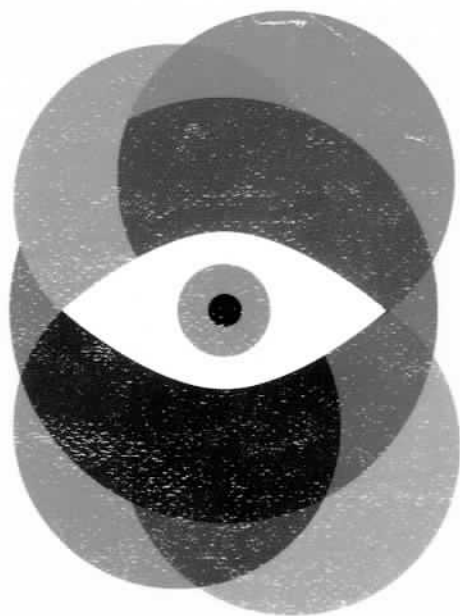


BLIND SPOT

Illuminating the
Hidden Value of Business



by

Steve Diller, Nathan Shedroff,
and Sean Sauber

Foreword by Douglas Rushkoff

KINOINTI

TWO WAVES

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Illuminating the Hidden Value in Business
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This book is dedicated to the memory of
Ernst Toch, who heard the music in innovation
and made this book possible.

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Foreword

I normally hate books like this. I don't want to have a customer experience, much less a brand experience. I can't bring myself to support any effort to give corporations a human face to match their ill-begotten rights of citizenship and personhood. Companies are enough like people already, and people are becoming far too much like brands themselves.

But Nathan Shedroff (whom I've discussed these issues with) and his co-authors, Steve Diller and Sean Sauber, are more forgiving people than I am, and they see a way for companies to humanize their operations without resorting to yet more manipulation. In fact, the guiding principle here is not that corporations should ape human behaviors in order to manipulate consumers into behaving more predictably. That's the conventional wisdom in the customer experience universe, and it's what has led to increasing alienation of human beings from the companies that mean to reduce their customers' autonomy and individuality in the name of short-term profit.

Rather, the authors suggest that companies accept their essentially non-human status and embrace the humanity of the people buying from and working for them. The corporation is not the ends but the means.

That may be the greatest blind spot of all in today's business landscape and, ironically, the one that our digital technologies have made most apparent to everyone else. In such an environment, transparency seems to alert everyone else to our own shortcomings, while hiding them from us.

CHAPTER

6

Distancing and Team Structure

This chapter will explore the first step of the relationship innovation process: distancing. Essentially, it involves setting up a team and giving team members distance or space for innovation. At the same time, it also requires gaining distance from their own personal biases and perceptions. Distancing is one of the shorter steps in the innovation process (it can take less than one day), but that doesn't make it any less crucial. If you fail to complete this step, you're likely to torpedo your chances for success before you even begin.

Team Structure and First Steps

Most innovation experts advocate for using small, nimble teams for the simple reason that they tend to be more effective and imaginative. Our approach goes against this grain. It advises that you break the process into two phases, one of which has a fairly large team, the second of which has a smaller, tighter core team.

For the larger team, select people from all departments and groups that impact innovation. The short list includes engineers, designers, marketers, PR, customer service, operations, and finance. The reason we want everyone on board is that relationship innovators need to work more broadly than is usual for such teams. Their efforts affect an entire organization, not merely resulting in a cool, new gadget. For that reason, draw representatives from as many relevant specializations as possible. That way, they can provide valuable perspectives that help innovate as well as foster close relationships among groups and evangelize the new ideas in their own home departments.

Usually, the larger team goes through the initial research phases of innovation. When it gets to the nuts and bolts of designing products and services, the team is pared down to a more traditional, smaller size. Even so, the larger team should still meet regularly with the core design team for updates. That way they can understand how things are progressing and report on any developments to the rest of the company.

A final point: the team must also be empowered. It should have support from and access to C-level leaders. That way, it can quickly communicate whatever it learns about customers' needs and desires to the people guiding the overall direction of the business.

Learning by Doing

The benefits of this tiered approach should be clear. As a team works together, a new culture naturally emerges among its members. The process of uncovering and making sense of new opportunities will, if done properly, encourage people to work in different ways. For example, they will do the following:

- Collaborate outside and across traditional silos.
- Build on each other's professional sensibilities to create new ways of thinking.
- Create a shared sense of empathy for each other as colleagues as well as customers.
- Produce greater openness to ambiguity and the process of quick concept refinement, balancing out existing tendencies toward standardization and predictable process.
- Bring learning and insight from the innovation team back into their own departments.

Not surprisingly, these ways of thinking and acting in companies are noted for their innovative culture. Collaborating, sharing, and empathizing typically help all organizations innovate better. The approach we're advocating simply offers a gentle but effective way of evolving corporate culture.

Preparing the Organization

At the same time the team creates distance, the rest of the business needs to give it space. Managers and other employees should be patient and understanding. Innovation takes time. They should also be open-minded. The solutions the team proposes may be highly unorthodox and defy accepted conventions. The best innovations will, necessarily, be disruptive—not only outside the company but inside as well. While the team works, the entire organization needs to prepare itself for the results.

Understanding the Problem of Biases

After you have a team physically set aside and isolated, the next step is to assist the team members in becoming aware of their biases and preconceptions and moving beyond them. Jared Spool, a well-respected user experience consultant, often tells a story of how badly biases can shape your understanding of your customers, and you might not even be aware of how many preconceptions and biases you have.

Jared attended an introductory meeting with executives at an automotive company. He was tasked with explaining why they should consider studying their customers more deeply. Frankly, they were skeptical. They all drove cars built by the company and pored over customer research performed by others in the company. As a result, they thought they knew the customer experience pretty well.

Spool then asked them if any of them had bought a car recently. One executive said that he bought one the week before. Spool asked him how the process went. The executive explained that he went to a special office in the lobby of the building. He already knew everything about the cars and was able to submit a custom order, specifying what colors and options packages he wanted. The company then gave him a deep discount, and a few weeks later, his car magically appeared.

Spool's point was that this is nothing like how a customer buys a car. Most buyers do not shop for cars at their workplace. They don't receive big discounts, and they don't know every detail about a car long before it even hits the production line. They don't shop in a single place, and haven't driven the car before they start their car-buying search. The process for most people is one of education, consideration, familiarity, test drives, and agonizing over choices (and those are just the good parts). The executives thought they understood what it was like to be a customer, but they represented a tiny segment whose experiences and relationships were radically different from the rest.

In the distancing phase, you have to understand that you and your team members are never ordinary customers of your companies. You always belong to an unimportant and bizarre segment, whose experiences differ in fundamental ways from everyone else. Your experiences do not matter for innovation purposes. Neither do your impressions, hunches, and gut feelings—yet. You have to distance yourself from all that to start moving forward.

Recognizing Biases

To understand how to distance yourself from biases, here's a simple example from one of our colleagues. Brenda Laurel, a noted interactive and game designer and former chair of the Graduate Design Program at the California College of the Arts, often walks her students through an exercise that's excellent for doing this.

She gives her students a challenge, for which they are to design new solutions. This usually involves a specific customer segment (tweens, travelers, the elderly, and so on) and a seemingly contradictory theme (green luxury, for example). Then, before she allows the students to do a scrap of research, she makes them construct a detailed description of their potential customers. They have to write extensive profiles, collect photos from magazines, and even create scenarios about how those customers live their lives. All off the top of their heads.

After this, Brenda has the students post the results on the walls of a project room and present to their peers everything about their customers they believe. By doing this, she gets them to document their *preconceptions*. Their constructed customers reflect not research but their own biases. They have no basis in fact. They are simply hunches based on their general experiences. And they need to be acknowledged and forgotten.

When they are done, she asks the students to walk out and literally close the door behind them. Her process is to help them get those ideas out of their systems in order to be more open to insights they uncover

CASE STUDY: A BEAUTY COMPANY

To see how distancing can work in the real world, here's an example from Steve's work. A prominent consumer goods company came to his firm with an interesting question. What is beauty?

The company had a large range of products, from shampoo to dental floss. It considered all of them to be a natural fit for the beauty category. That said, they realized that they had no idea what *beauty* meant from an experiential point of view. Instead, they had a working assumption that products in that category helped people be more attractive.

Steve undertook an ethnographic project in the United States and China to see if there were patterns in how people experienced beauty. His team's theory going in was that beauty was an experience someone had in response to a stimulus, rather than an intrinsic characteristic of an object or process. In other words, beauty was more of a feeling than a quality. You could feel beautiful, but did not think of yourself as inherently beautiful or not.

