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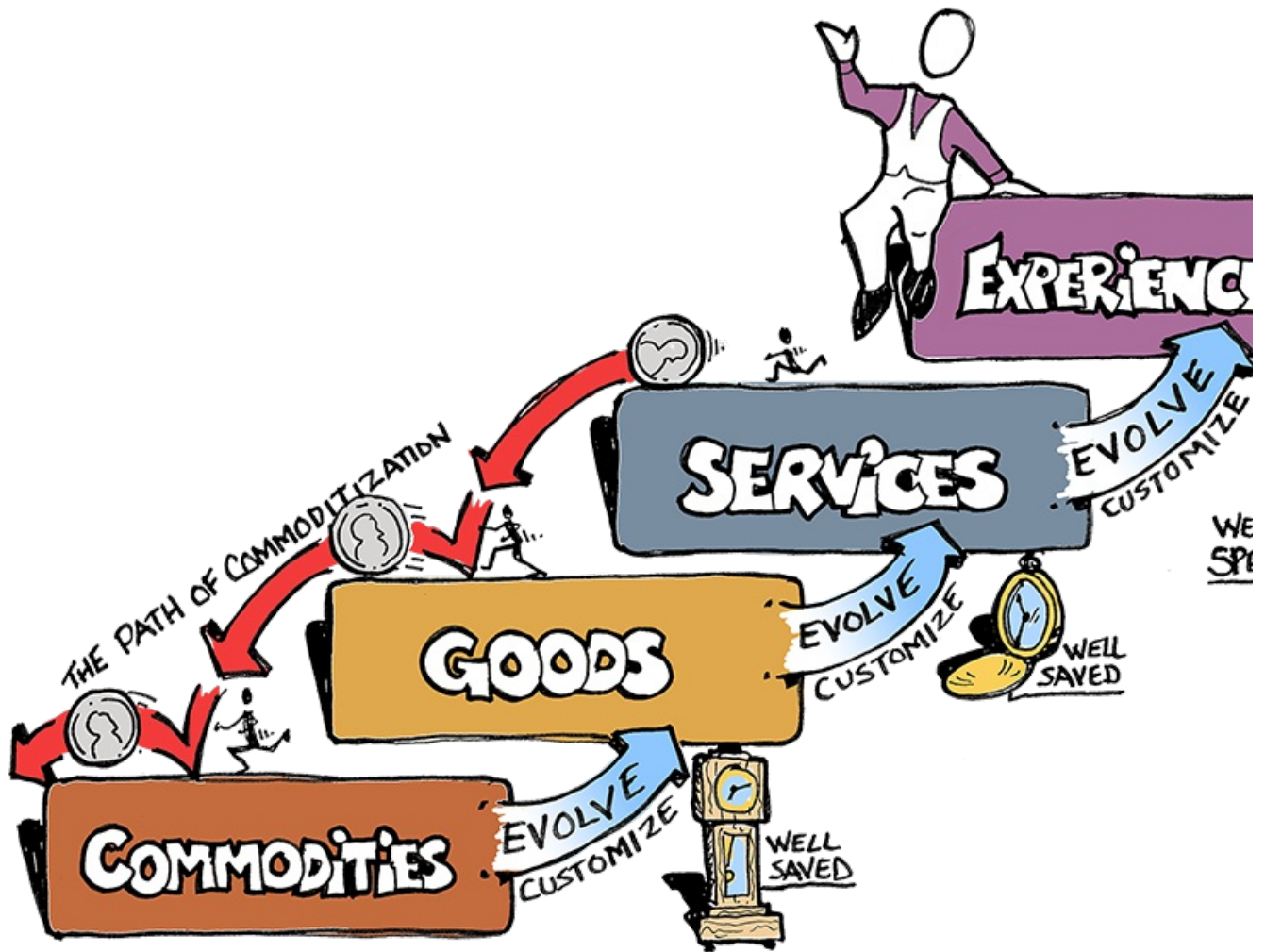
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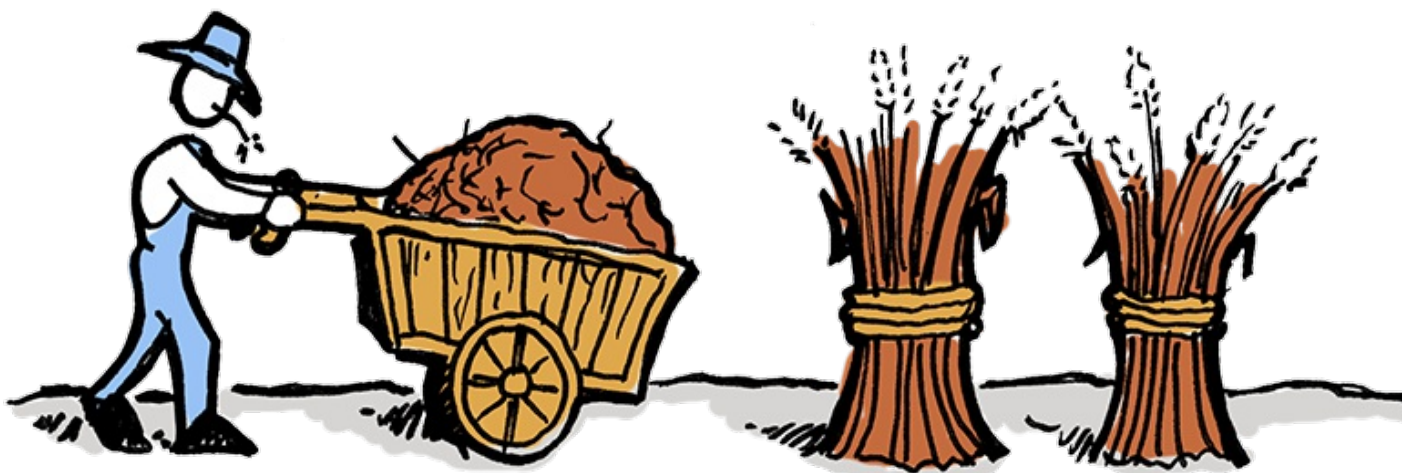
# Banking on the experience economy | a primer

