

THE COMBUSTION CHRONICLES

**EPISODE FORTY-SEVEN
ENGAGING THE EXPERIENCE ECONOMY**

**HOST: SHAWN NASON
GUEST: JOE PINE**

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Shawn: Welcome to the fifth season of *The Combustion Chronicles* podcast, where bold leaders combine with big ideas to make life better for all of us. I'm your host, Shawn Nason, CEO and founder of MOFI. In these episodes, we'll be exploring the power, influence, and importance of experience ecosystems. To do that, we're bringing together the most unique and influential experience experts in the world for honest conversations about not being okay with the status quo, leading with heart, and getting real about heartsets and mindsets. In case you're wondering, an experience ecosystem is the web of people, touchpoints, and interactions that combine to create all of the positive and negative experiences we have in the world. When an organization wants to improve customer experience, they're wasting their time if they're not willing to engage and humanize their entire experience ecosystem. It's time to blow up some silos and ignite an experience revolution by putting people first.

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Shawn: On this episode, we have Joe Pine, an internationally-acclaimed author, speaker, and management advisor. He has addressed the World Economic Forum, was part of the original TED Conference in California, and the Consumer Electronics Show in Las Vegas, a lecturer in Columbia University's Technology Management Program, and he co-founded Strategic Horizons LLP to help businesses conceive and design new ways of adding value to their economic offerings. A prolific writer, Joe is most famous for his 1999 book, *The Experience Economy*, which was updated in 2011 and rereleased in hardcover in 2020 with new ideas on competing for customer time, attention, and money, topics we will all get into today. We couldn't be more delighted to have him here. Welcome, Joe, to *The Combustion Chronicles*.

Joe: Thanks, Shawn. It's a pleasure to be here.

Shawn: So, Joe, I have been familiar with your work for a lot of years. I read I think the 1999 version of *The Experience Economy*, so I know we're gonna jump into the new updated rereleased hardcover in 2020. And it's really been instrumental to my thinking in how experience happens within organizations. But first we'd love to know a little bit about what makes you tick, Joe, and I have a fun question for you. You give such clear and well-thought-out business advice. Does it ever get tiring telling industries all the things they are doing wrong or do you love it?

Joe: No, I absolutely love it. I love it. And companies do so many things wrong. It's just unbelievable. So, yeah. No, I love it. It's been a wonderful thing. You know, I started off at, you know, as a technical guy at IBM and then got into management and strategy

and started writing business books and left in '93. So it's been 28 years this month, right, this month, 28 years this month...

Shawn: Holy cow.

Joe: ...since I've been doing this, and my wife still not sure it's gonna work out but so far, so good.

Shawn: Well, you know, you must have started when you were like 12, so congratulations. Okay. So, you know, I can't leave this untouched though, Joe, like, what are the top three things that you think companies are doing wrong?

Joe: Well, one is they are sticking with old ways of doing things when there's so many wonderful new possibilities, specifically, where their goods and services are being commoditized. They don't recognize that there's this great new opportunity out there to be able to stage experiences, to go beyond their goods and services, to subsume their goods and services into experiences. And then secondly related to that is, and this is probably even more of the issue because a lot of companies are doing well in that. But more of the issue is that they think that doing CX will get them to stage a great experience, which it doesn't. You know, CX is about, as it's commonly used anyway, there are exceptions, but most people talking about CX. I mean, let's make our interactions with customers nice and easy and convenient. Well, that never rises to the level of memorability. CX just gets you a great service. It doesn't get you a true distinctive experience that creates that memory inside of people.

And then thirdly, is that whether they're doing good services or even experiences, they still do it for the masses. They don't recognize that every individual human being is unique and deserves to get exactly what they want at a price they're willing to pay. And so they continue to mass produce these things. You know, I know you're ex-Disney Imagineer, Shawn, and I worked with Disney, you know, 15, 20 years ago in Walt Disney World and that's one of the things I hammered home, was the fact that it's such a mass-produced experiences that you don't care about any individual person or family unit or group that is there. And that's one of the things that people took that to heart that led to the MagicBand that allowed them to at least first identify each individual guest and then mass-customize to them.

