

Customer Transformation model



What is Healthusiasm?

**" Healthusiasm is a cultural, societal and economic trend in which everyone
- helped by companies and brands - aspires to be(come) as healthy & happy as desirable. "**

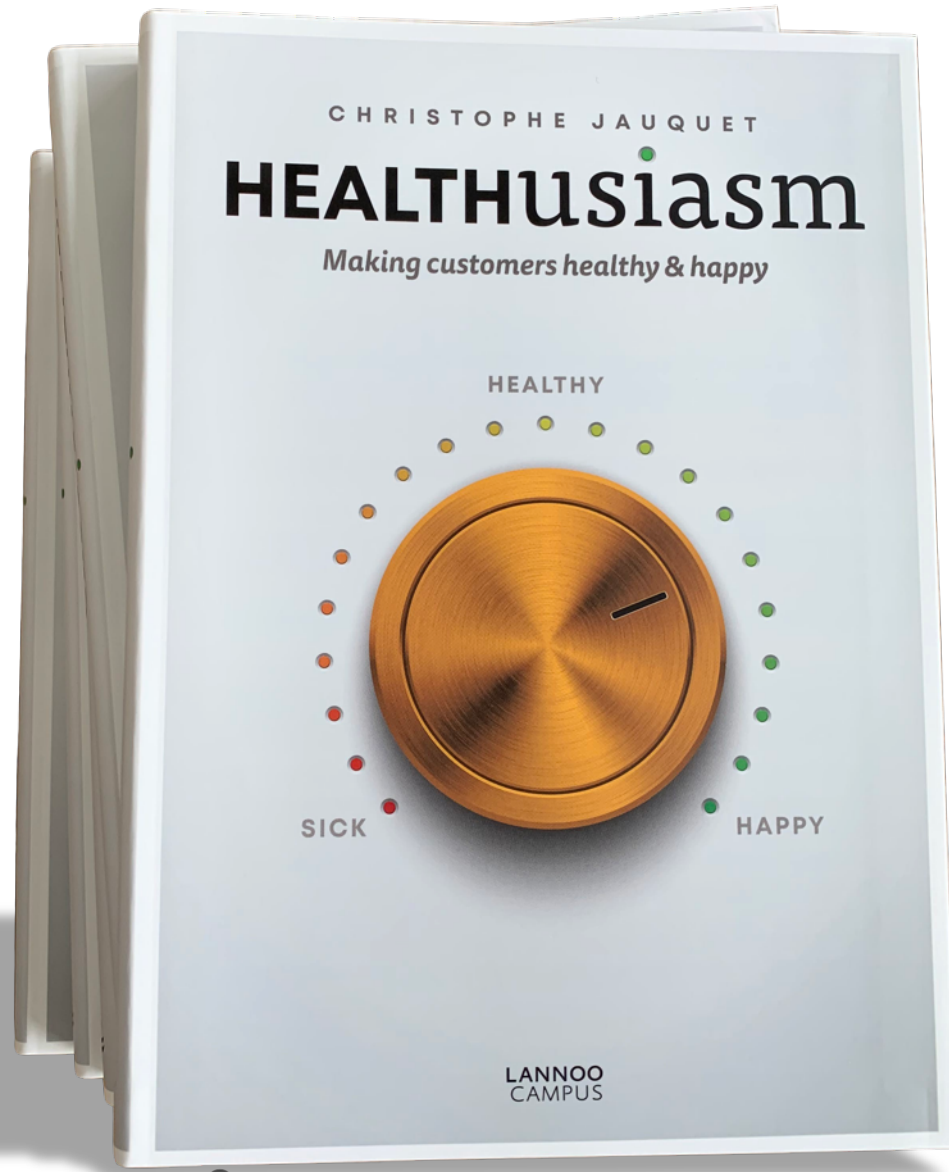
Everybody wants to be healthy & happy. It's been that way since forever. But while we used to pray for good health, we now feel like we have an influence on it ourselves. We have technology that is feeding us with information, sensors and smart algorithms to impact our own health. But we can also choose those companies and brands that can help us in this aspiration.

- **Everyone aspires to be healthy & happy.**

Healthusiasm is a movement of people, more conscious than ever about physical and mental health, who are equally healthusiasmatic to affect their health and happiness.

- **Every business is a health business.**

Healthusiasm is about making customers healthy & happy. It creates value and competitive differentiation by focusing on the needs and expectations of customers as well as their on life aspirations.

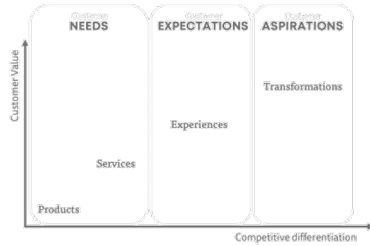


“As every company is bound to become a health company, this book convinces managers about the **why**, **how** and **what** of this evolution.”

Koen Kas, Healthcare Futurist

Customer Transformation model

The HEALTHUSIASM CANVAS



CUSTOMER TRANSFORMATION MODEL



HEALTHUSIASM MODEL



HEALTHUSIASM CANVAS

The **Healthusiasm Canvas** is method that combines both approaches and identifies the health-related innovations that fit your business ambitions.

The Customer Transformation model

The Transformation model is a tool that is used by consumer, life science and healthcare companies to:

1. Improve the current customer, consumer or patient experience
2. Differentiate from competition by providing experiences that transforms people
3. Create more value for customers, consumers or patients.
4. Increase the engagement with your solutions

The Customer Transformation model

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CONSUMER BUSINESS

Business questions:

- What's next for Customer Experience?
- How do we integrate health and well-being in our customer strategy?
- Everybody is providing similar customer experiences. How can we differentiate ourselves from our competitors?
- Our customers expect us to help them become healthy & happy, but we don't know how we can do this with our products & services.

HEALTHCARE & PHARMA

Business questions

- What patient experience really puts the patient at the centre?
- How can we improve patient experiences without focusing on the processes?
- Patients are rarely engaged with our solutions. How can we ensure that patients are using our patient support programs?
- Why aren't patients engaged with their health when we tell them how to do it?
- How can we humanise healthcare?

