



STERN INNOVATION CONFERENCE

# Deepening Customer Relationships through Innovation

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HELLO!



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**Head of Strategy, frogNY**

Geoffrey is a business leader and founder who's passionate about building cutting edge digital products and ventures. He's currently the Head of Strategy at frog and teaches Venture Building at NYU Stern School of Business.



## **Craig Cisero**

**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.

STERN INNOVATION

Before we jump in.



ON INNOVATION

**Innovation should help a company  
Optimize or Grow their business.**

ON INNOVATION

Innovation should help a company  
**Optimize** or Grow their business.

*With the end goal of...*

*Reducing costs*

*Eliminating costs*

ON INNOVATION

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*

TODAY'S FOCUS

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*

## AGENDA

- 01/ **What is a customer relationship?**
- 02/ **Where to innovate to strengthen a customer relationship?**
- 03/ **How to innovate to strengthen a customer relationship?**
- 04/ **What mix of innovations to prioritize for commercialization?**





STERN INNOVATION

# What is a Customer Relationship?

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## BREAKING DOWN RELATIONSHIPS

**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.**

BREAKING DOWN RELATIONSHIPS

# The 4 Components of a Customer Relationship

ARCHETYPES - ACTIVITIES - INTERACTIONS - PRINCIPLES

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THE 4 COMPONENTS

✓ **Archetypes**



**THE  
EXPERIENCE  
EXPLORER**



## THE EXPERIENCE EXPLORER

### DESCRIPTION

- Loves to travel
- Values authenticity
- Avoids big brands

THE EXPERIENCE EXPLORER