That turned out to be true. The team uncovered a number of emerging beauty segments in both China and the United States that described how the beauty experience unfolded and how the touchpoints that evoked that experience differed from segment to segment.

in the field. When they finish their research, they can't claim that the insights they found were known all along, because the evidence of their biases is physically in front of them. Having one's biases so clearly laid out also helps sharpen the research insights, because every way they differ from what was uncovered during research becomes the basis for a new understanding.

Distancing is critical for relationship innovation. The elements of premium value—emotions, identity, and meaning—are less visible and more ethereal than things like price and product functionality.

The findings turned the conventional product category perspective on its head. Most women, for example, did not consider dental floss to be a beauty product. It was more about maintenance. On the other hand, detergent is not usually seen as a beauty product in the United States, but it is in China. The Chinese team learned that the swing of a golf club is beautiful—not because of the objects themselves, but what clubs and the golfer look like when they're in motion. They also learned that liquid pouring out of a bottle could pour beautifully or not. Beauty, in other words, is in the eye of very different types of beholders, and beholding, than is contemplated in conventional product category perspectives in the United States.

Next, it was time to help the company get some distance. Steve knew they didn't want to take up too much of their client's time, but wanted them to see things from this new perspective. So they built an installation that included museum banners at the front end, describing beauty experientially, and then, behind that, a series of small rooms. Each segment occupied a room, represented by videos of people from the research talking about what beauty felt like, as well as containing objects related to the experience.

A number of groups went through the installation to gain distance and perspective. Many returned to their departments with new insights. They rethought everything from products to packaging so that it better aligned with the desired beauty experience of the target markets.

Team-Based Distancing

Naturally, your team has to achieve what Laurel does with her students. Team members have to define everything they think they know up front. There are many ways to do this, and Laurel's is helpful. The important part is to state your biases and preconceptions up front. You should then clearly document your current beliefs about your customer relationship. That way, you can understand and set aside your own beliefs. This is especially useful if the research phase of innovation reveals those biases to be false, which it usually will.

EYE OPENERS

This chapter looks at the brief but crucial first step in the innovation process: distancing. The first step involves setting up a team; then the team states its biases and leaves them behind. This sets the stage for the next important phase, discovery. In it, you learn what your customers actually think and want—and where you have your best opportunities for innovation success.

Some food for thought:

- What do you think your company's relationship to its customers is?
- Do you believe you're correct, or would you be ready to admit you're not?
- How often would you say you try to distance yourself from preconceptions? If so, how?
- How close to your customers' lives do you live yours? How often do you experience life similarly?
- What kinds of things do you think you'd learn if you gained some perspective?

CHAPTER

7

Discovering

After you recognize your biases and do your best to put them away, it's time to find the insights that will support better relationships. We call this the *discovering phase*. Anyone who has done design research or qualitative market insights should already be familiar with the structure of this process. The difference is that you'll be asking additional questions and looking for new insights.

The discovering phase results in a number of deliverables that serve as the foundation for design and innovation. They include your waveline diagram, which contains your customers' current experiences as well as the ones they want to have. In addition, you need to learn how to provide those better experiences. To do so, you also research what really matters to your customers. You uncover core meanings, or what customers truly value in their lives, independent of your offerings.

You determine what makes them tick and what kinds of creativity will trigger better experiences for them. You also need to understand how fast they want you to innovate, because if you move too fast or too slow, you can lose them.

Recognizing What You Don't Know

You saw in the last chapter how you could be wrong about your customers' experience. Of course, your impressions are not all you have to go on. You often have reams of data about your customers. Typically, this research divides your customers into different segments, with a range of demographic characteristics and attributes. It's fine to start with this kind of market data, but you need more. That's why discovering makes extensive use of qualitative research as well.

To understand why, this story from market insight expert Michael Perman offers a good example. In 2004, he was working as the senior director of Global Consumer Insights at Levi Strauss and Company. At the time, the company had uncovered an interesting fact about its customers. Although it had a premium brand and charged a considerable amount more for its products than its competitors, many of its customers were not affluent. Although they bought Levis, they weren't premium shoppers in other categories. In fact, they often couldn't really afford the jeans they were wearing.

Perman and his team interviewed a number of people in this category across the country. One of them, whom we'll call Francine, lived with her two children in a trailer in a dusty stretch of Texas. Her home was an hour from the nearest Walmart, where she typically shopped for household and personal items she needed. Nonetheless, she would sometimes drive two hours to a fancier mall to buy Levis.

Francine isn't much of a sympathetic consumer. She barely gets by on what she makes. In fact, her Levis are, in a very real sense, taking food out of her kids' mouths. As a result, she might appear to be a typical

"welfare mom" derided by commentators on TV, taking our tax dollars to fund a frivolous lifestyle.

Nothing could be further from the truth. Francine impressed Perman and his team from the moment they set foot in her modest but well-kept home. They learned that she held two jobs and was acutely aware that she was barely getting by. She scrimped and saved on everything and had a laser focus on making a better life for her children. When asked why she would drive so far out of her way and pay so much more so that she and her kids could wear Levi's brand jeans, she had a surprising answer: "Because I don't want my children growing up thinking that they're poor... [and] that they can't achieve more in their lives."

Francine wasn't vain or impractical. She knew how brutal children could be to one another. She knew that clothes mattered immensely, even if they shouldn't. She tried hard to give her children a better future, and part of that included how their peers treated them and, more importantly, how they thought about themselves and their opportunities. The last thing she wanted was for them to believe that they were poor kids who would never amount to much.

Perman and team were deeply moved. Through further research, they found that Francine was representative of a broad and real segment of the company's customers, one that no one had ever thought about. They gained a profound insight into the kind of company Levi Strauss needed to be and the special relationship it had with people like Francine. She reminded them that Levis had to be the company she felt it was.

If distancing involves recognizing and forgetting biases, discovering is a journey into the unknown. Merely looking at the data, it would appear that Francine's customer segment was short-sighted and irresponsible. Qualitative research, however, revealed it to be forward looking and inspirational. To be successful at innovation, you need to know the truth.

Uncovering State of Mind

Discovering does not move in a linear fashion. It is a research process designed to uncover multiple insights at once. Rather than looking at the current waveline first, then the desired waveline, then core meanings, the typical method is to undergo a series of exercises with customers that reveal all of these—or parts of them—at the same time. It's a process more akin to holographic, rather than hierarchical sets of data: each piece describes a bit of all the others.

Where do you find your customers? As we've said before, customers develop a relationship with you through experiences over time. As a result, you have to look at the time span of your engagement with them and make sure that you interview people at key points in that journey. For example, imagine you're researching the relationship a person has with his or her smartphone, and you know, on average, that your customers own a smartphone for about two years. In such a case, you might want to interview people who are:

- Thinking about getting a new phone
- Actively looking
- Recent purchasers
- Owners for a month
- Owners for six months
- Owners for a year

With this information, you can assemble a snapshot of your relationship with your customers and their experiences of you over time.

Don't break your customers into segments at this point and research each independently. Rather, identify segments *while* you are in the research phase. Learn how they are experiencing your offerings. If some experience them differently from others, use that information to help identify segments. This process is described in detail later in this chapter.

Researching Experiences and Relationships

It would be great, at this point, if you could just grab a bunch of customers, ask them what their experiences were and what they wanted from you, and get right to solutions. Unfortunately, it's not that easy. People are rarely able to give you an accurate account of why something matters to them or how it engages them in a meaningful way. Market researchers have long understood that most people are not very good at articulating such things. For example, few people can remember accurately how they felt in the past or predict how they will feel and act in the future.

Some have used this information to argue that customer research is a waste of time. But just because your customers aren't great about describing what's meaningful in their lives doesn't mean the info is not there—or that it's not extremely powerful. It merely tells you that experience is difficult to uncover and understand.

Instead, use indirect and open-ended methods. There are a wide range of these, but the five most effective include:

- Metaphor
- Semiotic analysis
- Role-play
- Laddering
- Empathy through simple interactions

Metaphor

To understand how metaphor works, imagine that you decide to climb Mount Washington in New Hampshire. Depending on your level of fitness, this could be either an impossible dream or a walk in the park. Now imagine that the first thing you see as you crest the hill

is a researcher in a white lab coat. She sits you down at a table and spreads out three pictures. One depicts an Olympic runner crossing a finish line, another shows a woman comforting a child, and a third shows a gavel in a courtroom. She then asks you which one represents how you feel.

The three are obviously metaphors for feelings, and they're easy to interpret. The gavel is about justice, the runner about triumph, and the woman about comfort, or even harmony.