NEEDS make PRODUCTS or SERVICES

Customer
NEEDS

= **products** or **services**

THE CUSTOMER NEEDS

Every customer has desires and wants. As previously explained, using the Maslow pyramid, we all have needs that can be categorised under the same umbrellas. We start by fulfilling functional needs, like food, water, warmth and rest. People can't live without those. Safety, stability and security are basic, functional forms of comfort that allow us to live without external worry, and to feel at ease. We simply need all this to function normally. It is what survival is about. It's what our minds focus on. Emotional needs, on the other hand, are defined by our relationships and our personality. This is the theme of romantic movies. We want to feel loved, to connect with someone, or, at least, to be part of something because this largely defines who we are. It forms our own identity, which we like to see confirmed or recognised in our social interactions. It is what speaks to our hearts.

Nowadays, both our functional and emotional needs are increasingly being met. People aspire to become the best version of themselves, to develop and grow into the person they really desire to be. Documentaries about successful sportspeople, musicians who made it on their own, or universities calling for students all speak to our aspirational needs. People want to achieve something that makes them feel good and even proud about themselves. Healthy and happy? Socially engaged? Involved with our planet? It's about our own soul.

Beyond the theory of basic needs, there are specific needs that apply to your business. Generally speaking, companies know the needs of their customer. And if you look closely, each of these needs is likely to fit into one of the above categories. **The question is, however, how can your company create value for your customers by answering these needs?**

THE EXPERIENCE ECONOMY (1/8)

The first time I heard of the Experience Economy was in the late nineties when Lidewij Edelkoort mentioned it in an article about the future of travel. Edelkoort is someone I really look up to. She is a trend forecaster, curator, publisher and educator who lives in the future. Her work has pioneered trend forecasting as a profession, providing design and lifestyle analysis for the world's leading brands. She radiates fresh ideas and an optimism about what's next, even if the pictures she paints are not all entirely positive. The article in the late nineties talked about how consumers will expect different types of travel. As this article dated to before the existence of Evernote or Pocket, I have summarised what I remember.

Lidewij Edelkoort explained that people previously perceived travel in terms of a destination. If you wanted to go on holiday, you simply rented a vacation house somewhere. But from the fifties, the travel industry shifted into a more service-oriented business that offered full-service holidays, like Club Med's All-In vacations. Simply renting a place to go on holiday had become so mainstream that it ended up in a price war. Adding services into the equation differentiated one player from the next, increased the perceived value of going on holiday, and allowed higher asking prices. The market dynamics of the travel industry changed radically. The same happened again in the late nineties, when service-oriented holidays no longer provided enough differentiation for customers.

Edelkoort explained how the travel industry would move into more of an experience-driven industry: as people were no longer satisfied by services that had become mundane to them, they would expect experiences on holiday.

By now, I am sure we all recognise this radical shift towards experiences. Nowadays, we feel the thrill of experiences in terms of emotions and sensations and generally cherish them more than physical objects or ordinary services. Experiences create memories. Back then, this thought was unfamiliar and unusual to me. Even as a student in business marketing and strategy, it was the first time I'd heard about the possibility of creating entire businesses around experiences. My only frame of reference for a business based on experiences was Disney World. The theme park attracts people for the experiences, while the actual products (Mickey memorabilia and the like) are props sold on the side. Even the food and parking services are paid for separately. But selling visitors these experiences, amplified – or rather exploited – the value of the Disney characters at the same time. People wanted to be around them. In that regard, Walt Disney surely was an experience pioneer. To explain how the Experience Economy came about, let me give you the famous example from Joseph Pine, co-author of the bestselling book, *The Experience Economy*. He uses the evolution of birthday cakes to illustrate the phases that led to the Experience Economy:

THE EXPERIENCE ECONOMY (2/8)

Mothers used to make birthday cakes from scratch, mixing farm commodities (flour, sugar, butter, and eggs). Later, stores offered products that contained the premixed ingredients, making it even more convenient for mothers to bake birthday cakes. As parents became busier, they relied on the service of bakeries and simply bought the birthday cakes there. From the time-starved 2000s onwards, parents no longer bought a birthday cake. Instead, they outsourced the entire birthday party to a business that stages a memorable experience for kids, that likely included eating a birthday cake.

While this evolution will sound very familiar and even obvious today, I'd like you to reflect on the difference between the cost of the separate ingredients of a birthday cake and the cost of outsourcing a birthday party. This is called the progression of economic value by customising your offering towards customer experiences (see graph on page 32). The more commoditised something becomes, the lower the value. The more something is differentiated or customised, the higher the price a customer is willing to pay. By customising the farm commodities into premixed products, the value of the product increased. By offering the service of a pre-baked birthday cake, bakeries were able to charge more for this service than the products that had become commoditised again.



THE EXPERIENCE ECONOMY (3/8)



Offering a birthday experience to your child has become at least 100 times pricier than the cost of the basic ingredients of a birthday cake. But you are willing to pay because it brings you greater value. When companies are trapped in a commoditised market, they find ways to customise their offering and create value for the customer once again. The power of the different waves of digital disruption has certainly helped companies with that. A new wave of digital disruption offers a whole new range of means to better answer customer needs. It helps to customise products and services and create the consistent experiences that customers value. Digital disruption amplified the Experience Economy. It facilitates business transformation. It creates differentiation and value by staging customer experiences.

Though Disney World was an early pioneer in selling experiences in their theme parks, they are using the power of digital to continue to optimise customer experiences. In 2013, they launched Disney MagicBands, which were introduced as part of a major technological overhaul to the guest experience at Disney World. This plastic bracelet with RFID technology that is linked to your online Disney account is used to enter the park, unlock your hotel room, buy food and merchandise, and even facilitates a fast pass to experiences you have selected online. The bracelet helps guests to live in the moment and enjoy the experience.

THE EXPERIENCE ECONOMY (4/8)

In fact, you don't even have to think about taking photographs as a memory of your Disney World visit. As the band pinpoints your exact location, the many cameras throughout the park take enough pictures to bundle in a photo album for you. All you do is experience it. These MagicBands sparked Adidas to present the 30 000 Boston Marathon runners with a film of the highlights of their run 24 hours later. The short movie included the runner's name and personal clips, along with their times at various points in the race. Marathon is an experience in itself. It is highly personal as each runner encounters difficulties and enjoyment at different moments. These movie clips created long-lasting memories, by enabling each runner to look back on the exhaustion, excitement and thrill of the experience.

