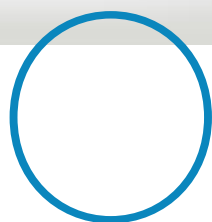


EXPERIENCE MANAGEMENT:

Creating Customer Memories



One of the most rewarding moments in managing a spa is listening to exemplary customer testimonials.

We have all had basic treatments. But then there are the wonderful memories of those spa experiences we are literally bursting to share with others because they had such a strong impact on us. Positive feedback for your business is definitely sugar for the soul – but is that all it is? Or could there be an economic value, a differential advantage and a whole lot more, attached to these customer memories? And more importantly, how can a spa manage and capitalize on them? Could experience management affect the way spas are managed in the future? After all, you can hardly read a spa article today without the word “experience” in it. But, what is it, really?

BY UTA BIRKMAYER

From Service to Experience

I went to business school, and if you had asked me these questions a few years ago, I would have put customer testimonials into the word-of-mouth category of marketing and said that’s that. But the business world has changed since my business school years, and I know now that customer memories are probably the most valuable asset any company can have – as long as the memories are positive, individual, distinctive, genuine, consistent and, most of all, managed correctly.

Let me insert a touch of theory. Ten years ago, we would have said the spa industry, as well as hotels, restaurants and any other high-touch industries, are part of the service industry. It was common theory that there were two types of things you could sell – products and services (with many unique combinations thereof). Up until the late ‘90s, economical offerings were differentiated by the level of service perceived, such as “good service,” “really good service,” “excellent service” and so on. But that’s not so any longer.

According to today's service definitions, those who provide a service simply deliver an intangible activity that is easily interchangeable, with no difference between providers. This means there is also no drive to tell others about the services you experience. If that's the case, let's *hope* we are not in the service industry. Today, rather, we are in the Experience Economy. While the term "experience" is used as freely as "service" these days in business, many owners still wonder what it is exactly, how to manage it and how it can add to the economic value of one's business.

Let's look at a basic, non-spa example to visualize the essence of an experience. Most of us have ordered and consumed a cup of tea at a restaurant. We are given a selection of tea bags with hot water and choices of sugar, milk or lemon. End of story. The product is tangible (the tea bag and hot water) and the service is intangible (being served, getting cups and a seat), and both are very standard, thus interchangeable at most any restaurant. The proof that this is not a memorable event is that you don't burst out telling people about your cup of tea later.

However, we all know that not all cups of tea are created equal. What about the tea served at a Japanese tea ceremony or at an authentic English afternoon tea? In both cases, the basic product – the tea – although of different quality levels, is essentially the same commodity. The service, however, is more elaborate and leaves a lasting memory, so much so that we like to tell people about it and we readily pay more for the service. Because of the fact that people pay more for some services, it is worth researching the phenomenon.

What exactly is it that people pay so much more for, and how can we replicate and maximize it economically?

In the late 1990s, several books on this "new" economic value were published, including "The Experience Economy" by Gilmore & Pine, "Experiential Marketing" and "Customer Experience Management," both by Bernd H. Schmitt. These books addressed the fact that the phenomenon "service" and its many hybrids deserved a closer look, and from this closer look, a third economic value emerged: the experience.

Let us go back to the tea example to clarify: selling a tea bag and hot water to a customer is considered a service, which is interchangeable with all other providers of tea bags and hot water. Therefore, the tea bag and water are measured by their tangibility and the service is measured by its intangibility. So how, then, do we measure an experience? Authors Gilmore and Pine define an

experience as memorable by the customer. So, if the customer sees a distinct value above the tangible and intangible components of the cup of tea, something he or she remembers and (in the best case) cannot wait to share with others, we have a distinctly separate economic value called experience that tops service.

Consumers readily pay more for an experience because it meets their emotional needs. Those consumers then tell others about the experience (the best way of marketing), not to mention the press who love to write about experiences (giving a business wonderful, free PR). Essentially, you can run your whole business these days with an Experience Management Plan and truly thrive.

What's the Plan?

Of course, experiences are not new. They have been around for centuries. What is new is that they are not bundled in with the economic value of services any longer, but are a distinct economic value in themselves. This now enables us to concentrate on this phenomenon for maximum business success.

An Experience Management Plan is an extremely effective way to do this and make any company legendary, talked-about and a place people will want to be associated with. An Experience Management Plan replaces the old "Strategic Plan," a document no one on the customer service level neither saw or understood. Rather, an Experience Management Plan is a living document that helps employees see themselves within the big picture, guiding them

through any customer interaction as a highly effective and problem-solving management tool. For those who want that continuous cutting edge in business, an Experience Management Plan encourages continuous innovation by concentrating and building on an authentic theme for your business.