You might think that most people would choose the Olympic runner because of their sense of accomplishment in scaling the mountain. But, believe it or not, a substantial group of people will identify with the woman comforting the child. The reason is that the experience of climbing a hill was difficult and unpleasant for them, and they now need a hug. Even more oddly, a substantial group will choose the gavel. The reason is that they've spent time in a natural setting and feel they've done the right thing by getting back to nature. The contemplation of the wrongness of how people treat the environment will awaken their sense of justice.

Metaphors offer a shortcut into peoples' states of mind. Although many find it difficult to articulate how they feel in words, it's easier for them to choose a picture or two that captures the essence of their experience. Of course, metaphorical investigation does require the researcher to interpret, and researchers can make mistakes. But with a little experience, you can become very good at understanding why people choose the pictures they do—especially combined with other methods.

Metaphors can offer four different kinds of insight:

1. They help describe the experiences customers have at particular points of time.
2. They can be used before customers encounter significant touch-points to see what, if any, change has taken place.

3. They can help convey overall feelings during particular phases of interaction, such as when someone is shopping for versus using something.
4. They also help construct the current and desired wavelines for customer experience.

One important caveat: the metaphors that you use for this sort of work will always need to be rooted in the relevant culture. In Steve's firm's study of beauty, for example, the team started by using the same images representing different types of meaningful experiences in both the United States and China. This turned out to be a mistake and, in retrospect, an obvious one. The metaphors were correct for the States, but virtually every one of them was wrong in China. For a basic example, if you want to use a visual metaphor in China for "freedom," a picture of a bald eagle soaring above a mountain landscape doesn't work, not least because the bird doesn't exist there. Of course, Steve's team wasn't that ham-fisted in its choices, but they did realize quickly that they needed to localize more of the metaphors that made better sense to those customers.

Semiotic Analysis

Another useful tool for understanding state of mind is directly tied to the form and packaging of a product and the words used to describe it. This is known as "semiotics," and, technically speaking, it's the study of signs and symbols.

This sounds a lot more abstract and complex than it is. To see how it works, you merely need to think about your favorite *eco* or sustainable product, such as an environmentally friendly shampoo. There is a good chance it comes in natural-looking materials like cardboard or bamboo. It likely has chunky or hand-drawn lettering and some kind of green in its packaging. It may even seem handmade or deliberately underdesigned. In addition, the language used to describe it will generally contain concrete nouns ("Unisys" and "Revent" would not qualify).

The following figure shows three examples of eco-friendly logos to illustrate the point.



It's no accident that these products all seem to come from a similar place. Each has green somewhere, the lettering is either idiosyncratic or casual, and the words are concrete and simple. That's because, even if you don't recognize them consciously, you have your own embedded cultural coding for the eco category. Its products do not look like construction products. Boxes for high-end shoes look quite different from the ones you get at a discount store. Chinese restaurants in the United States used to always have paper lanterns, Year of the Animal calendars, red tablecloths, and faux Chinese typefaces. All of those things coded for "Chinese" to us in a more naïve time, even though they didn't necessarily feature prominently in China itself. These stereotypes, today, can be offensive to the people they are meant to represent. Humans have a shared understanding of what certain kinds of products are supposed to look like—and that, in turn, can uncover your expectations of what you want from a company and how you interpret it.



CHINESE TAKEAWAY

ENLIGHTENMENT

In the United States, a picture of someone meditating is typically used to symbolize enlightenment. For the Chinese, however, the lotus is a more appropriate symbol of enlightenment.

Semiotic analysis is especially useful in uncovering what are known as *triggers*. You can think of triggers as building blocks for the experiences your customers have of your offerings. For example, a trigger could be colors and words that produce specific associations in your customers' minds. They can also be flavors or aromas. In the United States, "clean" is often associated with bleach, pine, or mint scents. Thus, cleaning products tend toward these smells to signal "clean" and reassure customers that their items and objects are now dirt free. Elsewhere, however, different scents say "clean." In Europe, it's often herbs, like basil or chamomile.

Semiotic analysis also helps create better advertising, messaging, and the shape, materials, packaging, or other characteristics of a product or service. In addition, it can be used to help convey the current relationship (their current waveline) and what customers might want (their desired waveline). It also identifies the elements from which you can choose in the design phase that may or may not work better at communicating important aspects of the experience.

Recognize that symbols may vary between segments and are constantly evolving. After all, most of us don't expect to find a placemat for the Year of the Dog at serious Chinese restaurants anymore.

Role-Play

Role-play offers a great way to understand the experiences that customers have with your organization, as well as the ones they want over time. As with semiotics, this technique involves presenting different customers with different types of interaction. For example, imagine you had a hotel chain and hired a researcher with improvisational, role-playing experience to determine the aspects of a great check-in experience. In a typical scenario, she would gather a representative sample of your target audience. She would then ask them to play the role of customers, while she acted as the hotel clerk at the front desk.

The trick is that she would vary her approach with different people. Some she'd treat exactly as the hotel chain currently did. With others, she might be chatty or taciturn. She could greet them by discussing the weather or instead remark on something going on that weekend ("Are you here for the fair?"). After the customers had completed the fake check-in process, she would then ask them to describe their reactions. That would allow her to understand the kinds of experiences they valued.

Role-play is particularly valuable for service businesses or any situation where customers interact directly with a company.

Laddering

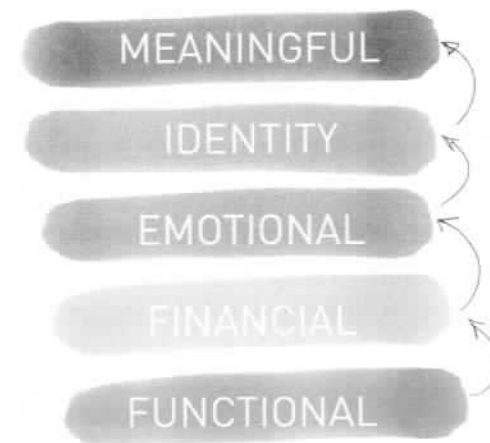
Laddering is a technique for uncovering what people truly value, both from us and in general. The technique is based on a single question: "And what does that do for you?" For example, imagine you work for a company that sells pens and pencils, and you want to know what a particular pen means to someone. In a typical laddering exercise, you might ask him to show you his favorite pen. Then you would ask "And what does that do for you?"

The first answer you get is usually functional. The person will say something about how it allows him to write things down. Then you ask again, "And what does that do for you?" That usually ups the ante and

forces him to respond more deeply. For example, he might say it helps him to write down thoughts and ideas so he doesn't forget them. Ask the question again, and you might find out that pens make him confident that he won't forget things that his children need. Eventually, you might learn that he really values being confident that he's being a good parent.

At this point, you've identified something that truly matters to him: being a confident parent. It's possible that that insight could give you a direction for innovative thinking. You could design a special pad that adheres to the pen to increase that confidence, or make a more reliable pen, or one that writes under bad weather conditions. You could certainly target him with messaging based on confidence, rather than utility. But thanks to laddering, you have insight into what he truly values.

Other laddering exercises don't involve a physical object or even your own business's offerings. For example, imagine your home is on fire. Your kids, pets, family, and friends are not there, so you don't have to worry about them. Your possessions are another matter, though. In fact, you have time to save only one thing. Which one do you choose? When you answer, drill down and ask "What does that do for you" until you uncover something that is essential to you.



Empathy Through Simple Interactions

For whatever reason, the simplest technique often elicits the most resistance: empathy. It is, of course, not necessarily scientific, but that doesn't make it less important. Relying on empathy to make sense of what someone is going through is often the best way to gain deep insights into how to help them.