This digital transformation of businesses has completely changed our experience as a customer. Nowadays we are accustomed to receiving online orders the next day, accessing information instantly, creating our own holidays, and having all our experiences simplified. As customers, we demand that organisations treat us as unique individuals. We expect companies to understand and empathise with us, and rate or evaluate companies and brands based on our experience with them. While we hardly ever complain, most customers claim that bad experiences makes them turn away from a brand.

Time is a scarce currency in the Experience Economy. Customers increasingly combine challenging jobs with a family and children, the desire for connection with friends, and a wide array of interests and passions. There's only so much time for all this. If customers are attracted to an experience and are willing to pay for it, it had better be worth their while. Experiences need to feel like time well spent. This critical customer behaviour emphasises the importance of good customer experience for companies. By the year 2010, experiences were already considered as the predominant form of new economic output and the new source of job creation. By 2014, customer experience was considered the most important field of competition for 89% of the companies surveyed in a study by the global analyst firm Gartner. In fact, a positive and effortless customer experience can result in increased customer satisfaction, loyalty, advocacy and greater customer lifetime value. This is the competitive advantage companies want to achieve. That's why most companies have a Chief Customer Experience in place today, to safeguard this focus.

Back in 1957, Walt Elias Disney had written the corporate vision for Disney, stating that each segment of their business would eventually serve and amplify the other. The movies would amplify the potential of books, memorabilia, restaurants, theme parks and vice versa. Disney is pursuing a platform storytelling strategy, which means driving collective business success, rather than optimising the returns on any one character, title or even franchise.

THE EXPERIENCE ECONOMY (5/8)

But regardless of this visionary strategy, Disney still mostly sold content separately back then: a book, a movie, a joke, an entrance ticket... Now digital disruption finally offers this experience-pioneer the opportunity to truly become a full provider of experiences. Seven years ago, Disney decided to share much of their exclusive video content on Netflix, as Netflix was offering the best customer experience for watching video. With this deal ending in 2019, Disney CEO Bob Iger announced the Disney+ streaming service as the company's biggest priority for that year. It will enable the company to focus on the complete Disney offering at once. Disney+ will allow Disney to transform from a company about products, titles and characters to one that sells entertainment ecosystems. Instead of 'hiring' Disney for 90 minutes or 30 pages, customers will now be able to experience the entire Disney magic (Disney, Marvel, Lucasfilm, Pixar, and National Geographic) for a monthly fee. The online Disney account required to access the experience will in turn gather more information that will allow further customisation of the experience. Considering that the MagicBands are linked to your online account, this approach will eventually impact the experience in theme parks as well.

In a world saturated with largely undifferentiated goods and services, the greatest opportunity for value creation consists of staging experiences. The value of the experience is in the memory of any individual. In a service-driven business, customer experience has become a critical condition for success. People are no longer satisfied with the service in itself. If all services are similar, people search for the cheapest one. The experience determines whether you return or switch to other providers. Think about how your experience of the service of an insurer or a bank causes you to look elsewhere. The same is true for healthcare services such as staying in a hospital. We have never really expected anything but a bad experience in hospital. Imagine a prolonged stay within the four walls of a tiny hospital room, which we often have to share with people we don't know. Nurses noisily bump around the room at any given time, waking you even in the middle of the night. Machines you can't control make far too much noise. With the entertainment options limited to television, it feels as if you have been catapulted back to the nineties. The food tastes the same every day, whatever it is, which takes away the joy of eating. You are never really at ease. Your physical well-being might be thoroughly attended to, but your intellectual and emotional well-being is often overlooked. That is certainly how I would describe my four-month stay in hospital with my pregnant girlfriend. How great it would have been if the hospitality had felt a tiny bit more like a hotel, rather than a battery chicken cage. No wonder a recent Black Book survey indicated that 92% of healthcare consumers and patients saw customer experience as the top strategic priority for medical providers such as hospitals. No wonder the NHS created a document with recommendations on improving patient experience in hospitals.

THE EXPERIENCE ECONOMY (6/8)

No wonder hospitals are increasingly collecting the views of patients to improve their experience. Improved patient experience often comes down to the integration of digital tools in the building and in processes. For example, by using a tablet, patients could control their room temperature, summon a nurse or watch a video about their diagnosis and treatment. Such innovations are being implemented almost everywhere. They will certainly help to improve service. But aren't they just the bare minimum? Are they improving the overall experience to the extent that it will prompt patients to choose one hospital over another? Customer experience is not about one touch point (like controlling room temperature) but about the entire journey. This not only demands superior understanding of patient needs across the journey, but also requires a clear organisational strategy. Within the hospital environment, I believe children's hospitals and retail clinics are currently most focused on actually selling experiences instead of digitised services.

Dayton Children's Hospital in Ohio, which serves over 300 000 children a year, has entirely optimised the patient and family experience by applying technology to facilitate "real time" communication. At any given time, parents can reach out and talk (remotely) to a healthcare professional, which completely changes the experience. After all, worried parents simply desire an immediate answer to their questions. The Children's Hospital of Philadelphia is a great example of the use of circadian lighting to



Parsley Health

THE EXPERIENCE ECONOMY (7/8)

and improve the overall mood of children and to instil a more positive, relaxing experience. Doctor "U" Children's Hospital in Kiev, Ukraine designed the most amazing contemporary facilities with trendy, minimalistic design and bold colours. The design creates an atmosphere comparable to a classroom or playground. This immediately alleviates kids' anxieties in an otherwise stressful environment. Retail clinics are also increasingly focusing on selling experiences. Patient testimonials for Patient's Hospital of Redding, a small, surgical hospital, compare it to staying at a hotel "of good reputation". All patient rooms are private suites, designed as a soothing, peaceful healing environment. They are referred to by patients as an oasis in the busy hospital world. Avreh Plastic Surgery Clinic in Tel Aviv is specifically designed to make patients feel welcome and happy. As plastic surgery is often very personal, the clinic offers a pleasurable yet private experience by optimising every part of the interior. The mental health clinic Saga City in Japan provides an inviting experience for patients by creating a space that resembles an open concept library. The library serves as a common "learning" space intended for patients living with dementia and their families. It is a relaxing starting point for facing dementia. Patients and their relatives can talk and connect through learning, even with other patients. The Parsley Health Center in New York, Los Angeles & San Francisco is certainly created for a different healthcare

experience. They have built a new operating system for primary care services that combines modern medicine smart technology with a functional, whole body approach. The space is designed to bridge the gap between medical care and wellness, and it makes you feel calm, relaxed and empowered as soon as you walk in. Forbes described the Parsley Health experience as the exact opposite of the most depressing stereotypical experience in healthcare. For example, the duration of consultations is up to 75 minutes, compared to a maximum of 10 to 15 minutes in a typical healthcare setting.

