

# Experiencing the Brand— Branding the Experience

*Fancy flying a MIG 21 at twice the speed of sound? No problem, pick up a voucher at your local WH Smith. How about undertaking a James Bond mission and, in the process, getting the weapons training and gadgets? Just drop into your local bookstore and buy a gift certificate. Perhaps you would like to share a kitchen with a celebrity chef. That too is just a phone call away.*

**Shaun Smith**  
Senior Vice President  
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These adventures and more were available to consumers to purchase for themselves or others this Christmas. This is not just a retailing phenomena. The same thing is happening in every sector of the economy. Consumers are looking for experiences that enable them to realise their dreams and achieve their desired lifestyle.

This trend is crossing over to the service sector. From hotels to restaurants to airlines, consumers are looking for suppliers who go beyond the basics to meet their unique needs. They are looking for what we call a “Branded Customer Experience<sup>®</sup>,” a service experience that is intentional, consistent, different, and valuable. Disney started the trend. Southwest Airlines adapted it to the airline sector. In the U.K., First Direct started a new concept in banking using it. Howard Schultz of Starbucks applied it to selling coffee. Ian Schrager’s company is perfecting it in the hotel sector, and Amazon.com is applying it in the on-line environment. All of these companies are creating loyal customers by delivering service experiences that create value for customers beyond the products or services the companies happen to sell. Why is this?

The American psychologist Abraham Maslow conceived his theory of motivation more than 50 years ago. Maslow believed that humans evolve through five stages of motivation: firstly, the physical need for food and shelter; secondly, the need for longer-term security and protection; then the social need for a mate, friends, and family. Only as we answer these needs do our ego needs for achievement and recognition become dominant.

For many people of Maslow’s generation, moving up this hierarchy of needs was a lifelong struggle. Today, most young people take meeting the physical needs for granted, and their ego needs become their starting point. Wearing a pair of Timberland boots is as much about making a statement as it is about keeping the feet dry. For increasing numbers of consumers, Maslow’s ego needs have become the drivers. Maslow called it “self-actualisation,” the desire to fulfil one’s potential. For many

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people in developed societies, income levels are such that people have the freedom and choice to pursue their desired lifestyle. Self-actualisation is their most deeply felt need.

Allied to this need to achieve our full potential is the need for the time to do it. Convenience has become increasingly valuable. Joseph Pine and James Gilmore in their book *The Experience Economy*, use the analogy of the birthday party to illustrate this shift. I can relate their example to my own family experience. When my father was young, his mother would visit the corner shop to purchase the ingredients to bake a birthday cake and invite some of his friends around for a birthday tea. When I was a boy, my mother would buy a ready-made cake with all the trimmings from the supermarket and hold a birthday party for me and my friends and enlist the amateur efforts of my father to provide the entertainment. When my son was small we would take him to McDonald's with a few of his friends for his birthday treat. Now parents are delegating the complete birthday experience complete with decorations and entertainment to a T.G.I. Friday's, Chuck E. Cheese's or Rainforest Café. Consumers have moved through four stages and are willing to pay an increasingly large premium for the extra value represented by each.

Commodities	Goods	Services	Experiences
Milk, Eggs, Flour	Birthday Cake	McDonald's	T.G.I. Fridays

Based on *The Experience Economy* by B. Joseph Pine and James H Gilmore

So how does all of this relate to brands? If we go back to the beginning of the twentieth century, we see that brands were simply means of identifying goods. Our need for safety and security created brands that, over time, became proxies for quality and dependability. So Kellogg's became synonymous with healthy breakfasts, Gillette with safety razors, and so on. As consumers became more affluent and motivated by ego needs, brands became more aspirational and visible signs of success. We wore them like badges. Karl-Heinz Kalbfell, BMW's global head of Marketing, talks about "wearing a lifestyle." For many consumers in the 1990s, driving a BMW was as much about making a statement about who they were as was wearing a pair of Armani jeans or Nike cross-trainers.

In today's economy, brands go beyond even this; they say something about what is important to us, about our values and our lifestyle. The Body Shop, First Direct, Four Seasons Hotels, Virgin, Saturn, Amazon.com, Quiksilver, Linda McCartney meals, and Home Depot are all brands that have intentionally created products and services aimed at particular consumers and their lifestyles. Brands have moved from being names of products to badges of success to means of enjoying the kind of life we wish for ourselves. Howard Schultz believes that the advantage Starbucks has over other

brands is that "our customers see themselves inside our company, inside our brand – because they're part of the Starbucks experience."

Consumers are looking for service experiences which complement their lifestyle and brands which say something about their aspirations. Put these two things together, and you create the concept of the Branded Customer Experience, whose potential benefits to the organisation are enhanced loyalty, higher margins, and an increased share of spend. The cost of the coffee in your £1.50 cappuccino may only be 12 pence. According to a recent newspaper report, the number of 'branded' chain outlets such as Starbucks and Pret A Manger will grow from 1,300 today to more than 2,400 by 2003 (*Evening Standard*, January 16, 2001).