# Needs & Desires

- ✓ **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





STAGES

DREAMING

PLANNING

BOOKING

EXPERIENCING

SHARING

ACTIVITIES

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

Find photos online to verify quality of destination

Compare prices of destinations and itineraries

Get to know the homestay and its amenities

Post photo and video highlights to social media

Check schedule for conflicting events

Get local recommendations from friends or family who've been before

Book flight and hotel

Discover and locate local activities and food-spots

Send pictures to friends and family

Narrow down where to go and when

Figure out travel logistics

Arrange for transportation to destination

Connect with locals while traveling

Provide recommendations to others interested in taking a similar trip



## THE 4 COMPONENTS

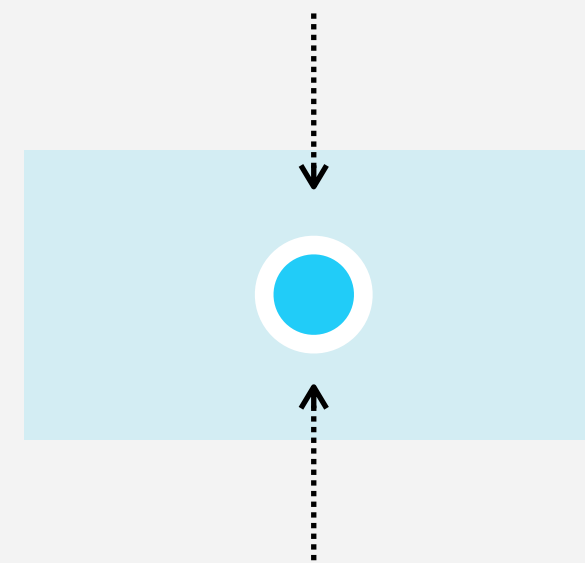
✓ *Archetypes*



✓ *Activities*

READ  
REVIEWS

✓ **Interactions**



✓ **Principles**

ADVENTUROUS  
COMMUNAL  
HOSPITABLE  
LOCAL





THE  
EXPERIENCE  
EXPLORER

## 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

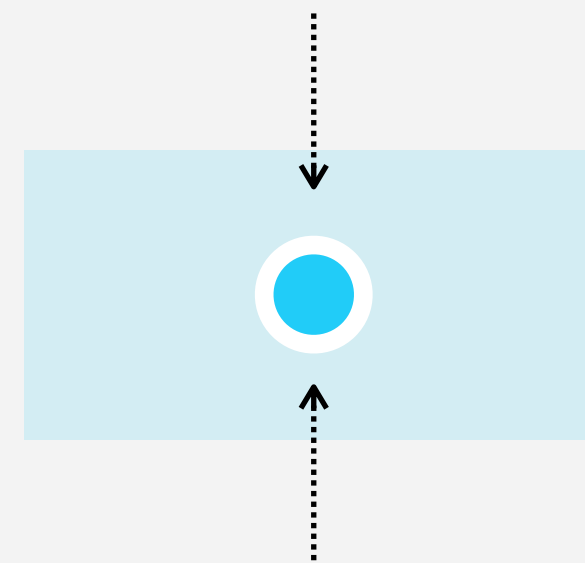
✓ **Archetypes**



✓ **Activities**

READ  
REVIEWS

✓ **Interactions**



✓ **Principles**

ADVENTUROUS  
COMMUNAL  
HOSPITABLE  
LOCAL



*Ok, so I understand Customer Relationships...*

# Where and how do I Innovate?

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ARCHETYPES - ACTIVITIES - INTERACTIONS - PRINCIPLES





**THE  
EXPERIENCE  
EXPLORER**



**STAGES**

**DREAMING**

**PLANNING**

**BOOKING**

**EXPERIENCING**

**SHARING**

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**ACTIVITIES**

**INTERACTIONS**

**EXPERIENCE PRINCIPLES**

ADVENTUROUS  
COMMUNAL  
HOSPITABLE  
LOCAL



# AirBed & Breakfast™

Forget hotels.

[Sign Up / Sign In](#) | [Post a Room](#)

