

# IT'S THE *EXPERIENCE* ECONOMY, STUPID...

B. Joseph Pine II  
Strategic Horizons LLP

for RichRelevance, Inc.



# Table of Contents

Executive Summary	1
The Experience Economy is here ...	2
Experience is eating the services and goods economy	3
No longer about “time saved” but “time well spent”	4
Engaging Experiences Drive Demand	6
Stage Distinctive Experiences to Create New Value	7
Customer Experience (CX) isn’t the same as Distinctive Experience	8
Customer Centricity is more than Marketing	10
Mass Customization to the Individual	12
Learning Relationships and Genius Platforms	13
Putting it all Together: Delivering on Experience Personalization	15
Collect – Real-time Event Pipe	16
Recognize – Contextual User Graph	16
Decide – Multi-context Learning & Optimization Engine	16
Act – Touchpoint Orchestration	17
Conclusion & Next Steps	18

# Executive Summary

In 1992, Bill Clinton famously won the US presidential race by distilling down his mantra to exactly what he needed to get across to the people: “It’s the economy, stupid”. He understood that while there was a plethora of issues, he was able to resonate with the one thing that could make all the difference to the public, and won in the process.

As the Industrial Economy (with manufacturing at its core) gave way last century to the Service Economy, companies that are winning in the 21st century have that one thing figured out. They come from all industries – retail, financial services, automotive, transportation, manufacturing, and more – but they all understand that the market disproportionately rewards those focused on staging *experiences*.

Unique, memorable, personal experiences. Every single time. In every manner that customers choose to engage.

To be sure, this isn’t a new idea – in fact, we wrote about it in a book called *The Experience Economy* that was first published in 1999 – but what makes it fresh now is the ability to apply it given two strategic vectors: One, the implosion of traditional marketing approaches across multiple industries due to an increasingly sophisticated consumer, and two, the rise of digital technologies such as smartphones, artificial intelligence, and the Internet of Things that allow companies to dialogue with every individual customer, learn and remember their preferences, and precisely craft offerings for a segment size of one – that is, mass customization.

This paper examines the reasons behind the rise of the Experience Economy and discusses how you can cut through the technobabble to understand the one thing that truly matters: the experience. It also provides you with practical examples and suggests a high-level design of the building blocks that you need to look for in order to implement in your own company.

But our conclusion after years of studying the leaders of today’s Experience Economy is clear: customers remember engaging experiences and reward businesses who go beyond goods and services to give them time well spent.

Our mantra needs to become, “It’s the Experience Economy, stupid.”

# The Experience Economy is here ...

Since *The Experience Economy* was first published in 1999, the need for more and more industries to embrace experiences as not only a differentiator but a core part of their value has only accelerated. Today's news is filled with companies flat-out failing precisely because they've missed this shift, as they keep on selling the same old thing in the same old ways – witness the bankruptcy filings of such venerable brands as Toys 'R' Us, The Limited, H. H. Gregg, Gander Mountain, Payless Shoes, and RadioShack, to name but a few.

Goods and services are no longer enough; they are everywhere increasingly becoming commoditized. What customers – whether consumers or businesses – want today are experiences: memorable events that engage each individual in an inherently personal way. Manufacturers, retailers, and service providers therefore must surround their goods and services with engaging experiences, experiences built not for the masses but centered on individual customers.

Standard won't cut it any more: standard ways of operating, standardized products, standard methods of marketing. They're all on their way out in a world of increasing expectations and expanding digital touchpoints. That's now the cutting edge of the Experience Economy: moving beyond the mass experiences we all have at theme parks, inside shopping malls, during sporting events, even in movie theatres, to staging very personal experiences morphed around customers' individual wants, needs, and desires. This cuts across every moment of people's lives (including at work), thanks to the rise of smartphones, increasingly fluid online interactions with the world around them, and the myriad ways companies the world over infuse their operations and their offerings with digital technology. For anything that can be digitized can be customized!

