3 Customer Experience Design
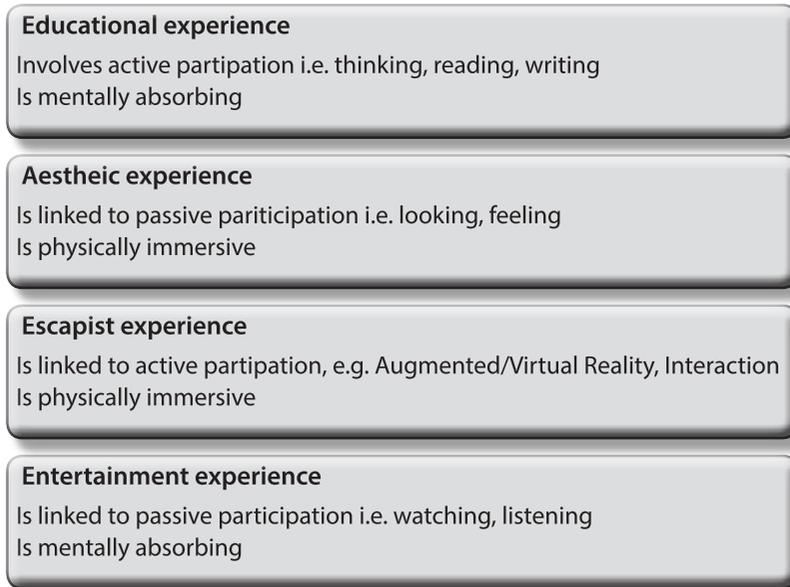
The term '*experience economy*' is used to identify goods that consumers purchase to give them an immersive and memorable experience (Pine and Gilmore, 2011). In an increasingly competitive marketplace the ability of an organisation to create a positive customer experience can deliver competitive advantage (Gentile et al., 2007). For example, Uber drivers provide complimentary water and sweets to passengers in order to differentiate the customer experiences when using their taxi from others. Customer experience design (CXD) has the goal of providing consumers with personalised and memorable engagement. CXD has typically been applied by the leisure industry but is now being extended to other industry sectors, notably retail (Pine and Gilmore, 1998). Each point of contact between brand and consumer provides a customer experience, and the number of contact points has exploded with the advent of digital channels, platforms and devices (Lemon and Verhoef, 2016:69). As a result, two specialist areas of digital marketing activity have emerged which focus on integrating digital and offline marketing activity: **experiential marketing**, which designs and delivers customer experiences; and **omni-channel marketing**, which integrates online and offline experience into a consistent whole.

The customer experience

The customer experience is defined as "the internal and subjective response customers have to any direct or indirect contact with a company" (Meyer and Schwager, 2007:2). A customer experience is "holistic in nature and involves

the customer's cognitive, affective, emotional, social and physical response" (Verhoef et al., 2009:32). Experiences vary according to whether the customer is active or passive, and whether they are mentally absorbed or physically immersed; these four characteristics facilitate the development of four realms of experience (Figure 3.1) (Pine and Gilmore, 1998). Experiential marketing is an approach that directly seeks to create a specific emotional attachment to a brand and in particular aims to make the customer feel part of the brand (Luo et al., 2011).

Educational experience
Involves active partipation i.e. thinking, reading, writing
Is mentally absorbing

Aestheic experience
Is linked to passive pariticipation i.e. looking, feeling
Is physically immersive

Escapist experience
Is linked to active partipation, e.g. Augmented/Virtual Reality, Interaction
Is physically immersive

Entertainment experience
Is linked to passive participation i.e. watching, listening
Is mentally absorbing

Figure 3.1: Realms of experience. Adapted from Pine and Gilmore (1998)

Experience design (XD) decisions relate to how two or more of these realms can be combined, with the richest experiences combining all four realms (Pine and Gilmore, 1998). For example, the travel industry use of VR enables companies to provide detailed information on available services, entertain customers through a novel presentation of information and also get active participation through physical immersion. However, consumers have more choice over the direction of the story as they move through virtual reality since they are free to explore, this means that advertisers lose control over the message elements and the content has to be more nuanced, detailed and anticipatory of a wide range of reactions (Greenwald, 2017).

Exercise 3.1

Research how different brands have used VR in their advertising and consider how they have combined the four realms of experience in the finished advert. For example watch the video of the BMW Breakfast of Champions campaign https://vimeo.com/185515456

Touchpoints

A customer experience is delivered at each interaction or touchpoint with the brand; these interactions are also known as moments of truth (Stein and Ramaseshan 2016). There are three touchpoint categories (Meyer and Schwager, 2007; Forlizzi and Battarbee, 2004) (Figure 3.2):

1 Direct or active contact when the customer seeks out the brand, e.g. going to a brand website;

2 Indirect or passive contact when the brand seeks out the customer, e.g. through an e-mail campaign; and

3 Interactive contact or co-experience is where there is exchange between the brand and the customer or between customers, e.g. on social media.

Touchpoints are both digital and non-digital, e.g. a call centre. Customers will move between touchpoints, with experiences at one touchpoint informing and influencing subsequent points of contact. Each touchpoint presents the marketer with an opportunity to influence the customer (Stein and Ramaseshan, 2016). However, the dynamic pinball-like movement of customers between touchpoints and the different nature of each touchpoint means that the organisation does not have complete control over how the customer experience is shaped (Stein and Ramaseshan, 2016). For example, interactive touchpoints such as Facebook pages add a social dimension to customer experience over which the brand has limited control (Verhoef et al., 2009).

A psychological theory that is helpful in understanding customer interaction with touchpoints is the Stimulus-Organism-Response theory (S-O-R) (Mehrabian and Russell, 1974). S-O-R theory states that stimuli (S) are processed by an organism (O), and which, in turn, influence behavioural responses (R) by approaching or avoiding the stimuli. In experience design, each touchpoint contains stimuli that are processed by the customer, who then responds (Stein and Ramaseshan, 2016). In a retail setting, consumer approach behaviour is conceptualised as the desire to remain in a store, and