AND SPIRIT.

WHAT ABOUT IT WAS SPECIAL?

LET'S CALL IT "X"—THAT *JE NE SAIS QUOI* THAT MAKES SOMETHING SO SPECIAL.

THIS BOOK IS ABOUT X, CREATING SUCH MEMORABLE MOMENTS FOR YOUR CUSTOMERS THROUGH EVERY ENCOUNTER THEY HAVE WITH YOUR BRAND—ALL DAY, EVERY DAY.

# WHAT IS X?

In math,  $x$  represents a variable to be solved for. In business, the  $x$  we must solve for is the experience we want to give our customers. Of course, the idea that businesses should focus on customer experience isn't new. But we've entered a new era in experience creation, and businesses that don't learn to craft much more satisfying experiences for their customers have a great deal to lose.

In 1998, B. Joseph Pine II and James H. Gilmore published a controversial essay in the *Harvard Business Review* heralding the era of "The Experience Economy."<sup>1</sup> They put forward

the idea that businesses should creatively orchestrate memorable events for their customers, and those experiences, and the memories they instilled, would become part of the product and brand. Pine and Gilmore defined experience this way: "An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event."

They used two great examples, which are oldies but goodies, showcasing how Chuck E. Cheese and the Discovery Zone

<sup>1</sup> <http://hbr.org/1998/07/welcome-to-the-experience-economy/ar/1>.



were pioneers in productizing experiences. Both companies created complete ecosystems that enchanted children, and equally as important allowed parents to become heroes for having taken their kids there. They both, however, stopped trying to compete for relevance as consumers changed and, as such, the experience becomes dated.

Since then a great deal more has been written about the value of offering customers superior experiences. Apple showed how to do so masterfully with the launch of the iPhone in 2007 and its rich experience ecosystem, built right into the product. Yet few companies have followed effectively in Apple's footsteps even though everyone talks about doing so. So many still choose to increase profitability or tolerate mediocrity at the expense of the experience, even though it's been clearly demonstrated that consumers will pay a premium for a better experience.

We know that giving our customers delightful experiences is important, and as consumers, we know the quality of experiences we want. So why is it that when we get into work, we lose this customer perspective?

Part of the problem is that how to go about creating truly meaningful experiences for customers is still so little understood.

Who in business hasn't heard the mantra, "Customer experience is the new competitive advantage?" But has anyone actually told you how to design experiences, or articulated exactly what the standard for a good experience is? People in different silos of a company will give different answers about how to deliver on experience. Product managers will say, "Design great products." Customer relations managers will say, "Make customer service matter again!" Those in marketing will focus on creative campaigns and branding.

This book introduces a transformative approach to customer experiences by design: *human-centered experience architecture*. This approach defines customer experience as the sum of all customer engagements in each touch-point and every "moment of truth" throughout the customer lifecycle.

Experience architecture is the art of engendering desired emotions, outcomes, and capabilities throughout the customer journey. It is the process of strategically designing and strengthening a customer's entire spectrum of interactions with a product or company.<sup>2</sup>

Creating a great customer experience used to require that companies merely present

information and functionality in a usable, efficient, and enjoyable manner. But this is no longer enough. Customers are placing greater demands not just on products and services, but on the ongoing experiences that their interactions with companies offer. If they can't get what they want, they'll hack their way to it.

Experiences are more important than products now. In fact, *experiences are products*. They've also become a lively topic of consumer comment for all the world to hear. People increasingly share their experiences with companies and products in our connected economy, and we can either be active participants in creating and nurturing desired experiences or spend more and more time trying to react or make up for bad experiences. What's more, consumer demands continue to evolve. We're just getting started.

In order to be competitive, brands must get better not only at understanding and satisfying customers' wants and needs but at anticipating them, even before customers know what they want and need. This type of experience design is referred to as creating *proactive experiences*, and these are quickly becoming the new standard.<sup>3</sup>

<sup>2</sup> [www.marketingprofs.com/6/duncan3.asp](http://www.marketingprofs.com/6/duncan3.asp).

<sup>3</sup> <http://uxmag.com/articles/proactive-experiences-and-the-future-of-ux>.



For example, Google's Nest home thermostat understands the consumer's comings and goings, both in leaving the home and in moving around in the home during the course of the day and night. It proactively sets room temperature accordingly, saving users money. And over time, it keeps getting smarter. Nest creates an experience that becomes almost invisible and yet is delightful.