There are two routes to creating a Branded Customer Experience. The first is "Branding the Experience"; the second is "Experiencing the Brand." They are similar – but different in some important ways.

### Branding The Experience

Some years ago, Midland Bank identified that there was a profitable and growing segment of the population that values time and convenience above all else. People in this segment lead busy lives and want to bank with an organisation that is always available and easy to access, and one that provides quality service. Midland recognised that it could not credibly meet this segment's need with its own brand and its legacy of traditional High Street branches. The result was the creation of First Direct, a new brand and a new concept. Customers can now access their accounts any time of the day or night on the telephone. Staff are responsive and friendly. One of the key recruitment criteria for frontline staff is no previous bank employment! Midland first created the experience, and then created the brand to market it.

Today, First Direct has the highest satisfaction levels in the market, gains one-third of all of its new business through referrals, and is recommended by its customers every 4 seconds.

Branding the Experience involves organisations setting out to create a new experience for target customers and then branding it accordingly. The starting point is the market and what it values. In the automotive industry, General Motors created a Branded Experience with Saturn. Its slogan is "A different kind of car; a different kind of company." GM's complete engineering of the customer experience and the brand was neatly summarised by Stuart Lasser, a Saturn dealer: "We knew from the beginning that, if Saturn was to succeed, we'd have to do more than just sell a good car. We'd also have to change the way the cars are sold, the way the people who sell are perceived, and the way the customers feel about the experience of shopping for a car." Within 5 years of its launch, Saturn was the No. 2 car in retail sales in the American market, and it enjoyed the highest customer retention rate (61 percent) in the market.

Ian Schrager has been so successful in Branding the Experience with his St. Martin's Lane hotel in London that, unless you know it is there, you will not find it. It does not have a sign, nor does it look like a hotel. You cannot even see into the lobby through the frosted glass of the main doors. Yet, the hotel and its three restaurants are always fully booked. St. Martin's is a unique hotel experience. So much so, that satisfied customers promote the brand through word of mouth and obviate the need for billboards or advertising. Ian Schrager has successfully branded the experience.

### Experiencing the Brand

Next time you are watching television, take note of the promises the advertisements make. How many of those promises are actually delivered? Not many.

Fulfilling the promise requires engaging and aligning every employee, every department, and every process with the values of a brand. It entails significant investment in education and training, effective teamwork, performance management, communication, and systems that provide the skills and information everyone needs to succeed.

All too often, the organisation stops at high-level brand values – such as responsiveness, trustworthiness, and friendliness – without ever articulating how those values will be brought alive through the customer experience in a way that differentiates the experience from those of competitors and without ever articulating how employees will need to behave to deliver on the promise.

In 1998, Forte, the hotel group, went through a systematic process of articulating values for each of the four brands in its portfolio (Le Meridien, Post House, Heritage, and Signature). This process was based on extensive customer research. The company then invested £10m over a 3-year period, cascading the values and behaviours to 47,000 employees in a programme called "Commitment to Excellence." Forte's efforts and substantial investment sought to ensure that it would move beyond promising to actually delivering the brand values for its customers.

Experiencing the Brand begins with the brand and its values, turns these into a promise for target customers, and

delivers the promise in a way which brings the brand alive.

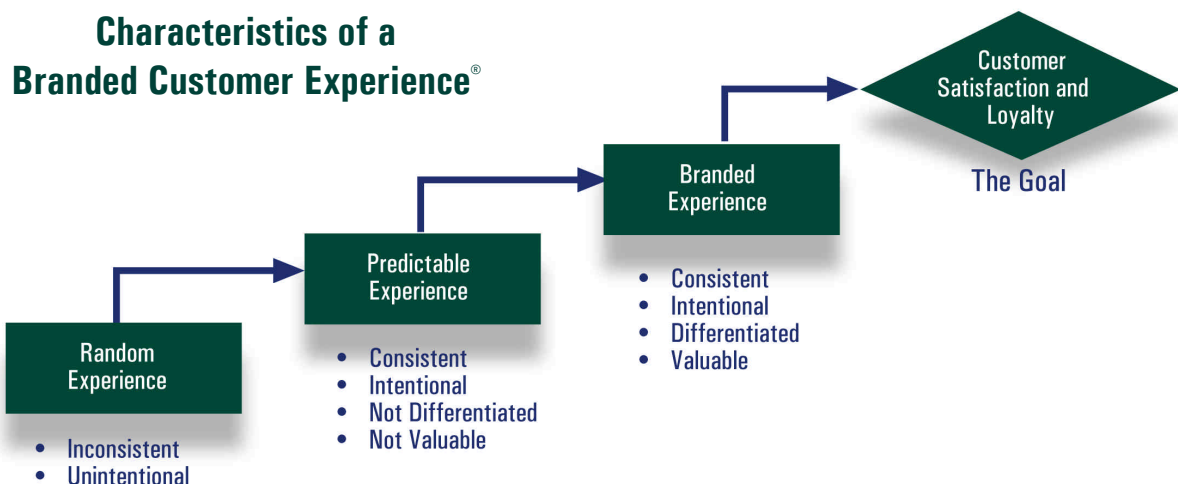
One of London's rising branding stars is Pret A Manger, the fast growing coffee and sandwich chain. Pret's slogan is "Passionate About Food." It sets out to offer fresh food served quickly by friendly employees. Large posters on the walls in Pret A Manger stores spell out what "Passionate About Food" means in terms of the ingredients the company buys, the way its coffee is prepared, and the way its staff are trained.