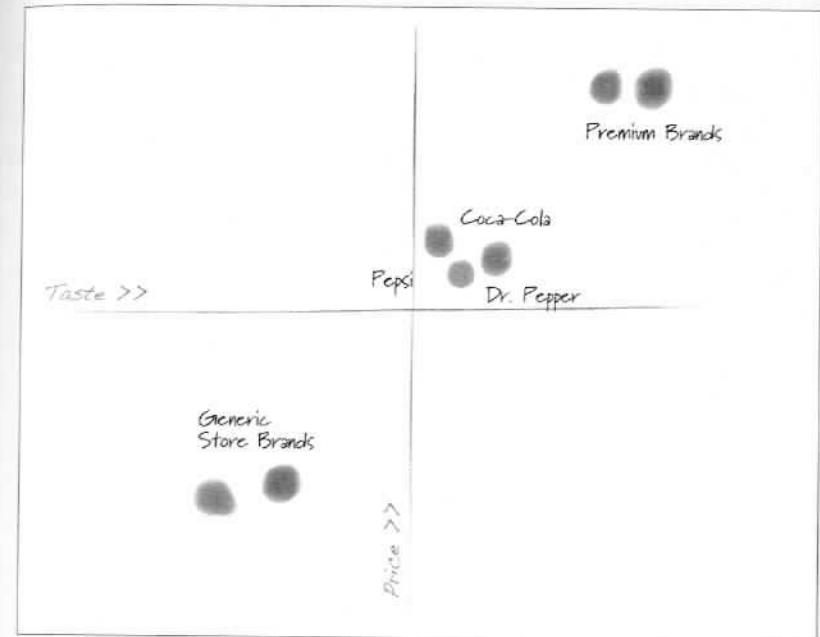
Good empathetic work involves having an open heart in conversations with customers. In order to understand what matters to them, you have to be willing to be vulnerable and transparent about what matters to you, just as you would if you were trying to understand a friend's challenges in life. In addition, empathy requires you to ask open-ended questions that give respondents ample opportunity to express their feelings. That is easier for most people than answering your laddering questions. But, if you add the insights you gain from empathetic inferences to those from the other techniques we've mentioned, you should be able to arrive at an accurate understanding of what people want most to happen in their lives when they use a product or service.

Intensity

If you interview different customers across their timelines, you should be able to get a good idea of what experiences they're having with you and when. You can chart interest, disappointment, elation, boredom, and many other things. But your waveline diagrams also contain something else: intensity. The reason is easy to see. A mild sense of boredom is not the same as an intense sense of boredom. A minor sense of wonder is not really all that important, whereas Disneyland-style wonder gives a huge boost to a relationship.

BEYOND TWO-BY-TWO THINKING

Business analysts today love two-by-two grids. The following figure shows a two-by-two grid for soft drinks. On the horizontal axis, you can find taste (however that's defined) and on the vertical axis, price. The dots show where all of the companies rate on both.



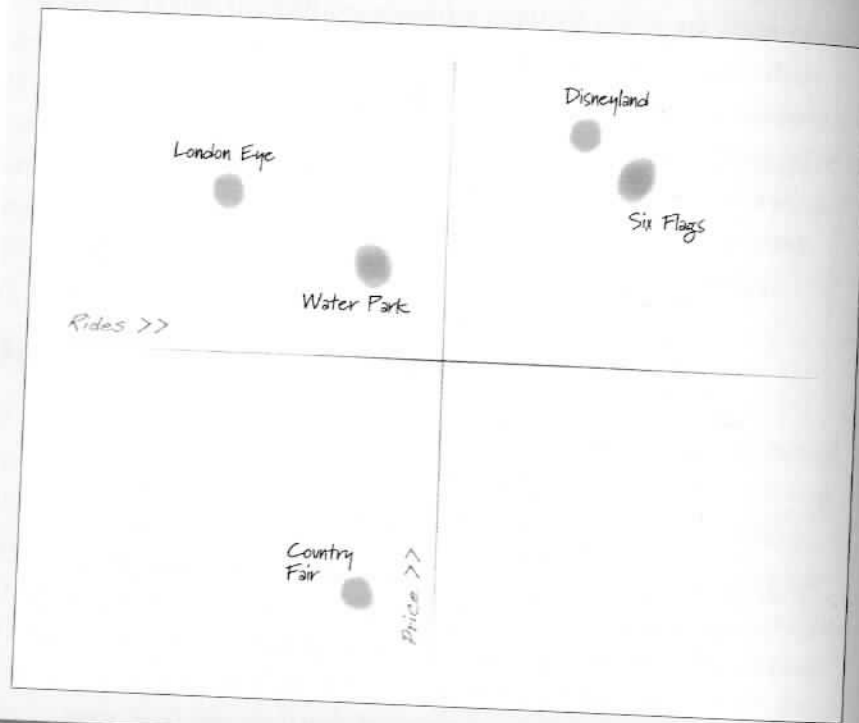
Grids like this have their place. They can make it easy to identify market opportunities and see where you rank against your peers. That said, they have a narrow range of assumptions that can lead you astray. This one, for example, would seem to indicate that high-priced brands of soda are able to charge a much larger premium than Coke and Pepsi, even though they taste only slightly better. It would seem, then, that by a slight improvement in taste, Coke could reap big rewards.

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BEYOND TWO-BY-TWO THINKING (continued)

Obviously, this is wrong. Coke and Pepsi do a wonderful job in fostering their relationships with customers, which drives considerable loyalty and longer-term value. Although the premium brands in this example seem to be driving greater value, they're probably responding to health trends or speaking to the snobbery of a niche audience. Most of them will be short-lived, as customers will move on to cheaper brands or the next big thing.

For another example, the next figure takes a look at a typical segmentation for theme parks.



This example shows how a simple price/performance diagram fails to account for the strength of a relationship. Disneyland, it appears, costs a good deal more than Six Flags, even though it offers fewer rides. That may be true, but it obscures the reason why, which is that Disney invests much more heavily in providing wonder. The number of rides is a functional indicator (and a poor one) of the quality of a relationship.

Of course, two-by-two grids are not merely problematic when the axes represent only basic values (like price and performance). They're also problematic simply because they reduce the conversation down to two things, when there are likely many more relevant ones. Discovering usually uncovers four or five critical issues in a relationship, all of which need to be accounted for in your strategic thinking (even though they're more difficult to represent in a chart than two).

There are a number of techniques for understanding intensity, the simplest of which involves a number or color-coding system. To understand how it works, think about your experience on a roller coaster ride. Pretty much, you're mainly going to experience excitement. But that feeling will vary over time as you oscillate between terrifying drops and less scary ones, uphill stretches of relief, and short bursts of exciting speed.

To figure out your intensity, you simply use a device that allows you to select a number at any time between 1 and 5. Five is ultra-high excitement; 1 is low excitement. And 2, 3, and 4 lie in between. The device might also track additional data, like the loudness of your screams or the tightness of your grip on the safety bar.¹ This information establishes intensity fairly quickly and enables you to chart it on a waveline diagram for the ride.



1. Not far in the future, we should be able to measure intensity even more accurately by tracking things like heart rate and the amount of adrenaline pumping through your body.

It gets slightly trickier when you look at the desired waveline—or what customers want from an experience. If you ask people what kind of experiences they'd like to have on a roller coaster, many will answer "really intense" the whole time. But you know that's not right. As much as riders may think that an all-excitement rollercoaster ride would be ideal, they would probably not like it as much as a more varied experience crafted to build and release tension over the course of the ride.

In that case, you have to explore customers' past experiences and compare the descriptions of other rides they enjoyed in order to understand their expectations and what might really work for them. You could also look at excitement intensity in other areas of their lives. For example, if you ask about their favorite game or film, you might gain insight into the experiences they desire.

A number of additional techniques can also help you establish intensity. These include market testing, observing people using a product, or building prototypes and allowing people to interact with them. None of these techniques are perfect by themselves, but all provide some insight to what customers want. In fact, you often need to triangulate it from the different techniques, using several to establish the facts.

Segmenting by Experience

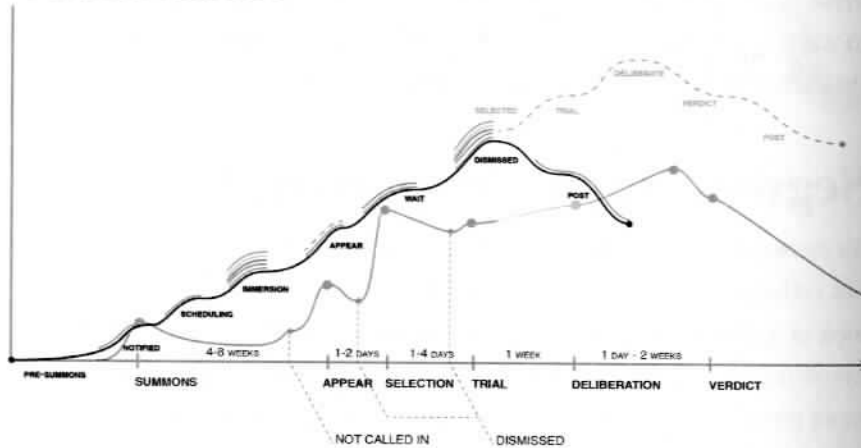
As mentioned earlier, you don't typically segment customers up front, but rather allow the segments to emerge during research. To see why, look at a discovering exercise done by a group of Nathan's students involving a study of jury duty in San Francisco. You might think that most people would find jury duty a negative experience: a tedious, unwanted interruption in their lives. And, yes, the students certainly found plenty of people who felt that way.