But that's not all. Nest is also a hub for other connected devices, ranging from lightbulbs to appliances. Imagine your lights turning on and some of your favorite music playing as you walk in the door from a hard day at work.

Consider what Disney is doing to improve customer experiences at Disneyland resorts and parks. The company has created a wearable computer bracelet called Magic Band, with sophisticated technology built in that provides consumers with a seamless, invisible ability to

***Make purchases without a credit card or cash.***

***Get in and out of the park.***

***Review and optimize wait times.***

***Book FastPasses.***

***Open the hotel room door.***

***Make dinner reservations.***

***Receive personalized offers.***

Not only are Disney's customers delighted, the company is able to mine a trove of data from each band in the aggregate, allowing it to discover new ways to

***Increase loyalty.***

***Increase revenue.***

***Drive attendance up.***

***Uncover insights and preferences.***

***Introduce personalization through advanced CRM.***

***Improve operational efficiencies.***

At the end of 2014, Disney reported that U.S. park attendance rose 7 percent in the three months that ended December 27, which is a record.<sup>4</sup> In addition, the occupancy at Disney resort hotels also jumped up by 8 percent to 89 percent, which is considered in the resort business as close to fully booked as possible. The company also reported a

20 percent increase in income from its parks and resorts compared to the same period a year ago.

Disney's MagicBand is a brilliant representative of the possibilities of the new era of experience architecture. To get an even better sense of the possibilities, imagine a Disney MagicBand for patients, replacing ID bracelets in hospitals. Mark Rolston, who was the chief creative officer at Frog when the design firm developed the MagicBand, described how his new firm, argodesign,<sup>5</sup> has envisioned the use of the MagicBand in hospitals:

***Right now, the number of staff used to move people around is high. As we move into the future, trying to reduce costs, you might imagine a hospital being much more like a mall, with a greater deal of self-service. . . . Someone heads down to radiology, gets scanned, and they don't have to check back in.***

Here, the experience is frictionless and invisible.

Now ask yourself what your company is doing to move into this new era of experience architecture.

<sup>4</sup> [www.latimes.com/business/la-fi-attendance-at-disney-parks-up-7-review-of-magic-bracelet-strong-20150203-story.html](http://www.latimes.com/business/la-fi-attendance-at-disney-parks-up-7-review-of-magic-bracelet-strong-20150203-story.html).

<sup>5</sup> [www.argodesign.com/](http://www.argodesign.com/).



A photograph of a man wearing a dark hat and a light-colored t-shirt, sleeping with his head resting on his arm while sitting in the driver's seat of a car. The car's interior is visible, including the steering wheel and dashboard. The background shows a blurred view of trees through the car window.

# 1.1

CX = \$





**IS YOUR CUSTOMER  
EXPERIENCE REALLY  
A PRIORITY?**

**IF NOT, YOU'RE  
PAYING A PRICE**



Apple, Disney, and Nest are the exceptions to the rule; the rule is that in general customers receive impersonal treatment and experience great frustration with products and services. And because so few companies offer quality experiences, customers are willing to pay more for them. Any company that shows any semblance of empathy now possesses a tremendous competitive advantage. Even so, most companies have been unable to elevate the quality of the experience they offer to anything close to what customers are demanding.

Every year, American Express releases its Global Customer Service Barometer report, which captures the state of customer sentiment.<sup>1</sup> At the time of this book, American Express found that only one third or fewer consumers see an “increased focus on customer service” on the part of businesses. The survey also found that six in ten consumers or more have spent more with a company because of a history of positive customer service experiences. It doesn’t stop there. Across all markets, over half of consumers surveyed indicated that they are willing to spend more with companies that they believe provide excellent service.

Your company can either reap the benefits or suffer the consequences. Greater than two in five consumers will tell other people about their good customer service experiences—all of the time. At least half tell other

people about their poor customer service experiences—all of the time.

You get it. You’re not just a strategist or business executive. When you’re not at work, you, too, are a consumer. When you have a great experience, you tell people. When you don’t, you tell people. And yet, research shows that most companies aren’t acting with any urgency to improve the customer experience they offer.