san francisco

Check in  
08/18/2008





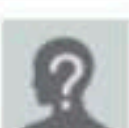

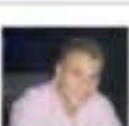

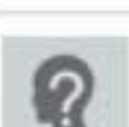

Check out  
08/20/2008

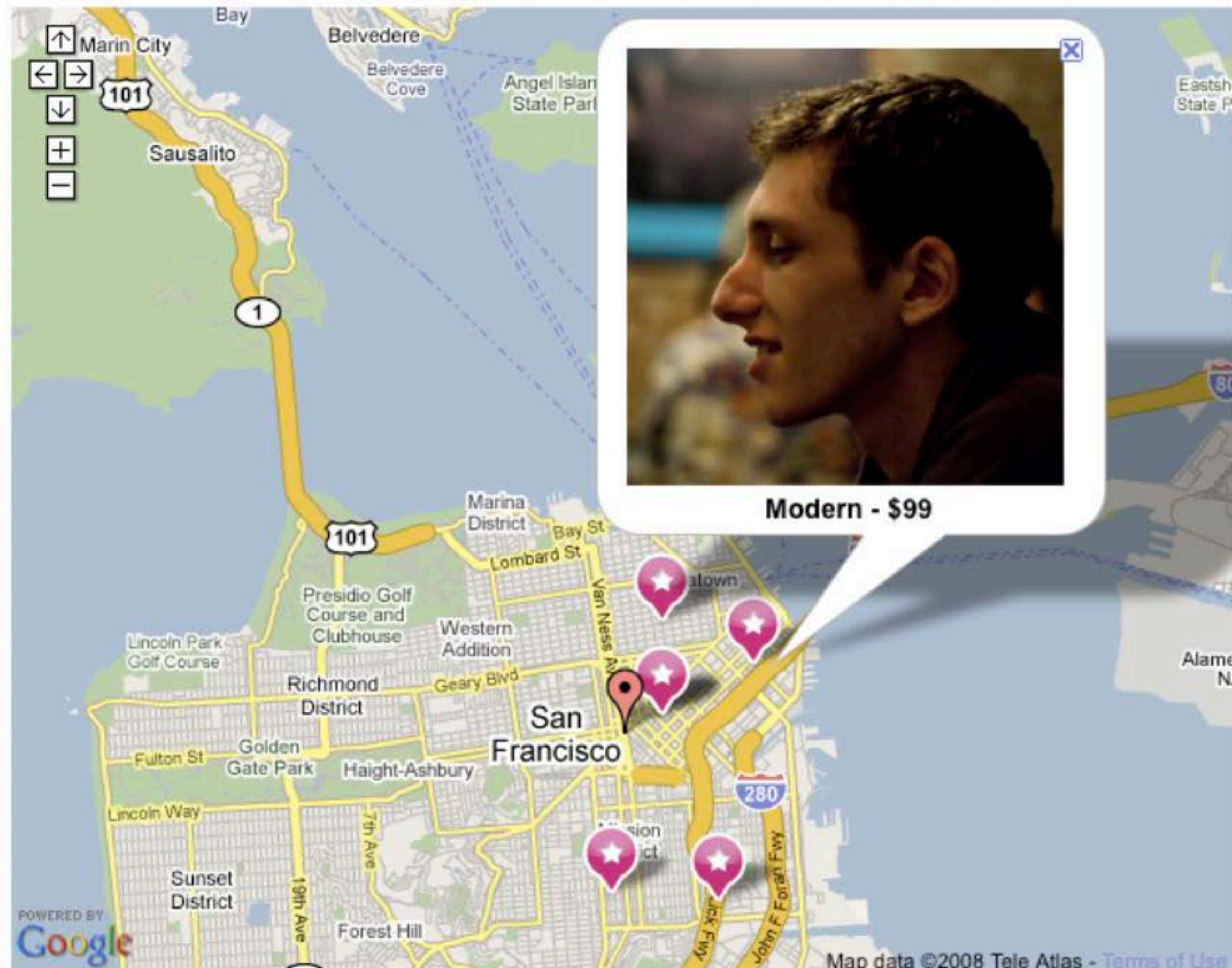
Guests  
1

Search

