**HOW TO ENTER THE EXPERIENCE ECONOMY**

**aka The Emotion Economy**

Quick Start Sheet

Your Competitive Edge—What they don’t teach in business schools.

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The biggest problem facing businesses today is the internet has turned almost every product and service into a commodity—where the price is the driver. For companies other than Walmart and Costco, competing on price and location alone is a loser’s game.

For everyone else vying for more market share, the expedient way to attract new customers and keep already loyal ones is knowing how to leverage the Experience Economy. A more precise term would be the Emotional Economy because 95% of buying behavior occurs in the subconscious where emotional connections are made. Simply stated, people spend their time and money on brands and businesses that make them feel good and are memorable.

Neural marketing is a relatively new science that explains how emotion determines why people buy and why they don’t. As early as 2007, Consumer Reports conducted a brain-imaging study to expand their knowledge of customer loyalty. What they discovered is loyal customers, as compared to disloyal customers, have established “affective bonds” to the store, which might be the underlying psychological driver of their repurchases and word of mouth.

Using the principle of the Experience Economy, which began in tourism and hospitality, I brought 21 hotels to #1 in their market, some out of bankruptcy. Windstar Cruises hired me and was voted the best small luxury cruise line in the world.

If someone is making more money than you selling the same product, it is not the price, industry, or inflation that is your problem. Good enough never is, benchmarking vs innovating is a death knell, and the “status quo” is a progressive target.

Understanding the value of the emotional journey of your customer is your competitive edge. Happiness is the single best strategy for any business. It runs the gamut from relief to delight to joy. I outline the strategy step by step in *How to Win at Business*.

Let’s begin building your foundation for the Experience Economy— your “Why.”

Challenges

How do I stand out in my market in such a fierce and competitive environment?

How do I deal with social media and influencers as the new authority? It used to be advertising.

Solution

If you want to be much more profitable, you need to know how to leverage the experience economy. Learn how to build “Emotional Currency” with your customers in which price and location are not issues.

The good news about social media is it is malleable, and it is experience-based. People use social media to rave or complain. Give them a lot to rave about. They are predictors of your future profit and loss statements.

Proof

Consider Starbucks. They charge seven times more than their competitors and are #1 in their industry. That goes against “conventional wisdom.” Conventional thinking of anything is a sure sign you should rethink your business plan.

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One hotel I was assigned to run made me want to run away. I had a brief cry and tantrum before I took on the challenge. It was a boring hotel on a boring street with a boring brand. We turned that hotel into #1 in its market in nine months by blowing up its current processes and replacing them with experiential ones. (More of that in the *How to Win Business* book).

Every type of business benefits by knowing how to delight and gratify its customers. It is time to separate from the transaction-based model people currently consider “service.” In the context of the experience economy, service should be remarkable.

Next Action

Your question should no longer be, “Should I step up to the Experience Zone,” but “How do I do it and how quickly can I do it,” because you will see the results quickly.

Most customers have pretty low expectations of service these days, so there is a tremendous opportunity for you to jump on this train as soon as you can because it has already left the station. I come from the luxury hotel segment where the opposite is true. Our clientele expects and demands a lot. If we don’t surpass expectations, off they go.

# How to Formulate Your Identity Statement

Create an Identity Statement (Your “IS”) to define what your distinction is and what you stand for.

It should be at once motivational, inspirational, and unforgettable.

**Purpose**

To introduce your winning strategy, secret weapon, and sure advantage.

You create an Identity Statement for three reasons:

1. To be the focal point around which you organize your business processes.
2. To increase and perpetuate your customer base.
3. To enable your employees to execute their roles flawlessly.

It is the sherpa of the organization—the guide to peak experiences.

Many mission statements I have come across are rambling, ambiguous, and full of jargon that does not inspire excellence. When I became a general manager at Hilton years ago, the mission statement was all about shareholder profits. I hung it on the back of bathroom stalls hoping employees might remember it. It may as well have been written in Greek. It was so uninspiring. Hilton has come a long way since then. Their current promise is, “To fill the earth with the light and warmth of hospitality by delivering exceptional experiences—every hotel, every guest, every time.” That makes me smile. It is a noble reason to be in business.

A while back, I interviewed for a Managing Director position for a high-end hotel company with a reputation for excellence. During lunch with the Human Resources Director in their restaurant, I inquired what their mission statement was. She was excited to share the vision they had recently rolled out. However, when the server appeared at our table to take our order, I asked her to share any part of the vision that inspired her. She responded, “Er, uh, I don’t know offhand. I have a card with the values on it, but I left it at home.”