Surprisingly, however, they also uncovered something else: a significant number of people who were interested in and curious about the

process. Although their lives were disrupted, they nonetheless wondered what a trial was like and hoped to get chosen to serve on a jury (so long as it didn't take up too much time). A final set of people combined the two: they were interested in jury duty, but knew it was also a hassle they should probably avoid.


The students gave those segments these names: the Irritated, the Interested, and the Conflicted. The Interested wanted experiences quite different from the Irritated. They were much less annoyed by the waiting, intrigued by the *voir dire* questioning, and curious about what kind of case they might hear. The Conflicted, of course, shared the interest in the process but also the dread of getting chosen. Obviously, if you wanted to improve the jury duty experience for these groups, you'd have to treat them differently. In the figure, the lower line represents the "current" experience and the upper line the "ideal" experience.

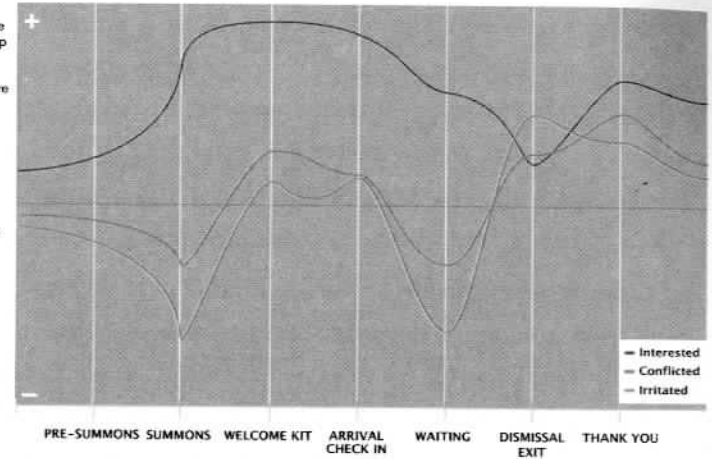
CURRENT vs IDEAL



NEW JOURNEY MAP

In addition to the prototypes themselves, we created a new journey map to illustrate the ways we expect that each of the three attitude segments are likely to experience jury service as a result of our solutions.

-  Stephanie, the Interested
-  Sean, the Conflicted
-  Daniel, the Irritated



Whenever there are significant differences in customers' experience of the same thing, they can be divided into segments. Sometimes, these segments conform to your expectations or to traditional segmentation methods, but usually not. It would be difficult to predict a person's experience of jury duty based solely on his or her age, gender, income, ZIP code, or profession.

Instead, it's better to look for patterns in the experiences that customers value in your business or brand—or patterns of behavior they display—and make those your segments. Whenever you find significant differences in experience between groups, you know you need to construct different waveline diagrams for each—and possibly innovate independently for each.

More on Demographics

You may encounter resistance about demographics from more traditional clients initially. They'd prefer to use the same demographic data that everyone uses. Demographics are seductive, because they are easy to derive and seem to be hard and tangible. However, they are not necessarily as tangible as you may think. They tend to be based on biases and conceal qualitative experience, which plays a more important role in creating a long-term relationship and building premium value.

For example, you probably know of a kind of person often called an "experience traveler." They pride themselves on seeking-out interesting and unique experiences wherever they go. You won't find them on a cruise or hitting a water park. They'll rarely be found in a chain restaurant. Instead, they're interested in going to obscure places and having authentic experiences. They might spend their winter vacation taking drumming classes in Japan. Or they could take a road trip through North Carolina, where they seek out obscure barbecue joints. They might eat at the best restaurant in town one night and at an up-and-coming food truck the next. If you tried to segment them using demographics, their behavior would not conform to the expectations of income, age, profession, and gender. Nonetheless, they are a growing, recognized, and one of the most valuable segments in the travel industry today.

One last point on segmentation: you can segment endlessly, but typically your budget is only going to allow you to innovate on a certain number of segments. You should only segment as much as your innovation budget can support—otherwise, you're gaining insights that you can't use.

WHY CAN'T WE JUST ASK CUSTOMERS DIRECTLY?

Most businesspeople are direct by nature. They favor clear approaches to challenges and straightforward forms of research. If they want to know what customers want from them, they just ask.

Unfortunately, asking what someone wants is not as easy a question as it seems—at least, not if you want the right answer. For example, suppose that you hire a dozen interns and dispatch them with a clipboard and survey to chat up your customers. You could certainly compile data that way, and it would at least indicate what people say they want.

If your survey is good, it could uncover insights about whether people like the features of your product and what they feel about its price. Unfortunately, this process can also easily go wrong. When most companies survey or ask customers what they want, they typically constrain the choices artificially or telegraph the "right" answers inadvertently.

If you want insights into premium value (emotions, identity, and meaning), direct questioning almost never works. People aren't always honest about or even able to state their feelings accurately. That's why we strongly advocate using qualitative engagement in addition to quantitative methods.

Making Dynamic Personas

After you have segments, there's an additional task to do: create dynamic personas, fictional characters that represent the segments you uncover and the very real insights you have about them. You do this for two reasons. The first is that human beings, including designers, engineers, and other innovators, are much better at remembering and integrating information when it's told as a story. The second is that having a persona reminds you that you're not developing for yourself and your own preferences. You're doing this for your customers.

In creating personas, you have any number of options for content. Focus on a few things to ensure that you capture what the segment truly values and what kinds of experience its members want. Typically, include all of the following:

- **Who they are.** Describe them and how they see themselves. This includes their careers as well as their personal and social lives, and what a typical day in each might look like.
- **What they love.** Know what is meaningful to them. Describe their core meanings, values, and how they interact with whatever category of product or service you're trying to innovate for.
- **How they behave.** For this, explore how they interact with your offerings (and each other), what paths they take to purchase and use, and how it all makes them feel. This might include data from actual transactions or customer service logs, as well as your own observations.
- **What they want.** This encompasses all of the things they wish their lives could be (and how your offerings might help achieve these).

The "Social Music Maker"

- Design Focused
- Desires high fidelity & intuitiveness
- Wants a soundtrack to accompany her life
- Convenience above all
- Highly influenced by friends

This is Emily

"I'm a 21-year-old grad student. I'm completely obsessed with music. I go to concerts. I'm really into new tech that goes on phones, but it's a matter of convenience in my life."

She works part time as a freelancer at a digital agency and is putting herself through grad school.

On a busy day she wakes early & heads to the gym, returning home by 7:30am. As she jumps for a shower she streams music from her Spotify (Phone app) to her wireless Jamboss speaker.

What she loves...

Digital music & even creates her own beats and mixes. [Like this one.](#)

Music discovery & sharing services like... [Sharing songs with friends](#)

Bringing Personas to Life

As with segments, personas have a long history in market research and innovation. But, like many old things, they're due for an upgrade. We advocate creating rich ones that are alive and responsive to changing tastes and times.

We do this largely by using social media. For example, a persona's music preferences are often important. (Music preferences can be a big part of someone's identity and a great identifier of similarities with others.) But, if you're trying to describe a persona with cutting-edge taste, you have a problem. Any song you pick to illustrate this will likely go out of style long before your persona gets used. Luckily, there is a great way to get around that. Rather than continually updating a persona with musical preferences, you can create a web page for her and have her follow a few cutting-edge Spotify lists or Twitter feeds that are dynamically fed into her profile.²

Another, more in-depth way to keep the persona alive is to put up fake pages on LinkedIn or Facebook for them and update the pages with relevant cultural information as time goes on. This not only helps to keep the persona fresh, but it also serves to remind you that people are dynamic and that you should expect their preferences to change over time. Someone on the research team can be assigned the responsibility to constantly refresh and update these profiles with the latest information so that designers, engineers, and others on the team can easily check them whenever they need and have access to the most current insights.