# Experience is eating the services and goods economy

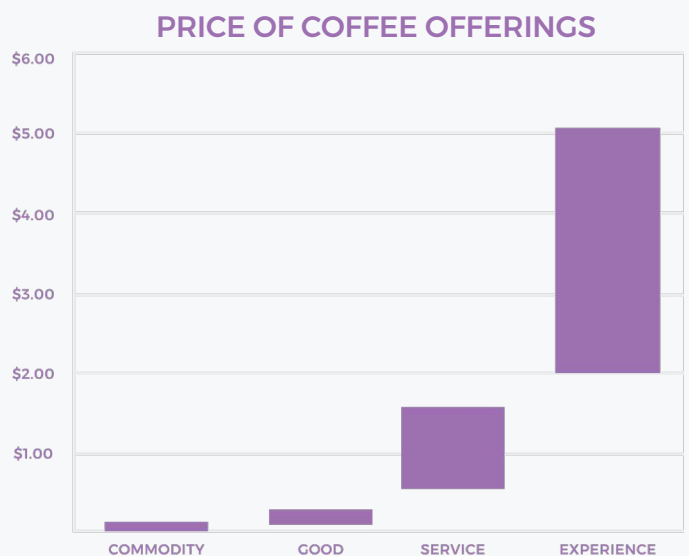
We operate today in the Experience Economy<sup>1</sup>. Over the past few decades it supplanted the Service Economy that flowered in the latter half of the twentieth century, which in turn superseded the Industrial Economy (based on physical goods) that began in the 18th century, which itself displaced the Agrarian Economy (based on commodities), which had been around for millennia.

This history of economic progress can be encapsulated in a coffee bean (**Figure 1**) – a true commodity. The amount of beans that go into a standard cup of coffee in fact cost only 2 or 3 cents. But take those beans and roast, grind, and package them for a grocery store shelf and now you get 10-20 cents per cup. Perform the service of brewing those beans in a vending machine, kiosk, bodega, or corner diner and you get 50 cents to a dollar, dollar-and-a-half for your cup of coffee. But surround the brewing of that coffee with the ambience and theatre of

**FIGURE 1**

## Economic Progressions:

History of the economic progression of coffee though increasing levels of perceived value by customers.



<sup>1</sup> B. Joseph Pine II, James H. Gilmore, *The Experience Economy*, Updated Edition, Harvard Business Review Press (2011)

a Starbucks – which innovated a coffee-drinking experience in places where people value the time they spend there – and they get \$3, \$4, \$5 per cup of coffee. Within every industry: there are these four distinct levels of economic value, totally dependent on what business the company thinks it is in and where they want to play in value.

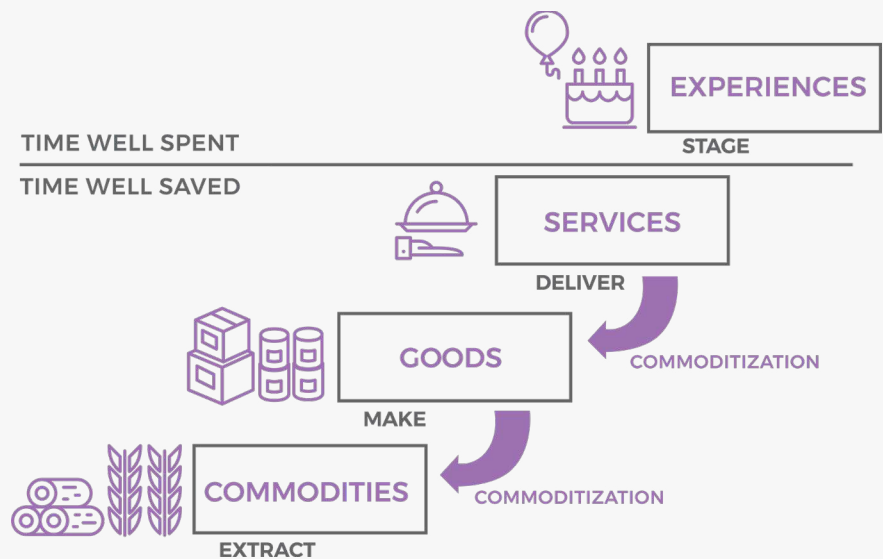
The increasing demand for experiences yields accelerating commoditization across industries. The global low cost of production, the ease of finding alternatives at the touch of a device, and the democratizing force of online information and price transparency have given rise to increasing customer power. In a world of undifferentiated commodities and increasing convenience across every channel to get what they desire, customers are caring less about brands. In fact, they don't care about features and benefits – they are, after all, pretty much the same anyway. In this world, they care about three things, and three things only: price, price, and price.