In "Trading Up: the New American Luxury," by Michael Silverstein and Neil Fiske, the authors research this idea even further, deepening the experience phenomenon with an additional theory known as the "Ladder of Benefits." This "ladder" acts as a simple tool to assure the emotional value of an experience is built on a solid base of technical and functional superiority *before* the value of experience even comes into play. That is, if the technical and functional aspects of your business are not the best they can be, an Experience Management Plan probably won't do miracles.

Case in point: American Girl dolls. This hugely successful doll

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company sells them at close to \$100 each, while regular dolls are usually available at less than \$30. Why? For one thing, American Girl dolls supply superior quality and function (manufactured with the best possible components) that far surpass \$30 dolls. But more importantly, American Girl dolls successfully makes the emotional connection between the doll and the girl by making each doll into a historical character. Each doll not only has her own name, look, wardrobe and story, but she lives in a particular culture and historical period, which is beautifully captured in her very own book that allows little girls to immerse themselves into their doll's time period. There are meaningful accessories available for the dolls and the girls (including a spa treatment!) to help make the stories come to life even more. The end result is that the emotional connection girls are making with American Girl dolls is beyond the emotional connection they make with any other dolls on the market.

So, what does this mean in terms of a spa business? We must make sure that the technical and functional attributes of what we offer to our customers are the best they can be in their market. The design, materials, products, treatments and staff should be superior, innovative and cutting-edge, enabling a spa to provide the best possible treatment to a client. This provides a basis for developing meaningful experiences that emotionally connect our spa and spa services with our customers. Now, the question becomes, how do we do this while staying competitive and maximizing economics?

Designing Experiences

One way of looking at designing an experience for your customers is to view it as a stage production. To stage a play, you need a story or a theme first. This theme or story will help define everything else you do for your audience. It will drive architecture and interior design, treatment design, staff selection, script, job descriptions and the way the staff interacts with customers. In essence, it will influence all elements that touch the customer – the so-called customer touchpoints.

Why is this important in business today? If your customers remember the visit to your spa, they may remember little elements – like the aromatherapy, an eye-pleasing ceiling treatment, the massage, retail products or the music – but they rarely remember *all* the elements because there is no connection between them.

A themed example would be, say, a teen spa, where architecture, scent, music, treatments, staff interactions, staff clothing, lighting and retail products are all themed for the teenage market. It is much easier for a customer to remember this theme and all of its elements than, say, if your spa has an Ayurvedic treatment, a Zen garden, Mexican sweat lodges, staff in lab coats in a Vermont facil-

ity and so on. The customer will likely never be able to grasp all the scattered elements of such a varied experience, thus the impact of it is lost or diluted.

To assure this does not occur with your business, there are two crucial elements in developing an Experience Management Plan: finding the right theme for your business and consequential follow-through. The most difficult of the two is to define, find or know your story or theme. Not every story will work in your business setting. You can make many different themes work, but the best stories are simple, authentic, believable and centered around values you and your staff truly believe, live and breathe.

It is overwhelming to me as an experience design professional that in so many industries, especially young ones like the spa industry, many businesses don't even attempt to be authentic – themes are often borrowed from other places haphazardly and half-heartedly. After all, how many rock gardens and Bali-inspired treatment rooms in urban or rural America are truly authentic?

The second crucial element in creating an Experience Management Plan is to take the authentic theme or story you carefully choose and apply it to all customer touchpoints – the consequential follow-through. For instance, if you are opening a spa, say, in an old creamery with a creamery theme, you have to 1) create the best technical and functional basis, and 2) make sure it's authentic (in this case, the location gives it authenticity), and finally 3) apply your creamery theme to every customer touchpoint: the architecture/interior design, treatment rooms, treatment props, treatment names, staff uniforms, retail products, staff "scripts," etc. In doing this, you will be able to see for yourself that, for instance, vinotherapy (the use of winery byproducts such as grape seeds, stems and skins for an antioxidant treatment) will have no place here in the creamery theme.

It is important to be inventive when creating your business' authentic theme. Unique, untapped themes are often times sitting right under your nose and you have just never seen them. Some untapped stories and themes could be the weeds growing behind your spa, which, as research might reveal, could be healing herbs – there's your story. Or perhaps the spa's founder has a witty or quirky demeanor, an interesting life story, an accent, red hair, etc.

The possibilities are truly endless. Finding and cultivating an authentic, comprehensive theme for your spa can truly set your business apart from the masses – not to mention creating memorable experiences for your customers that will bring them back for more. ■

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