Opportunity Spaces

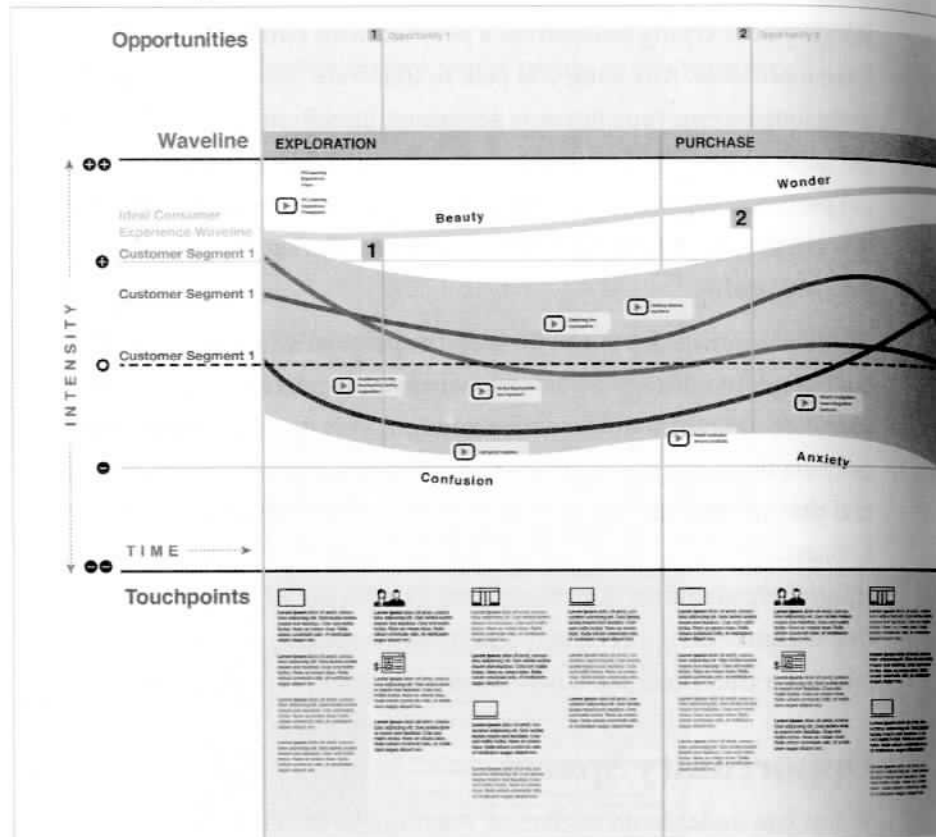
When you understand segments, reactions at different points, and their intensity, you have all the building blocks you need to create your current and desired wavelines. Plot the experiences for each segment

2. For more on dynamic personas, visit www.dynamicpersonas.com.

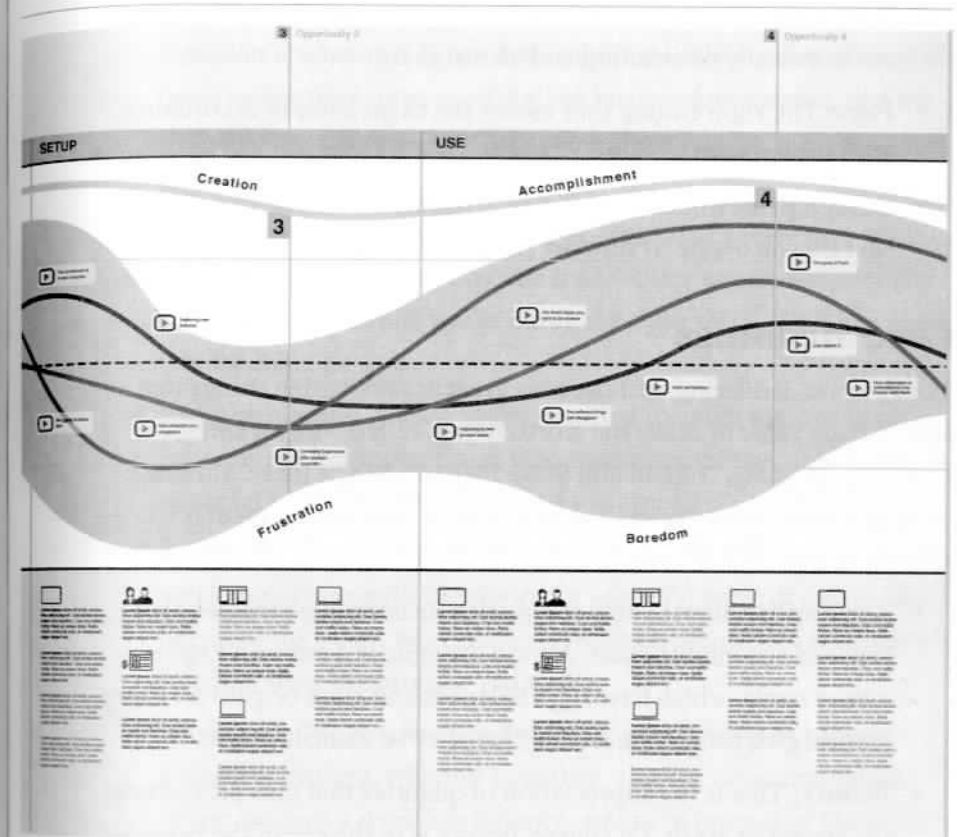
across time into a waveline diagram, adding in any phases of engagement that you have seen. That gives you a visual representation of the experiences your customers have with you—and want to have.

At this point, you should be able to identify spaces that offer the best innovation opportunities. The easiest way to do so is to simply look at current and desired wavelines and find the biggest gaps between them.

Consumer Experience Waveline



A second way to identify opportunities is to draw general conclusions about which experiences would be worthwhile to shift across multiple touchpoints and across time. For example, let's look again at the waveline diagram representing customer experiences buying and using tablet PCs. On it, at the very bottom, you can easily see specific opportunities uncovered, against which they devoted their innovation efforts.



Beyond Waveline Diagrams

Discovering doesn't end with waveline diagrams. In addition to understanding relationships, you also need to know how to improve them. To do so, collect insights that give you a deeper understanding of the customer. Essentially, this consists of four elements:

- **Core meanings:** The building blocks of the most premium type of value
- **Triggers:** Sensory attributes that trigger associations in customers (especially of meaning and identity)
- **Pace:** The right timing that moves the experience in accordance with preferences
- **Design principles:** The guiding attributes of any product or service you create to support the relationship

Core Meanings

As you know, laddering exercises are great at uncovering things that people truly value or make life worth living, called core meanings. In *Making Meaning*, Nathan and Steve identified 15 of these, although there may be a couple more. The best way to understand them is by looking at their definitions.

- **Accomplishment:** Some companies succeed in giving people a sense of accomplishment. A good example is American Express, whose cards, which have high balances and must be paid off every month, give people the feeling that they've made it in life.
- **Beauty:** This is the appreciation of qualities that give pleasure to the senses or spirit. Of course, beauty is in the eye of the beholder and thus highly subjective, but the desire for it is ubiquitous. Everyone aspires to beauty in all that surrounds them, from architecture and fine furnishing to clothing and cars.

- **Community:** Many companies are great at making you feel like you belong to a club. Harley Davidson, for example, is phenomenally successful partly because its motorcycles define their owners as rebels and a tribe apart. This is meaningful to them. Similarly, America's NASCAR circuit (or any sports team for that matter) makes its fans feel like they belong to something bigger than themselves.
- **Creation:** Here is the sense of having produced something new and original, and in so doing, making a lasting contribution. Creation is what makes "customizable" seem like a desirable attribute, rather than more work for the buyer—for example, making the salad bar a pleasure rather than a chore.
- **Duty:** Some companies deal in moral or ethical issues, thus making their customers feel as if they are fulfilling a duty they have to the world. When you buy fair trade coffee or environmentally responsible cleansers, you're doing the right thing. That has positive meaning for you.
- **Enlightenment:** A clear understanding through logic or inspiration is not limited to those who meditate and fast. It is a core expectation of offerings from news sources, too.
- **Freedom:** The sense of living without unwanted constraints often plays tug-of-war with the desire for security; more of one tends to decrease the other. Nevertheless, freedom is enticing, whether it's freedom from dictators or red tape.
- **Harmony:** The balanced and pleasing relationship of parts to a whole is desired, whether in nature, society, or an individual. When we seek a work/life balance, we are in pursuit of harmony.
- **Justice:** The assurance of equitable and unbiased treatment is the sense of fairness and equality that underlies the concept of "everyman" or "average Joe."

- **Oneness:** This is a sense of unity with everything around us. It is what some seek from the practice of spirituality and what others expect from a good tequila. Although we don't normally think of them as a company, the Grateful Dead sustained its revenues for decades building an experience that connected with its fans' desire for oneness.
- **Redemption:** This is the atonement or deliverance from past failure or decline. Though this might seem to stem from negative experiences, the impact of the redemptive experience is highly positive. Like community and enlightenment, redemption has a basis in religion, but it also applies to any sensation that delivers us from a less desirable condition to another, more pleasing, one that can be redemptive.
- **Security:** The freedom from worry about loss has been a cornerstone of civilization; in the United States, in particular, a sense of security acquired increased meaning and relevance after 9/11. Security encompasses safety and applies to loved ones as well as personal possessions.
- **Truth:** Truth is a commitment to honesty and integrity, and it underlies everything from Whole Foods to Newman's Own, both of which portray themselves as upright and candid. It's hard for companies to maintain truth, but it's an extremely important and valuable meaning for some (and especially young) people.
- **Validation:** This is the recognition of oneself as a valued individual worthy of respect. Every externally branded piece of clothing counts on the attraction of this meaningful experience whether it's Ralph Lauren Polo or Old Navy, as does any other brand with status identification as a core value.
- **Wonder:** Sometimes we just want to be overwhelmed with amazement. Las Vegas, with its over-the-top shows and story-book casinos, often accomplishes this (while taking our money in the process).