**No longer about “time saved” but “time well spent”**

In fact, time really is the key distinction between services and experiences in the Progression of Economic Value. As **Figure 2** shows, services are about *time well saved* while experiences are about *time well spent*. To stage a true, distinctive experience you have to get customers to value the time they spend with you.

FIGURE 2

The Progression of Economic Value



Think of it as the difference between Uber and Airbnb. While the first few times you use Uber may rise to the level of an experience because your car seems to arrive when and where you want as if by magic, its real value proposition is saving you the time of hunting down a taxi and then wading through for all the rigmarole it takes to complete the transaction when you've arrived at your destination. With Uber you just summon your car, get in, and, once you arrive, get out. Nice, easy, convenient – absolutely.

With Airbnb, on the other hand, you're looking to get out of the humdrum CX-ness of corporate hotels and into a much more personal place, a home with character and with a host (where sometimes the host is a character). You're rejecting standard in favor of local. That's why Airbnb has become an *experience platform*, enabling people to not only book a place but local experiences as well, whether exploring Amsterdam on a canal boat or London with a historian, tasting sake in a brewery or making pasta on a farm, exploring thrift stores in Brooklyn or a food market in Versailles. Of course, Airbnb has to build atop a service that is time well saved - and that sometimes is exactly what customers want – and then stage an experience wrapped around that good or service.

# Engaging Experiences Drive Demand

In fact, people *want* goods and services to become mere commodities that are super-convenient to acquire and have delivered. This has certainly led to the rise of “frictionless” players like Amazon in retail. Customers want goods and services to be fast, cheap, and easy in order to spend their hard-earned money – and *harder*-earned time – on experiences that engage and fascinate, absorb and immerse, and leave lasting memories.

While manufacturers and service providers have focused on efficiency and “time well saved” to remove friction and provide convenience, the winners in the Experience Economy will change the measure of success to “time well spent.” If customers do not value the time they spend with the company, then it hasn’t staged a true, distinctive experience<sup>2</sup>.

Further, the winners will embrace staging such experiences across the customer lifecycle, from Engaging –enabling customers to discover and get inspired – through to Selling, to Delighting, and Re-Engaging to grow your brand relationship with that customer. In each phase companies must stage experiences that are memorable, personal, and yield time well spent. Hence the shift in ability to create, as well as extract, value atop any good or service lies in surrounding it with or even expanding it into a distinctive experience.

We are surrounded by examples of this everyday – whether as simple as engaging the senses in a Starbucks cafe, engrossing potential customers in a pop-up marketing experience such as Coca-Cola excels at, immersing families in vast experiences such as Walt Disney Company or Carnival Corp. does – or absorbing customers online in ways only digital technology can do. The following sections walk through the two key phases of Engaging and Delivering on distinctive experiences:

---

2 See Joseph Pine II and James Gilmore, “Distinctive Experiences,” Journal of Shopper Research, Vol 1 Issue 1, Spring 2017, pp. 60-65.



# Stage Distinctive Experiences to Create New Value

In today's Experience Economy, you compete against the world for the time, attention, and money of individual customers. Traditional ways of generating demand via demographic targeting and "un-personalized" advertising no longer work. You must therefore *engage* and *inspire* your potential customers through experiences that entice them to spend time with you, give you their attention, and then explore and ultimately pay up by buying your offerings.

Forward-thinking brands are already responding with experiences to build brand engagement. You see major brands creating flagship "brandland" experiences in their home towns – the World of Coca-Cola in Atlanta, the Guinness Storehouse in Dublin, the Heineken Experience in Amsterdam, and Volkswagen's Autostadt in Wolfsburg, just to name a few.

Other brands don't go quite as big, but do find ways to go direct to consumers with numerous experience places in retail to engage and inspire – American Girl Places, Crayola Experiences, Capital One Cafés, Apple Stores (where Jobs was lambasted for his branded experience excursion into retail, especially after the failure of Dell and Gateway retail outlets), as well as countless other experience places. Going beyond brand recognition, experiences drive brand engagement that rises above the noise of a crowded market where advertising has long been filtered out.