Although experiences themselves lack tangibility, people greatly desire them because their value lies within the enjoyment of that memory. Digital disruption is offering existing companies, institutions and brands a new set of tools to facilitate experiences and create those memories. But the Experience Economy also generates a new breed of companies that is solely focused on selling Experiences.

Funsfree is a Toronto-based start-up that sells Experiences instead of things. People can order one of four experiences that will be delivered to their home. The packages include all the essentials for group laser tag, glamping, a backyard movie night or paddle boarding. The idea behind the business is that going out to buy all the equipment for these activities could be cumbersome or overwhelming. After the package is dropped off, it is picked up again within the following 11 days.

THE EXPERIENCE ECONOMY (8/8)

“ Just as products and services have been commoditised, **so too will experiences become commoditised**, making way for a new type of differentiation and value creation. ”



EXPECTATIONS make EXPERIENCES

Customer
NEEDS * Customer
EXPECTATIONS

= customer experience

CUSTOMER EXPERIENCE (1/3)

The majority of business owners confirm that experience is the main site of the battle to win customers. Products and services no longer cut it. People generally value experiences a lot more. And if experiences become personal, they can even transform customers into becoming a better person. Is there anything you could want more? That's what really creates value for your customers today: memorable experiences and personal transformations.

With companies in turmoil as a result of rapidly changing technology and the different waves of disruption, a common misunderstanding arises: that customer experience is the experience customers have when they use your website, application or bot. Of course, customer experience is driven by digital disruption. But customer experience is not at all about the experience with one touch point. It's not the experience with an online onboarding form that defines the experience of your customers with your company, just as it is not the experience of someone pointing you to another gate that defines the experience of your flight transfer. It might have a clear impact on the overall experience, of course, but customer experience is also defined by the moments that precede and succeed that specific touch point. It's the entire experience that counts. In fact, customer experience is determined by all the moments that people consider being influenced by your company.

But it is not a summation of those experiences. It is about the overall experience with your brand or company. It's not only the length of the queue when entering a theme park. It's not only the friendliness of the staff at the park restaurant. It's not only the thrills during a roller coaster ride. Neither is it all of the above added together. It's the entirety of all experiences that creates the actual customer experience. It's not about one or the other job that is being done properly, it's about all the jobs you expect to be done properly. Still, each separate experience needs to be consistent with another. Only then will customers value the good experience you've offered. Easily subscribing online for health insurance might be enough of a good experience for a customer to prefer one company above another. The positive user experience – in gaining time – is worth the cost. Failing to perpetuate these experiences afterwards will however negatively impact the customer experience with your company, even if the actual insurance is the best in the market. That's why "mission statements" are becoming even more important for companies. It should clearly be stated what you do, how you deliver it, and to whom. Because that is the real foundation of the consistent customer experience you are supposed to be offering.

CUSTOMER EXPERIENCE (2/3)

Being consistent in the customer experience offered also means that each separate experience needs to deliver on the respective customer expectations. More often than not, experiences are designed from an immediate internal capability and not from customer originated expectations. Companies generally lack this knowledge because – they claim – customer expectations are changing too rapidly in today's society. Knowing what your customer expects has become the golden nugget for business success today.

Customer expectations are all the preconceived ideas or assumptions that customers have about dealing with your company. A couple of decades ago, it was merely limited to quality, service and price. But that all changed dramatically in recent years. The expectations are evolving in line with the exponential growth of technology. Expectations therefore seem to be rising faster than ever before and seem to have become a moving target. Forrester (2018) reports that almost two-thirds of decision makers at enterprises consider rising customer expectations as a high and critical priority for the success of their business. This may not come as a surprise, as whether or not customer expectations are met will indeed determine the customer experience with your company. The experience customers desire is composed of their needs and expectations. As customer experience is the main competitive battlefield for today's businesses, meeting expectations becomes exceedingly important.

There is a gap between customer experience and expectations. PwC (2018) assessed that the biggest gaps are in heavily regulated industries like airlines, healthcare, pharma, and banking. Stringent regulations make it much more difficult to adapt to new expectations and to optimise experiences. But all industries are actually looking for ways to close that gap because 76% of customers require companies to meet their needs and expectations. If not, they can (and will) easily take "their business" elsewhere. Understanding and meeting customer expectations is indeed critical. Companies assume that as every brand is different, customers have different expectations.

It is also assumed that it is hard to understand what specific expectations might impact their business next as customer expectations are moving so fast. That's why companies often lack confidence that they are going to cut it in the future. However, customer expectations are not changing as fast as you might think, nor are they that brand or industry specific. In fact, expectations are forged by customer experiences with leading brands across all types of industries. Most of all, they are being forged by companies that really excel in customer experience, like Amazon, Apple, Google, Facebook, Uber or Netflix. If you order a pair of shoes online, it will be delivered to your door the next day. But if you order a new debit card online, it might take up to eight working days to arrive.

