



Banking on the experience economy | elevating the value

Banking on the Experience Economy Elevating the Value

Let's face reality—banking is a service business. Banks provide customers with financial services and charge for doing what their customers cannot do for themselves. In today's market, banking is faced with a wide and expanding range of competition that is forcing price to become the primary defining factor at best. Unfortunately, fighting on price creates no greater value for the business—only volume with decreased margins. If there is no real difference in the eyes of the customer, there is no loyalty. Moreover, the idea of great customer service is not a differentiator, it is what is expected.

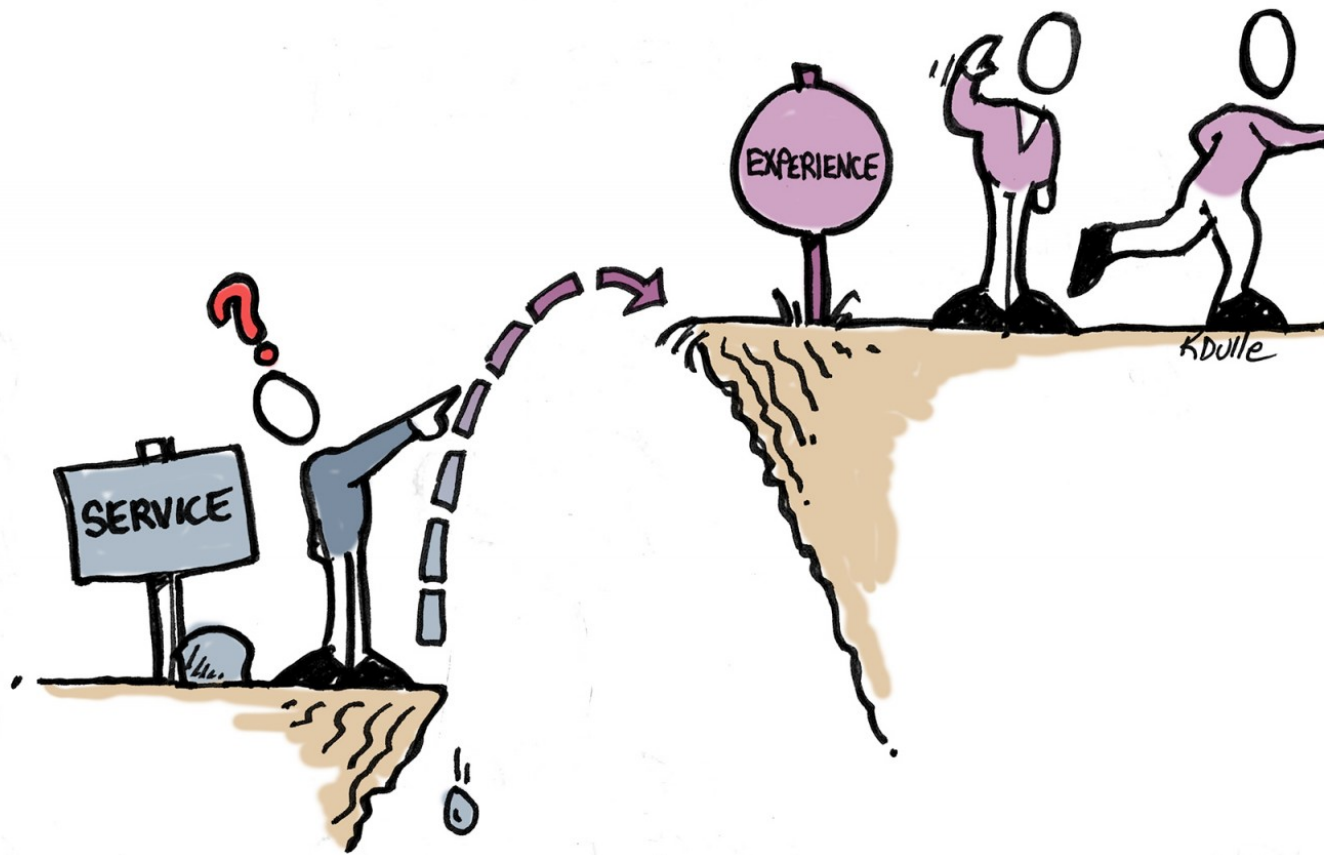


The *experience economy* is about much more than efficiency or performance ratings of service delivery. It is about offering personal customized service to the individual and staging memorable engagements. It is a shift from **doing for** a customer to **doing with** a customer.

