

THE BRANDED CUSTOMER EXPERIENCE

... touching lifestyles,
desires, and emotions.

Whitepaper #5

Amicus
Brand Dimensions

In this marketing-centric economy of instant e-mail offers, hyped CRM, and endless competing media images [aka: noise, noise, noise] ... some, very-select brands actually break through the clutter and create genuine interest, excitement, and loyalty in the marketplace.

Beyond simply selling a product ... a location ... or a service, these "*experiential brands*" excel at merchandising and selling a relationship. They "connect" with their customers. They engender emotional loyalty. They go beyond transactions and establish true differentiation and value in the customer's mind.

Power brands like **Southwest Airlines**, **MTV**, **Starbucks**, **Harley-Davidson**, **ESPN**, **Victoria's Secret**, **IKEA**, **Nickelodeon**, **Disney**, **Martha Stewart**, and **Target** ... and up & comers such as **JetBlue**, **REI**, **Sephora**, and **American Girl** ... deliver visionary and well-conceived "experiences." They've reinvented otherwise intangible, commodity products and services. They've got personality. They know how to image, package, and merchandise themselves as experiences. They've succeeded in building real trust and connectivity. And, on some level ... each is a celebration.

The experience becomes the forum for creating brand personality, brand relationships, brand merchandising, and brand marketing tactics.

The art of conceptualizing, marketing, and operationalizing an otherwise intangible product is a remarkable feat. Through vision, discipline, and constant challenging ... *experiential brands* create context, structure, and reference points. This is all about strategy: strategic product design, strategic marketing, and strategic development.

Too many brands survive on transactional tactics – a new menu offering, a quarterly promotion, additional frequency points, media hype. Differentiation is [... at best] momentary and the consumer's refrain is "what have you done for me lately?" It's an endless cycle that only engenders transactional loyalty. Their products and services are highly-substitutable; and their brand imagery is elusive and vague.

As such, intangible brands suffer from a higher perception of "personal risk" in both the purchase decision and bonding processes. As seen in the recent tanking of air travel – United and Delta's soft under-belly contrasts greatly with Southwest and JetBlue's structural momentum.

Experiential brands ...

- Connect with specific emotions, desires, and lifestyles.
- Demonstrate passion and vast knowledge / expertise.
- Project themselves as "outcomes" [aka: reward, renewal, celebration] ... not just product or service purchases.
- Reveal "touchable" personalities that transcend their product design, service delivery, marketing, merchandising, and consumer relationships
- Are highly interactive.
- Possess great focus and discipline.

Just to be clear, we're not equating *experiential brands* with "category killers" ... like Office Depot, Circuit City, Amazon.com, Best Buy, or Costco. These seem to equally suffer from transactional loyalty.

Rather, *experiential brands* touch deeper emotions. They understand "our need for experiences;" and they deliver their own set of values, beliefs, and [...even] mythology. Think of **Virgin's** passion-red backdrop and arrogant hand-painted word art. Here, the experience is equally mocking and disrespectful. Think **Nike** ... not about athletic shoes, rather about success, achievement, and victory. Think **Southwest Airlines** ... an every-man imagery with great accessibility.

Yet, it isn't that simple.

Experiential brands create dimensionality. Rather than corporate exercises in limiting risk and exposure – most are courageous. They dramatically project strong personalities and convictions ... often those of their mentors. Think: Branson [Virgin], Kelleher [Southwest], Pittman [MTV], Knight [Nike], Schultz [Starbucks], Stewart [Martha-the-world], Kamprad [IKEA].

Here, the experience becomes a forum for creating brand personality, brand relationships, brand merchandising, and brand marketing tactics – not to mention ongoing brand development. Brand differentiation and value go well beyond price ... witness \$3.75 for a Starbucks' venti Caramel Macchiato [... shots of espresso, some foamed milk, a touch of vanilla, and caramel sauce] all in a 60-second turn. See you tomorrow. And yet, Starbucks doesn't have a frequent customer club ... hmmm.