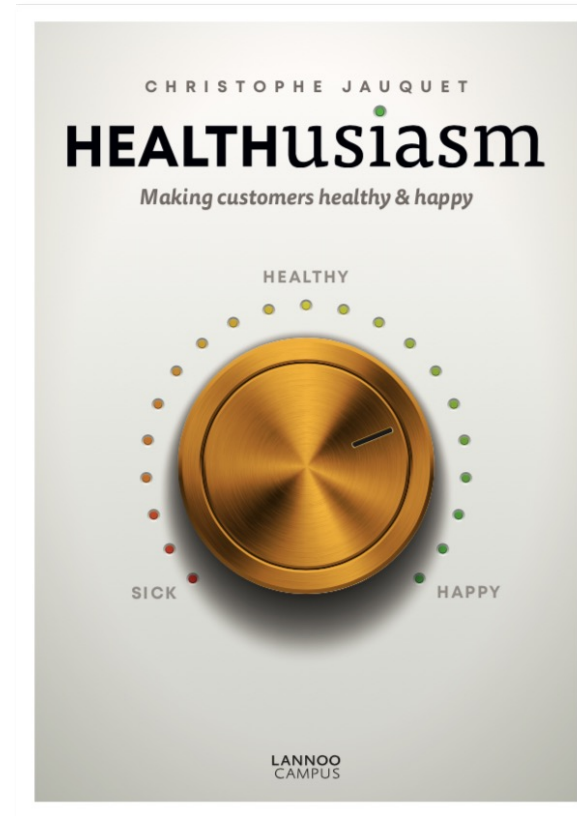
CUSTOMER EXPERIENCE (3/3)

Why would customers have different expectations towards a bank than when ordering from Amazon? Customer expectations remain (largely) the same across all industries. New expectations that might hit an industry are much more 'predictable' than one might think, because they are often already present in other industries.

In the final chapters of the HEALTHUSIASM book, I've assembled a series of dominant customer expectations. While they are certainly applicable to different trends and situations, they have been elaborated on to answer the Healthusiasm trend described in this book. They will help you to make choices within your transformation-driven health marketing strategy, and support you in creating the right experiences and transformations for your customers, whatever business you are operating in. These Recurring Expectations are structured in such a way that you can distil the ones that are relevant for your products, services and experiences. In the final sections these expectations will be completed with the Contemporary Evolutions that companies and brands need to reflect upon when moving forward with Health Marketing.

Check the webshop for more insights on Customer Expectations:

<https://www.christophejauquet.com/shop>



Get your copy now

ASPIRATIONS make TRANSFORMATIONS

Customer
NEEDS * Customer
EXPECTATIONS * Customer
ASPIRATIONS

= customer transformations

TRANSFORMATIONAL ECONOMY (1/9)

Digital disruption is probably the greatest force of commoditisation ever. Each wave of digital disruption has had its impact on both the commoditisation of goods and services as well as the customisation of them into experiences. People buy goods and services primarily based on price. That is why companies and brands were forced to find new ways to remain relevant for their customer. Just as they created services by customising goods, they then looked into customising services. What better way to customise a service than to deliver exactly the right service? It will impress the customer in such a way that the personalised service will become a memorable event. It becomes an experience they will want to invest in, because they expect it to be worth their time and money. In customising services, companies and brands created customer experiences.

When offering services was no longer creating value for its customers, the fitness industry became a price driven market place. Prices plummeted to levels that made you wonder how some fitness brands were able to remain viable. However, Statistic Brain Research Institute calculated that 67% of gym members actually never go to gym and even more fail to go regularly. These "sleeping subscriptions" still make gyms financially interesting enough for some companies. Other brands started focusing on the overall experience of exercising instead, by offering customised services.

Gyms now offered saunas, a chill out area, group sessions, appealing interiors and more space in between the fitness equipment, better coaching, refreshing, trendy drinks, kid-friendly spaces and even babysitting services and wellness services like massages and facials ... New brands also entered the market by primarily focusing on experiences. Founded in 2006, SoulCycle built on the success of spinning classes but added an experience to it. Besides riding to the beat of the music, in a SoulCycle class, you dance around your bike, use hand weights, do push-ups on the handle bars and high-five your neighbour. Instead of working around heart rate zones, SoulCycle kicks your butt and leaves you feeling totally spent. While other gyms rely on memberships to assure revenues, Soulcycle can afford to handle a pay-per-class model as the experience creates a community of "souls" who happily share their love on social media.

However, as more and more companies and brands focus on designing experiences, danger lurks in the shadows. Experiences are being commoditised. One brand experience compared to another may not provide sufficient differentiation. But perhaps even more importantly, people could become accustomed to it. The second time you experience something is often less enjoyable than the first time. And the next few times around, the experience no longer engages you as it did before. What was once amazing has become normal.

TRANSFORMATIONAL ECONOMY (2/9)

Even though experiences are supposed to be less transient than services, they will no longer create a specific joyful, positive memory. If you recognise that reaction to the experiences you've created, then your experiences have been commoditised, just as product and services were commoditised. The experiences have lost their value for your customer. The only way to escape the commoditisation trap is exactly as it was for products and services: companies and brands need to customise their current offering (again).

When general experiences are no longer attractive to customers, they will not value them as before and will seek something more. They will want something more lasting than an enjoyable memory. Customers will desire something beyond what any goods, services or experiences can offer. They will want something personal.

Recently, you may have noticed the immense popularity of personal coaches. When experiences such as SoulCycle are copied and become mainstream, they need to be customised again. More and more, customers will be on the lookout for something beyond general experiences. They want something authentic and meaningful that helps them on a personal level and generates a real impact. In the world of fitness, this means feeling physically and emotionally uplifted again. Of course, personal coaches are perfectly positioned to offer exactly that personal experience.

The relationship with a personal coach is based on a human connection that facilitates dialogue and co-creation. These interactions are highly personal and create a bond between the customer and the coach. Personal coaches don't just stage experiences, they offer the customer customised training that makes them feel like a better person. They offer their client a transformation. Sometimes this transformation can even be exclusive. Performix House, for example, creates exclusive experiences by applying an invite-only policy. Once accepted, members are willing to pay 10 times the monthly subscription of an average club. But this price does not even include the cost of a celebrity personal trainer, such as former tennis-player-turned-fitness-influencer Akin Akman, which is about five times as high as the average personal trainer. Transformation clearly creates meaningful value for customers. But personal coaches are not the only way to create something personal and meaningful within the fitness industry. If you design an experience that is highly appropriate for a particular person, it can't help but become life-transforming. Within the highly competitive fitness market, The Class is an inspiring example that has played very well into the customer need for life-transforming experiences.

