Experience Design: The Future of Business

Grace Xiques

Close your eyes for a moment and think about a few of your most powerful and meaningful memories. Was a specific business involved? What did that brand offer you that added to the experience that is now a cherished memory? Whether your memory was of a beach vacation in Florida or eating dinner at your favorite restaurant, every experience people have involves the products or services of one or more companies. Memories are powerful! Within the business world, memories can make or break customer relations. A recent report from the White House Office of Consumer Affairs says 72% of buyers will share a positive experience with 6 or more individuals, but 13% of dissatisfied buyers will share negative experiences with 15 or more individuals[1] . Thus, it is crucial businesses focus on the experiences customers have with their products or services every day to ensure customers are becoming brand advocates. This is where Experience Design comes in hand,

and it is the future of business as we know it. As you read this article, consider how implementing experience design methodology and tools can improve your professional skills and company.

In this article, I will address the value experience design brings to businesses across all industries today, and how you can begin implementing experience design methodology and tools in your work. I will begin with a brief explanation of Experience Design followed by diving deeper into three specific applications: (1) Customer Experience, (2) User Experience, and (3) Employee Experience. To close the article, I will propose three ways for implementing experience design in your life today.

What is Experience Design?

To understand what experience design is, one must first understand how the field of study came to be. In their article *Welcome to the Experience Economy*, B. Joseph Pine II and James H. Gilmore summarize the history of economic evolution through the four-staged progress of a birthday cake. In an agrarian economy, the ingredients for birthday cakes were almost always purchased. As the goods-based industrial economy advanced, birthday cake mix was purchased at a slightly higher price.

Once the service economy took hold, consumers began ordering and purchasing fully baked cakes instead which was accompanied by a large increase in price. Now, our economy is shifting from service-based to experience-based. In place of ordering a cake and planning a party, time-starved parents now outsource the entire party to businesses such as Chuck E. Cheese or the Discovery Zone[2]. This recently emerging economy is what

born the professional field of experience design.

Consumers now seek businesses that offer experiences – preplanned, interactive series of events – which means businesses must now make the same shift to stay relevant. Those who study experience design learn how to take any interaction and break it down into individual touch points to better identify ways to improve the intentionality behind process decisions and identify any existing pain points (moments of dissatisfaction or customer sacrifice).

As shown in Figure 1, experience design is a methodology that teaches how to gather empathy data (information directly from the target audience used to better understand needs and desires), accurately identify customer needs, ideate through team collaboration, create and test prototypes, and implement final products. Once proficient in experience design, professionals can build bridges between human psychology and business strategy which in turn strengthens the quality of work produced by companies.
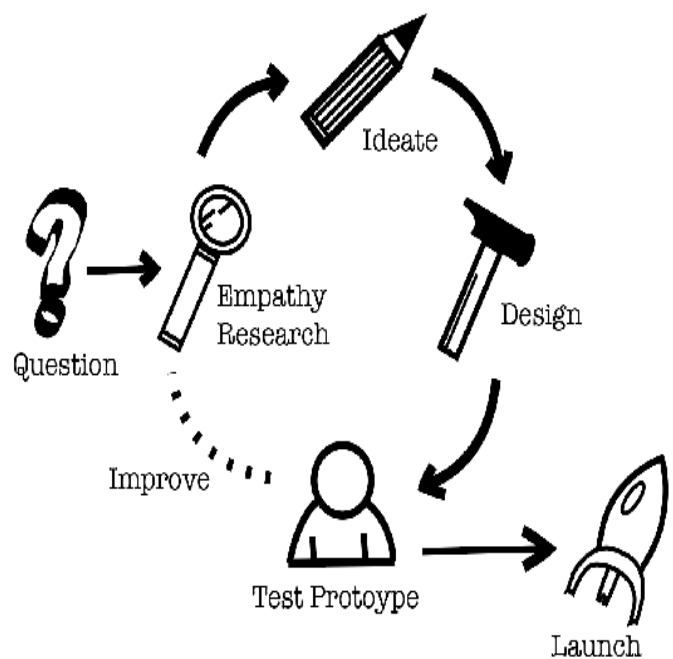