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Shawn: That's pretty funny, Joe. I had no idea you were part of the MagicBand thing because I was part of the team that helped prototype that and launch that. So that's kind of funny. But what I love about what you said and one of our We Believe

statements at MOFI is that you'll lose your way if you fail to lead with love, you'll win if you make every human feel like a VIP. And so I love what you're saying there around the individual approach. I love the fact that you just called out that checking the box around CX is not going to make you have a great experience. And, you know, at MOFI, we talk about this Experience Ecosystem and I think it aligns a great with the experience economy. So how does your book, *The Experience Economy*, help brands better understand how to interact with their customers and really win their loyalty?

Joe: Well, it does. I hasten to add that we didn't invent the experience economy. We just discovered what companies were naturally doing of course with Disney as the world's premier experience stager. But thousands upon thousands of companies that went beyond their goods and services. And that's the key for brands, is to recognize that, you think of it this way that goods are about the transaction, right? You use the word interaction, that's good for services. But with experiences, it's really about the encounter, right? It's about the encounter that you have that does create that memory inside of people.

And so the book talks about all these different ways to be able to do that with of course the most compelling or remarkable experience is those that incorporate all of it. And then the rerelease of the book that we did last year, we sort of put it in the context of think of these five elements of experiences, right? So if brands want to create great experiences, you need to make them robust, cohesive, personal, dramatic, and even transformative. And those are the key things that companies must do to create that experience within people then get them to want to come back to you time and time again.

Shawn: So you said you bucketed in the new book into five categories. Can you tell those five categories again?

Joe: Robust, cohesive, personal, dramatic, and even transformative.

Shawn: Wow, that is some powerful stuff there. Let's go back, in the original book's subtitle it was, *Work is theater and every business a stage*. How does everyone, Joe, play a part in pulling off a good production and a good experience?

Joe: Well, the first thing to recognize that, in fact, your work is theater, right? And it's not a metaphor and I don't mean work as theater. I literally mean your work is theater, that whenever you are in front of customers, you're on stage, right? You think about Disney and cast members and being on stage with everyone in the park. And so you have to act in a way that engages the audience, right? Whatever your business is, right? When you're in front of customers, you're on stage and you also have to do it as

an ensemble, right? So you think about playing a part, you've got your part to play, but you also have to be with everyone else's and how they're doing their part.

It reminds me of...I did work with the MGM Grand in Las Vegas many years ago and got to see their audition, not their hiring mechanism, was an audition. They brought a group of people like 20 people on stage and they literally put them on stage, all the management and folks are down below in the audience. And they give them a set of tasks, you know, one is to introduce... so they pair you up and say, "We want you to introduce the other person and then we want you to be able to do a dance move," right? And then when they came time to do this, they only cared about two things, right? One, are you willing to do the dance move, right? Doesn't matter how well, whatever, right? You're willing to get out there and recognize, "Okay, it's okay to be on stage with people."

And then two is they also didn't care about how well you introduce the other person. What they cared about is did you listen to everybody else? If you're just sitting there just like going over your lines about how you're going to introduce, you want to do that really well and you're not listening to what other people are doing, then they don't want you there because they know you're not going to be a good part of the ensemble. You've got to play your role, that means understanding everything that's going on in the entire production.

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Shawn: I found it fascinating around that audition. And you mentioned MGM Grand. I saw where the new CEO for the Fremont Street Experience in Las Vegas. You know, they have the zip line going through there. The part of the interview is people had to actually do the zip line because they wanted them to audition and experience it. So I love that.

Joe: Well, that means I'd be out but it's still a great thing.

Shawn: What I love about what you were saying, and you know, obviously being a previous cast member myself is, you know, I worked backstage. I was not on stage. But I was taught and trained as if I was on stage. And I think that's the premise of what you were saying there is, even though you may not be on stage, you're really on stage.

So, Joe, you've pointed out that today people can drop out of any experience by picking up their smartphone. And so you have to be better than a smartphone to grab people's attention. Is it better to try to compete with smartphones or look for ways to integrate them into experiences?