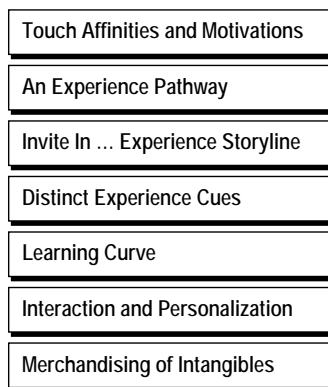
Characteristics of Experiential Brands

I'm struck by the discipline of *experiential brands* ... an almost religious belief in guiding principles that drive product design and service delivery. As such, it's as much about: "who they are NOT" ... as it is: "who they are."

Yes, Starbucks could sell a lot of Coke and turkey sandwiches; and Southwest could fill airplanes to Europe and get premiums for first-class seating. A downfall of many *experiential brands* comes from spreading too far ... and thus losing their core. Thus, Nike seemed to lose its vision ... as did Disney [... especially upon its purchase of ABC].

In Europe, the Virgin brand is now stretched across air travel, trains, bikes, music, cell phones, wines, cosmetics, mortgages, soft drinks, and weddings [aka: Virgin Brides]. With 200+ brand extensions there is little doubt the stretch has cost the brand dearly.

The following illustrates some common characteristics of successful *experiential brands*.



Motivational ... Touching Affinities and Lifestyles

Experiential brands are at one with their targeted customers: **IKEA** [... young, dual-earner families ... mostly women shoppers with kids in tow], **American Girl** [... mothers and their 7 to 11-year old daughters celebrating traditional values], **Harley-Davidson** [... individualists and mid-life males], **MTV** [... rebellious urban teens], **Cricket Wireless** [... consumers intimidated by technology and complex billing practices]. They seek to own, influence, and "say something about us ... and how we see ourselves." Thus, the distinct personality and the brand relationship are valued in themselves.

Most importantly, these brands motivate and influence by creating totally new expectations. In saying this, many have succeeded by reinventing a slice of everyday life ... and elevating it to an art form. Witness **REI** (outdoor lifestyles), **Starbucks** (coffee), **Victoria's Secret** (lingerie), **ESPN** (sports), **JetBlue** (low-cost air travel), **Sephora** (luxury cosmetics).

An Experience "Pathway"

Strong *experiential brands* tend to conceptualize their experiences as well-defined "pathways" – think of this as careful experience "engineering" or architecture. Much like a directional map, the pathway evolves the experience from the brand's predetermined perspective – as they want you to see it ... feel it ... use it ... and remember it.

This blueprint defines ...

- Where the experience starts ... and how the brand is introduced.
- How the experience unfolds ... and takes you through key decision points.
- How the experience builds ... and where it takes you.
- How the brand's imagery and identity are constantly reinforced ... and how a distinct brand personality is created.

A great example of a highly-differentiated, *experiential brand* is **IKEA**. Their distinctive Scandinavian furniture and furnishings are presented as "lifestyle solutions" for younger, more affluent families. Their experience pathway leads to key destinations [... kitchen, home office, children's bedrooms]. Here the modern **IKEA** lifestyle is fully illustrated. Distinct and highly-imaged Swedish furniture [e.g.: a handcrafted "Stromstad" leather sofa or a lacquered rattan "Agen" chair] is complimented by **IKEA**'s hand-knotted rugs, clocks, candles, linens, cabinetry, etc. This all to achieve the very distinct **IKEA** Scandinavian living experience.

Their target shoppers are often women with children in tow. So additional destinations include a play area [... watch your children use and experience **IKEA**], a bistro area [... experience fresh Swedish treats], and a Sweden Shop [... buy Swedish foods like breads and jams].

The experience is engineered to constantly reinforce two key elements: Scandinavian lifestyle design and **IKEA**'s brand identity ... particularly their signature brand colors (bright yellow and blue).

As such, a brand's experiential architecture must:

- Guide customers through the experience ... making the experience easy to understand, enjoy, explore, and remember.
- Constantly introduce and reinforce brand identity ... wrapping key experience destinations and attributes in the brand's imagery
- Provide service [... including self-service] at precise points along the pathway.

- Interact with customers in the brand's format. Example: It's not just shopping ... it's shopping in an **IKEA** defined format. It's not just a cup of coffee ... it's **Starbucks'** Mocha Frappuccino.
- Deliver memorable experiences and brand differentiation. Leave them with distinct images to remember.