TRANSFORMATIONAL ECONOMY (3/9)

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TRANSFORMATIONAL ECONOMY (4/9)

Smart businesses realise that they are selling more than a product or a service. They can be the enablers of something bigger and profound. They know that they are operating in the Transformational Economy and no longer in the Experience Economy. This is the economy in which experiences are elevated from mere enjoyment to actual personal transformation. Experiences should yield those transformations. When customising an experience to make it just right for an individual, it will transform them, and provide the thrill of growth and personal achievement. Perhaps the most obvious industry to benefit from the Transformational Economy was indeed the fitness and well-being industry. But another industry was also very eager to switch to the transformational economy: the sports apparel business. While they are selling sports clothes and gear, these brands can certainly play into the customer ambition to becoming a better person. After all, people exercise to become better, whether it is better at their sport or healthier in general. These brands finally got a reason and the means to realise what their brand slogans were claiming. The role of these brands has shifted from inspiration to enablement: by acquiring the running app Runtastic, Adidas confirmed they were "all in" to support their customer in becoming a better person. By launching the Healthbox consisting of a wearable tracker, a scale, heart rate monitor, and several applications (Endomundo, MyFitnessPal, MapMyFitness), Under Armour empowered their customer to meet their health challenge.

(The Healthbox has been replaced by a more intensified collaboration with Samsung to help enable customers to realise their ambitions.) But my personal favourite is the way Nike helps customers to "just do it" by personalising their experiences to become real transformations.

In the Experience Economy, Nike had already proven its strength in generating enjoyable experiences that were hard to beat. Today, in a world where retail sales are continuously crumbling, Nike has been focusing heavily on what they call "omnichannel retail". Undifferentiated average retail will never survive, so Nike is creating stronger and more personal relationships with its customers. The Nike Town shops in London feature a personal shopper experience as customers can book personal stylists. It is also possible to benefit from the personal "try before you buy" service: book a shoe trial, train with the new shoes, and pick your own shoes up again at the end of the day. In Japan, Nike has created a digital waiting line so sneakerheads still experience the thrill of queuing for the newest sneaker release. In the digital age, queues have all but disappeared. But as this waiting line is a critical part of the sneakerhead experience, Nike created a virtual waiting line on Instagram. Sneakerheads were invited to visit a dedicated website to create and customise their personal avatar that would then join the queue on Instagram. Products then became available to the next in line, similar to the real-life experience.

TRANSFORMATIONAL ECONOMY (5/9)



These are but some of the personal experiences local Nike affiliates are offering. Surely there are plenty more local experiences out there. The transformational strategy is globally driven by Nike+, a free loyalty programme that is meant to generate at least twice as many customer contacts. With Nike+ the company has revived the tool that allows it to remain in touch with its clients beyond the purchase moment. It was originally launched in 2008 to link the sensor in Nike shoes to the Apple Nano Pods and the iTunes store. Nike+ apps allowed customers to experience their runs and training differently by adding a technological layer. Just like other sports apparel brands, Nike supports their customers in becoming a better exerciser or a healthier person by motivating them in the same way as runner apps do (see previous chapters). In Mexico City, for example, runners could team up with one of the 11 different areas in the city and represent them by uploading their training data. A leader board ranked the areas based on the kilometres run, to add some motivational rivalry to the training. Nike similarly created the Grid run in London, where customers needed to run from one phone box to another to gain points in a competition that was mainly girls against boys. Meanwhile Nike was keeping the brand top of mind and was collecting the data of 140 million customers worldwide.

TRANSFORMATIONAL ECONOMY (6/9)

With this data, the company is now debuting two new functionalities in the app: creating a personalised retail experience and helping customers stick to their own aspirations. When you enter a Nike store, the store recognises you and shows you products tailored to you on the app. You can reserve products to try on, which will be held for you in a personal locker, and even check out and pay through the app (without having to wait in a queue). The Nike apps have shifted from an experiential tracking tool to a service hub that unites online and offline retail. On top of that, based on their actual performances logged within the apps, Nike+ members now can redeem early, exclusive and personalised products or offers, are personally invited to exclusive Nike events, unlock content by Nike athletes, win sports game tickets, choose HIIT training on Apple Music, listen to meditation sessions on Headspace, or participate in fitness classes via Classpass. This loyalty programme is not based on previous transactions, like buying Nike gear. Loyalty is solely based on one's experience and transformation. The more work you put in towards achieving your goals, the more Nike rewards you. This is not the first time Nike has done this. In 2014, the Nike Fuelband, a fitness wearable that is no longer on the market, allowed wearers to unlock products from Nike vending machines in New York with Fuel points collected via the fitness tracker.

Back then, it was about the experience supporting the quantified-self movement, but Nike is now enhancing the entire ecosystem around their transformational slogan: Just do it. It is no longer about the experience, it's about helping (and motivating) each of their customers individually to achieve their personal exercise/health ambition. The Nike+ app now holds the promise of transforming a customer's life. It's the ultimate tool for a brand to be personal at scale, to an audience that buys three times as much as the average nike.com customer.

Just as an experience was built on top of existing services, a transformation is built on top of existing experiences. But each transformation must present something more desirable than a general experience. It needs to add value for the customer. With transformations, the economic offering of a company or brand is change within the individual. The buyer of the transformation essentially says, "Change me", so that afterwards they are able to look back at a different version of themselves. This could be a single personalised experience with a big impact, or a series of experiences that transforms customers over time. While both are possible, it is expected that staging a series of personalised experiences, or transformations, will achieve a more lasting effect on the customer than an isolated transformation. But it certainly is not about mere experiences any longer.

TRANSFORMATIONAL ECONOMY (7/9)

The most obvious examples of those transformations can again be found within the fitness and well-being industry. Taryn Toomey (from The Class mentioned earlier) organises a six-day retreat called The Retreatment several times a year. Her website describes this as "an immersive experience dedicated to the practice of transformation". Taryn certainly understands what people are looking for. Several yoga teachers, personal coaches, and Pilates classes present 'life changing' retreats that change you for the better. Some focus on the classes and allow you to 'design your journey' yourself. Others offer a choice of personal care treatments, chanting and other relaxing activities.