You can find a more detailed discussion of meaning in a book Nathan and Steve wrote earlier, *Making Meaning* (New Riders, 2006); you can also find a list of core meanings at that book's website at www.makingmeaning.org.

Triggers

In the discussion of semiotics earlier in this chapter, you saw that signs, symbols, words, and design elements could evoke different reactions in our audiences. As part of the discovering phase, you need to learn what the right triggers are, so you can incorporate them into your solutions, as needed.

For example, as mentioned earlier, the color green—or certain shades of it anyway—triggers a connection to nature for many people. That's great if it aligns with the experience you're trying to establish. Of course, it's terrible if your touchpoint is trying to evoke something else—say, precision or accomplishment.

It's worth pointing out that, as with metaphors, triggers are culturally determined. The Japanese like interfaces with a lot of elements, whereas Europeans tend to prefer lots of white space. In Korea and China, white is the color of death. In the West, it signals elegance and purity. You have to determine what communicates what to your particular audiences. You wouldn't want to design a wedding invitation in white for a Korean audience, or one in black for a Western audience. Each would trigger the wrong associations.

The same is true for many other design decisions. Numbers trigger superstitions in most cultures (but different ones in different cultures). Sound designers are experts in crafting music or film scores to trigger specific emotions during a song or film. Chefs constantly experiment with different flavor combinations but always with an understanding of what these will trigger for diners. Even price can trigger different connotations. Most people buy wine by price, for example. In a store, they're likely to narrow their choices first by price (in relation to the

most and least expensive offered), independent of any other data, and then likely choose based on the design of the label. If the wine is more expensive, that triggers an assumption of its quality, regardless of whether this is true.

The important thing is to discover and document which triggering elements you need to innovate for premium value.

Pace

You also need to understand your customers' appetite for change. This helps determine both how different touchpoints should be designed, as well as how often you should change them. To understand why this is important, think about how differently children and older people view change. The elderly often complain about new things and having to learn about new technologies or processes. Kids are usually the opposite. They can't wait for the next software update or new version of their favorite Xbox game.

These are extremes (and stereotypes), of course, but people typically have a preferred pace for change across different experiences and contexts. A person with a headache wants change immediately, whereas a person enjoying a massage wants the experience to last as long as possible. Some software users may want an update every 6 months; others don't want to see change for 12, 18, or more.

People always have a preference for the pace of interaction and change. In your discovering phase, it is a crucial element that helps you determine:

- The opportunities you have for innovation
- The pace of your interactions
- How frequently you should innovate to get there

UNDERSTANDING PACE THROUGH GAMING

We can understand pace with a fun example: massive, multiplayer, online, role-playing games. In these games, which are often based around *Lord of the Rings*-type worlds, you typically select a role from seven to ten archetypes. You might be a warrior or a wizard, a scout or a big dumb guy who can crush things. You then join other players in a team or a guild and set forth on adventures together. As you become more skilled, you rise to higher levels, moving to a new part of the game with harder challenges and tougher competition.

Designers of such games are acutely aware that their players have an infinite number of ways they can navigate the game—not least because their experience partly depends on the other individuals on their teams. In addition, some will take on individual quests and challenges, whereas others will stick to a team. Wizards have a different interaction with the game than orcs. Big dumb guys who can crush things do not solve problems in the same way as dwarfs. Still, game designers have to construct a journey that's compelling, no matter what path people take and with what identity.

Over time, the gaming industry has realized that success depends on how the players experience changes during play. They have built-in expectations about how hard it should be to master a level. Too easy, and they get bored. Too difficult, and they get frustrated. A level also only holds interest for so long, and something new has to come along to keep the players engaged.

In fact, around 2011, a Microsoft user-experience designer named Ryan Opina conducted an exhaustive review of successful practices in such games. In it, he identified a number of stages that every good game has to provide, irrespective of the story the game tells:

- **Entry:** Everything is new and exciting as the player starts a game. That said, she can be easily frustrated if she's killed off too soon, or things are too hard.
- **Practice:** The player learns the basics and progresses through the challenges. She has a sense of where she wants to be and is heading toward that goal.
- **Mastery:** The player is at the more difficult stages of the game. It might mean that she has now reached a high level with her team. They can go alone on high-level activities or compete one-on-one with other master-level players.
- **Burn-out:** The player feels like she's done everything she can in the game. She gets bored with the same experiences, and, oddly enough, may dread the social obligations she feels toward her team. The fun seems to be gone.
- **Recovery:** Hopefully, the player gets past boredom and finds pleasure in occasional play. She may do casual things for fun, join friends on occasion, but she may never play with the same intensity she once did.

In other words, when designing such a game, you have to make sure that the right pacing is available at the right times. The designer doesn't dictate the path that players take, but instead ensures that the path has a certain structure of difficulty and achievement. In addition, when the first wave of hardcore players gets comfortable in the recovery stage, the games should probably release new levels and features. Or the company might release an entirely new game—or, at least, build expectations for it.

HEADSPACE

In 1993, musician Thomas Dolby created a company, Headspace, to develop a music engine for computer games. His company invented a cinema-quality soundtrack that could be created on the fly, responding to the action of the game. If the player was in a learning or exploration mode, the soundtrack would consist of different melodies than if they were traveling or in battle. Likewise, the rhythm of the music would pick up with faster players and slow down with slower behavior. In other words, it was a responsive soundtrack that made a significant difference in the experience of the game. Although this engine didn't catch on, the principle is the same as what's being describing with pace: you need to be responsive to your customer's experience in real time.

ELEMENTS OF PACING

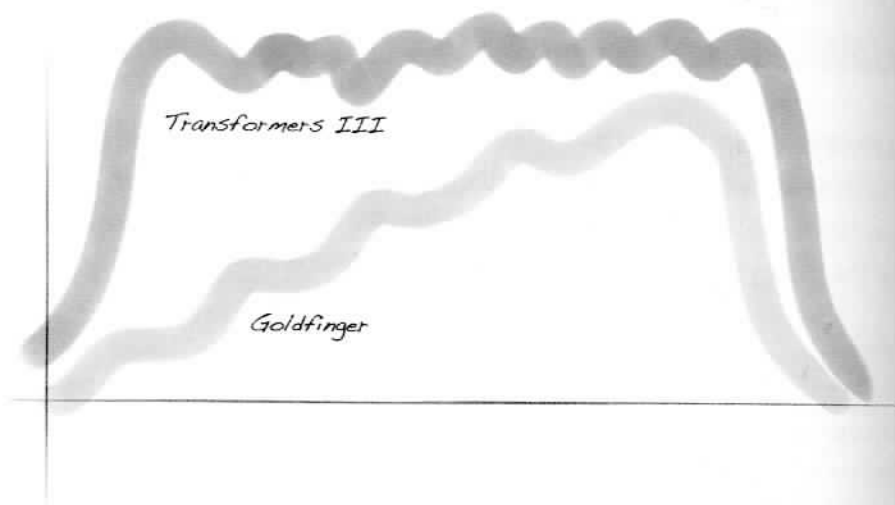
To create a good understanding of your customers' pace, you need to determine two things: the speed at which the touchpoint unfolds, and the frequency at which changes occur.

Speed

Think of this as action over time. If you go to a McDonald's drive-thru, you expect things to happen fast—in less than five minutes, typically. The problem McDonald's faces is that a drive-thru is linear and only one person can pay at a time. At busy times, it's hard for cashiers to physically keep up with the customers' pace. To do so, McDonald's has led a wave of innovation in drive-thrus. First, it offered two windows to drivers, one where they pay, and another where they pick up their food. More recently, the company has designed intelligent systems where cars can order at one of two stations. The traffic is then merged so that the staff always delivers the right order to the right person.

In this way, the company works hard to keep the pace right, even at the busiest time.

Pacing is easily understood in film media, so perhaps an example here might make it most clear. Consider the difference in pacing between two different action-adventure films, *Transformers III* from 2011 and *Goldfinger* from 1964. Yes, the two films have slightly different audiences (though much overlap), and yes they're from different eras—and that's the point. Some audiences expect and even prefer the pace of change in experiences to be very different. Anything else and it doesn't feel quite right. It's up to us to understand how customers react and what would be successful for them.