[Sorting Options](#)

1-10 out of 16 listings.

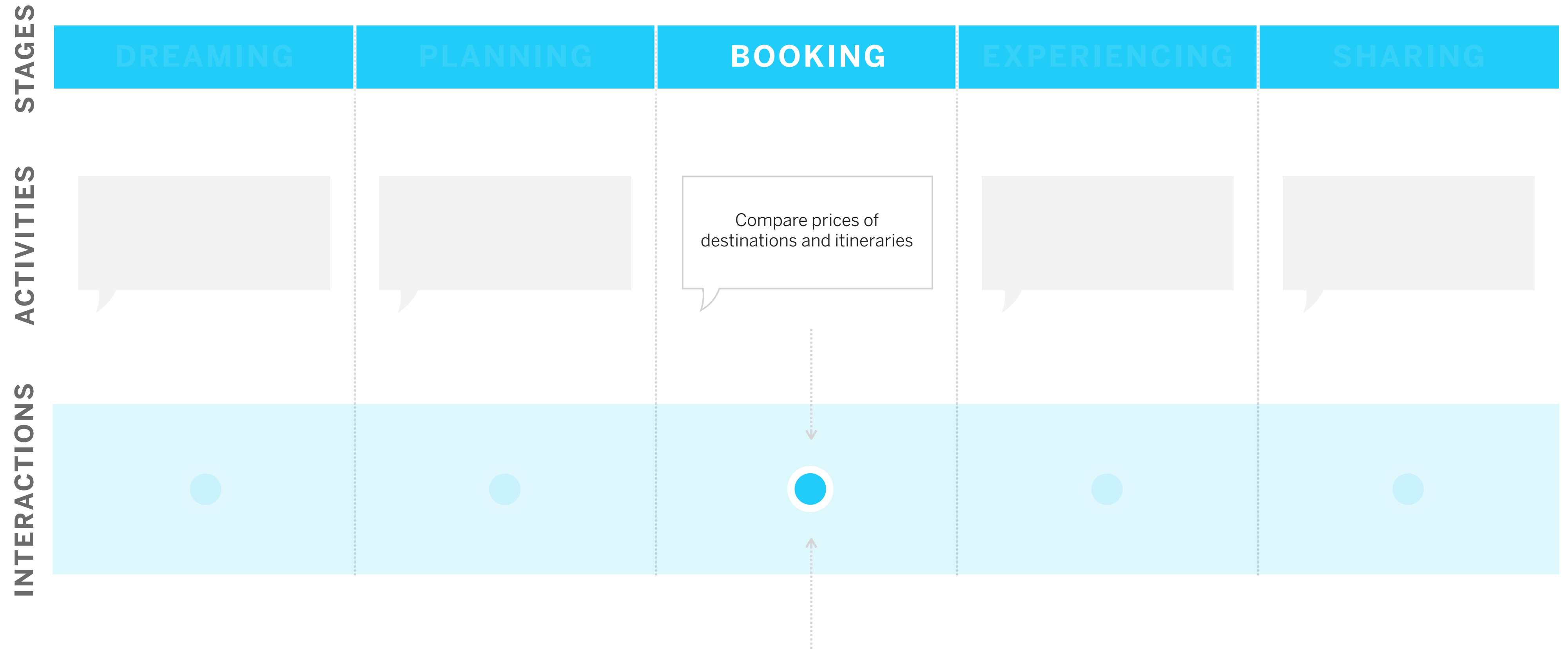
	"tikitastic"	\$10
	"Cute!"	\$25
	"Simple"	\$50
	"AwesomeRoom"	\$50
	"happy"	\$50
	"Victorian"	\$50
	"Get Fit!"	\$80
	"Sunny"	\$85
	"Cute"	\$90
	"Modern"	\$99







