Deepening Customer Relationships through Innovation
Hello!

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Director of Strategy, frogNY

Craig helps firms navigate the crossroads of design and business strategy, focusing in product strategy and business model design. He is a director of Strategy and a professor of Design Strategies at the Tandon School of Engineering at NYU.
Before we jump in.
Innovation should help a company Optimize or Grow their business.
Innovation should help a company **Optimize** or Grow their business.

*With the end goal of...*

- *Reducing costs*
- *Eliminating costs*
Innovation should help a company Optimize or **Grow their business**.

- With the end goal of... *Reducing costs*
- With the end goal of... *Eliminating costs*
- With the end goal of... *Strengthening Customer Relationships*
- With the end goal of... *Developing Relationships with New Customers*
Innovation should help a company Optimize or Grow their business.

With the end goal of...
Reducing costs
Eliminating costs

With the end goal of...
**Strengthening Customer Relationships**
Developing Relationships with New Customers
What is a customer relationship?
Where to innovate to strengthen a customer relationship?
How to innovate to strengthen a customer relationship?
What mix of innovations to prioritize for commercialization?
What is a Customer Relationship?
An organization’s **Customer Relationship** is the sum of all interactions and impressions they have with their customers over time, shaping their opinions, and in turn, the value of the brand.
The 4 Components of a Customer Relationship

ARCHETYPES - ACTIVITIES - INTERACTIONS - PRINCIPLES
THE 4 COMPONENTS

Archetypes

THE EXPERIENCE EXPLORER
THE EXPERIENCE EXPLORER

Needs & Desires

- Loves to travel
- Values authenticity
- Avoids big brands

✓ A WAY TO FEEL WELCOMED
So that they can feel a sense of belonging anywhere they travel.

✓ A SECURE WAY TO GO OFF THE BEATEN PATH
So that they have the freedom to explore and discover something new.

✓ THE OPPORTUNITY TO CONNECT WITH LOCALS AND LOCATIONS
So that they can have deeper cultural interactions to fuel their soul.

✓ THE ‘INSIDE SCOOP’ FROM PEOPLE IN THE KNOW
So that they can explore without getting caught in tourist traps.
THE 4 COMPONENTS

✅ Archetypes

✅ Activities

READ REVIEWS
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THE 4 COMPONENTS

- **Archetypes**
- **Activities**
- **Interactions**
- **Principles**

ADVENTUROUS
COMMUNAL
HOSPITABLE
LOCAL
Because the Experience Explorer...

Seeks a way to **go off the beaten path**

Is excited by **opportunities to connect**

Want a way to **feel welcomed**

Look for **the inside scoop**

The Experience Must Be...

**Adventurous**
Creating opportunities to try out and discover new things.

**Communal**
Inspiring the same passion they have in others like them.

**Hospitable**
Delivering a neighborhood feel.

**Local**
Proving the authenticity of the experience.
THE 4 COMPONENTS

- Archetypes
- Activities
- Interactions
- Principles

READ REVIEWS

ADVENTUROUS COMMUNAL HOSPITABLE LOCAL
Ok, so I understand Customer Relationships...

Where and how do I Innovate?
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**EXPERIENCE PRINCIPLES**

- Adventurous
- Communal
- Hospitable
- Local
### Experience Principles

- Adventurous
- Communal
- Hospitable
- Local

### Stages

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### Interactions

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### Experience

- Get inspired
- Read reviews
- Assess cost
- Explore destination
- Review experience

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**THE EXPLORER EXPLORER**

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**AirBed & Breakfast**
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**AirBed & Breakfast**
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Connect with locals while traveling

Send pictures to friends

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ANSWERS: ACTIVITIES

CUSTOMER EXPERIENCE

DREAMING STAGES

INTERACTIONS ACTIVITIES

How might we...

EXPERIENCE PRINCIPLES

ADVENTUROUS

COMMUNAL

HOSPITABLE

LOCAL
Get familiar with potential destinations (historical context, geography and activities)

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**DREAMING**

- Get familiar with potential destinations (historical context, geography and activities)

**PLANNING**

- Find photos online to verify quality of destination

**INTERACTIONS**

- **Get local recommendations from friends or family who’ve been before**
- **Figure out travel logistics**
  - Book flight and hotel
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**EXPERIENCE PRINCIPLES**

- ADVENTUROUS
- COMMUNAL
- HOSPITABLE
- LOCAL

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**Guides**

**How might we...**

**ADVENTUROUS COMMUNAL HOSPITABLE LOCAL**
THE EXPERIENCE EXPLORER

DREAMING

PLANNING

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Guide

Superhosts

AIRBNB

GUIDES

SUPERHOSTS

EXPERIENCE PRINCIPLES

ADVENTUROUS
COMMUNAL
HOSPITABLE
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### EXPERIENCING
- Discover and locate local activities and food-spots

### EXPERIENCE PRINCIPLES
- ADVENTUROUS
- COMMUNAL
- Hospitable
- LOCAL
$40 Enjoy string quartets & DIY cocktails
$368 Learn how micro-loans revitalize SF
$18 Engage in a slice of art, music, dance
$40 Making and eating food art in nature
$61 Master pastry's French technique

$20 Jog on forested deer paths at night
$24 Soothe your soul and body
$29 Groove to yoga at sunset with music
$15 Enjoy a listening room Open Mic night
$55 Come experience the magic of surfing!
Ok, so I’ve got 10 innovations on the table...