I called in to my local Pret A Manger one busy lunchtime recently for a coffee. As usual, the place was packed, and the staff very busy. Nevertheless, the service was prompt and friendly. When I came to pay, the young lady said: "The coffee is on the house, sir." When I asked her why, she said I had waited longer than I should have. Her action in itself created a Branded Customer Experience for me; it reinforced my already positive impression of this exceptional company. Do you think that Pret will cover the cost of that free coffee in my future purchases? Of course. I have been converted from a consumer into a "brand advocate."

### The Branded Customer Experience®

The Forum Corporation recently conducted a survey which discovered that 80 percent of customers who switch suppliers actually expressed satisfaction with their previous supplier. Customer satisfaction evidently has little to do with traditional measures of loyalty and retention. Instead, customer satisfaction has everything to do with what we call advocacy, the willingness of customers to refer friends, relatives and colleagues to favourite suppliers.

In early 2000, we conducted a U.K.-wide survey of High Street shoppers. It found that customers who awarded five on a five-point scale of satisfaction were much more loyal than those who awarded four, even though the awarders of four stars were still "satisfied." We ranked retailers across all segments and found William Morrison, the supermarket chain, enjoyed twice the level of advocacy (54 percent) of its nearest rival, Tesco. This was the highest margin in the sector; it may explain why William Morrison is one of the country's fastest-growing supermarkets chains. Advocacy translates into retention,



increased share of spend, and higher levels of acquisition.

Some while after we conducted the shoppers survey, I met Michael Bates, William Morrison's Marketing director, and asked him what the company's secret was. "I really don't know. We are just passionate about consistently giving our customers good quality food at a keen price in a friendly shopping environment." Bates's understated response defines precisely the Branded Customer Experience.

The Branded Customer Experience is best understood as the polar opposite of the random experience. While no corporation with any life expectancy leaves the customer experience entirely to chance, many companies make little effort to shape it beyond providing their actual product or service. Service is usually left to the service provider. Not surprisingly, this lack of management intent often yields inconsistent performance results.

Few large organisations leave customer service entirely to chance; they invest in service training, standards, and processes to intentionally shape the customer experience to make it more predictable. Their doing so is certainly important, as we know that one of the biggest causes of dissatisfaction is unpredictability – not knowing if the product will be in stock, if the plane will leave on time, if the table reservation will be made – but it is not enough. ATMs, for example, provide consistency, but they themselves do not set banks apart from other banks that offer similar services.

In order to create true advocacy, companies must create a Branded Customer Experience, one that is carefully designed to meet target customer needs, one that is consistent in meeting these needs, one that is differentiated from competing offers. The difference that the Branded Customer Experience creates is in itself valuable.

A good example of an organisation which has done well on three counts but that has faltered on the final hurdle is

the Rainforest Café, a chain of restaurants which sets out to create a "jungle experience" for diners. The restaurants are festooned with tropical plants and creepers, the staff are dressed in jungle suits, the air is filled with the cries of monkeys and exotic birds. Is it intentional? Certainly. The management has gone to enormous trouble to create the jungle effects. Is it consistent? Certainly. It is the same experience whatever store you visit and whenever you visit it. Is it differentiated? Very. There is only one Rainforest Café. But is that difference valuable? Perhaps once or twice for novelty value, for the occasional child's birthday party, but the novelty can soon wear off.

Similarly the failure of the Fashion Café – the international restaurant chain supported by various supermodels – can be attributed to the fact that the theme of the chain did not create value for its customers over time. Compare T.G.I. Friday's, which provides a customer experience which is intentional, consistent, and different from that of other fast food restaurants – and one which provides value. T.G.I. Friday's staff – with their zany hats and badges – and its fun atmosphere, interesting food, and reasonable prices create an experience which is so unique to T.G.I. Friday's that it is branded.

Creating a Branded Customer Experience – one that really drives customer loyalty – requires thought, effort, and resources. It takes careful design, it takes new forms of collaboration between Marketing, HR, and Operations, and it takes the means to harness the power of your people to turn them into Brand Ambassadors. It also requires the seamless integration of high-tech and high-touch, the powerful combination of technology and human interface. But most of all it requires managers to understand what it means to lead the brand. Later articles in this series will delve into best practice in each of these areas.

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