**THE  
EXPERIENCE  
EXPLORER**



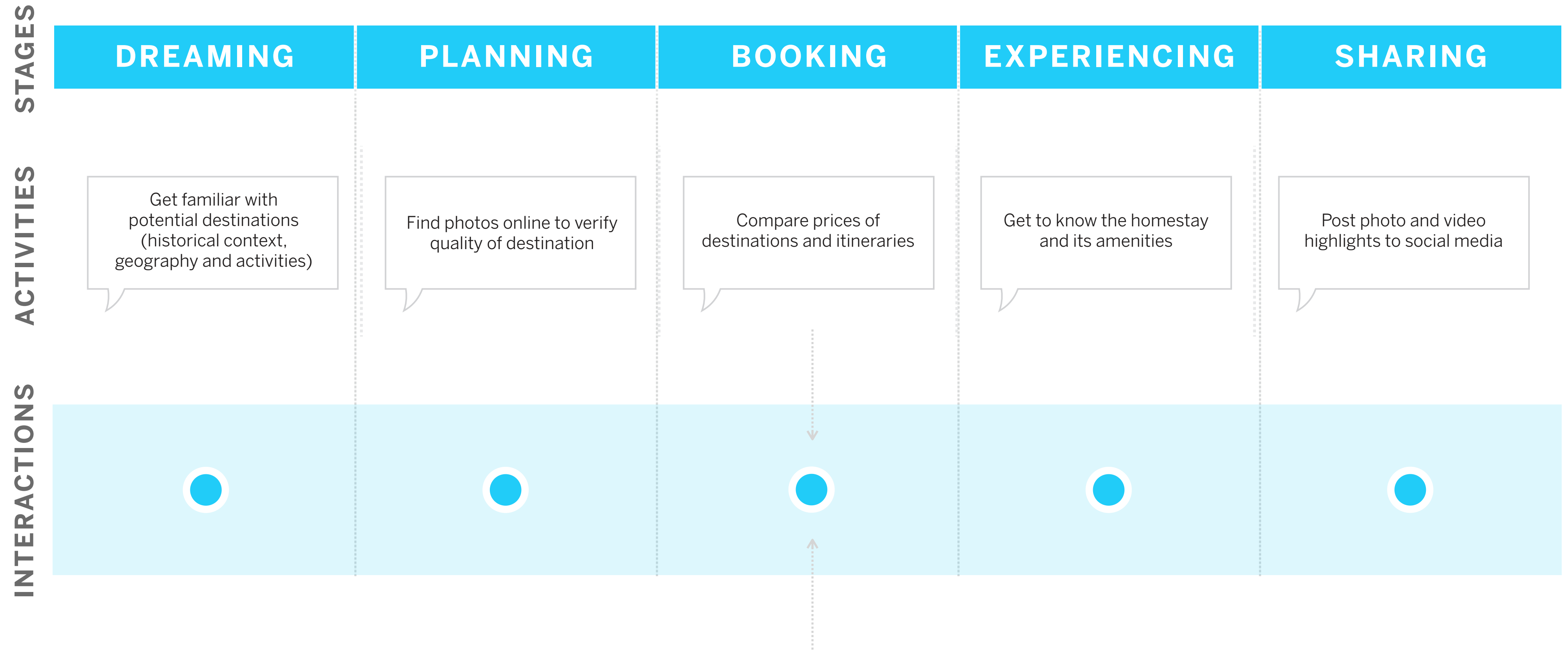
**AirBed & Breakfast™**

**EXPERIENCE PRINCIPLES**

**ADVENTUROUS  
COMMUNAL  
HOSPITABLE  
LOCAL**



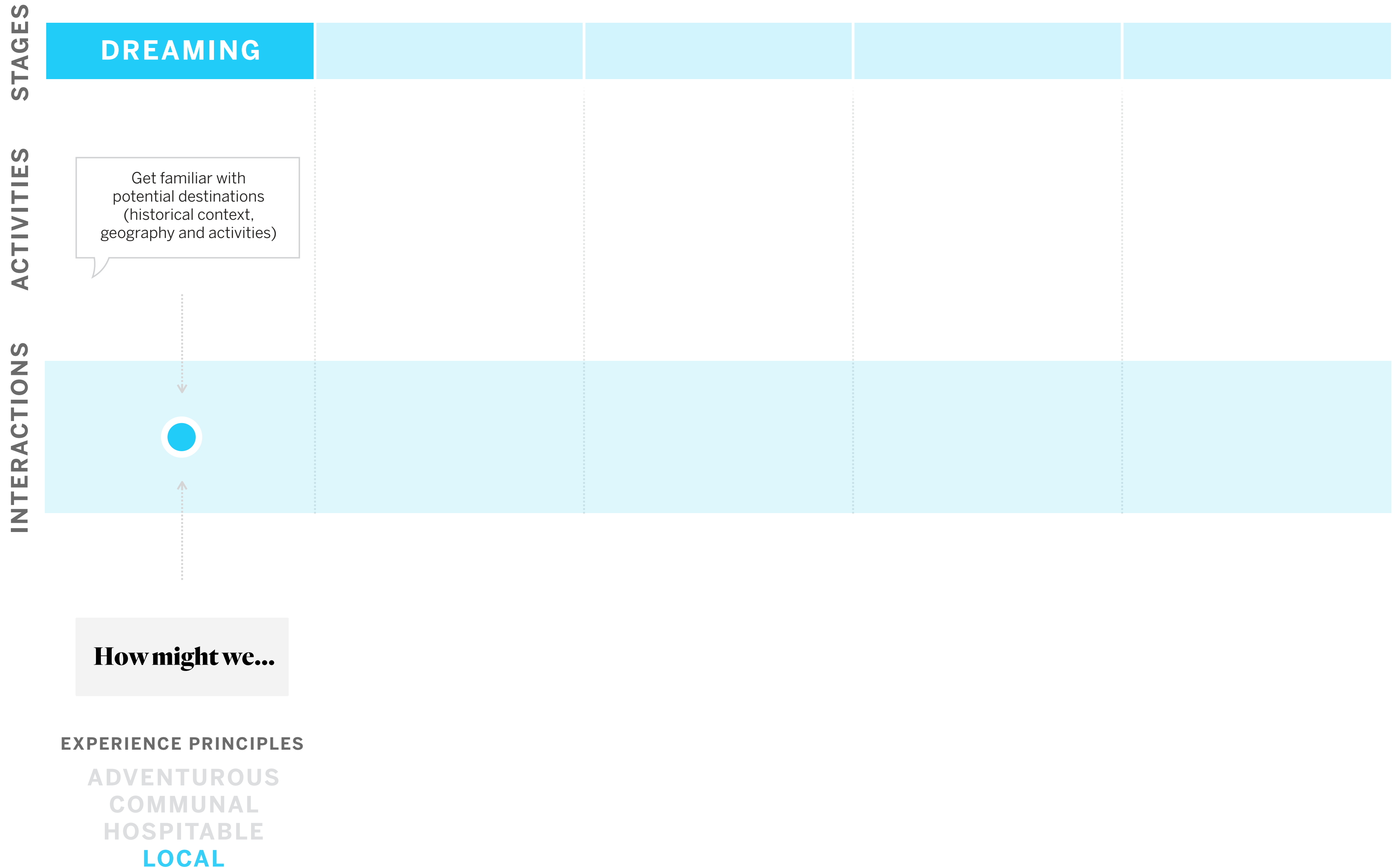
**THE  
EXPERIENCE  
EXPLORER**



**AirBed & Breakfast**



**THE  
EXPERIENCE  
EXPLORER**

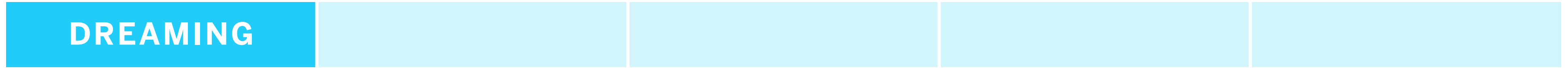