Joe: Yeah, you know, I remember when smartphones first started becoming a thing, I would tell clients that the last thing you want to do is to have people pull out their smartphones because it means they are disengaged, that they're out of the experience, they dropped out, or they're doing something else thinking about something else. But, of course, now they're so ubiquitous and so much a part of most people's I've got to say everyday life, but everyday minutes of their lives, that you do have to think about how you incorporate that in. And so, you know, I'm sure you've heard the term Instagrammable. And so a lot of experiences, they totally exists just to be Instagrammable places, right? Things like the Museum of Ice Cream, or the Rosé Mansion, or 29 Rooms and these other things where they create these wonderful immersive experiences where people just want to take selfies and take pictures of each other in them.

But even outside of those, one of the things we updated the book with is part of being cohesive, that key element is that you need to have a theme, right? The theme makes an experience cohesive. If you don't have that good organizing principle of the experience, it means that, you know, it's eventually going to become everything but the kitchen sink in there. And one of the five design principles we had as part of theme was that you had to mix in memorabilia. And, you know, that people want physical things to remember their experiences by, whether it's a ticket to a wonderful performance or whether it's something that they buy at the end of that experience, but we added it and we updated it in this latest edition to say, well, it's really mixing memorabilia plus media, right?

Recognized that people do want to share their experiences, they want to put it out there on media and so how do you help them do that? I sort of hate using Disney as an example this whole time because, you know, it's not about Disney-fying your company, not necessarily. But you remember the old Kodak moments, right, the signs in the park or that you get the, "Oh, here's the best view of the castle, take your picture here." So we need to think about those sorts of things with media moments and get people to just to know that this is the point at which they can take a great picture and then share it on social media.

Shawn: Yeah, I was actually, and a brand that I think does an amazing experience, you know, is the Gaylord properties, hotels that the Marriott's manage, but just recently stayed in the Gaylord Nashville and their summer theme is pirates and princesses. There were probably 50 "X marks the spot" things where it was just that, just what Disney had done. And thinking about even this digital transformation, and you were talking about the MagicBands earlier. And again, it's not all about Disney. But I'm sure you've seen just recently that Disney has announced they're doing away with the

MagicBands because they're taking it to a digital experience like we're talking about here, you know, to the phones.

So they have done exactly what you're talking about now, right? They've just said, "Okay, we're not going to win at this. So now we're going to integrate it and take all those things from the MagicBand and integrate it into our experience on the phones." So people get your ideas wrong around this then when they think good experience means efficient transactions. And I really want to dive into this because I think this is important that experience is meant to be memorable and meaningful. So how do you make a digital experience sufficiently memorable?

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Joe: All the principles apply, whether you are talking physical experiences or digital experiences, you still need to make those digital experiences robust, cohesive, personal, dramatic, and potentially even transformative. But so many people, when they like go in line, they really just do merchandising, right? They're like, "Okay, here's all our products, which one do you want?" And that is never going to make for a memorable and certainly not a meaningful experience. So you have to think about how do you engage people in what you're doing. And there's many ways to do that there. One of the things of course that happened with the COVID-19 pandemic over the past 15 months, almost now, is that that a lot of people took physical experiences and brought them online.

You know, one I can remember doing was the Swamp Motel had a wonderful online experience called Plymouth Point. And they have several of these out of the UK, you know, where you are using Google, you're using the search methods, you're going to these websites, you're figuring stuff out to be able to solve this mystery, basically, of what happened to this woman and try to prevent something bad happening to another one. And it has all of the basic principles that we're talking about there. So it's not just...well, I'll say this, getting back to the 2020 edition where we talk about competing for customer time, attention, and money. What experiences are is the design of time. That's what an experience is, is that you intentionally design the time that customers spend with you. And you design that time digitally as well to then get back to the dramatic point to have a dramatic structure, to have a structure that rises up to a climax and comes back down again.

So many digital experiences are just flat, right? Nothing happens, right? You click here, you click there, there's never any momentum, there's never any rising action, there's not even an inciting incident of the dramatic structure. And so they'll never rise to the

level of memorability unless you think about how you design the time in a way that engages people, keeps them interested, keeps them going and creates that climax.