Figure 1
Graphic is original work

Customer Experience

The first question people usually ask after hearing about experience design for the first time is: how is it different from traditional customer service? The first thing to note regarding this question is customer service and customer experience (CX) are not the same. In their book, *The Experience Economy: Competing for Customer Time, Attention, and Money*[3], Pine and Gilmore state, "most people using the term CX are not talking about memorable events or distinctive experiences. They're talking about good service. That's all well and good, but rarely does that rise to the level of memorability." The point Pine and Gilmore are making is that customer service is only meeting the bare minimum.

Customer service is focused on answering questions and solving problems as they occur, however, customer experience is about going beyond the minimum to design an overall experience that will create long-lasting, positive memories – remember the service versus experience birthday cake example. Some common practices of customer experience include customer feedback surveys, live online chat, and customer appreciation. These practices go beyond solving a problem or answering question; instead, they are focused on how to deliver the business' product in the most convenient, interactive manner possible which creates a wholistically positive experience for customers.

Some may ask, "what impact does customer experience offer that customer service cannot?" In a recent 2023 study conducted by Oracle, 74% of senior executives reported customer experience impacting the willingness of a customer to become a loyal advocate, and 40% of senior executives state customers are willing to pay for a better experience[4]. Thus, customer experience directly impacts profit and revenue.

Companies are investing more than ever into cus-tomer experience efforts. Figure 2: Why Do Businesses Invest in CX shows the top three motivations for financial investments in CX departments; all three reasons listed are direct influencers on profit and revenue which helps to explain why CX-focused companies have shot past customer service-focused companies in profits over the past five years.
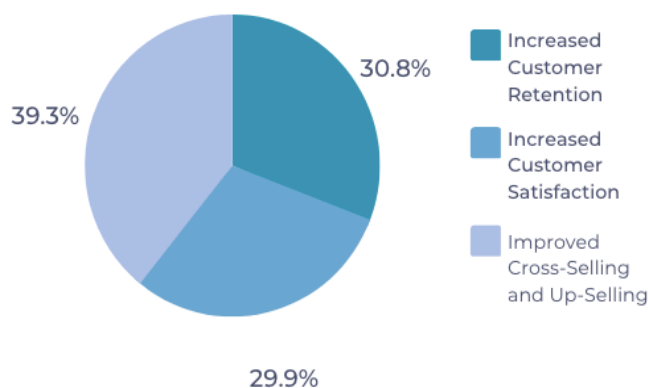

WHY DO BUSINESSES INVEST IN CX?

39.3%
30.8%
29.9%

- Increased Customer Retention
- Increased Customer Satisfaction
- Improved Cross-Selling and Up-Selling

Figure 2
Graphic is based on research from 32 CUSTOMER EXPERIENCE STATISTICS YOU NEED TO KNOW FOR 2023

User Experience

When experience design methodology was first applied to the technology industry, user experience (UX) positions and teams were formed. UX designers are tasked with stepping into the shoes of users to better understand how the interface should be laid out and what features users expect and need. By creating teams focusing on user experience, bridges have been built between the design and technology disciplines, increasing collaboration, and improving products.

Shortly after the inception of UX positions, the quality and quantity of user research skyrocketed which led to many innovations that are considered common today such as user tutorials and

hyper-personalization features. These innovations are clear examples of what happens when businesses focus on creating what customers wants versus what the business wants to give, much like push and pull marketing strategies.

In fact, many recent studies found that an increased focus on user experience design leads to greater customer retention. One of the most shocking statistics found that 70% of customers will abandon online shopping carts completely based on poor UX design of a website[5]. Thus, UX design greatly affects technology companies' bottom line. It is no wonder that the number of UX positions has increased by 52% in the last year[6].

