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Using the customer journey to road test and refine the business model

David W. Norton and B. Joseph Pine II

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The journey customers take to and through their interactions with businesses today would have been unimaginable a few decades ago. Customer journeys now encompass many more interactions, with many more possibilities, across global distances and into virtual places.

“Customer journey,” in essence, means the sequence of events – whether designed or not – that customers go through to learn about, purchase and interact with company offerings – including commodities, goods, services or experiences. Many companies realize that if they want to be customer-centric, they need to understand and shape the sequence of events that their customers encounter. However, it would be counterproductive to approach the customer journey as if it were merely a marketing issue. The customer journey should be the end result of the implementation of a coherent strategic plan. The journey follows a scripted sequence of events companies produce to deliver value to the customer, profitability to the company and differentiation from the competition.

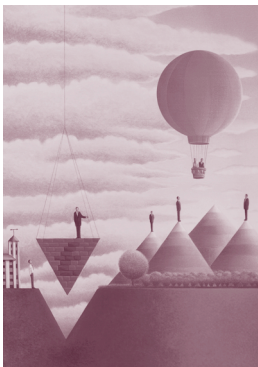
Managing the customer journey, done right, is about much more than incremental improvement to current offerings; it can help companies innovate, allocate resources and transition from an old business model to a new one based on a new job customers want done. Customer journey management addresses one of the most vexing business strategy issues: how to create a customer-centered vision of the future and align the promise making and promise keeping efforts of an organization profitably.

The Royal Caribbean case

Royal Caribbean International's marketing message, for example, promises its guests that it will deliver an innovative onboard experience. To be successful the cruise line must cater to a wide range of interests – from European couples, to South American singles, to US families.

Before Royal Caribbean International started to think in terms of a customer experience journey, it was in the midst of designing cruise ships with industry-leading features. To complement this hardware investment, it needed a comprehensive onboard-activities program, one that would help it deliver on the promise of the new fleet, would attract guests from around the world, and would cause customers to recommend Royal to their friends.

The Royal Caribbean cruise experience was able to satisfy myriad vacationing desires by focusing on the customer journey and the sequence of events that heightens guests' enjoyment of their vacation. Starting by rigorously developing insight into customers' expectations and needs, Royal Caribbean planned an ideal journey that aligned onboard activities with what its guests valued most. The entertainment options range from contemporary musical theater to Las Vegas-inspired productions, to live comedy acts to amazing aquatic and ice shows. Passengers can discover the thrill of surfing on a



Customer journey 101: definitions

- **Customer journey.** The strategic document that describes how a company plans to stage key moments to maximize consumer and company metrics for success. Includes both qualitative and quantitative validation for your strategy.
- **Journey concept.** A preliminary articulation of the customer journey that includes descriptive scenes and key tactics that support the key moments. A journey concept is meant to be refined as it is developed during co-creation exercises.
- **Scene.** A visual and descriptive storyboard narrative of a full or partial key moment in the customer journey. A key moment becomes a scene when a company has designed the experience that supports the moment.
- **Key tactic.** A description of a process, protocol, script, web page, tool, employee interaction, or other activity that supports the scene and provides guides to business requirements developers in producing the right experience.
- **Key moment.** A point in the transaction that has a significant impact on the customer's experience, and therefore should be designed for greater effect. A moment of truth describes the most significant type of key moments, when customer interaction with the brand gives the company an opportunity to form a lasting impression.

40-foot-long wave simulator while cruising at sea, or instead seek complete serenity with a wide variety of relaxing spa therapies. They can also customize their dining and wining experience.

The customer journey team mapped out the overall experience that guests from different countries enjoy, studied what customers like about each individual activity and identified principles and patterns, then designed the new ideal. Next, teams of cruise directors, hotel directors and other leaders worked together to design fresh experiences and set standards for delivering the experience so the ship line could consistently keep its promises and, over time, to dramatically improve its loyalty scores. Here are some of the lessons that Royal Caribbean International and other firms that have used the techniques of customer journey analysis have learned.

Foundations to build on

A company's customer journey model should be based on actual consumer behavior. The company's goal should be to align its business strategy and the experiences that create most value for customers, from end-to-end.

Strategy is about how a company can best create economic value for customers, so every strategy needs to take into account the fundamental shift happening in the economy; that is, in many industries, goods and services are rapidly become mere commodities. What consumers desire, and what businesses must create to avoid commoditization, are experiences, memorable events that engage each customer in an inherently personal way.