## Banking on the Experience Economy A Primer

Some may not know what the *experience economy* is about—or how it emerged. This article provides a primer on the concept of the experience economy.

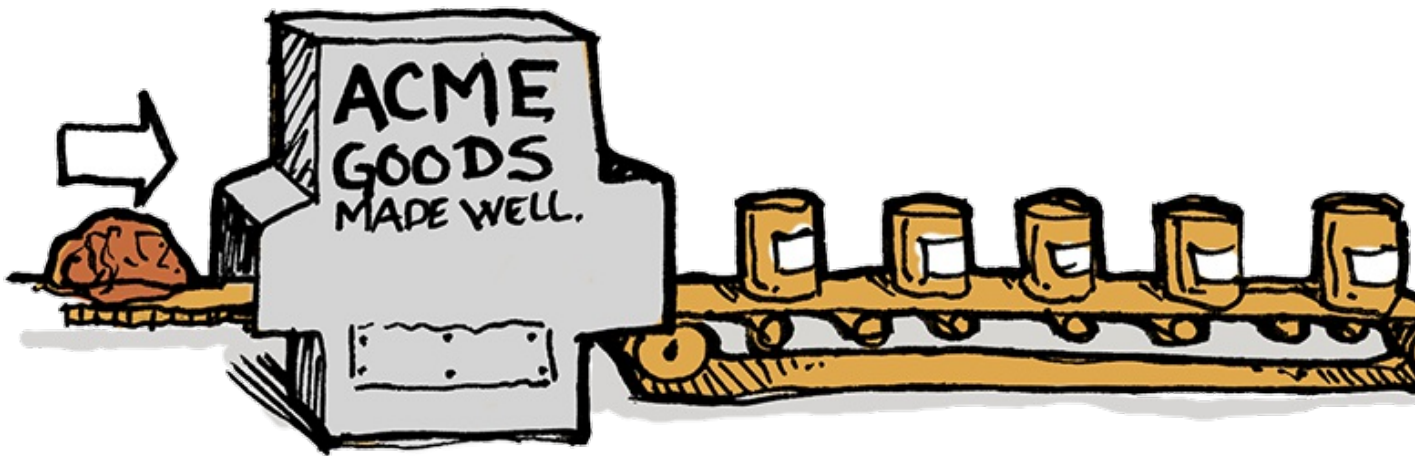


In the early years of our country, agriculture and livestock were the mainstream of commerce. This period was known as the agrarian or commodities economy. People lived off the land, raised livestock, and mined the earth for resources like gold, silver, and coal.