Employee Experience

Not all target audiences are paying customers, however. Arguably speaking, a company's workforce has the greatest impact on overall company success than any other group. After all, employees are the ones who directly interact with customers, determining how well a design experience is executed. By applying experience design methods to human resource (HR) responsibilities, we find a new topic of interest – employee experience (EX). As mentioned before, the global economy is currently shifting towards experiences which applies to paying customers just as much as it applies to employees.

With each new generation entering the workforce,

businesses find themselves needing to provide greater accommodations and an improved company culture to attract the best hires. Employees now expect work life and personal life to blend cohesively, and they expect to be seen and valued as humans rather than numbers. EX requires those in traditional HR roles to think outside the box using the experience design process as shown in Figure 1 to design an employee's day-to-day experience with intention. What is your company's culture? Are employees in every discipline participating in that culture?

A common complaint regarding EX is that the money spent and efforts made do not make an impact on the company's bottom line and therefore are not worthy of the company's attention. However, a recent study published in the Harvard Business Review presents data that refutes that point. The study found a direct correlation between increased employee experience efforts and company profit and revenue. Figure 3: Effects of Employee Experience on Profit and Revenue displays a consistently rising predicted hourly revenue and profit in employee-focused businesses across all four quartiles in a year.

Looking at Figure 3, the data clearly shows a financial payoff for businesses that implement human-centric design in their employee experience departments. When people are engaged in their work, feel invested in the company's success, and feel valued and appreciated, work productivity improves which directly impacts overall profits and revenue.

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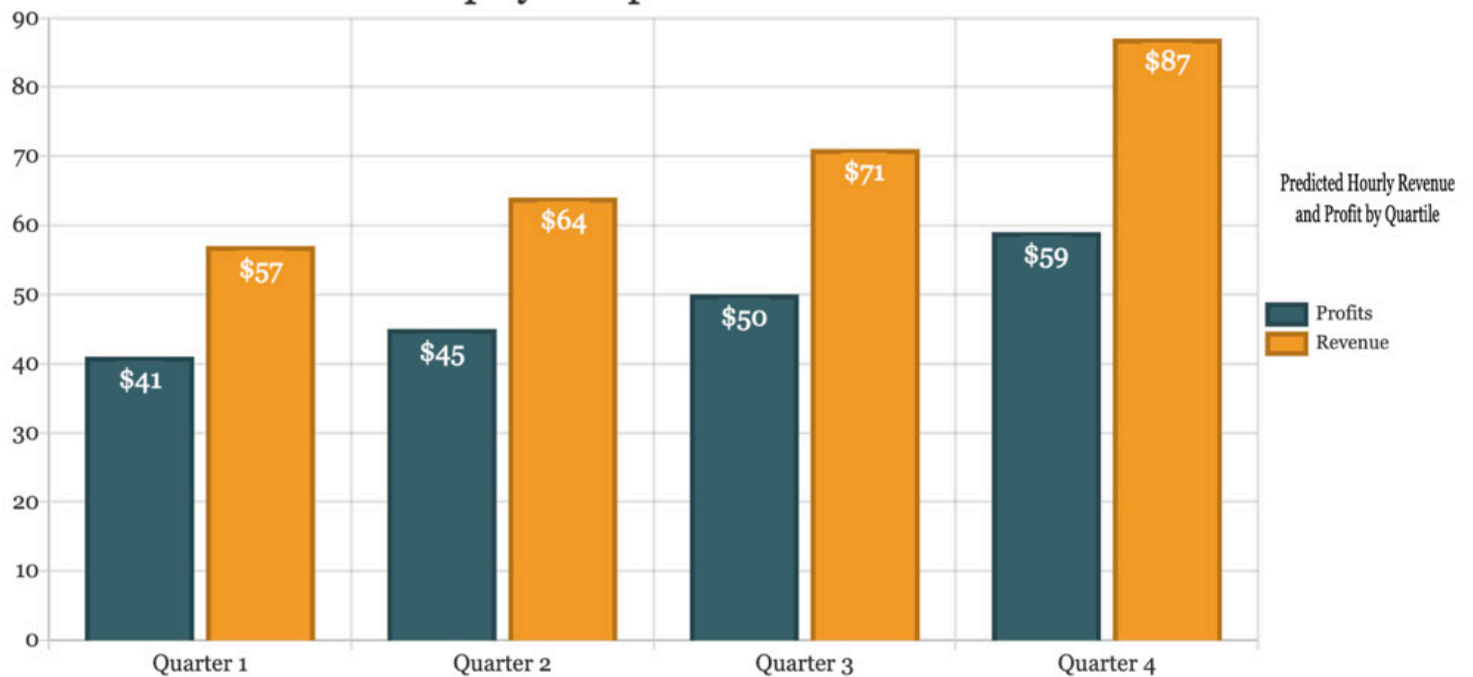## Effects of Employee Experience on Profit and Revenue