Think of the Identity Statement as a mantra for the mind, a recurring verse that inspires those that receive it and those that produce it. The fundamental distinction between the IS and other corporate roadmaps is to express the experiential and aspirational objectives of the recipients. Write it in the present tense. Capture who you are today, not tomorrow, not two years from now. Whenever I hear a company is “striving” to be something or other, to me they sound tired, their corporate soul laced with more effort and obstacles than energy and clarity.

You create the IS to inform every activity and process within the organization.

**The Way to the Identity Statement**

**Step One**: Do a data dump that describes the entirety of your business.

“We run a small, boutique cruise line of yachts that go to the finest destinations in the world, have celebrity chefs in the kitchen, serve the most discriminating customers who dislike the big ship anonymous environment. We are small enough to get into ports the cruise liners do not have access to and provide excellent programs to engage our guests.

**Step Two**: Shorten it.

“We serve discriminating travelers who prefer to travel in personalized, exquisite style to ports of distinction.”

**Step Three**: Try to keep it to seven words or fewer.

Example: Windstar Cruises tagline (IS) is:

***180° from Ordinary***

That is a brilliant IS. It informs training, is aspirational to the customer’s ears, and is a compass for unique programming, tours, and memorable experiences.

We created this Identity Statement for Bardessono in the Napa Valley, the #2 hotel in the US at the time:

***Exceptional by Nature***

This captured our service commitment and the fact that we were one of seven hotels in the world to carry the Platinum LEED award in eco-design.

It was memorable, and with much discussion and role-playing of what would be exceptional in each interaction, it shaped our culture, employee behavior, and processes.

The customer experience began with staff waiting outside to greet you by name, a glass of wine of your preference (we know ahead of time), and a docent tour of the property and art on display. Upon arrival, the valet would radio all staff in the public areas that Mr. Green and Mr. Freed had arrived. Mr. Green was in khakis with a Grateful Dead T-shirt and Mr. Freed was wearing all white. Their dog is Tootsie. When Messrs. Green and Freed walked by various spots in the hotel, employees would welcome them by name. “Check-in” occurred during the journey to the room. The tour was more of a fact-finding personalization mission than a transaction-based one. We would offer them a dog menu for Tootsie with specials and “water pairing!”

Each team took their game to another level. Housekeeping created their personal IS for guests to “Feel the love” in a guest room. Of course, it must be spotless. That is a given. “Love” was present in the way they arranged the shoes with care, shone them as if they were muddy, and arranged the make-up neatly. These touches are palpable. They raise the spirits of the doer and the receiver.

Servers in the restaurant began noticing and reporting things like scarring on the table legs—deferred maintenance was no longer acceptable to them. Walk into most restaurant bathrooms and notice the darkened grout in the tiles near the floor where the mop pushes the dirt into the crevices. Check out the elevator tracks. Are they sparkling? Mopping is one task. Mopping for “exceptional” produces another result entirely.

Years ago, my company sent me to reposition a hotel in Atlanta that was underperforming. At our first meeting, the sales director informed me that the headquarters for CNN was across the street from us. Our hotel was the natural, strategic location for the single greatest source of room nights in Atlanta, at about 18,000 guest nights each year. However, the CNN travel manager at the time had prohibited their travelers from staying at our hotel and refused to reimburse anyone who did. I met with him, reluctantly on his part, and he raged at me about how the previous management had been foolhardy and showed no regard for the values and atmosphere of corporate Atlanta hotels. When I conferred with the owner of the hotel, he admitted their error. As the first boutique hotel developed in Atlanta, he wanted it to be special and cool, so they brought in designers from South Beach, Miami. It turned out their vision had been too racy for the Atlanta scene, and they perceived it as arrogant. The name of the restaurant was BED, and it was in bed where you ate your dinner in public. It may have been a hit in Miami, but not in more conservative Atlanta.

The team and I split up to inspect our competition. When the posse reconvened, one element stood out in each hotel we visited. In the land of the Georgia Peach where southern hospitality purportedly reigned supreme, we noticed one common thread. They were all devoid of genuine and unscripted warmth. Our foray into the city’s hotels included top brands such as W, Four Seasons, and The Ritz-Carlton.

We developed our Identity Statement by asking ourselves what we could do differently and what we needed to win back CNN’s business. Out of that emerged,

***“Stay with a friend.”***

It not only captured the sentiment we wanted our guests to feel—the hotel was named Glenn. Then we sought to align the IS with corresponding details and actions. “How could a fly on the wall determine what a friend-driven (as opposed to friendly-driven) hotel experience was like?”