Nestlé is an example of a brand leveraging experience to go beyond just a good product. Faced with Starbucks' increasing ownership of global coffee consumption, Nestlé created its own experience places: the Nespresso Boutiques. Nestlé uses the tagline "The best café. Yours." to emphasize the individual Nespresso capsules that enable consumers to make their own *personal* cup of coffee using the Nespresso Machine. (Yes, the Nespresso Machine is in fact a physical good, but one that the company designed so well that just *using* the Machine is an experience!) The Nespresso Boutiques are then the primary way the company generates demand for its Machines and capsules knowing that the experience, including making a personal cup of coffee, engages visitors, inspires them, and increases the chances they will buy into the system.

# Customer Experience (CX) isn't the same as Distinctive Experience

Experience-driven engagement requires understanding truly distinct experiences. Because of the rise of experience as the predominant economic offering, much of the business world has adopted the concept of “customer experience,” or “CX”. However, this is not at all the same thing as embracing the Experience Economy.

When most companies use the term “customer experience” what they mean is that they want their interactions with customers to be nice, easy, and convenient. That is all well and good, but understand that these are all *service* characteristics, not the characteristics of a true, *distinctive experience*.

## Think of the economic distinctions between services and experiences:

- First, services are intangible while experiences are *memorable*. If you do not create a memory, then you have not offered a distinctive experience. Consider shopping that malls differentiate with engaging spaces, whether through architecture and environment (Universal CityWalk in Los Angeles), spectacle (The Forum Shops at Caesars Palace in Las Vegas), heritage (Jinli Street in Chengdu, China), or amusements (The Mall of America in Minnesota).
- Second, services are outwardly customized – done for an individual person or company – while experiences are inherently *personal*. Companies all too often routinize their procedures in a way that's easy for employees, not personal and engaging for consumers. Consider how Starbucks creates personal interactions by asking for the names of customers and then using that name as a barista prepares and presents each one with his own customized drink, which the company promises to be perfect every time or they'll remake it for free.
- And third, services are delivered on demand – whenever the customer says this is what he wants – while experiences are *revealed over a duration of time*. If a retailer does not let its

experience unfold dramatically over the course of its encounter with customers in a way that goes beyond the routine, then it has not offered a distinctive experience. And striving to be “convenient” is diametrically opposed to this approach, for it means to spend as *little* time with the customer as possible – getting them in and out as quickly as possible – which drains the interaction of all drama.

So instead of aiming for convenience, you should design places for *more* time with consumers, staging the sequence of interactions in a way that yields a dramatic structure, rising to a climax and then bringing individual customers back down again in a personal and memorable way.

# Customer Centricity is more than Marketing

A customer is the one who pays you money, the one who must be placed at the center of everything you do. A customer is not a market, nor a segment, nor a niche, nor a persona, nor a generation, nor any other agglomeration of anonymous buying units of indeterminate size. A customer is a living, breathing individual. This also applies to the rapidly “consumerizing” of B2B industries, where business buyers have increasing power and even higher expectations that they bring comparing you to the best of their consumer experiences.

If you wish to be customer-centric, then, you must think about, understand, and interact not with so-called markets – get over it, they don’t really exist! – but with the individual customers who are the only ones who ever buy what you offer. Think of it not as marketing – pushing messages out to targets in order to better sell what we’ve already produced – but as *customerizing* – talking with each individual, living, breathing customer in order to pull what they want and need at this moment in time and then get that information back into operations to fulfill those exact desires. Of course, in today’s business environment you still have the co-equal imperative to do so with low-cost, high-volume, efficient operations, so therefore you must *mass customize* your offerings to each individual customer.

Mass customizing means efficiently serving customers uniquely – giving every customer exactly what he wants at a price he’s willing to pay. Customization – reaching inside of people and co-creating with them – is fundamental to effectively staging personal experiences.