Figure 3

Source: Graphic based on data from Research: How Employee Experience Impacts Your Bottom Line published by the Harvard Business Review

Conclusion

Wow! We certainly have covered a lot of topics in a short amount of time. Think back to when you first began to read this article, and I extended a challenge to you. Do you remember the challenge? I asked you to consider how implementing experience design methodology and tools can improve your professional skills and company. Take a moment to reflect on what you have read and the challenge extended. How can you begin implementing experience design today?

No matter what industry you work in, experience design will add value to yourself as a professional and to your company as a brand. Try reading Pine and Gilmore's The Experience Economy: Competing for Customer Time, Attention, and Money. Pine and Gilmore are widely considered as the founding fathers of experience design, so there is no better place to start than their own work. Secondly, I invite you to consider your personal work obligations and ask yourself, "How can I intentionally redesign my work or team? I guarantee that by implementing even one experience design practice into your work, you will see improvement in engagement, productivity, and eventually profit.

Endnotes

1   FG 6-18 (Office of Consumer Affairs) (White House Central Files: Subject Files) | Richard Nixon Museum and Library. (n.d.). Www.nixonlibrary.gov. Retrieved March 14, 2023, from https://www.nixonlibrary.gov/finding-aids/fg-6-18-office-consumer-affairs-white-house-central-files-subject-files

2   FG 6-18 (Office of Consumer Affairs) (White House Central Files: Subject Files) | Richard Nixon Museum and Library. (n.d.). Www.nixonlibrary.gov. Retrieved March 14, 2023, from https://www.nixonlibrary.gov/finding-aids/fg-6-18-office-consumer-affairs-white-house-central-files-subject-files

3   Pine, B. J., & Gilmore, J. H. (2019). The experience economy: competing for customer time, attention, and money. Harvard Business Review Press.

4   (2023, February 9). HOW A CUSTOMER EXPERIENCE STRATEGY HELPS SCALE REVENUE GROWTH (AND ACHIEVE PROFITABILITY) (S. MacDonald, Ed.) [Review of HOW A CUSTOMER EXPERIENCE STRATEGY HELPS SCALE REVENUE GROWTH (AND ACHIEVE PROFITABILITY)]. Superoffice.com. https://www.superoffice.com/blog/customer-experience-strategy/

5   10 UX Design Statistics You Need to Know. (n.d.). Www.gialli.io. Retrieved March 15, 2023, from https://www.gialli.io/blog/ux-design-statistics-you-need-to-know#

6   CompTIA Tech Jobs Report | Monthly Jobs Report Analysis. (n.d.). Default. https://www.comptia.org/content/tech-jobs-report

About the Author
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Grace is a senior in the Experience Design and Management program in the Marriott School of Business at Brigham Young University. She is passionate about forward-thinking ideation and placing human emotions and experiences at the center of business. Grace plans on pursuing a Master's of Education degree at the University of Utah, working towards a career in higher education.