

Personal Transformation in the Experience Economy: An interview with

B. Joseph Pine II BY DAVID SUMMERS

B. Joseph Pine II is an internationally acclaimed author, speaker, and management advisor to Fortune 500 companies and entrepreneurial startups alike. Pine cofounded Strategic Horizons LLP, a thinking studio dedicated to helping businesses conceive and design new ways of adding value to their economic offerings. A prolific writer, in 2011 he updated his bestselling *The Experience Economy* and co-wrote *Infinite Possibility: Creating Customer Value on the Digital Frontier*.



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QIn *The Experience Economy*, you and your coauthor, James Gilmore, walk the readers through an almost “stair step,” evolutionary economic model that begins with commodities, rises up into goods, moves into services, and then what you call “experiences,” culminating in a state you term “transformations.” Can you talk about what type of thinking got you to that point?

Pine: You know, to some degree, the first eight chapters of the book are a Trojan horse about what’s happening now to get you to read the last two chapters, which are about what’s coming. When I discovered *The Experience Economy*, it actually flowed out of the work in my first book, *Mass Customization*, and I discovered that mass customizing is a good automatically turned into a service.

If you look at the classic economic distinctions between the two, goods are standardized; services are customized. Goods are inventoried after production, but services are delivered on demand whenever the customer says, “This is exactly what I want.” Goods are tangible, and services intangible, but part and parcel of mass customization is the intangible service of helping customers figure out what it is that they want. So if you mass customize a good, you’re really in the service business of defining and designing, and making and then delivering that exact good for that individual customer.

I realized that in a flash one day. If you customize a service—design a service so appropriate for a particular person that it is exactly the service they need at this

moment in time—then you can’t help but make people go, “Wow!” and turn it into a memorable event. That’s where the notion of *The Experience Economy* came from 20 years ago.

From there, you started to see experiences all around. You could see how more and more companies were staging experiences. You know, it was around the time that Starbucks started to come into being and created that distinctive coffee-drinking experience around a true commodity, a coffee bean.

So one of the reasons that we’re shifting into *The Experience Economy* is because of commoditization—goods and services everywhere are being commoditized, and people want to buy them at the lowest possible price. You’ve got the Amazons and the Walmarts of the world out there commoditizing things so they can sell at higher volume and lower cost. Then customization was the antidote to commoditization. Commoditization serves this natural law of gravity that brings you down year after year, and customization shifts you up a level in this progression of economic value.

This led to the realization that experiences could be customized as well. In fact, experiences may be the easiest economic offering to commoditize... because the second time you have an experience it doesn’t tend to be as good as the first, the third time not as good as that. And then when you’ve got customers saying, “Been there, done that,” you know your experience is commoditized. Think of theme restaurants as basically becoming more on the commodity end



of the scale, without a heck of a lot of reason to go back two, three, four times.

So using that same heuristic, I asked, “What does customization turn an experience into? What happens when you customize and design an experience that is exactly the experience someone needs right now?” And I realized the next stage would be to turn it into a life-transforming experience—in other words, an experience that changes us in some way, transformation. A transformation is when you use experiences as raw materials to guide your customers to change.

Q As you talk about transformations in the book, you outline the three primary phases of a suggested transformational business offering. Could you share those with us?

Pine: Sure. Every transformation needs to think about these three phases. The first one gains its name from the health care industry, which is an industry based on transformation—that is, Make Me Well. You have to understand this particular customer whether it’s a consumer or a business because experiences and transformations apply in B-to-B settings as well as B to C. Of course, for this to happen, you have to understand what is the particular customer’s aspiration—what do they aspire to become, and where are they today?—and then understand that gap between what they want to become and where they are.

Then you can design a set of experiences to transform them, and that’s the second stage. It’s not one set of experiences, generally not one life-transforming experience, although many people can point to a particular event that changed their life, but a series of events that take the customer to where he or she wants to be to make the transformation happen.

The last phase is crucial—that’s follow-through—which is “Hi, how are you doing?” Follow-through is ensuring that the transformation takes hold.

For example, you may want to be transformed from a smoker to a nonsmoker, and GlaxoSmithKline has these wonderful products that help you do that—goods called Nicoderm CQ Patches and Nicorette Gum. That company did a study and found that only 25% of the people who buy their manufactured goods ever achieve that aspiration of quitting smoking. So they put in place a transformational program

called “Committed Quitters,” an eight-week program based on a personal diagnosis of why you want to quit, what obstacles you encounter, when you most crave a cigarette, and so forth. They found that with this program, people had a 50% greater likelihood of quitting, of achieving their aspiration of stopping smoking.

They do good follow-through because follow-through helps ensure that the transformation takes hold. If I go through that program and I quit smoking but then two months later I light up, was I really transformed? No. Transformation has to be sustained through time to really take hold, and that’s why that third step is a crucial one.

Q Does storytelling have a role in a transformational offering?

Pine: I really believe it does. Storytelling is a key way you can engage people emotionally.

In fact, when I work with clients and go through a process of trying to transform them into premier experience stagers, storytelling is a key aspect of that, particularly for employees, because you have to have rituals and stories that hold up the principle that you’re trying to build on.

Q Arguably, transformations take time. How do you respond to the aggressive deadline-oriented critics of transformation?

Pine: Well, they so often do take time. Of course, they don’t have to take time. Again, you could have those instantaneous life-transforming experiences. I suppose you can relate it to getting married. That’s a big personal transformation, and it takes a lot of time, but some people just go to Las Vegas or elope. Right? You can do it either way. But there will be pressure. As we get more and more used to it, people will want to have it done more quickly. Their aspirations may become greater. *MW*

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