Shawn: So in the same way, the iPhone was really a platform for the App Store, right? So they created the App Store and really built the iPhone. How will people be using digital platforms in your opinion to bundle and buy experiences in the future?

Joe: Well, interestingly is that a colleague of mine at the Platform Strategy Institute, Peter Evans and I, we just finished a multi-client study on experience platforms that we recognize that just as platforms revolutionize the selling of goods such as eBay and Amazon as well as the selling of services with Uber, Lyft, Fiverr, TaskRabbit, and on and on, the list could go that they're increasingly becoming important in the selling and even delivery of experiences. So you look at once the Corona crisis hit, that Airbnb went from the selling of experiences in a physical place to add in all of these virtual experiences, the digital experiences that you could buy. Amazon added Amazon Explore. We came up and tracked over 125 different experience platforms that have risen, some of them have been around for several decades, like Red Balloon or Virgin experience days in the UK and so forth. But, increasingly, they are being used by companies to extend their relationship with customers to offer them both digital and physical experiences. And some of them are like operational platforms. So I don't know if you know John Padgett for your work on the MagicBand?

Shawn: Yes.

Joe: Right. So, John, you know was one of the ones that really influenced way back at Disney World to be able to, you know, again to lead to, wasn't actually involved in the project but lead to that MagicBand, you know, when he recognized that he couldn't quite get Disney to do enough of the customization, he wanted he moved over to Carnival Cruise as their chief experience and innovation officer and created the Ocean Medallion, right, which is an IoT device. Every guest on a cruise gets this IoT device, this Ocean Medallion that allows them to identify who they are. Every employee has a tablet where when they get within range, up pops their name and their pictures so you can work with them.

And then it really is an operational experience platform to mass-customize everything that's going on to that individual guest unit whether an individual, or a family, or wedding party, you know, whatever it might be. They even have the ability to remember things like when you're on the pool deck with your kids, your favorite drink is an iced tea with no lemon, when you're in a bar with your buddies, it's a Mojito, but when you're in a restaurant with your spouse, it's a glass of shiraz, right. Understanding

the digital context and what real market am I in at the moment, what might I want? You know, they give them personal experience invitations as they learn more about them to have an entire mass-customized itinerary.

It's one of the things that we came out with a platform study looking at is that, that's a key thing is that we need to create mass-customized itineraries for our guests so that they have this view of everything that's going on and that can actually adapt itself as you learn more about each individual customer.

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Shawn: Wow. Yeah, and I think we all want that, right? And I think that's part of the reason I have become a brand loyalist to so many brands, is because the more loyal I am, the more customized it is to me.

Joe: Exactly. That is the heart of loyalty, Shawn. What I like to say is that if you recognize that every interaction you have with the customer is an opportunity to learn from them, and the more you learn about them and from them, then better you can customize and the better you customize the more they benefit, the more they benefit, the more they're gonna be willing to interact with you. And you got this very tight, virtuous circle, that's what really customer-centricity is really all about in my mind. And what true loyalty is about is that the loyalty comes not from bribing people by saying, "Okay, you buy 10, we'll give you your 11th one free," but from how you treat them as the individual that they are.

Shawn: Well, and, you know, we've done a lot of work, Joe, recently, and I have for 10 years in the healthcare space. How do you get to a place, because people are like, "Customization is so expensive." And it's what I say the difference is, is configurability versus customized, right? But if you can build a digital platform in this experience platform that you're talking about, Joe, you can build in there easy configurability to appear to be very personalized and customized.

Joe: And not just appear but be. And it's not done from scratch for you. It's not craft customized. That's why I use the term mass-customized, which was the subject of my first book that I wrote, which led to *The Experience Economy*. So the key as you say is that configurability is you think about it like Lego building bricks. I mean, what can you build with Legos? Anything you want, right?

Shawn: Anything you want.