This is costing them and you dearly. Negative experiences translate directly into hits to the bottom line. In the past year, half of consumers indicated that they have not completed a transaction or made an intended purchase because of poor customer service.

Technology vendor Oracle published a report<sup>2</sup> that revealed the lack of effective action being taken at most companies, despite the fact that executives expressed strong belief in the importance of customer experience: 93 percent of senior executives, across multiple industries, stated that improving CX was one of the company’s top three priorities for the next two years. Another 91 percent stated that they strive to be a CX leader.

But the research also showed that only 37 percent of the executives interviewed were actually beginning to move forward with a formal CX initiative. And here’s the money

shot: A little less than half of the 49 percent said they believe customers will switch brands due to poor CX, whereas a whopping 89 percent of customers say they have already switched because of poor CX. WTF!?

It’s more than service, however. Everything adds up to experience from marketing to sales to product impressions to support to loyalty and back again.

I hear all the time from executives and strategists: “We must be customer-centric—we must improve the customer experience!” But so often the reality of what they’re doing is designing products and services that are merely less poor. And, chances are that they don’t even know what the customer experience is because they’re simply removed from it.

The bottom line is that for most companies, customer experience is not truly a priority. They manage it instead of lead it. They scale and optimize their current practices, generally focusing on some technology fixes and doing good marketing.

No amount of advertising or marketing can override the effects of a poor experience with your people or products. People will talk and people will listen. People will also *experience*. In a study I conducted at Altimeter Group, I found that investment in marketing was generally prioritized over

<sup>1</sup> <http://about.americanexpress.com/news/docs/2014x/2014-Global-Customer-Service-Barometer-All.pdf>.

<sup>2</sup> [www.oracle.com/webapps/dialogue/ns/dlgwelcome.jsp?p\\_ext=Y&p\\_dlg\\_id=12799303&src=7598398&Act=16](http://www.oracle.com/webapps/dialogue/ns/dlgwelcome.jsp?p_ext=Y&p_dlg_id=12799303&src=7598398&Act=16).

investment in improving customer experience.<sup>3</sup> I wasn't alone. According to Zendesk, a customer service consultancy, a significant percentage of money is spent on advertising over customer experience. Yet, word-of-mouth recommendations from customers with good experiences are simply more influential and effective. The research also found that 83 percent of customers trust independent sources with whom they have a personal relationship over advertising.

Zendesk also provided these interesting statistics that tell a powerful story about why peer-to-peer sharing of experiences is so important in today's connected society. It's so much more than your precious NPS score. Shared experiences become your brand and ultimately influence decisions to you or away from you.

Rather than spending so much on advertising, it's time to truly invest in experience architecture.

## GOOD EXPERIENCES GRAB CUSTOMERS : )

**40%**

Forty percent of customers began purchasing from a competitive brand because of its reputation for good customer service.

**55%**

Fifty-five percent are willing to recommend a company due to outstanding service, more so than product or price.

**85%**

Eighty-five percent would pay up to 25 percent more to ensure a superior customer service experience.

## BAD EXPERIENCES PUSH CUSTOMERS AWAY : (

**82%**

To every action, there is always an equal and opposite reaction. As a result of bad experiences, 82 percent have stopped doing businesses with said company due to bad customer service.

**95%**

Ninety-five percent of customers have taken action as a result of a bad experience.

**79%**

Seventy-nine percent have told others about their bad experience:

1. To warn others about the risks in doing business with that company (85 percent)
2. To discourage others from buying from that company (66 percent)
3. To vent anger (55 percent)
4. Hoping the company would take action to resolve the issue (24 percent)

<sup>3</sup> [www.briansolis.com/2014/07/2014-state-digital-transformation/](http://www.briansolis.com/2014/07/2014-state-digital-transformation/).