This is a deliberate strategic change from *time well saved* in the service economy to *time well spent* in the experience economy. Moreover, engaging that *time well spent* should come at a premium price.



The question before us is this: can a service economy industry like banking be elevated to that of an experience stager? We believe the answer is a definitive yes, assuming the desire for change exists.



Staging experiences with bank customers.

In the book *The Experience Economy*, authors B. Joseph Pine II and James H. Gilmore, introduce us to the concept that “work is theatre and every business a stage.” The key idea here is that staff have roles to perform, and the environment becomes a stage for the performance. To implement this idea, banks need to refocus away from merely delivering efficient service to staging engaging experiences with their customers. The environment must be aligned with the brand promise, and it must support the bank’s culture. Banks need to avoid rehashing older delivery models or duplicating another bank’s design to create activity. The physical and digital place must be a manifestation of the bank’s brand and purpose.

Transforming the culture.

The hurdle for banking in the experience economy is that it requires an honest assessment of the culture across the whole of the organization. The evolution from providing a service to an experience begins always with the strength of the people. No brand statement or great environment design can create a memorable engagement without the efforts and intention of the staff. This must happen at all levels and all channels of customer interaction. The more staff is engaged with the customer, the more memorable the experience.

3S model: satisfaction, sacrifice and surprise.

IMPROVE SATISFACTION



REMOVE SACRIFICE



ADD-IN SURPRISE



One way to begin the journey to becoming an experience is applying the practice of the **3S model: satisfaction, sacrifice and surprise.**

- **Satisfaction** – First, find ways to improve satisfaction for the customer. Find out what they like about the current interaction with the bank and expand those ideas. Improve on what is already being done and eliminate the customer’s dislike.
- **Sacrifice** – Next, identify customer sacrifices and barriers between what the customer wants and what they must accept because of limitations, efficiencies, or selection. Begin removing these sacrifices to enhance the interactions with the customer. Remember, it’s about what the customer really wants—and not about being limited to selecting only from a menu of what is offered. One major method of removing sacrifice is by leveraging digital channels. As more and more functions and processes of banking become digital, the more customizable they become. The more customizable an experience/event can be, the more personalized it becomes and eventually, the more customer sacrifice is removed. Being digital means being customizable.
- **Surprise** – Finally, add in a surprise during the interaction. Surprises can be random or planned. Take the idea of opening an account. Imagine allowing the customer to create their own unique banking package that fits their needs. Then, because options can be

digital, this particular blend of services and features gets named after them and becomes a pre-designed package offering that others can choose. It also creates potential conversation between the customer and their connections—and an experience they are willing to share.

Banking's evolution from the service economy to the experience economy will take deliberate action. It requires a shift toward thinking that is interactive and intentional. The experience economy calls for a very purposeful level of interaction and takes practice, performance and focus. Just imagine if Starbucks stopped being an experience and commoditized the product by just serving preset coffee drinks. No more getting your order the way you want with the extra shot or soy versus milk. No more customization of ingredients that make it your personal latte and no one else's. How fast would the value of Starbucks fall?

The key to being an experience stager is knowing that experience is unique to each customer. The customer then becomes the object around which the engagement is designed. To become a stager of experiences, an organization must create difference through the deliberate staging of the engagement. This will create a memorable and valuable event in the mind of the customer. Creating memories through experiences yields increased value and revenue.



We are in the era of the experience economy. Companies that do not adapt or evolve from

goods or services will be replaced by companies that can stage experiences in order to add greater value to their offering.

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