

Wanted: eXpe

BY JAMES H. GILMORE AND B. JOSEPH PINE II

Last September, the original management guru Tom Peters spoke at the *thinkAbout* event in Keystone, Colorado. At one point, he paused and challenged participants to reinvent themselves as “fire-brands for change.” As part of that mission, he urged everyone to consider establishing new “C-level” positions as a means to help re-imagine their businesses. (Copies of Peters’ PowerPoint slides from that *thinkAbout* presentation are viewable at www.tompeters.com/slides/content.php?year=2005.)

Initially, Peters offered two new titles for consideration: Chief Revenue Officer and Chief Customer Officer. But he then went on to rattle off a number of creative options including: Chief Festival Officer, Chief Seduction Officer, Chief LoveMark Officer, Chief Dream Merchant, Chief Portal Impresario, Chief Wow Officer, Chief StoryTelling Officer, and of course, our favorite (because we originally suggested it) Chief eXperience Officer.

To eliminate any confusion with the acronym for Chief Executive Officer (CEO), we’ve long advocated designating the title Chief eXperience Officer or Chief Xperience Officer (CXO.) It was a delight to have

the venerable Mr. Peters validate our idea of having a specific executive head up the experience offerings to which businesses increasingly must turn to avoid commoditization.

The CXO position can be imagined by rolling up a Chief Revenue Officer and Chief Customer Officer into one position. This executive should have total responsibility for developing all revenue- and profit-generating experiences offered to paying customers.



Over time, companies have pursued the shift from delivery of humdrum goods and mundane services to creating memorable experiences in four primary ways:

Experience or Experiential Marketing – making marketing more experiential, through the enhancement of the sensory impact of traditional media and/or introduction of new marketing events,

Customer Experience Management – the analysis of moment-to-moment interactions with customers, performed via an experiential assessment of current practices,

Online or User Experiences – the development of technology-based experiences—primarily on the Internet—via web-

sites, e-mail platforms, and devices like cellphones, PDAs, and specific-purpose technologies,

Experience Lines of Business – the introduction of distinct experiences as explicit offerings sold to paying customers, ideally via some form of admission, access, subscription, or membership fee.

All four of these directions provide opportunities to increase the value generated for customers. When performed well, each experience-based discipline has an incredibly powerful impact on attracting and retaining customers. Complementing traditional marketing and communications with experiences help distinguish an enterprise in the marketplace.

While this paradigm shift has given rise to many new admission-fee offerings—from AOL and Build-a-Bear Workshop® to XM Satellite Radio and Zipcar®—for the most part, the development of new, experience-based lines of business still lags. Why? Most organizations task a Chief Marketing Officer (CMO) with moving to more experiential marketing. At the same time, however, the Chief Operating Officer (COO) retains the responsibility of making operations more experiential. (And, of course, the Chief Information Officer (CIO) or Chief Technology Officer (CTO) ensures the business gets online to enhance the user experience.)

Clearly, there’s no shortage of “C-line” executives. But, to date, few organizations have tasked a senior executive in a C-level position to drive the development of fee-based experiences as distinct lines of business.

Enter the Chief eXperience Officer. Companies should empower CXOs to

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Chief Experience Officers

develop, launch, manage and refresh a rich portfolio of paid-for experiences...created specifically to generate new sources of revenue and profits in an increasingly commoditized world. Ideally, companies should make the CXO a line executive with accountability for developing profitable lines of business driven by economic experiences; at the very least, the CXO should be charged with creating experience offerings that line executives can then integrate into their existing businesses and the overall marketing mix.

In creating the CXO position, it's particularly important to not just name your senior marketing executive to the role. The

skills required to design, script, construct, and cast experiences differ greatly from those generally found in most marketing organizations. In addition, any web-based offerings that command a fee should be the responsibility of the CXO (not the CIO or CTO).

Think about it in this way: How much time, effort, and money do companies expend on various experiential marketing events that could have been offered instead as distinct experience offerings commanding a fee? And how many events could have been discontinued over time, unable to justify their continued cost of operation in the absence of offsetting revenues?

Don't get us wrong. Traditional marketing activities still have a place in building brands and creating demand, and must continue to be led by the CMO. COO-led operations must similarly focus increasingly on the experiential dimension of the "customer experience." And the CIO or CTO must continue to enhance the "user experience." When it comes to the responsibility of generating new revenue growth via experiences that customers value enough to actually pay for, however—well, that is precisely the role of the Chief eXperience Officer.

If your business doesn't have one, get one. Now! ■

AUTHORS' NOTE:

RECOMMENDED READING ABOUT 'EXPERIENCE DEVELOPMENT'

While we clearly wish to promote increased attention to experience lines of business, we also want to encourage continued progress in all four areas of experience development. To that end, here are a number of books, outside of our own, that we recommend to all interested in better experience staging:

Experiential Marketing

Bernd Schmitt and Alex Simonson, *Marketing Aesthetics: The Strategic Management of Brands, Identity, and Image* (New York: The Free Press, 1997)

Ellen L. O'Sullivan and Kathy Spangler, *Experience Marketing: Strategies for the New Millennium* (State College, Pennsylvania: Venture, 1998)

Bernd H. Schmitt, *Experiential Marketing: How to Get Customers to Sense – Feel – Think – Act – Relate to Your Company and Brands* (New York: The Free Press, 1999)

Customer Experience Management

Shuan Smith and Joe Wheeler, *Managing the Customer Experience* (London: Prentice Hall, 2002)

Colin Shaw and John Ivens, *Building Great Customer Experiences* (New York: Palgrave MacMillan, 2002)

Bernd H. Schmitt, *Customer Experience Management: A Revolutionary Approach to Connecting with your Customers* (Hoboken, New Jersey: John Wiley & Sons, 2003)

Lewis P. Carbone, *Clued In: How To Keep Customers Coming Back Again and Again* (London: Prentice Hall, 2004)

Online Experiences

Brenda Laurel, *Computers as Theatre* (Reading, Massachusetts: Addison-Wesley, 1993)

Nathan Shedroff, *Experience Design 1* (Indianapolis: New Riders, 2001)

Experience Lines of Business

Dianna LaSalle and Terry A. Britton, *Priceless: Turning Ordinary Products into Extraordinary Experiences* (Boston: Harvard Business School Press, 2003)

Paul Nunes and Brian Johnson, *Mass Affluence: 7 New Rules of Marketing to Today's Consumer* (Boston: Harvard Business School Press, 2004)