Nature retreats focus on seeking renewal in the scenic outdoors. Meditation retreats are a good way to relax the body. Spiritual and religious retreats help people find inner peace. Silent retreats have a reputation for dramatically transforming people, particularly fast-talking, go-getter extroverts, and high-powered executives. That also goes for Analogue Retreats, which bring high-profile managers together, without their smartphones or computers, and encourage them to tell stories. All these retreats, and many other alternatives such as wellness cruises, have been around for quite a while. But never have they been so popular and omnipresent as now.

If retreats sound too obvious as a demonstration of the Transformational Economy, how about a music festival that sells their experience as "relating positively to nature and contributing to the well-being of next generations". Well-being or health, represented by a leaf in the logo, is one of the five main pillars of the "love tomorrow" mission of Tomorrowland in Belgium. This festival unites people in a transformational event. No longer is this music festival focused only on the DJs on stage (the service), or the enjoyable event (the experience), it is about spending time in a fairy tale environment, with food prepared by star chefs, "hail cannons" to clear the skies in the morning, electronic friendship bracelets allowing easy connection on social media, a fully equipped gym area, and a campsite called Dreamville, with more luxury features than many small villages can even dream of. Every year, Tomorrowland exceeds customer expectations to leave their visitors transformed afterwards. In the desert outside Reno, 65 000 people from all over the world attend Burning Man every year. It could be considered a temporary civilisation that hosts art, music, workshops in the dust. The annual event is a cultural movement based on 10 principles, such as gifting, radical inclusion, self-expression, and communal effort. There are no acts booked upfront.

TRANSFORMATIONAL ECONOMY (8/9)

Everybody participates. Everybody creates. Burning Man is the sum total of the activities of its participants, and the ways to participate are as unlimited as one's imagination. In 2015, a team of psychologists, neuroscientists and anthropologists studied the event using the BRC Census Survey. They discovered that 75% of the guests found the experience transformational. More intriguing was that almost everybody claimed that "change" still persisted months after the event. They've felt differently, or perceived things and people differently ever since. And indeed, my friend and colleague, Stijn who attended the event several years ago, still has a sparkle in his eyes when asked about it. He consciously wears the bracelet every day to remind himself of that transformational experience.

In the past, "transformations" had a time and place and were typically related to a job promotion, a salary raise, a first child, a first home or becoming an empty nester. Those defined moments of transformation allowed us to create personas with variables such as income, age, region and marital status. They were static snapshots and were easily plotted on the "family lifecycle" of customers. This theory was created in the 1960s by Wells & Gruber. As major life milestones were achieved, it changed the customer's buying habits and marketers needed to adapt their strategy. But today, those rules no longer stand as the sole way to define customers.



TRANSFORMATIONAL ECONOMY (9/9)

Not only has the authority of institutions and social conventions like marriage, education, the corporate ladder or government crumbled, but it is now possible for people to want similar things. A 25-year-old bachelor might have largely the same consumption patterns as a 40-year-old mother with teenage kids, or a 65-year-old retired grandfather. They all might have an Apple smartphone, a Facebook account, a PAX wardrobe from Ikea, similar Nike shoes, and occasionally eat at McDonalds. People are no longer living the lives determined by demographics or lifecycle marketing.

Motorcycle brand Harley-Davidson sees 10 000 women a year attending courses on how to ride and maintain a Harley. Almost half of the favourite music of people is identical, regardless of age. 23% of video gamers are older than 50 years. About half of gamers are women. 62% of Asian men disagree with the idea that "grooming products are only for women".

Customers are freer than ever to construct the lifestyles and attitudes of their choice, thanks to unlimited access to information and the abundance of options. They consume the products, services and experience that fit their lifestyle. But more importantly, they seek the evolutions that make them feel like a better person. Customers are in fluid but constant evolution, so it is necessary to understand the beliefs and transformations that drive them.

They look to brands to learn life skills, outsource daily tasks, or realise personal life goals. For these transformational customers, digital disruption is no longer just about serving pragmatic functionalities (as in The Experience Economy), but more about enhancing lifestyle and pursuing beliefs. When a company or a brand manages to do so, it will generate the most powerful bond between the company and the customer.

How to use: The Customer Transformation model

Customer
NEEDS * Customer
EXPECTATIONS * Customer
ASPIRATIONS



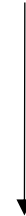
situation specific

companies
need to conduct
market research



driven by other experiences

companies
need to understand the experiences
that are creating (new) expectations

