Product Design in the Emerging Experience Economy

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Abstract:

The customer today wants an experience and not the product. The quality of experience now decides the price and the premium for the products sold. The product is expected to engage its user in a personal way and in the process create a series of memorable events for her. With each experience unique to the user, customization is the core of the experience. Making an individually customized physical product turns it into a service and customizing a service turns it into an experience. The entire activity of using the product, with all its touchpoints have to be designed and choreographed. These call for changing the approach from designing static elements/objects to a dynamic process.

Product Design, as a professional discipline, shaped our physical world over the years. However, Product Design is today much more than just the humanization of technology. Its emphasis has now shifted from technological to human considerations. Products need to be designed to make sense or be meaningful to their stakeholders. A coherent and consistent product language helps create an aesthetic experience, the 'wow!' moment for its viewers. The conventional product design process is inadequate to address this dynamic nature of challenges. These call for a new specialist genre of design that can create an emotional and aesthetic resonance between people and products.

Emerging Experience Economy:

What is bought and sold in the marketplace has now changed. Today, it is not the products or even the service, but the experience that the customer wants. Individuals cherish experiences more than physical things. Material goods are simply not as valued now. Experience makes people happier and creates a sense of well-being.[1] More and more people are now spending their money on desirable experiences over buying something desirable. Buyers would now pay a premium for a good experience. Customer experience has overtaken product and price as the key brand differentiator. Like "Goods" and "Services", "Experiences" are now recognized as a distinct category.

We have now entered into an experience economy. Goods and services are no longer enough to foster economic growth. Opportunities for value creation now reside in staging experiences. More and more businesses are responding by explicitly designing and promoting them. Creating and staging customer experience is the top priority. Starbucks creating a place where people want to spend time is one of the early examples demonstrating this business shift, from consumption of ground coffee to the coffee-drinking experience. The very fabric of the global economy is undergoing a fundamental shift.

The term "Experience Economy" was first used in 1998 by B. Joseph Pine II and James H. Gilmore in their article published in the Harvard Business Journal.[2] According to them, the experience economy is the next emerging economy following the agrarian economy, the industrial economy, and the most recent service economy. This is defined as "an economy in which many goods or services are sold by emphasizing the effect they can have on people's lives."[3] Later on, Gilmore and Pine adopted the term as the title of their book. According to them, experience is the repository of value — the property that commoditized products and services exploit to create a competitive advantage.[4] As a phenomenon, the experience economy has been recognized and recorded for many years. Way back in 1970, the futurist Alvin Toffler included a chapter titled "The experience makers" in his pathbreaking book *Future Shock*.[1] In the year 1985, Jay Ogilvy, co-founder of the Global Business Network, wrote a report titled *The Experience Industry*. The report highlighted the consumers' expectations for "vivid experiences".[1]

Experience:

The customer today prefers experiences over stuffs. It's not so much about what we own, as what we do and how we do it.[2] Commodities, goods, and services, they all exist outside the individual buyer, experiences happen inside her. Experiences are intangible and exist only in the mind of the individual. Experiences are those memorable events that engage each individual in an inherently personal way.[1] The value of an experience lies within, and it remains long afterward. Experiences are the repository of values that stays in the memory of the individual engaged. No two people will have the same experience, because each experience derives from the interaction between the staged event (like a theatrical play) and the individual's state of mind.[5]

Experience, it is now recognized, is as real an offering as a commodity, good, or service. While commodities are fungible, goods tangible and services are intangible, experiences are memorable.[5] Great experiences begin with great service, and these services are built on goods.[1] An experience occurs when a company intentionally uses services as the stage and goods as props to engage individual customers in a way that creates a memorable event.[5] It is the combination of goods and services that results in an experience that is much more valuable than the simple sum of its parts.[3]

Experience is defined both as a noun as well as a verb. Webster's dictionary includes its essential meaning as the process of doing and seeing things, and of having things happen to you; skill or knowledge that you get by doing something; the length of time that you have spent doing something. Across the world, many languages have captured experience as a concept in two distinct words. The first word in each case relates to the word for "life" and implies things experienced at the moment, while the second is about those experiences that matter more over time, that are cause for reflection, that integrate into a person's life over time – that are, in short, meaningful experiences (Snel, 2011; Boswijk et al., 2012). Sanskrit, the oldest Indian language too captures experience as *'anubhuti'*, the feelings experienced at the moment, and *'anubhav'*, the skill or the knowledge gained through the process or the journey. The experience thus encapsulates both, the process as well as the outcome.

Product Design:

The Industrial Revolution, the process of change from an agrarian and handicraft economy to one dominated by industry and machine manufacturing, began in the early 18th century.[6] Product design as a profession emerged here in response to the challenges of mass production and subsequent demands for aesthetic conformity. Its principles and pedagogical approaches are thus heavily influenced by the industrial economy. The product design process was mostly linear; a process of incremental change. The focus was on improving the function and appearance of the product within the limitations of mass-manufacturing processes and practices. The primary role of product design was to simplify complexity and reduce cost. The designer became the crucial link between the markets and the industry. She helped the industry develop a unique value proposition and gain a competitive advantage in

the markets. As a professional discipline, Product Design thus shaped our physical world over these years.