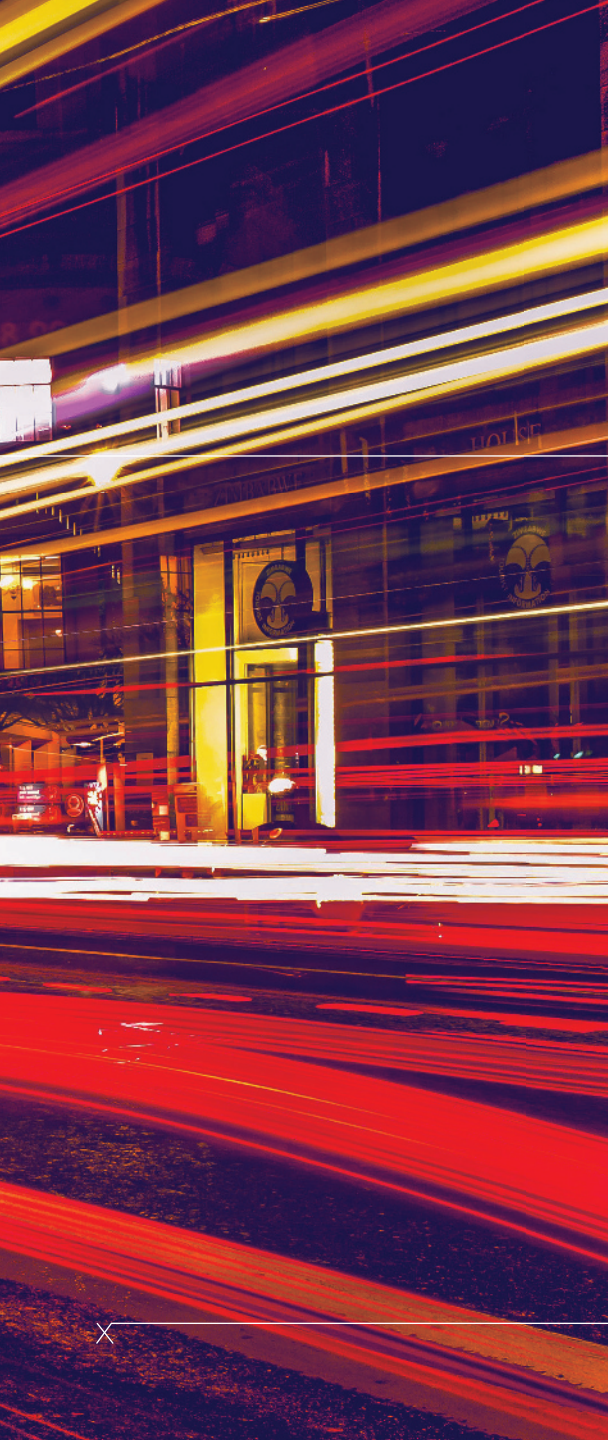




# 1.2

**MEDIUM =  
THE MESSAGE**

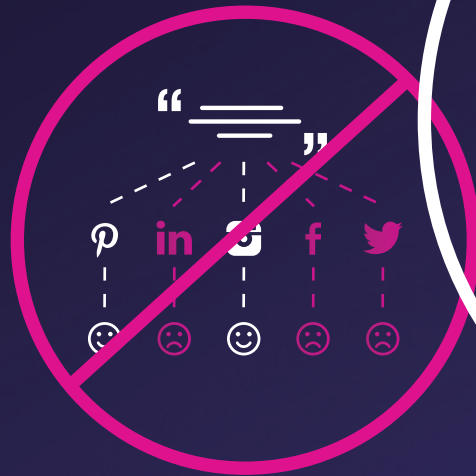




**TECHNOLOGY  
TWEAKING IS  
NOT EXPERIENCE  
ARCHITECTURE**

# MEDIUMISM

PLACING INORDINATE WEIGHT ON THE TECHNOLOGY OF ANY MEDIUM RATHER THAN AMPLIFYING PLATFORM STRENGTHS TO DELIVER DESIRED, INTEGRATED EXPERIENCES.



During the dramatic introduction of the long-rumored iPad in 2010, standing before a large screen with an image of a street sign marking the intersection between “Technology” and the “Liberal Arts,” Steve Jobs said, “It’s in Apple’s DNA that technology alone is not enough. It’s technology married with liberal arts, married with the humanities, that yields the results that make our hearts sing.”<sup>1</sup>

In experience architecture, that intersection is where we want to be. Too many companies instead go down the path of technology or feature-focused design.

It’s easy, even natural, to become fixated on technology when discussing experiences these days, and I call this common pitfall *mediumism*. This is the trap businesses fall into when they jump on every new generation of platforms and channels, be that apps, social media, or wearable computers, without crafting a rich experience tailored to the customers’ needs and desires.