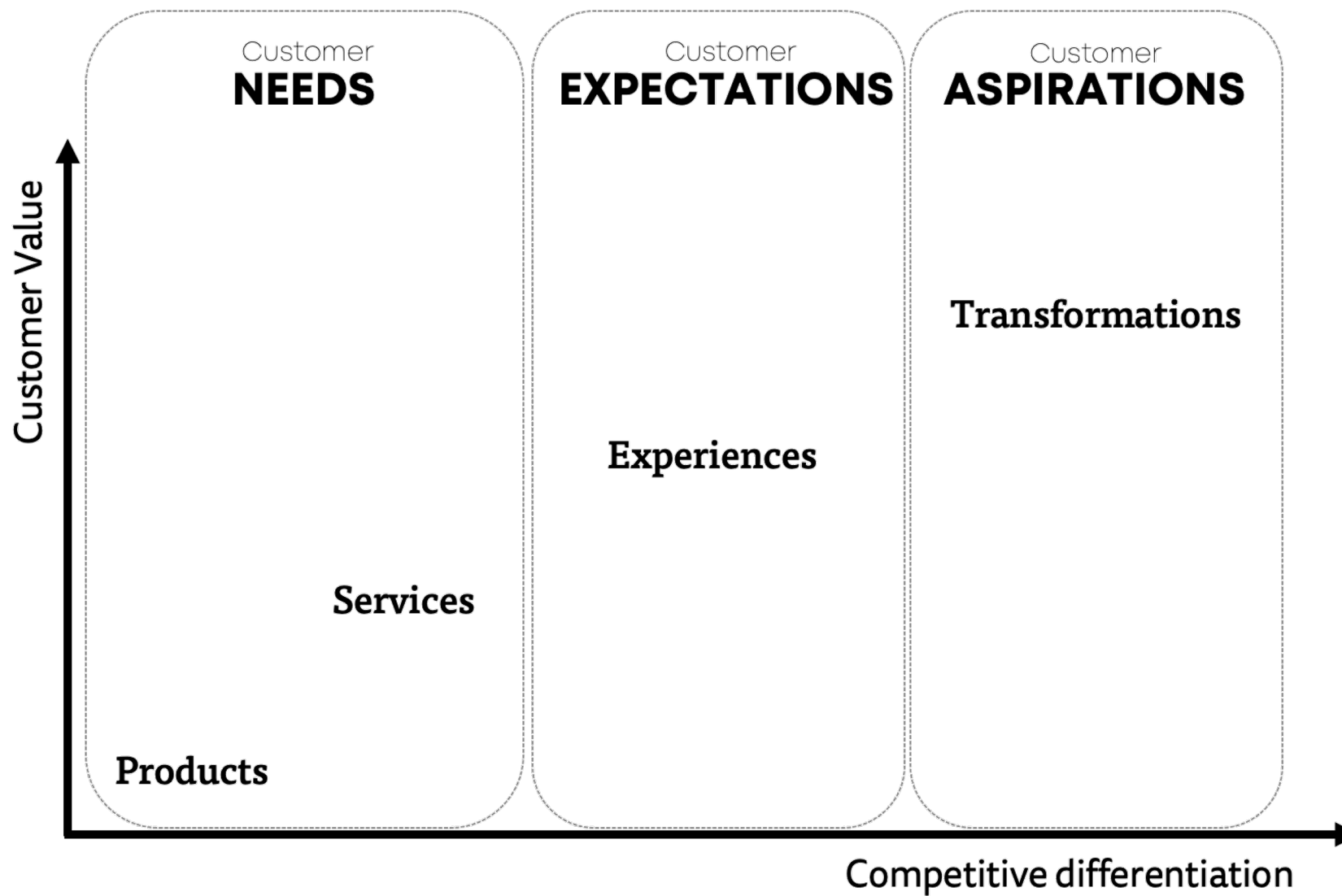


driven by (health) trends

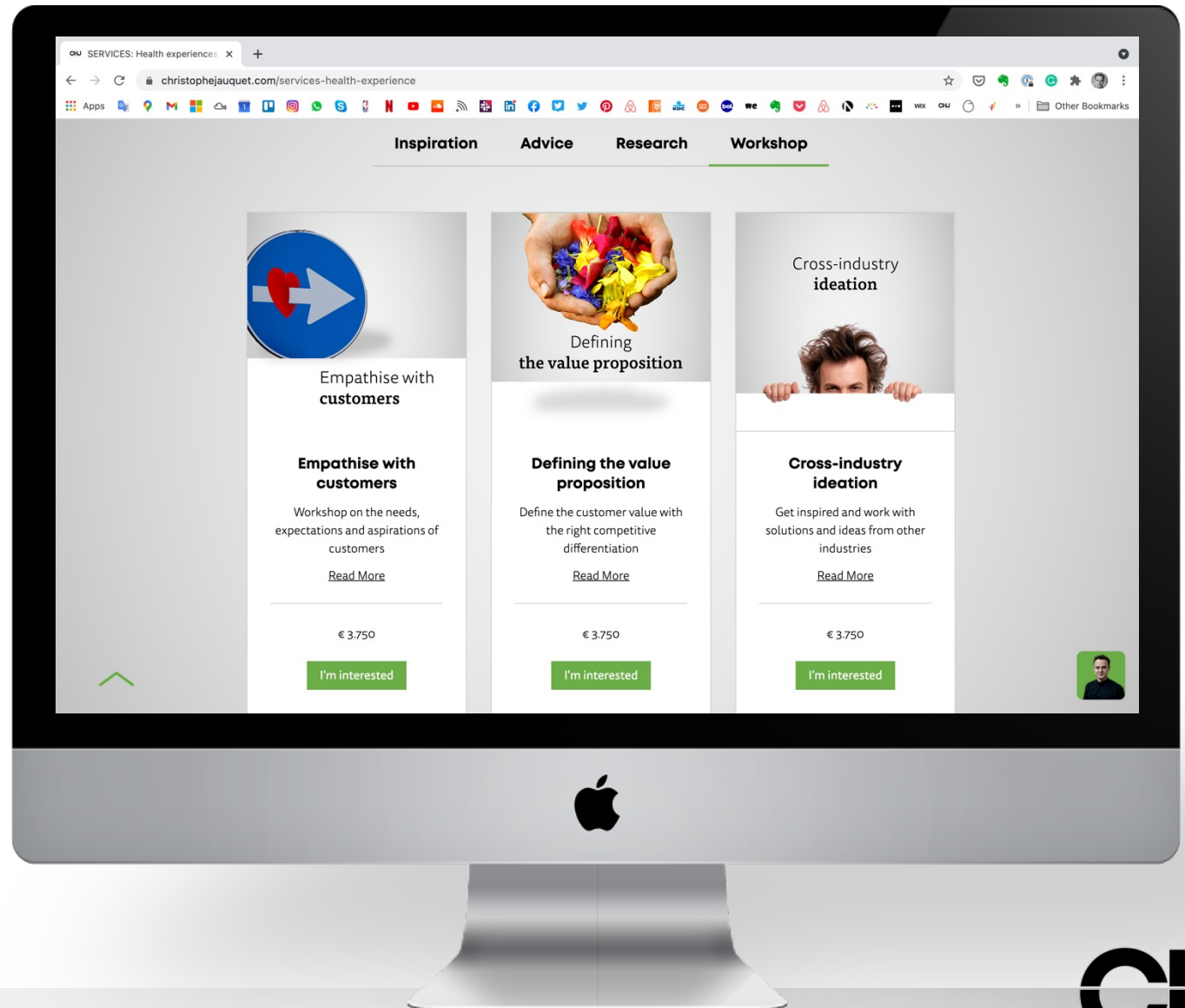
companies
need to understand what aspirations
drive people to be/feel healthy & happy

Visit the [webshop](#) for the Expectation template

Visit the [webshop](#) for the Aspiration template



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Christophe Jauquet

health experience expert

christophe@christophejauquet.com

CHJ

christophe jauquet