In such industries, success ultimately depends on the experiences companies create for their customers, even if their primary business remains that of commodities, goods or services. The perennial stories of "how Apple does it" told at conference after conference, for example, indicate one thing above all others: experiences matter. Even during a devastating recession, companies that know how to stage experiences thrive.

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The concept of “customer experience” is not simply about good service – making a transaction pleasant, easy, convenient and quick. Rather, purchasing experiences should be thought of as a sequence of events that involve customers, engaging them a customized drama in order to create a memorable, valuable encounter. A customer journey strategy, has four foundational principles:

1. Align the customer journey and business strategy

The customer journey describes key moments from end to end across the experience. Mapping the relationship between the customer journey and company strategy provides a coherent structure for the business model. By understanding the key moments and designing scenes that deliver on those key moments companies can better understand manage what customers’ needs, the value proposition, resource allocation, channels, revenue allocation, and cost structure.

- **Customers:** What do customers want and need and when do they need it? How to approach customers in a coordinated, cross-functional way?
- **Value proposition:** What do customers value – the product, the delivered service, the staged experience? How to create value out of all of the interactions with a customer? What jobs does the customer want? How does the brand influence the value of the experience?
- **Resources:** How to manage and allocate resources for the greatest impact on experience? What resources are most important to invest in? What resources are missing? What are the requirements for human and other resources?
- **Channels:** How to best employ channels? How to migrate customers to cost-effective channels? How should disparate channels work together?
- **Revenue:** How does the experience effect revenues? How do you increase revenue based on value created from the experience?
- **Cost structure:** How to manage costs while maintaining the value of the experience? How to prioritize spending?
- **Technologies:** What technologies could enhance the experience? What are the design requirements for technologies across channels?

Because to the goal is to stage experiences that are distinct and profitable, all customer journeys should be tailored to the opportunities, strengths and insights unique to each company’s brand.

2. The metric for success is “time well spent”

In today’s experience economy, value is measured by whether or not customers want to spend time engaging in a transaction and to do so repeatedly. When a company focuses on the customer journey it is designing how an experience will play out for the customer. A company is staging a sequence of events. In those events there will be things that the customer wants to do and things that the company wants the customer to do. Striking the proper balance between the two is the essence of staging.

3. Co-create the customer-journey strategy

Too often companies map a customer journey without any real participation from customers themselves. So much for being customer-centric!

It's best to start by identifying jobs customers need to get done, not to provide a specific product. Customers don't "hire" a company to produce a theme park. They hire a company to make a vacation experience meaningful. They don't hire a company to create a bank branch. They hire a way to save and manage money. By identifying the job to get done companies clarify what aspects of the journey are most important to the customer.

Many companies today use ethnographic research to gain deeper insights into the patterns and untapped needs of their customers. They do so because they need in-depth insight into how consumers behave in the moment in order to find new jobs to get done. A well-executed ethnographic study should identify the foundational jobs to get done, the key moments in the customer experience, and models of consumer behavior that explain why both are important to the customer. With that information, companies can begin to develop a journey concept, which can be further refined with input from customer co-creative activities.

Next, a cross-functional team can begin to shape what happens in those key moments and identify any additional opportunities. Then, working with the target audience, they can begin to evolve the concept so that the sequence of events creates more value. Over the years, we have found that the most effective way to shape a journey concept and share ideas with customers is by creating scenes that tell the story of what the customer might experience. A customer journey concept can be quantitatively tested to give companies an indication of how much value the changes to the experience will create for consumers and the company or brand.

In most cases, there will be a structure to the sequence of events laid out in the journey concept. Understanding and shaping that structure is a powerful strategic weapon. Competitors may be able to replicate some of the things a rival does, but if they don't know how to structure the sequence of events or why the company has set up the customer journey the way it has, they won't easily replicate its success.

There are some timeless principles related to structuring an experience. Gustav Freytag, the great 19th-century German performance theorist, developed a model of dramatic structure that can help companies to think through the structure of a journey concept.

4. Business requirements and priorities flow from well-designed customer journeys

A large organization has many moving parts, yet needs to coordinate efforts across each unit. The IT team must support the company's current technologies and its plans to add future core services. The marketing team makes brand promises and the company's operations need to deliver on them. For the company's business model to work, it needs to be directed and acted out in a way that produces a stimulating and valuable experience for customers.