Joe: So you have a large number of bricks, different sizes, different shapes, different colors. And then you snap them together in different ways for different customers,

right? That's what mass-customization is all about. And the most powerful form of modularity is the fact that what's called sectional modularity of Lego building bricks but it's digital modularity, right? With digital technology, anything you digitize, you can customize. Once it enters the realms of zeros and ones, it instantaneously changes zero to one and vice versa is that you can instantly, frictionlessly, costlessly, seamlessly mass-customize that for every individual, whether it is the physical experiences that use a digital platform as you're talking about, like Carnival does with Ocean Medallion to customize those physical experiences, or whether it's an entirely digital experience that you can morph around the individual wants, needs, and desires and ever-changing circumstances of individual guests.

Shawn: I love it. I hope our listeners are writing lots of notes as I am because I think there's some really great powerful things that going back to the opening around what businesses are doing wrong, if they could just listen to these few simple things, that it could to truly be as you say, transformative. So I wanna talk a little bit, you're working on another new concept about how a company can thrive forever through regenerative management. So what is that idea about? And how does it impact parts of the business that are not consumer-facing?

Joe: Well, regenerative management is the brainchild of another colleague of mine, Kim Corn, who's been working for a long time and trying to help figure out how can companies survive forever? How can they stop the standard, you know, rise up and then fall into mediocrity and eventually fail? And so he's really looked at this from every angle, developed a set of first principles of what companies need to do to really change their way of managing to thrive forever. And so one of the key principles I sort of think of is the most important of them is the companies today need to have a meaningful purpose. They need to have a meaningful purpose that is the raise on debt, right? The reason for existence in the world that goes beyond making a buck. That your purpose should never be to make money, right?

Money is the measure of how well you fulfill your purpose, of the value you create inside of each one of your individual customers. And what a purpose does, it aligns everybody together. So you don't have to have all this command and control managing of micromanaging people, telling them exactly what they need to do, we have this the sort of North Star that says, "Okay, this is where we're going. This is what we're doing. This is the proposition to which we all ascend. And when they do that, then you make decisions based off of does it better help you fulfill your purpose as an organization.

Everybody has their own individual purpose, whether they recognize it or not, or thought about it, or articulated it, right? It's there and so you want to attract the people that align with, not exactly the same, but it's why I think the word align is so good, right, is that you're going in the same direction even though you're all your own individuals, and you come together for this purpose of creating economic value for, I'll say, not just customers, but for humanity, right? That that's what it's about, is creating value for humanity, bettering the world through the purpose that you have. And that's a core thing that you need to have. There's many others, obviously, but the core thing you need to have to instill a way of managing that regenerates itself, right? Which means you constantly have to innovate, you have to come up with new things that innovate, you know, faster than your ecosystem or eventually that ecosystem is going to swamp you, and again, you're gonna fall into mediocrity and eventually fail.

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Shawn: Well, and I think that's why, again, we've honed in on this concept of the Experience Ecosystem, right? And that these can't be apart, they can't be separate, they have to be together, innovation has to be a part of it. I mean, I loved what you were talking about with the meaningful purpose because we actually call it every company needs to have an Experience Promise as their foundation. And when you do that, everything is built around it and that can move forward to that. I really want to have a little bit of fun here with you and I'd love to apply your lessons from your work to some new marketing developments that are happening in the world today. And I wanna ask you about the transformation economy. So do you see evidence of a rising trend and the importance of experiences becoming transformational, going beyond the actual moment and aiming at transforming a person?

Joe: Oh, absolutely. I mean, and that's exactly what I mean when I talk about those five elements. And the last one is even transformative, that we can create experiences that guide people to change, that help them achieve their aspirations. And that's what a transformation is. And it's the fifth and final economic offering in this progression of economic value, right, the core framework of the experience economy. It's a quarter this progression of economic value that we talked about that is the core framework of the experience economy where we go from an agrarian economy based of commodities through an industrial economy based of goods through a service economy.

Today, we're an experience economy, but hot on heels is this transformation economy, that people increasingly desire experiences that change them. And of course, we only ever change through the experiences that we have, right? You know, the phrase that

we're all the product of our experiences. That's only ever how we change. But now they're saying, you know, "I want help. I'm just going to read self-help books and do it myself, I want help from companies to guide me in achieving my aspirations." And the transformation economy, therefore, is hot on the heels of the experience economy. You know, healthcare, as your experiences in healthcare is all about transforming. Good to go from sick to well or to maintain my well-being.