It’s QR codes that don’t load on mobile devices or send people to websites; social media pages that broadcast the same old marketing, just on a social network; and mobile apps that provide no utility or true entertainment value. Of course there’s more.

Mediumism prompts businesses to design, sell, or market merely for the sake of the task at hand. They aren’t thinking about what they want people to feel, do, or share, or

considering a specific tool’s true usefulness. They aren’t connecting the dots.

Let’s take a moment to clarify what a good customer experience is not.

**It’s not**

***A campaign***

***A click path***

***The art and science of where to place buttons on a site***

***A feature set***

***Knowing how to make good use of provocative colors on a page***

***A tagline***

***Packaging***

***Anything other than the implicit and explicit design, conveyance, reinforcement, and shaping of meaningful and shareable experiences—all day, every day***

On the other hand, the following are testaments to the transformative power of truly focusing on customer experiences:

***Apple’s iPod and iTunes created a whole new way to enjoy music.***

***Tesla’s new electric cars, and its supporting model for sales and service,***

<sup>1</sup> <http://online.wsj.com/article/SB10001424053111904875404576532342684923826.html>.



***are transforming the desperately aging automotive industry.***

***Uber disrupted the outmoded taxi racket by connecting people and drivers with a people-powered platform on their mobile phones.***

Here are two more examples of companies that have creatively upped their customer experience game.

Coca-Cola is a brand driven by experiences. The company has clearly articulated the fundamental experience it wants to impart to customers: *happiness*. Just one click on Coca-Cola's website conveys that this is the company's purpose, and that it hopes to become part of your life and for you to become part of the Coca-Cola experience.

Coca-Cola's three-step mission is to<sup>2</sup>

***1. Refresh the world.***

***2. Inspire moments of optimism and happiness.***

***3. Create value and make a difference.***

One striking example of how the company articulated its purpose is the way in which it used visual storytelling to celebrate the unsung labor force in Singapore—those who tirelessly worked to build the city's infrastructure. Many of them are migrant workers who endure grueling shifts that take them away from their families for weeks at a time.

Sometimes an experience is as simple as reminding people about your mission and purpose, but it has to be something that's not only relevant but also engaging and compelling.

In a powerful video, entitled "Happiness from the Skies," introduced to consumers via YouTube, the touching story of "Singapore's invisible people" was told. The video is not only in alignment with the company's stated mission, but also delivers a deeply satisfying experience for viewers.

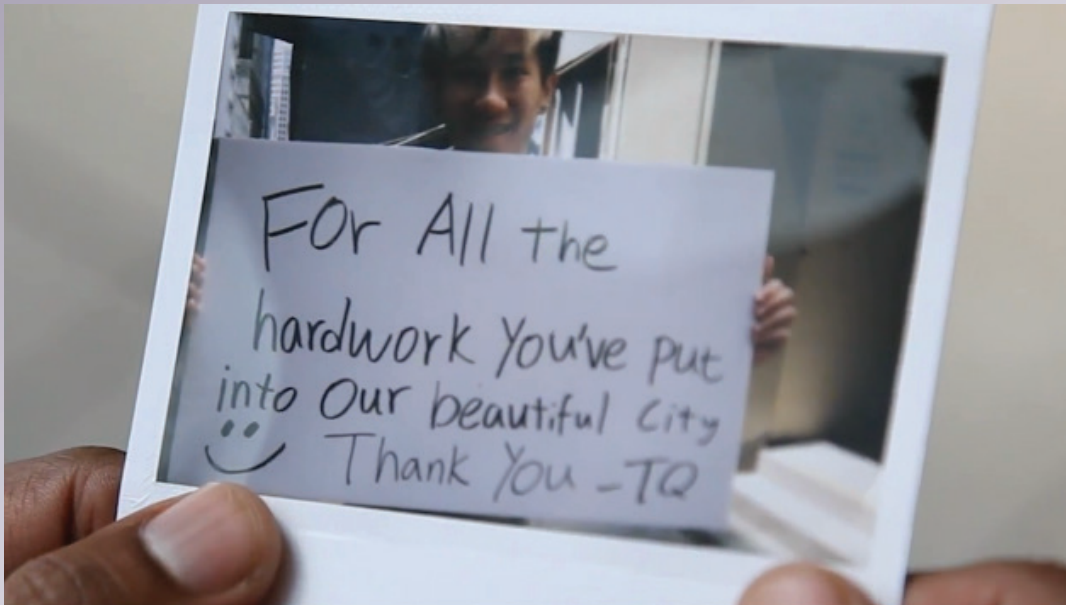
AdAge<sup>3</sup> featured the two-minute spot, created by Ogilvy & Mather Singapore along with a nonprofit called the Singapore Kindness Movement. The pair worked with Coca-Cola to "deliver happiness" and draw attention while saying thank-you to the unseen migrant workforce building Singapore. Hundreds of volunteers from the Singapore Kindness Movement asked Singaporeans to write messages of support to the migrant workers, and then snapped photos of them holding the notes. The photos were tied to Coke cans and delivered to more than 2,500 workers using several drones. The workers were surprised and visibly touched by the notes, which brought with them a sense of being appreciated, recognized, and validated.