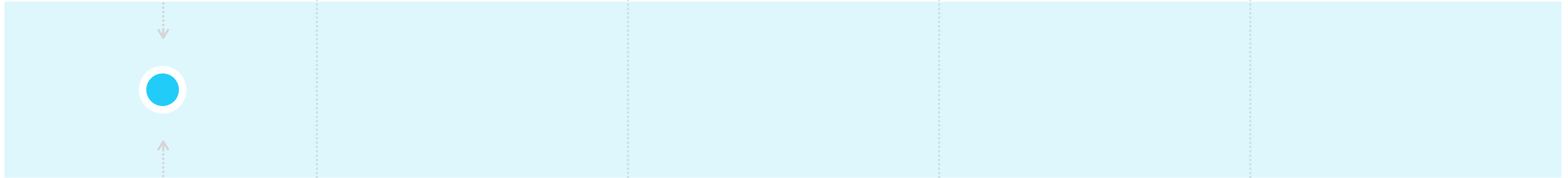
**THE  
EXPERIENCE  
EXPLORER**



**STAGES**  
**ACTIVITIES**  
**INTERACTIONS**



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



**Guides**

**EXPERIENCE PRINCIPLES**

ADVENTUROUS  
COMMUNAL  
HOSPITABLE  
**LOCAL**





Los Angeles

May 15 – May 22

1 guest

Become a Host

No time to host?