After the agrarian era came industrial manufacturing, driven by the ability to mass-produce goods from those same commodities. Goods that had once been crafted individually could

now be assembled and produced in mass quantities—increasing affordability and consistency. Banks adapted to this new goods economy by facilitating the use of currency and coin for the exchange of commodities and the regulation of cost.



As technology advanced and people began living in larger cities, a third economic model emerged—the services economy. And over time, banking shifted its focus again, no longer providing currency in exchange for silver ore or gold dust. Instead, banks became financial service providers, delivering services that members of the general public cannot provide for themselves. As such, banks provide funding for homes, cars, and equipment. In addition, they offer a system of secure and regulated financial exchange in the form of checking or debit cards. They also provide safe and secure storage of documents and personal items of value. Through this model of serving consumer needs, banking increased its value to its customers—at least for a time.

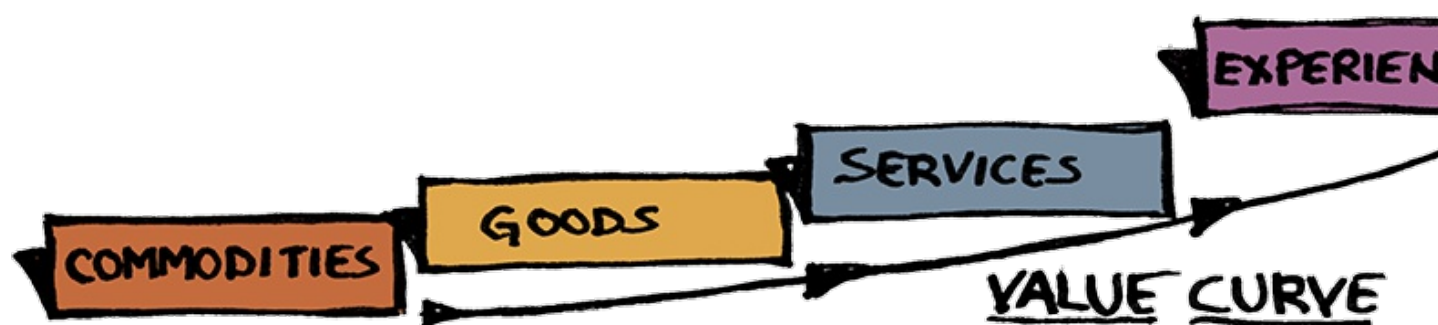


And so, the pattern continues. Just as the commodities and goods economies ran their course, the service economy has also been surpassed. Over the past 20 years, there has been a growing trend by consumers to move away from spending on *things* or paying others *do*

*things for them.* The focus has now turned to paying for activities.

The experience economy had taken root—and it offers a greater value than all previous economies combined. A business focusing on experiences can increase the value of its offering by staging activities around the goods and services it provides.

People want to do things and are willing to pay up for that opportunity. Companies like Viking Cruises offer personalized river excursions. Car companies are creating unique driver experience centers where customers can drive high-end and exotic cars—both physically and virtually. Nike offers customers the ability to completely customize and personalize pairs of shoes for a fee. Even toy companies, like Lego, stage huge Lego conventions for the public so they can share their designs and learn about other's creations—all designed to add value of the goods and services they offer.



### What this means for banking.

So how can banks leverage this economic development? First step is to increase their value by staging activities that are not only customized, but personalized to each customer. Digital technology offers the greatest opportunity to achieve this. As described in the [first article of this series](#), if it's digital, it can be customized. If something can be customized for the individual, then it has greater value for the customer and in turn, for the bank.

In addition to leveraging the digital world, banks can leverage their physical space by adapting branches to focus more on the purpose of customers' visits. It's no longer necessary for branches to revolve around performing basic transactions.

Think about staging activities around what your customers seek and need—and what goods and services you excel at providing. Use that knowledge to change the bank's physical space to better stage personal experiences and unique engagements that support the brand. This will differentiate you from other banks. Make the shift from *doing for* the customer to *doing*

*with* the customer. In the experience economy, it is all about staging engaging interactions that increase value for customers.

### **About Kevin M. Dulle**

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*Kevin M. Dulle, Certified Experience Economy Expert (CEEE), is director of the Experience Innovations Strategy Team at NewGround, an experiential design build firm. He has spent over 25 years serving the financial industry with strategic planning, visual thinking, and experiential business development. With visual translations and graphic thinking techniques, Kevin guides clients in discovering unique strategic solutions, develop long-term planning options and organize complex concepts into cohesive strategies.*