**Drones Delivering Messages of Happiness**

<sup>2</sup> [www.coca-colacompany.com/our-company/mission-vision-values](http://www.coca-colacompany.com/our-company/mission-vision-values).

<sup>3</sup> <http://adage.com/article/global-news/drones-deliver-coke-workers-building-singapore-high-rises/293047/>.



From the Coca-Cola “Invisible People” Video

Eugene Cheong, chief creative officer of Ogilvy & Mather Asia Pacific, shared the inspiration behind the video in an interview with AdAge:

*These guys are a community within a community, they are walled off . . . and when they work they're usually up there in these high-up places that are difficult to reach. . . . We thought an appropriate use of drone technology would be to bring the messages up to them. If you use the drones to just deliver the messages to someone on the street, then it's a bad use of technology.*

In the same article, Leonardo O'Grady, ASEAN director of integrated marketing communications for Coca-Cola Singapore, shared a user-centric perspective on what's next for the company—not surprisingly, it focuses on experiences that bring the brand to life in culturally cognizant yet personal ways: “[Coke is] increasingly looking at what cultural role our brands can play, rather than [simply asking]: ‘What’s the communication message our brands can deliver?’”

This is the heart of experience architecture that both competes for the moment and paves the way for the future.



Let's have fun with another example. I'm a huge fan of football (soccer). Off the top of my head, prominent names such as Messi, Ronaldo, Rooney, among others dominate the leaderboard as the football stars we all love and would also love to be. But what happens when these athletes are merely stars in the customer's universe casting a backdrop for one's personal life and ambitions? Said another way, we're still removed from the experience when we see them play or watch them promote brands in commercials. Watching a celebrity or superstar in a commercial is cool. But you know what's cooler? How about a commercial starring you?

In anticipation of the 2014 World Cup, Nike developed a video produced by avant-garde badass movie director Guy Ritchie that takes us into the world of football where we are the stars—or at least one where we experience the commercial in first-person perspective.

You go through the experience from beginning to end.

The video, in addition to the football campaign itself, is titled, "Take It to the Next Level." It tells the story without dialogue or narration of a talented soccer player—that's you, by the way—who is chosen to play for England's Arsenal club.



Nike Campaign with Football (Soccer)

Imagine if you wore something like a GoPro camera during the game; this is what you see and feel. It's fast. It's gnarly. It's immersive. It's also incredibly experiential.

In the video, we see you work your way up to the leagues. We also experience your arrival as you score your first professional goal. This is our moment.

In the opening scene, we see the last match of our protagonist as an amateur footballer. He's awarded a penalty kick, which he brilliantly drives over the defensive wall and into the goal. He's then part of the Arsenal team after its manager recognizes his talent. From that moment onward, we are thrust into his world, the rise of his career, his failures, triumphs, and the benefits he reaps. We witness his/our career go to the next level. We see goals, training, puking from too much training, game-play, and more training. Interestingly, we also see the spoils of this hard work. We're then invited to parties, we meet beautiful new friends, we sign autographs and buy new cars.

For football fans, he's you. He's me.

AdAge<sup>4</sup> described the experience as "all recorded via classically swooping, quick-cutting Ritchie camera work until the culmination of the guy's transition to stardom: a penalty kick, in front of 40,000 roaring fans, exactly like the one he scored on his neighborhood pitch." They observed as well that "it's also a whole lot of fun. And we get a really good look at all the Nike gear, which is pretty cool, too."