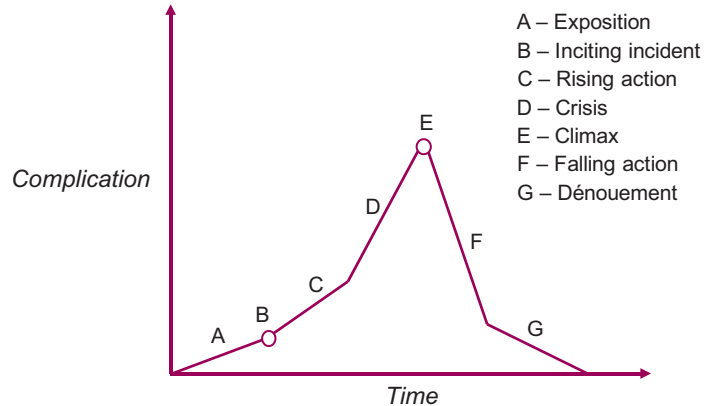
To do this effectively, companies need to analyze how to attract the right customers, minimize use of resources, direct customers to lower-cost channels without alienation, increase economies of scale, produce greater value, refine the value proposition and define technological requirements for the future. And they have to figure out a way to get people to

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The Freytag diagram

Gustav Freytag was the first to fully explicate concept of dramatic structure through the study of plays in his *Technique of the Drama*. To this day drama students and theatre performers learn the “Freytag diagram,” although its basic form has been enhanced and extended over time – and, we believe, can be applied to any kind of experience. We particularly favor its explication by Brenda Laurel in her book *Computers as Theatre* where she makes the case for conceiving of “human-computer activity as a designed experience.” Laurel introduces a number of tools and techniques for making this so, including the form of the Freytag diagram that describes the key seven components, or segments, of dramatic structure. Each one changes the complication (or intensity) of the dramatic action during the time that portion of the experience unfolds (see Exhibit 1):

Exhibit 1



Source: Brenda Laurel, *Computers as Theatre* (Reading, MA: Addison Wesley Publishing Company, 1993), p. 86; derived from Gustav Freytag, *Technique of the Drama*, 2d ed. (Chicago: Scott, Foresman, 1898)

- A. Exposition: This provides the context of the experience, introducing the audience to the world, or situation, in which the experience happens, as well as to the actors who inhabit that world.
- B. Inciting incident: Here some precipitating event causes the drama to take off.
- C. Rising action: Complications ensue as the actors attempt to resolve the issues provoked by the inciting incident; intensity increases as “the characters pursue their central goals, formulating, implementing, and revising plans, and meeting resistances and obstacles along the way,” as Laurel puts it.
- D. Crisis: While in the previous segment the plot thickens, to use a theatre cliché, here the possibilities steadily fall away as the actors overcome (or not!) the obstacles before them. Intensity rises at an accelerated pace, yielding great suspense and excitement as the audience eagerly awaits and anticipates the resolution of the crisis.
- E. Climax: The height of the experience. The point when the actors either do or do not achieve the goal they formed at the moment of the inciting incident.
- F. Falling action: The consequences of the climax play out for the actors and their world.
- G. Dénouement: The French word for “unraveling”; here, the plot threads resolve themselves while the dramatic action exhausts itself and the actors – not to mention the audience, or participants in the experience – return to a new status quo that is quite different from when the experience started.

An analysis of an engaging movie, ride, game, sporting event or other experience will find some set of these seven components. Think of any unengaging experience and you likewise will detect the lack or poor execution of one or more of these components.



want to pay for the experience. Here's how one company thought through the process of making that happen:

1. Through consumer insights, a key job that customers want done was identified. After assessing the company's core strengths and capabilities, its managers determined that this customer need could be fulfilled only if the business executed effectively from the beginning to the end of the customer journey.
2. The key moments that needed to be managed were identified and managers developed a customer journey to guide product design, customer experience, and business requirements.
3. In order to deliver against this customer journey, managers identified a set of specific needs:
4. A creative strategy that executes the delivery of the new value proposition.
5. Technology upgrades to the appropriate channels.
6. Training for employees that enable them to perform effectively.
7. Additional offering features that accomplish the job customers will hire the company to do.

The key tool to enable company leadership to understand how all of the parts fit together is a set of well-crafted scenes that describe the experience from the customer's point of view and that identify the required performance by various operating units. By "scening" the encounters to capture the overall experience, the business strategy is translated into an easy-to-understand narrative that clarifies exactly how to deliver the experience.

A unifying organizational process

The customer journey, when approached as a strategic design process, can provide all the elements of a business with a unifying organizational map. Strategies and tactics across the entire organization can align. More significant still, a well-honed, consumer-driven customer journey can give companies competitive advantages that create the environment to get new jobs done for consumers.

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