Marketers have already embraced personalized marketing to increase engagement and create individual value. From the simplest addition of a person’s name to an email, to more sophisticated examples of Barney’s concierge service to engage you online, invite you to share your preferences, and entice you into the store to inspire you with a changing room pre-stocked with clothes pre-selected in your size and matching desires you may not even knew you had.

At the same time, brands are ramping up their ability to define and deliver individual goods and services. For example, Tesla has embraced mass customization by building cars to customer specification using their retail-based Design Studio experience and flexible manufacturing. Nike, of course, has long enabled customers to buy custom-configured athletic shoes online and instore with its NikeiD brand. And Lutron Electronics drove GE out of the lighting control business because while the latter had economies of scale, Lutron had economies of scope, with modular architectures and components that enable it to produce thousands upon thousands of SKUs every year with lot size of one.

Of course, service providers can mass customize too. Barclays bank in the UK has a “Feature Store” that lets customers define their own current (checking) accounts by, for example, putting their own image on their cards or choosing “packs” such as tech (for insuring gadgets), travel, and home, with some features free and others costing additional money. And ever wonder how Progressive Insurance lets customers name their own price for car insurance policies? It’s because it has tens of thousands of policy possibilities, slicing and dicing them together to meet the particular price for a particular risk profile using simple tools to guide and simplify customer choice, as well as providing Immediate Response Vehicles so claims adjusters can handle a policyholder’s case at the very site of the accident; the vast majority of cases end with handing the claimant a check on the spot. Moreover, it actually costs Progressive less to run claims adjustment like this than the old, mass-produced way, because it eliminates all the waste in the process. It’s about doing *only and exactly* what each individual customer needs, which can in fact reduce your costs over providing standard offerings.

# Mass Customization to the Individual

With digital touchpoints increasingly defining the majority of contacts with today's customers, engaging with experiences need not be confined to just one (physical or digital) world; you can create them on the web, via smartphones, or through the many other digital technologies available today, including virtual and augmented reality (VR and AR). Online, websites have become branded extensions of physical experiences, such as Lush's website replicates the ambiance of its physical stores to engage with all the elements of their store – you can practically smell its bars of soap and feel the suds of its bath bombs – while exposing you to its values, its ethical buying policies, even its naked packaging.

And many brands embrace the latest digital technologies to not only drive the purchase of one of their offerings, but to inspire consumers to explore and discover the breadth of potential offerings with increasingly personal approaches, growing long-term brand engagement.

L'Oreal, for example, offers the Makeup Genius app that lets consumers virtually try on makeup using their smartphone camera, all the while remembering and learning from choices to get smarter at individualizing recommendations. Ikea's Place app lets consumers virtually see 2,000 of its products in their own home, placed among the rest of their furniture allowing them to see how their house would look complemented with some of Ikea's offerings.

Others have found *fusing* the physical and digital experience to drive engagement and discovery. Nieman-Marcus, for example, allows shoppers to personally interact with sales associates from within its app, who can look up the client's sizes, past purchases, and style preferences; even prepare a dressing room with enticing apparel before a shopper arrives; and while in the store, notify customers of events happening that day or of items in that section of the store that could be of special interest to him or her.

Ideally, what you want to do is create an entire portfolio of engaging and inspiring experiences that entice people to encounter and then buy your offerings. LEGO System A/S, for example, has been leveraging experiences for almost fifty years – starting with its original LEGOLAND theme park outside its factory in Billund, Denmark. LEGO has also fused the physical and virtual with experiences such as the ability to hold up a box to an in-store camera that superimposes a virtual image of the set being built on the top of the box, allowing kids and adults alike watch the set come to life.

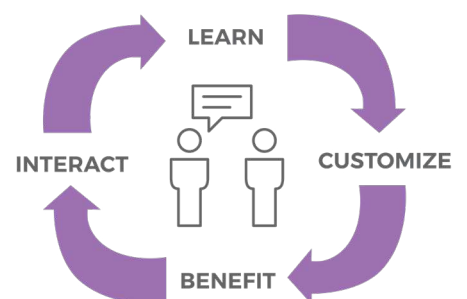
Similarly, the rise of digital has enabled the ability to fulfill the promise of personal experiences that go beyond just providing goods and services. One of the most vital characteristics of digital technology to appreciate is that *anything that can be digitized can be customized*. Once it enters the realms of zeroes and ones, you can instantaneously change a zero to a one and vice versa. So the explosion of digitization means we can now stage experiences customized to each individual. And all these experiences work together synergistically weaving together core offerings and enticing experiences into a demand-generating dance.