Nike isn't just selling products here; it's selling a truly exciting experience. It's a human-first approach that stokes the *egosystem* while raising the bar for what's possible.

Coca-cola and Nike aren't just creating individual experiences, either; they are creating communal spaces where consumers and the brands share in meaningful experiences. When experiences are at the center of how you create your products and market and sell them, extraordinary customer relationships and brand loyalty are fostered.

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<sup>4</sup> <http://adage.com/article/ad-review/guy-ritchie-escapes-curse-auteur-commercial-directors/126977/>.



A close-up photograph of a person's hands holding a vintage Zenit SLR camera. The person has long, light brown hair and is wearing a blue denim shirt. Their left hand is on the camera's shutter release, and their right hand is on the lens. They are wearing a red watch on their left wrist and a red ring on their right ring finger. The background is a blurred outdoor scene with autumn leaves.

# 1.3

## THE GIFT OF PERSPECTIVE



**IGNORANCE IS DISS**





*If there is any one secret of success, it lies in the ability to get the other person's point of view and see things from that person's angle as well as from your own.*

**—Henry Ford**

If a customer Tweets a complaint and you're not there to hear it, did it actually happen?

Of course not. And all of their followers didn't see it, either, right? Believe that and you're well on your way to competing for irrelevance rather than survival, let alone the future.

People objecting to the need for customer research often like to say, "Customers don't know what they want." To the argument that they should innovate based on customer behavior, they'll often comment that Apple did no market research. Usually they'll also pull out the ever-popular Henry Ford quote, "If I would have asked customers what they wanted, they would have said faster horses."

Yes, it's sometimes true that customers don't know what they want. But, sometimes they do. And even if they don't yet know, they will soon when someone else gives it to them. If you don't at least ask, then it's you who won't know. Asking is a key part of the ongoing customer research your team should embrace.

Observing behavior is also required, because actions as well as inactions do in fact speak louder than words. Even your digital data research should be observational, not just analysis of big data. In fact, your team should practice *digital anthropology*. The insights they glean will lead you to the most resonant innovations.

## OF HORSELESS CARRIAGES AND THE EYE OF THE APPLE

Let's come back to Jobs and Ford for a moment.

It turns out that research cannot uncover evidence to support that Ford actually uttered the phrase about asking for a faster horse. Another quote of his that's relevant here, though, seems solid. It appeared in 1937 in Dale Carnegie's bestselling book, *How to Win Friends and Influence People*: "If there is any one secret of success, it lies in the ability to get the other person's point of view and see things from that person's angle as well as from your own." Ford understood that the gift of perspective helps you see new opportunities and create new paths toward more relevant solutions.

What about Jobs? For one thing, he was the *one and only Steve Jobs*. Who on your team truly possesses his relentless vision and drive for perfection? It's a rhetorical question because we all know the answer. However, Jobs didn't actually say that he doesn't value information about customer behavior. There's more to the story.





Life is about living experiences  
that are worth reliving.

— A tribute to Mr. Steve Jobs

Steve Jobs

1955–2011

Yes, he was quoted in a March 2008 article in *Fortune* saying, “We do no market research,” and “The only consultants I’ve ever hired in my 10 years is one firm to analyze Gateway’s retail strategy so I would not make some of the same mistakes they made [when launching Apple’s retail stores].”

But to say that Jobs wasn’t inspired by consumer desires and behavior is inaccurate and careless. It’s widely known that Jobs discovered many opportunities by closely observing. He didn’t invent Breakout at Atari, the PC that launched Apple, the graphical user interface (GUI) or mouse for Macintosh, digital music players, or the tablet. He had a great talent for understanding human behavior and desires and spotting technology trends that could serve them well and be potential disruptors. He may not have conducted formal market research, but he was most definitely thinking intensely about the customer and the experience he wanted them to have. To this day, Apple pays close attention to customer experiences and feedback. While the company is incredibly

quiet about how it develops and markets products, Tom Wood learned that the company does indeed pay attention to you and me. He found the following passage in one of Apple’s privacy statements:

***How we use your personal information:  
We may also use personal information  
for internal purposes such as auditing,  
data analysis, and research to improve  
Apple’s products, services, and customer  
communications.***

Here, Apple is telling customers that they use their information to make its products better *for them*.

They learn.

They innovate.

Experience is a constant.