Speed is relatively easy to uncover during discovery, either through role-play or direct observation.

Frequency

Think of this as change over time. There's an old saying that states that change is constant, and that companies must always evolve rapidly to keep ahead of a disruptive landscape. Innovation studies are often predicated on the idea that you must innovate as quickly as possible. As Eric Schmidt of Google once said about Microsoft, if you don't capitalize on every innovation wave in technology, you're in trouble.³

Your customers probably disagree. A constant increase in the pace of change can overwhelm and depress some customer segments. Faster innovation can also lead to faster obsolescence—and waste. Your customers may not like waste. Besides, you don't actually need to be first to be successful. Most organizations would be better off focusing on delivering the right thing at the right time. Even a company as seemingly innovative as Apple did not invent the mp3 player, the smartphone, or the tablet. But it launched better products at the right time, when everyone already had some familiarity with the basic concepts of how they worked.

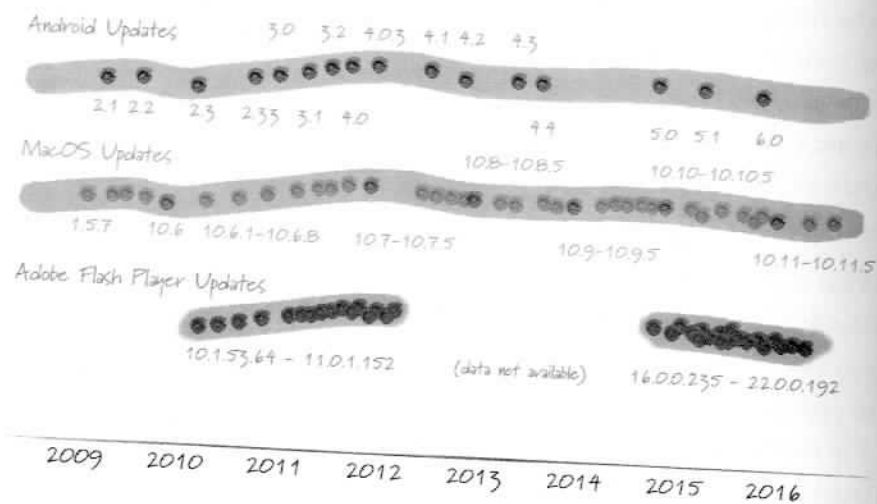
What is the right pace of change for your customers? Whatever your research uncovers about their needs and tolerance for change. Even if you know what your customers want from innovation, you also have to contend with their adaptability to accept and integrate new things. You may be able to get to your desired waveline, or relationship, pretty quickly. But if you do so through a jarring transition rather than step-by-step, you may lose everyone.

One way of thinking about the problem is to determine where your customers sit on the innovation curve. The tech industry, for example, has long identified several types of customers, but especially those on different ends of the spectrum: early adopters and laggards. Early adopters are people who can adapt quickly to new offerings they

3. *Barron's*, June 20, 2011, p. 18.

perceive might meet their needs and desires. Most are tolerant of integration or compatibility issues, because they like a fast pace of change. Many of them even believe that being on the “cutting edge” is a part of their identity.⁴

Laggards, on the other hand, want to use an offering without having to pay attention to it. They don’t want to learn anything new or difficult or have their lives disrupted. They just want it to work exactly as it already does. They don’t *like* change. These are hard people to please with innovation. Luckily, they’re also not great in number. Most are somewhere in the middle and don’t need or seek the latest and greatest, but aren’t the last to adopt, either.



The important part is to figure out where your customers sit on the spectrum and to structure your innovation efforts accordingly.

4. This tendency among early adopters to be easily bored is underappreciated in the literature but key to the buying behavior. See Peter Toohey, *Boredom*, Yale University Press, 2011, p. 15, for more, particularly relating to “tedium” caused by too much predictability and sameness.

Design Principles

The final task is to document and bundle all of these insights together for those who will develop new solutions. At this point, you create one final deliverable: a set of design principles that ensure that any concepts you generate deliver on the experiences people want to have. This is not as difficult as it sounds. Broadly speaking, you need only five to seven principles to guide the development of new touchpoints. These principles, ideally, should be inspirational and descriptive, rather than hard-and-fast rules. They are intended to inspire creativity, not to take the place of designers and engineers (and their expertise). As a friend of ours, Davis Masten, once put it, they should “facilitate designers’ intuition.”

For example, in the discussion of opportunity spaces, you saw that PC makers have a major opportunity when people set up a new tablet. What they want is excitement and ease—maybe even wonder—but what they get is often discomfort, frustration, and anger. The difference between what’s wanted and what’s being delivered is huge.

The design principles could be as simple as the following:

- Develop every touchpoint to excite people or trigger wonder.
- Show the possibilities of the offering to enhance interest.
- Design to communicate ease of setup.
- Minimize setup steps.
- Show how each setup step enhances the sense of possibility overall.
- Don’t require the user to do anything the tablet can do itself.

In other words, the purpose is to guide, not determine. Ideally, such principles should both inspire and act as yardsticks against which any new touchpoint concept could be measured.

Reframing

Several years ago, a group of Nathan's students entered the Rotman Business Plan competition in Toronto, Canada. That year, it was sponsored by one of the largest banks in the world, which challenged students to find a way for it to connect more effectively with college students. Unfortunately, Nathan's students discovered from their research that college students were on to banks (meaning: they didn't trust or like them). They were smart enough to know that the offers of free checks and credit cards with punitive terms weren't great deals. They saw these tactics as predatory behavior that ensnared them into an endless cycle of debt, credit overdrafts, and interest. They disliked whenever one of these offers came in the mail or was handed out on campus because it was just another reminder of how greedy and impersonal they viewed banks.

These students wanted better relationships with financial institutions—but big banks had, unfortunately, burned these bridges. Large institutions were dead to them. Nathan's students then told the bank that it was going to be a waste of time and money to try new messaging or a new gimmick to get these kids on board. Such an approach wouldn't go over well, and the odds of success were slim.

Sometimes, however, discovering uncovers additional possibilities that can present bigger opportunities. In this case, Nathan's students learned that while with students as a whole, the bank had no chance, foreign students were a different matter altogether. It was impossible for them to get government-backed, low-interest student loans in the United States and Canada, and the ones they could obtain in their home countries had exorbitant rates. If the bank could assess the risk more effectively (the team devised a way to do this), it could serve these students and create an entirely new business model with a multibillion-dollar opportunity.

In other words, they had reframed the challenge. Their research led them away from the initial question and toward an entirely different insight. This can often happen at the end of discovering, and it's critically important to make sure that you don't miss any of the opportunities it reveals. Often, the phase reveals that the initial goals can't be realized or aren't as advantageous as initially assumed and that you need to reframe around better opportunities.

Of course, it's never easy to go back to your clients or managers and tell them that the opportunity they've assumed—the one for which they've even budgeted time, money, and resources—simply isn't a good one. In the case of Nathan's students, the bank gave them a polite thank you and selected a different team that presented a more traditional approach—an app! As his students predicted, they didn't yield significant gains in either relationship or business.

If innovation is your aim, you can't ignore the opportunity to reframe. And you have to be ready to pivot.

EYE OPENERS

This chapter does a deep dive into the research phase of relationship innovation. Called *discovering*, it involves deploying specific techniques to uncover what your customers are getting from your relationship with them, and what they really want. Then it's important to construct current and desired wavelines, as well as document the core meanings, pace, and triggers to help your innovation team understand how to improve relationships. Reframing then logically follows. Some questions to get you thinking are:

- In what way do you overvalue quantitative insights?
- What human factors are biasing your quantitative data collection?
- How could you sell qualitative research internally?
- What could you do if you understood what your customers truly valued in their lives? Would it make a difference?
- What does your current product, service, and packaging look, sound, feel, and smell like? Does it trigger the right responses in your customers?
- How do your customers experience change? Will it be difficult to innovate on their time frame?

CHAPTER

8

Deciding

Now that you have defined where your opportunities lie, you might think the next step is to scope out and ramp up a design team. Not so fast. Because relationship innovation is a strategic process that can affect your entire business, you have a few extra steps before moving forward.

First, decide what to do. Obviously, you can't attack every opportunity space you have uncovered. Instead, look at practical considerations, such as cost versus benefit. But, more importantly, you also have to consider whether the innovation direction is right for your customers, your brand, and even your own people. And you have to make sure that everyone in your organization knows where you're headed in relationship terms. You can't *become* by doing unless you know what you're trying to become.