## Learning Relationships and Genius Platforms

What Carnival is doing with its Ocean Medallion program ([see appendix below](#)), beginning with the first implementation on the Regal Princess in November 2017, is cultivating a *learning relationship* with each individual guest. Such an interactive relationship grows and deepens over time, for every interaction with the guest is an opportunity to learn something new about this individual. So, the more the company learns, the better it can customize its offerings to this particular customer. The more the company does that, the more the customer benefits from the customization. And the more the customer benefits, the more the customer will be willing to interact again.

As seen in **Figure 3**, such a learning relationship creates a very tight virtuous cycle around each individual customer – one that becomes rather impregnable. Even if another cruise company were to invest

**FIGURE 3**  
**LEARNING RELATIONSHIP**



a billion dollars in a similar setup, why would a Carnival cruise goer switch to that company's ship when it would have to spend the time and energy teach another company all what Carnival already knows? This becomes their *genius platform*.

Learning relationships are one of the pillars of Amazon's success. The company is a relentless learning machine. And think about this: what Alexa on Amazon's Echo devices enables is not just an easier method of ordering, but an entirely new and more intimate way of *learning*. This new beachhead in the battle for the consumer enables Amazon, to learn more, about more facets of its customer's lives, with greater and greater possibilities for how it fulfills each customer's needs, wants and desires – whether for goods, services, or experiences – through each new “skill” Alexa takes on through its many platform partnerships. Alexa currently has several hundred thousand such skills; Amazon wants it to have *several hundred million*. Alexa is Amazon's own genius platform for our shopping lives as Carnival's Ocean Medallion program is for our vacationing lives.

How are you going to compete with such genius platforms that cultivate highly impregnable learning relationships with individual customers? How do you deliver on personal experiences that are customized to not only the individual, but to the individual's specific context? How do you scale your approach? It's not going to be easy. You must be smarter yourself in how you engage with your customers, in what you learn, and in how you express that learning in mass customizing your offers to individual customers. And to do that, you're going to have go beyond a mere design tool to embrace a system for managing your customer relationships more intentionally, more rigorously, and more intelligently.



# Putting it all Together: Delivering on Experience Personalization

Ultimately, the common threads across memorable experiences that offer time well spent reflect the rising demands of the digitally empowered customer:

- They are **consistent** across the increasing number of touch points across the customer journey
- They are **in-context** to support appropriate, real-time interactions
- They are ideally based on a **learning** relationship that accounts for what each customer has explicitly shared and what you have implicitly learned
- They are **personal** in treating each person as an individual and not a probabilistic segment
- They are increasingly **curated** reflecting the distinct way you differentiate your experience

How will you be able to engage, decide what is the best next step to take, and then deliver the right experience with each customer in a personal way at scale?

What you need is an *Experience Personalization Platform* (see figure below).

**FIGURE 4**

## Experience Personalization



An Experience Personalization Platform (XPP) has four distinct layers: Collect, Recognize, Decide and Act.

Let's look at each one of them.

### **Collect - Real-time Event Pipe**

With the rapidly expanding number of digital touchpoints with which a customer comes in contact, in order to ensure a consistent experience, all of these digital signals need to be captured, rationalized and connected across time and channels, and ultimately aggregated in a central place. This needs to work in near real time, and across all geographies where the enterprise exists.

This set of raw data can come from other sources as well: order history, POS data from other sales channels, CRM data, DMP, streaming 3rd party data such as weather, cross-website browsing data, aggregated purchase propensity data; declarative data from customers such as their preferences, likes and dislikes.

A consistent data collection policy for real-time information becomes truly foundational for the XPP.

### **Recognize – Contextual User Graph**

The next layer needs to recognize the digital signals into familiar patterns and start to build out a comprehensive 360-degree view of each and every customer. But unlike CRM systems of old, this is creating a “Contextual User Graph” – a term that creates the full-context for the individual user. This is a mosaic of cross-session interactions, a learning model of each individual, affinities and behaviors, desires and intents, as well as associations to particular offerings, channel behaviors, and content preferences.