The terms 'Product Design' and 'Industrial Design' are often used interchangeably. They are not clearly defined. Industrial Design approaches product from its industry perspective while Product Design as a term indicates its approach to design from the user perspective. The first is associated more with the systems approach than the second. Both these terms have emerged from the understanding of design's direct relevance for industry, large-scale manufacturing as well as craft-based industries. Thus, having their roots in the first industrial revolution, these terms carry with them their associated baggage.[7]

The Transition:
Industries around the world are now transitioning into Industry 4.0. Coupled with these, the increasingly mass customized markets of today, the Internet of Things, AI, and VR, are all creating a paradigm shift in product design practice. Product design has to now deal with interactions, services, experiences, and strategies. Product design now deals with both tangible and intangible aspects of the product. The traditional value proposition, the promise of utility, has now transcended into the promise of feelings.[8] The conventional product design process is thus inadequate to address this dynamic nature of challenges.[9] The focus has now shifted to the customer journey and user experiences. User Interface, User Experience, Service Design, and Experience Design are the next frontiers for product designers. Its tools, approaches, and methodologies have to be thus realigned to these changing needs and expectations of society.

It is difficult to invent a new product in today's horizontalized economy. "In a marketplace of relentless product obsolescence, the notion of consumer satisfaction will continue to remain a tantalizing utopia until product values diversify to incorporate factors beyond technical modernity," writes Jonathan Chapman in his book Emotionally Durable Design, further adding "enabling consumers to transcend the temporal urgency of technocentric design and engage with their possessions over greater periods, and on a diversity of emotional and experiential levels."[10] Experiences are the untapped means to differentiate. And with each experience unique to the user/individual, customization is the core of the experience. Customization is

the antidote to commoditization - mass production, standardization, and repetition. Customization, according to Pine and Gilmore, means producing only and exactly what an individual customer wants.[1]

Going beyond functionality, the focus has now shifted to understanding the human connect, the interaction between the user and its product, and their engagement at an emotional, physical, intellectual, and spiritual level, from where the experiences are derived. Designing and staging experiences demand defining, making, and delivering an exact offering that fits each customer's needs at a particular moment in time. Expanding our experience of daily life, these call for a new specialist genre of design that understands and creates an emotional and aesthetic resonance between people and products. [11]

Product Design in the Experience Economy:
The quality of experience now decides the price and the premium for the products sold. The company therefore no longer offers products or services alone, but the resulting experience, that is enjoyed and remembered. Making an individually customized physical product turns it into a service and customizing a service turns it into an experience. [1] The product and the user's interaction with it, offer many opportunities to stage and create experiences around them. These call for changing the focus from product to the entire activity of using it; changing the approach from designing static element/object to a dynamic process; and further, thinking in terms of 'verb' (activity) rather than 'noun'. Like a concert or a play, the entire activity with all its touchpoints has to be designed and choreographed. Like a performance, here the product's function is its stage, its parts and appearances are its props and the interaction is the event for the user to get involved and participate.[11] Pine and Gilmore termed this concept and the process as 'experientializing' the product. They appealed to the manufacturers to start thinking in the terms '..inging' their products. That will help surround the products with services that add value to the activity of using them. And surrounding those services with experiences will make using these products more memorable. According to them, any product can be 'inged'.[12] The manufacturer of the kitchen appliance Electric Mixer can focus on the mixing experience and along with it, its associated tasks such as plugging experience, setting up experience, cleaning experience, etc. The elements that contribute to superior experiences are knowable and reproducible, which makes them designable. [10]

Product design is today much more than just the humanization of technology. The product is expected to engage its user in a personal way and in the process create a series of memorable events for her. Products are now designed with not only the product's consumption or use in mind but the entire process of acquiring, owning, and even troubleshooting it. Beyond the product's usability, the designers now concentrate their efforts on other aspects of the user experience, such as pleasure, efficiency, and fun.[13] "No product is an island. A product is more than the product. It is a cohesive, integrated set of experiences", writes Don Norman, the author of the term "User Experience".[13] The overall experience and satisfaction that the user gets when using a product are termed "User Experience" (UX). It is a broad term that encompasses anything from a product's usability, accessibility, interaction, usefulness, credibility, desirability, etc. UX refers to the overall impression, feelings, and interactions that a person has when using a product. The entirety of the user journey, the experience of the product as well as the experience enabled by it, is thus in focus now. Every touchpoint between the user and the product gets included in the User Experience, whether it's under the direct control of the product or merely associated with it. These call for the design process that enables designers to create products that provide meaningful and relevant experiences for their users.