We asked these questions.

* What would friends be wearing when you visited their home? Uniforms? Not likely.
* Nametags? Hardly.
* Do you greet your friends from behind a desk? Nope.
* What is the first thing a friend offers you when you arrive? A room key? Uh-uh. How about a refreshing beverage and a scented towel to wipe away the travel grime?
* What do sales proposals sound like? Something from a traditional template or warm, personalized, and delivered gift-wrapped with flair and some SWAG?
* How would reservation confirmations read… like one from a friend?

Dear Gracie and Ed,

We are delighted you are coming for another visit on June 6 for three nights. Your favorite room is reserved for you. We will stock the fridge with Coke Zero for Gracie. A new restaurant, Patio, opened across the street that you must try. May I reserve a table for you?

Travel safe and comfy.

We can’t wait to welcome you once again.

Glenn

Ultimately, we determined Glenn was the imaginary head of the manor who traveled regularly and left his trusted staff to take care of his friends, who would often visit. It informed every detail of the experience, including the amenity and thank you cards coming from the mythical Glenn.

Our repositioning won us back the CNN account. The hotel became the second hotel in the world to be accepted into Marriott’s new Autograph Collection for independent hotels, and boy, did we move market share. Mission accomplished. Rather, “Identity accomplished.”

When I first arrived as the general manager at Miraval in Tucson, Arizona, the number one resort in North America, their tagline was Life in Balance. I loved it. It meant one could have an equine experience at 8 am, be a yogi before lunch, attend a drumming circle, and have a martini with your wild salmon. On my first day as General Manager, I noticed Smucker’s jelly (with corn syrup as the first ingredient) in a plastic container on the table. That may be acceptable at IHOP, but it was way off-brand for an eco-friendly resort dedicated to well-being. I wondered, “Where is the chef’s house-made prickly pear cactus marmalade?”

**The Takeaway**

Create your distinctions and ensure they run through the very DNA of the organization. Every detail should be “Exceptional” or like, “Staying with a friend,” or whatever you determine will set you apart.

One more anecdote. When the Vice President of Marriott’s Autograph Hotel Collection read my business card, which presented me as the Chief Happiness Officer (CHO), he laughed and shared it with his colleagues mockingly. Experience-based hotels were so far outside Marriott’s domain, they needed to create a separate division to run them. Ironically, this Chief Happiness Officer and her team became the number one performing Marriott out of fourteen Marriott brands in Atlanta.

**The Trap**

If you don’t commit to the Identity Statment process heart, mind, and soul, it will fail to be the inspiration it is meant to be.

Not including line employees in the development process would be a grave mistake.

No one understands your business aspirations better than the founder or leader from an experiential point of view. However, they may not be the best wordsmiths. Whether you outsource the project, involve some hourly team members to present the top three taglines to their colleagues so they have a stake in the process.

**The Process**

During the hiring process, state your Identity Statement to the prospective employee. If they are not enthusiastic, asking questions, adding commentary, take a pass. When you hire people that are excited to aspire to the IS, every person on your team will become their own manager.

Visit your competitors. Listen to them on the phone. Engage with the front line. Read their advertising. Do all the due diligence and compare notes. Notice what is missing. Something always is. Therein lies your edge.

Once you refine it, validate every detail against it.

* The IS may be a tagline or subliminal to the customer. Either way, they will recognize why they prefer doing business with you.
* Aim for simplicity, relevance, and distinction.
* Your intention should speak to the humanity and integrity of dealing with people.
* The outcome should be delight (plus security and safety as applicable).
* Think of your IS as an extension of your customer’s lifestyle and aspirations.
* Give them what others do not. Once you have your Identity Statement, you will find an endless number of ways to express it and go beyond the ordinary.
* Thank you for downloading the Experience Economy Quick Start Sheet. I go into much greater depth on how to enter the Experience Zone in How to Win at Business: Transform Your Customer Experience from a Maze to Amazing.

On Amazon: https://www.amazon.com/dp/B09N5HLJK9

I am available for consulting, transforming your SOPs into Performance Art, and showing you how to enter the Experience Economy.

Thank you and wishing you much success and every happiness.

Nanci

P.S. Drop me a line if you are excited for the next step and ready to embark on the journey of profit, experience, and happiness.

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* Innovate ahead of your competitors.
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