The User Graph ensures proper recording and sets the stage for the next layer.

### **Decide – Multi-context Learning & Optimization Engine**

Arguably the most critical layer, this is where the “what needs to be done given the context” is determined. This is implemented with a set of machine learning (ML) algorithms.

This layer is aware of brand goals – is this a customer that needs more brand engagement, revenue optimization, margin management, replenishment-oriented, or optimized for conversion? All these are

factored in, in real time and combined with the intent of the customer, continuously experimented on and optimized to both learn and drive customer behavior.

Given the breadth of contexts that need to be considered simultaneously, a multi-context approach is needed to decide on the best approach. This should mean allowing for multiple algorithms to compete; not only determine which out-of-the-box strategies are effective, but also allow for 3rd party algorithms (for e.g. visual and voice search) and extensions defined by your internal data science teams, if they exist.

In addition, brand engagement controls can combine machine intelligence with human intelligence. Examples of this could be:

- A brand becoming a tastemaker, guiding education and discovery just beyond the shopper's comfort zone in order to introduce new categories and products... engineered serendipity, in other words.
- A retailer deciding to boost visibility of specific brands;
- or defining additional overriding rules depending on the context, such as avoiding alcoholic beverages for cruise-goers when they are with their kids, versus when they are only with their partner and the kids are in daycare.

## Act – Touchpoint Orchestration

The final layer is interfacing with/orchestrating all the interaction touchpoints, and acting on the decision determined for this specific customer interaction. This needs to determine the form factor (mobile device vs desktop), content format (text, visual, voice), real-time or long latency (web or email that's opened later) and many other factors.

This can be exposed as specific applications that are aligned with the customer lifecycle – from acquisition, to growth, to loyalty and retention. For example, a personalized search at the beginning of the cycle surfaces only relevant products, takes into account recent returns, and continues the engagement with cart abandonment emails and more.

In addition, they can be exposed as APIs that are consumed by emerging touchpoints and newer interfaces (chatbots, augmented reality etc) that may not be available during design time. This ensures a certain level of future-proofing and technology leverage.

# Conclusion & Next Steps

Remember that as goods and services give way to experiences, your current systems are no longer supportive of the new use cases that give your company differentiation. It requires rethinking of the enterprise architecture with a careful balance of customer transparency and technology requirements.

Customer centricity demands a level of individualization that is finally achievable and is different from the traditional approaches of data warehousing, which focused on more offline transactions rather than real-time interactions.

Leading brands weathering the threat of Amazon are choosing to compete on a different vector of memorable experiences rather than simply on convenience, where every advantage is temporary and price advantages are a race to the bottom.

An Experience Personalization Platform is everything you need to create, track, and enrich your interactions with customers and stage unique, memorable, personal experiences. Every single time. In every manner that customers choose to engage.

It's the Experience Economy, stupid.

*To learn more about winning in the Experience Economy, case studies, and a deeper dive into the solutions, please visit:*

[www.RichRelevance.com/ExperienceEconomy](http://www.RichRelevance.com/ExperienceEconomy)

## Appendix: Carnival Cruises

Carnival Corp. is now mass customizing its guest experience with its new Ocean Medallion program. At its heart is an Internet-of-Things (IoT) device that enables the company to identify every individual guest, as well as groups of guests (such as families), and morph a ship's myriad of experiences around their individual needs. Similar to Disney's MagicBand, guests are able to pay for any item onboard through to unlocking their cabin door, but it does so much more. You can order food or drink from any bar or restaurant and have it delivered to wherever you are – even if you move between ordering and delivery. Carnival uses it to remember preferences – including knowing that when you're on the pool deck with the kids your favorite drink is, say, an iced tea with no lemon; but when you move into the bar with your buddies it's a mojito with extra lime, and when in the fine-dining restaurant with your wife it's would be a glass of Shiraz given your likely meal choice.