Which ones do I invest in?
The question is: what portfolio of innovations is going to strengthen the customer relationship the most?
Strengthening relationships is a multi-layered endeavor.

**Imperative 1**
Get the basics right; don’t upset your partner

“Are you kidding me? I’m watching GoT and you’re going to start a phone call on the couch?!”

**Imperative 2**
Perform well on your partner’s articulated needs

“You listened! I was hoping you would take care of the laundry without asking.”

**Imperative 3**
Surprise and delight from time to time

“How in the world did you know I would like something like that?!”
RELATIONSHIP PORTFOLIO MAP

POOR EXECUTION

FLAWLESS EXECUTION
RELATIONSHIP PORTFOLIO MAP

HIGH SATISFACTION

LINE OF EXPECTATIONS

LOW SATISFACTION
Taking a call in the same room as your partner who is watching GoT.

Walking out of the room to take a phone call while partner is watching GoT.
RETURN TO CONTENTS

1. Get familiar with potential destinations (historical context, geography and activities)
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<th>FLAWLESS EXECUTION</th>
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Get to know the homestay and its amenities

Filter by Amenity

Amenity Detail Pages
RELATIONSHIP PORTFOLIO MAP

HIGH SATISFACTION

ARTICULATED NEEDS

POORLY EXECUTED

LOW SATISFACTION

FLAWLESS EXECUTION

ARTICULATED NEEDS
“Honey you left wet laundry in the dryer and now it stinks…”

“Not only did you do the laundry, but you folded it — thank you!”
Rely on photos & reviews to assess quality of home

Find photos online to verify quality of destination

Superhosts

Get familiar with potential destinations (historical context, geography and activities)

Check schedule for conflicting events

Narrow down where to go and when

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Book flight and hotel

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Get to know the homestay and its amenities

Connect with locals while traveling

Send pictures to friends

Post photo and video highlights to social media

Provide recommendations to others interested in taking a similar trip
RELATIONSHIP PORTFOLIO MAP

POORLY EXECUTED

LOW SATISFACTION

HIGH SATISFACTION

UNARTICULATED NEEDS

FLAWLESS EXECUTION
“Interesting idea! It’s the effort that counts :) “

“How did you even know that I would like this? What a pleasant surprise!”
Inconsistent host recommendations

Discover and locate local activities and food-spots

Experiences

Get familiar with potential destinations (historical context, geography and activities)

Check schedule for conflicting events

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Recommendations for curating an innovation portfolio.

**Take care of the basics first**
- Anything in the bottom left quadrant should be generally prioritized as part of portfolio.

**Articulated + Unarticulated**
- Remaining resources should be dedicated to innovation that targets a mix of articulated and unarticulated needs.
- Rule of thumb is that for every 2 articulated needs, you should invest in 1 initiative that takes a risk on an unarticulated need.

**Build, test, refine**
- Quickly prototype new concepts and gather customer data on importance/satisfaction.
- Refine the position of the opportunities on the framework to inform final decisions.
Alternative framing.

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<td>Amenity Filter 2.0</td>
<td>Updated Reviews</td>
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Alternative framing.

The Basics
- Accessibility Focus
- Simplified Fees
- Amenity Filter 2.0
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The Articulated Needs
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- Superhosts
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The Unarticulated Needs
- Experiences
- Split Stays
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- Seasonally aware filters

RELATIONSHIP PORTFOLIO MAP
Pitfalls in prioritization.

**Risk Aversion**
- Focussing on Basics and Articulated Needs and hesitating from investing in Unarticulated needs
- At scale, this behavior implies the firm is not taking enough risk to achieve a strong differentiation/customer relationship

**Ineffective Stack Ranking**
- Teams will often have multiple opportunities within each category
- Opportunities should be stack ranked within each category
- Stack ranking should consider potential increase in customer satisfaction, but may also include additional factors like economic value/feasibility

**Innovating in a box**
- The first draft of the relationship portfolio map is often based on initial assumptions
- When faced with tough trade-offs, teams should focus on rapidly prototyping concepts to get customer feedback on satisfaction
- Stack ranking and opportunity mapping should be constantly iterated upon with customer feedback
What is a customer relationship?
Where to innovate to strengthen a customer relationship?
How to innovate to strengthen a customer relationship?
What mix of innovations to prioritize for commercialization?