Invite In ... An Experience Storyline

New customers can be overwhelmed and tentative upon their first encounter with a brand's experience. Well-designed experiences not only invite them in – but they also facilitate bonding and a sense of “membership.” They quickly overcome initial barriers and hesitations.

JetBlue, the clever and updated Southwest Airlines phenom, has a business plan predicated on driving low-cost, Internet reservations [... currently at 50%+]. Their very-clean web site introduces customers to a section called “how to JetBlue.” It breaks-down barriers and wraps the booking process with JetBlue's identity. It makes web-booking part of JetBlue's “brand experience.”

As noted earlier, *experiential brands* focus on reinventing commodity products or intangible services. Likewise, JetBlue's brand values are “reinventing, redefining, rethinking, and rediscovering.” Howard Schultz of Starbucks similarly talks about his brand as “reinventing the coffee experience.”

Together with “inviting in” ... comes the *experiential brand's* storyline. Starbucks features the in-store touch & feel “Starbucks Coffee Story.”

However, another very hot *experiential brand* is **American Girl** – a very well crafted lifestyle brand for young girls, their friends, and their moms. Their robust and highly-interactive web experience [... check it out] embraces everything centric to a young girl – from shopping, to unique personalities, events, programs, games, and the American Girl Magazine. This highly-targeted brand's mission is to renew and celebrate a traditional young girl culture.

Capitalizing on the American Girl culture and products is this brand's most visible experiential statement yet – their new 35,000 square foot, 3-level retail and entertainment destination just off Chicago's Michigan Avenue. This multi-zone experience celebrates the past, present, and future of “American Girl-hood” – including a 150-seat theatre featuring The American Girl Musical Review, a photo studio [... girls can get their pictures on a souvenir copy of American Girl Magazine], a bookstore, and museum-like vignettes of the entire American Girl doll collection. A full store of A.G. Gear is located on the 3rd level. This provides the opportunity for living the American Girl lifestyle. This experience is almost lyrical.

Thus, an *experiential brand's* storyline goes well beyond product or service. A **Harley** isn't a motorcycle – it's a multi-faceted culture. **Nike** isn't about buying footwear – rather all about victory and achievement. **Starbucks** is about a personalized treat ... something I do for myself.

Experience Cues

Experience design is both science and art. The science of creating an experiential pathway with distinct emotions ... the “art” of making it all appear natural and effortless.

Embedded within an *experiential brand's* blueprint are a series of pre-defined and pre-positioned “sensory cues.” These can be visual, aural, aromas, tactile, and even tastes. They can be very obvious and apparent ... or amazingly subtle and clever.

- The **IKEA** web site's customer service section features a hand-drawn heart [...in IKEA brand yellow]. Here the subtle signal is “we care about and love you.”
- You enter **Romano's Macaroni Grill** to a display of fresh produce and fresh meats. The downward walkway ends square to a service podium. The level change suggests arriving at a destination ... the freshness and service cues are unmistakable.
- **Disney World Orlando** is a vision of cool, tranquil colors [... to cool you off]. **Euro Disney**, on the other hand, features much warmer colors [... to counter the chill of the ever-present cold, wet weather].
- Every morning at 5:00 am a hotelier roasts a pan of coffee beans ... then walks it through the halls and lobby. He does a robust breakfast business!

Experience cues perform a variety of tasks ... and are introduced in the most appropriate sequence. Individually and collectively they:

- Recognize and connect with targeted customers and their affinities.
- Define experiential zones and destinations.
- Move you through the experience [... as the designer intended].
- Create and modulate expectations.
- Signature distinct brand values and performance characteristics.
- Signal brand identity and build cumulative brand imagery.

Thus, these obvious and subtle experience signposts create anticipation and signal arrival [e.g.: Cinderella's Castle off in the distance ... or the subtle 3-oval Mickey icon]. They reassure and suggest confidence [e.g.: Yes, I made the right decision!]. They breakdown imposing brand experiences into more-easily understood and manageable pieces.

Experience cues can energize and “signature” an experience. **Starbucks**, for example, embraces you with their very distinct coffee-color palette: coffee tree green, unripe coffee bean green, ripe coffee berry red, raw bean yellow, roasted bean brown, and coffee mocha brown. It's all about coffee ... and these colors transcend their stores, their merchandise, their logo imagery, and their marketing.