Carnival's Ocean Medallion platform enables the company to communicate directly with each individual guest through a personal Ocean Compass app, with engagement beginning long before guests ever disembark. When a family, say, books a cruise, Carnival's website welcomes them to the Ocean Medallion class experience, asks them to upload their passport information and photo so they can get "Ocean Ready" and never have to stop for security on their onboard, and asks them to specify preferences for the experiences they would like to have. Their personal Ocean Medallions are then shipped to them (elegantly done for a great "out of box experience"), with optional watches or pendants as ordered and every family members name laser-etched onto the proper Medallion with the name of the ship and cruise dates.

The experience platform also recommends Personal Experience Invitations – both at home and live on the ship – for every guest for them to accept or not as they choose, and thereby creates a custom itinerary that can be followed or modified as guests prefer. It incorporates the many digital interactions guests have before, during, and after the cruise. And part of the platform is the Crew Compass, which enables crew members to fulfill guest preferences however they are specified.

A key to this technology implementation is that the platform takes care of so much automatically that it frees up crew member time to do what they do best – serve customers and enhance their experience.

This itinerary helps Carnival track the experiences of each and every individual guest. They can access as a “dashboard” on their own Ocean Compass; crew members can also access it on the Crew Compass to see how things are going; and the ship’s management (as well as Carnival’s executives) can get an overall picture of how everything is flowing to see if there are any choke points or other problems that would prevent it from maximizing the guest experience.

And of course, all the customer information, preferences, recommendations, ratings, captured comments, and so forth become part of each guest’s profile. Carnival calls this the “guest genome”, which enables it to cultivate the learning relationship it desires for each guest, always beginning the next interaction with what it already knows from past interactions. Carnival recognizes that there are three strands to the guest genome: physical, digital, and human. Information gleaned from interactions with each strand across the entire “guest story arc”, as it refers to its brand engagement, works to enhance each genome.

This works out beautifully on a single cruise, but then imagine what happens for those that come back a second time – even on a different ship or across a different Carnival brand – and they discover that Carnival remembers everything it knows about that guest to create richer and richer cruise experience! As it rolls out Ocean Medallion across all its brands in the coming years, Carnival fully understands that guests may very well want different experiences or have different preferences when traveling as a couple, say, on an intimate and luxurious Seabourn ship than they will with a business group on its larger, high-end Princess Cruise ships, and further than they will when taking their extended family on a Carnival Cruise Line ship. Just as they recognize the context of guests desiring different drink preferences in different parts of the ship, the guest genome will recognize different experience desires on different ships and brands.

To do that, though, entails understanding the context of individual guests – the market that guest is in at this moment in time, the job he or she wants done right now. ([Back to content](#))



## About the Author

**B. JOSEPH PINE II** is an internationally acclaimed author, speaker, and management advisor to Fortune 500 companies and entrepreneurial start-ups alike. He is cofounder of Strategic Horizons LLP, a thinking studio dedicated to helping businesses conceive and design new ways of adding value to their economic offerings.

In 1999 Mr. Pine and his partner James H. Gilmore wrote the best-selling book **The Experience Economy: Work Is Theatre & Every Business a Stage**, which demonstrates how goods and services are no longer enough; what companies must offer today are experiences – memorable events that engage each customer in an inherently personal way. In 2011 **The Experience Economy** came out for the first time in paperback as an Updated Edition with new ideas, new frameworks, and many, many new exemplars.

Mr. Pine also co-wrote **Infinite Possibility: Creating Customer Value on the Digital Frontier** with Mr. Kim C. Korn, **Authenticity: What Consumers Really Want** with Mr. Gilmore, and in 1993 published his first book, the award-winning **Mass Customization: The New Frontier in Business Competition**.



## About RichRelevance

RichRelevance is the global leader in experience personalization, driving digital growth and brand loyalty for more than 200 of the world's largest brands and retailers such as Barneys, Marks & Spencer, Office Depot in both B2C and B2B. The company leverages advanced AI technologies to bridge the experience gap between marketing and commerce to help digital marketing leaders stage memorable experiences that speak to individuals – at scale, in real time, and across the customer lifecycle. Headquartered in San Francisco, RichRelevance serves clients in 42 countries from 9 offices around the globe. For more information, visit [www.richrelevance.com](http://www.richrelevance.com).