And I've done more work with hospitals than probably any other industry. Working with an insurance company right now on healthcare transformation. And higher education is about transformation, fitness centers is about transformation, management consulting, B2B transformations, you know, that people hire coaches of all stripes, whether a life coach, an executive coach, a personal coach, a golfing coach, a tennis coach, whatever it is, nobody ever hires a coach unless they want to be transformed. And that's the ultimate level of value that you can create, is to help somebody achieve their aspirations.

Shawn: Yeah. And so knowing that and knowing that, you know, we're moving to the transformation economy and people want those experience and that transformation, you say that no business should make money their objective. So how should they view or think about money?

Joe: So money, again, is the measure of how well you fulfill your purpose. And if your purpose is one in which you cannot make money, well, you know, you're not gonna be in the business for very long because money measures the value that you create for your customers, right? What they're willing to pay for that value. That they value your economic offering more than the money in their pocket. And so you've got to use it as that measure but not make it the end-all be-all. That's the key mistake that many companies do, and then take them off down, you know, bad paths that eventually get to the point where they're not providing value that people want because times change, technologies change, people's desires change, competition changes, and you got to stay ahead of them with that purpose that you have.

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Shawn: Thanks. I love that. So one of the things we do on *The Combustion Chronicles*, Joe, is we have some fun with these things called The Combustion Questions. It's three random questions that I'm gonna ask you and just ask you to say the first thing that comes to your mind and have some fun with it. So, Joe, combustion question number one, if you had a giraffe that you needed to hide, where would you hide it?

Joe: I would hide it in the trees around my property so that it sort of blend in with them.

Shawn: Awesome. Awesome. And do you have lots of acreage back there so they could have lots to eat too?

Joe: Yes, yes. They could eat the tree. And probably I say that because I'm looking out at this egret right on the lake here outside my home office. It really came to mind.

Shawn: Yeah. All right. Question number two. What job would you be terrible at?

Joe: Oh, so very many. My wife would tell you cleaning. I'd be terrible, terrible at.

Shawn: Awesome. Okay. So the third one and this one gets a little bit more difficult but I think you can handle this, Joe. What do you think about pickles?

Joe: Oh, I love sweet pickles in the refrigerator so that they're hard. I love them particular on Braunschweiger sandwiches which my wife just finds it amazing that I am such a picky eater but I love Braunschweiger, right, liverwurst, and just a liverwurst sandwich with cold hard pickles on top of it. It's one of my favorite lunches to have.

Shawn: Wow. Michael, one of my colleagues is so excited, he loves pickles. So you and him can have some good pickle stories. Well, Joe, again, thank you so much for being on *The Combustion Chronicles* with us. You know, this last minute or so, I love for you to share where people can find your book, your website, social media because I think everyone needs to be following you. So where can we find you at, Joe?

Joe: I appreciate that, Shawn. Yeah, they can find the books obviously anywhere books are on sold at Amazon, Barnes & Noble, everywhere, including first *Mass Customization*, *The Experience Economy*, *Authenticity*, which we didn't get a chance to talk about. And another book, *Infinite Possibility: Creating Customer Value on the Digital Frontier*. You can LinkedIn with me, right, /JoePine. Happy to talk there. Our website is www.strategichorizons.com. Strategic Horizons with an S, and on Twitter, I'm @JoePine.

Shawn: Again, thank you, Joe, for being with us here. And to all our listeners, I hope you really enjoyed all these amazing nuggets that Joe gave us. So thank you again, Joe.

Joe: My pleasure. Thank you, Shawn.

Shawn: Thank you so much for listening to this episode of *The Combustion Chronicles*.

Let's keep the conversation going by connecting on LinkedIn, Twitter, Instagram, and Facebook. To learn more about the world of experience ecosystems, go to MOFI.co where you'll discover ideas and resources to help you ignite your own experience revolution.

Be sure to check out my book, *Kiss Your Dragons: Radical Relationships, Bold Heartsets, and Changing the World*, available now at Amazon. Then head over to ShawnNason.com to engage resources, a discussion guide, and information about everything from self-paced training to personal coaching.

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