Experience cues also answer questions like: “what sort of people work here?”... “what do they care about?” These cues highlight images, characteristics, and personalities that make the brand and the experience memorable.

Learning Curve ... Creating Buy-In and Ownership

One's first encounter with an *experiential brand* can be a bit overwhelming – whether it be ordering a “skinny, decaf, no-whip mocha” at **Starbucks** or buying a “Varde counter unit” from **IKEA**. Smoothing this transition and making new customers feel comfortable [... while understanding the experience's flow] is critical.

As IKEA notes: *“Bring the kids. We want everyone to have fun at IKEA, including the kids. That's why we have a children's playroom. Leave the compass at home, it is actually easy to navigate IKEA stores. Each IKEA store has a clearly marked path that takes you through the entire store. If you are a veteran IKEA-visitor, there are many shortcuts to get you where you want to go quickly.”*

Once you've entered ... the bonding process must begin quickly. Here the goal is attaining buy-in and building ownership. *Experiential brands* want you to become a part of the experience.

Experiential brands engage their target customers with interaction and levels of personalization.

Outdoor outfitter and lifestyles-brand **REI Inc.** is a strong, up & coming *experiential brand*. Here, entering the experience is all about becoming a “member.” The company is a consumer cooperative. While anyone can shop at REI's vast experience stores [...or on their robust web site]; cooperative members, who pay a lifetime \$15 fee, receive a portion of the cooperative's annual profits based on their purchases. Last year members received about a 10% patronage refund. Members also vote for REI's board of directors.

With 1.8 million members and a target audience of affluent, outdoor-lifestyle enthusiasts, REI's vision is to own their substantial “lifestyle wallet.” REI's vast, 2-level stores feature rock climbing and destination zones from camping to climbing, ... from cycling to fishing, ... from kayaking to skiing and cross-country. These highly-experiential retail destinations sell not only all the equipment and accoutrements, but also the clothes and accessories.

Strong REI values are “expertise and knowledge.” What's new? What's the best? How does it perform? What to buy? How to use it? Where to go? Employees are die-hard outdoor enthusiasts who personally evaluate new gear in a real-life, outdoor setting. They are required to provide feedback on performance. Thus, they are experts ... and the REI experience is all about bringing them together with their targeted customers.

Beyond retail sales and outdoor expertise, the REI experience extends to travel and adventure. They currently feature over 75 high-touch experiences including cruising to Antarctica, trekking to Everest, rafting in Thailand, and hiking the Cordillera Blanca in Peru.

REI's experience and sense of community transcends their retail stores to their online presence [... check it out]. Online destinations including “learn the ropes” [e.g.: how to shop online], “learn and share” [e.g.: clinics, connectivity, advice, repairs], and “meet our guides / find an expert.”

Sociability ... Interaction and Personalization

As illustrated, *experiential brands* engage their target customers with interaction and levels of personalization. They are “sociable” ... touching a lifestyle, a desire, a moment in time. Through this they create a distinct personality – one that engenders brand differentiation and bonding. They also use this opportunity to embed impulse purchases and the brand's “values and benefits” ... that goes well beyond price alone.

Merchandising and Tactical Marketing

Experiential brands have a lot of moving parts. Included herein is a brand's ability to operationalize the experience – to make it replicable, to make it consistent, to keep it fresh, and to make money. While not discussed, we don't trivialize the importance of execution and operations.

Another moving part is a brand's ability to transfer their imagery, identity, experience, and personality into robust tactical marketing. The rich depth of lifestyle, experiences, destinations, characters, and emotions creates a wealth of opportunity for marketers and merchandisers. Here the key, however, is to maintain focus, discipline, and vision. The opportunity is to create cumulative brand-centric reference points.

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Amicus, a strategic marketing consulting team, develops insights and solutions for leading travel, hospitality, leisure-time, and other experience brands. Our focus includes:

- ✓ Relationship Marketing
- ✓ Customer-Care Delivery Systems
- ✓ Brand-Building
- ✓ Expanded Distribution, Merchandising, and Service / Touch Channels; and
- ✓ Strategic Growth and Resource Planning

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