Product design's emphasis has now shifted from technological to human considerations. Meaningfulness and compellingness are today central to the design of products.[14] People do not respond to the physical properties of products but to what they mean to them. Moving further from the product's functionality and appearance, designers have to now address the issues of its meanings and identities. Products need to be designed to make sense or be meaningful to their stakeholders. Understanding stakeholders and their understanding of technologies are thus the new areas of design research. Design must afford a diversity of meanings.[14] Products have to be designed to match or exceed the diversity of their stakeholders' capabilities, needs, and conceptions.[14] The 19th-century design principle "form follows function" is now no longer applicable. Forms must afford users' multiple meanings.[14] Without being meaningful to their users, products never survive within a culture (Krippendorff, 1995). Meaning is now axiomatic to design, and product semantics has become its overriding criterion. What the product means to the user, how she perceives, handles,

utilizes, talks to it, and finally embeds it into the context of her understanding are now key areas of the designer's research and interests.

The term 'Product Semantics' first appeared in the Industrial Designers Society of America (IDSA)'s journal Innovation. Its inventors, Klaus Krippendorff and Reinhart Butter defined it as "both an inquiry into the symbolic qualities of things and as a design tool to improve these cultural qualities".[15] Meanings play important roles in how the human product interfaces unfold. Humans always act to preserve the meaningfulness of their interfaces.[15] Meaning is a structural space, a set of possibilities that enables handling things, other people, and even oneself. Meaning emerges in the use of language but especially involving human interactions with artifacts. What the product means is informed by what is being said of it, its dangers, the difficulties in handling it, its costs and benefits, and the approval and disapproval expected from others who witness its use. A product's meaning may change as it travels through different uses, different situations, different times, and different people's lives. Meanings are always someone's construction, hence are always embodied in their beholder. Meanings are invoked by the senses. [15]

Whether something is perceived as attractive has at least something to do with whether its meaning is in accord with its function or vice versa. Product semantics facilitate communication (of the product's message) between the product and the consumer (Vihma, 1995). Product language mediates what a product is intended to express (Gros, 1983). The product language is conveyed through characteristics such as 'form, dimensions, color, graphics, texture, transparency, groupings of product parts, etc.'(Boess and Kanis, 2008, p. 307). The product's form and its functionality together create the category of appearances. The appearance, look and feel of the product, forge the beginning of the emotional bond with its customers.

Semantics and aesthetics are overlapped. Aesthetics (Dake, 2004) is how we interpret and find meaning in what we see.[16] The aesthetic approach works at the level of meaning and at the level of emotion. The philosophy of aesthetics attempts to explain what it means when we experience a 'wow!' moment. This, also described by Immanuel Kant (1928) as the "aesthetic moment", is when all considerations of utility and meaning are set aside due to the

force of the visual experience. The designer's knowledge and understanding of visual perception help her manage the product form that will have a higher likelihood of creating an aesthetic experience, the 'wow!' moment for its viewers.

A coherent and consistent product language goes a long way toward providing a satisfying aesthetic experience. Customers' expectations are still the same, as were outlined two thousand years ago by Vitruvius - its utility, robustness, and beauty.[16] The form of the product, the core element of product language, is the organization of relationships between the materials, expression, and function toward the public.[17] It has to look acceptable to the user/ customer and be seen by others to look acceptable. It has to look beautiful. According to Kicherer, along with the product form, its order/complexity, and its construction –how it is assembled to do its job, are the other two important ingredients creating the total perception of the product.[16] Considerable efforts are thus involved in creating, editing, and refining the product's form that makes the most sense.

The product's form and its carefully designed features have potential symbolism. The product's form must support its intended function and inform the user's behavior. Its visual data/ information needs to be organized/designed to make sense to its viewer based on her experience. Unwanted ambiguity needs to be eliminated or minimized. Consciously or unconsciously, ambiguous shapes and strange forms act as reasons not to buy or not retain the product.[16] A well-designed form signals respect and conveys care and courtesy. It adds grace to ordinary moments. Such products become part of the fabric of daily routine. The designer's in-depth understanding of geometry, its material quality, and her expert manipulation of the product's complex and three-dimensional curved surfaces help create a visual symphony of form. It helps the designer control the aesthetic perceptions of the product.

Design helps make sense of things. Creating normalcy out of chaos (Veen, 2000), normally termed synthesis and referenced as critical in sense making, is one of the core strengths of designers. And product's appearance, perception, and experience are among her fundamental concerns. Understanding artifacts and their interactions with various stakeholders, especially what it means to them, has always been the unique competency of

the designer. Visual metaphors facilitate designers in making new technology and its interfaces comprehensible. The product has to be understandable to its user.[15] It needs to have the meaning as well as social significance. The interface needs to be self-evident, intuitively usable, and most natural to the users to continue its meaningfulness. Designers describe their profession as a way of organizing, simplifying, and presenting complex information in a meaningful way. Putting meanings into the center of design considerations gives designers a unique focus and expertise that other disciplines do not address.[15]

Conclusion:

We have entered into an experience economy. What is bought and sold in the marketplace has now changed. The customer today prefers experiences over stuffs. Opportunities for value creation now reside in staging experiences. Experiences are the repository of values that stays in the memory of the individual engaged. Experience, it is now recognized, is as real an offering as a commodity, good, or service. The elements that contribute to superior experiences are knowable and reproducible, which makes them designable.

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