Trips

Messages

Help



FOR YOU HOMES EXPERIENCES **PLACES**

Categories ▾



3 meetups



By Josh Metz Tinder director of marketing



By Marine & Leran Hadar Shop owners



By Courtney Act Drag performer



By Dana Harris IndieWire editor



By Volkan Can Canbolat Violinist



By Christian Taylor Screenwriter



By Grant Legan Fashion photographer



By Gina Rodriguez Actress



By Cathy Chaplin Food writer



By Joey Gonzalez Barry's



By Erica von Trapp Chef



By Thomas Galvin



By Nichelle Hines Spin

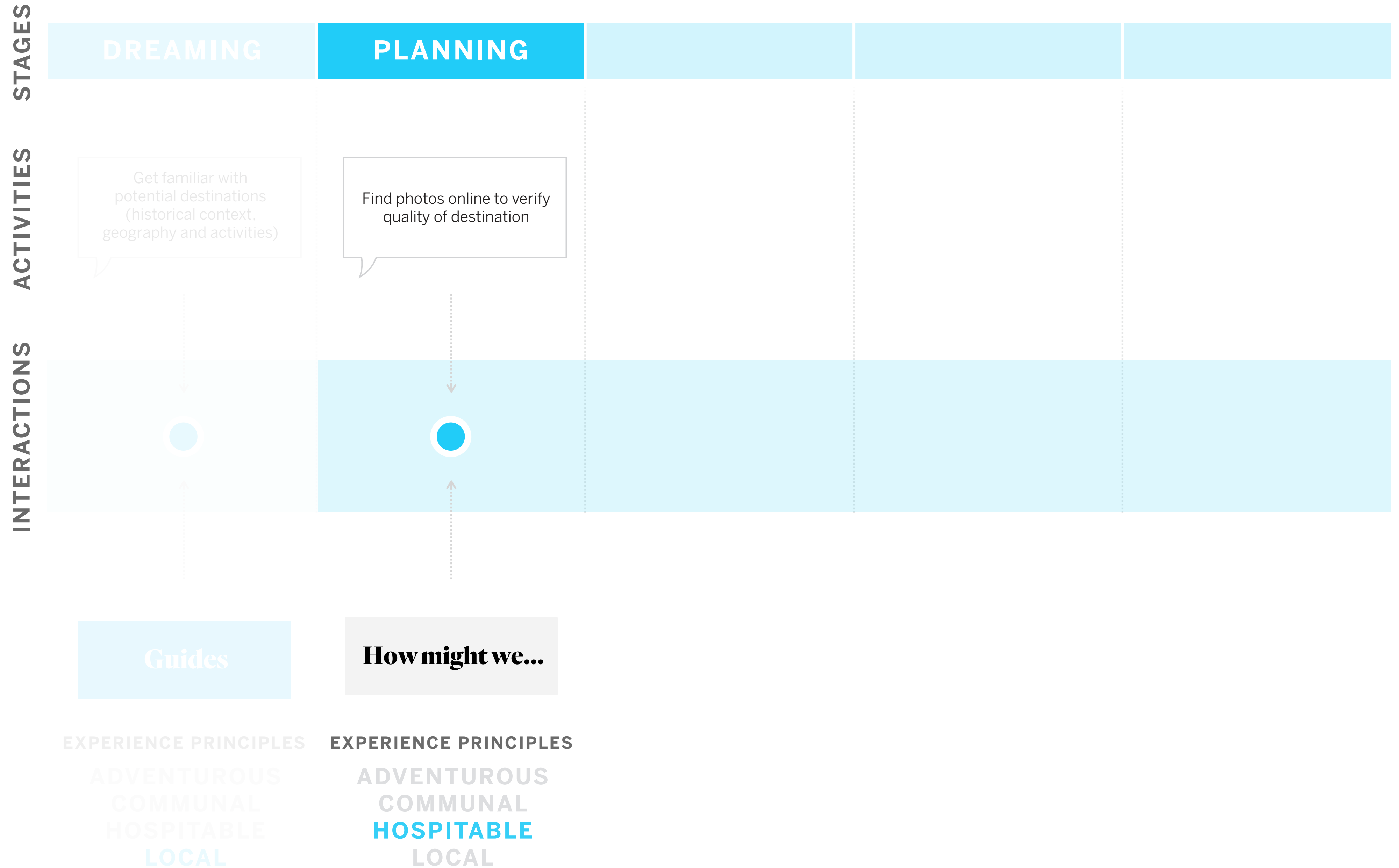


By Matthew Walrath



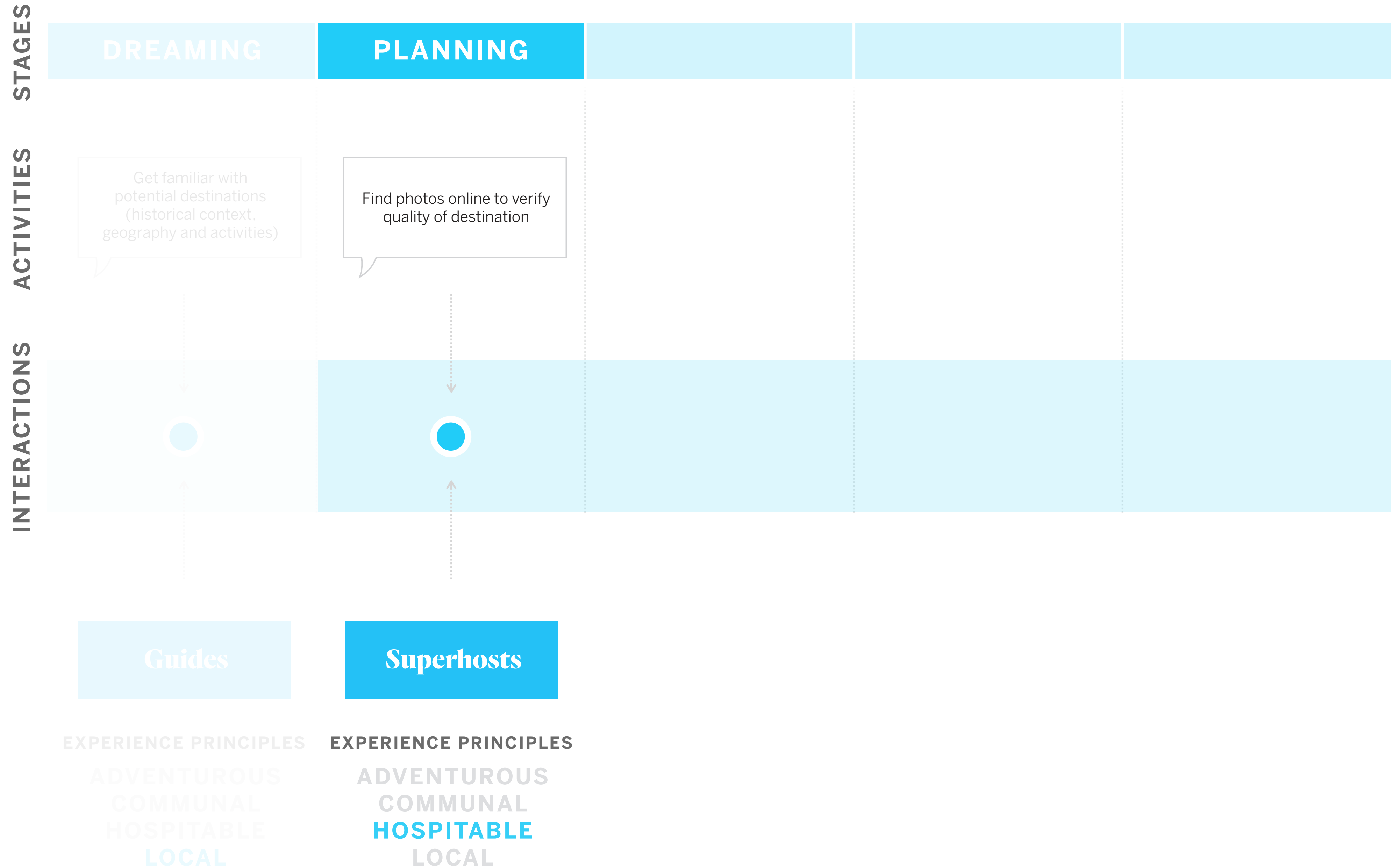


**THE  
EXPERIENCE  
EXPLORER**





**THE  
EXPERIENCE  
EXPLORER**





Los Angeles

Anytime

1 guest

Become a Host

No time to host?

Trips

Messages

Help



FOR YOU

**HOMES**

EXPERIENCES

PLACES

Room Type ▾ Price range ▾ Instant Book ▾ More filters 1 ▾

### Rooms and beds

Bedrooms  0+

Beds  0+

Bathrooms  0+

### Other options

#### Superhost



Stay with recognized hosts.  
[Learn more](#)

### Amenities

Heating

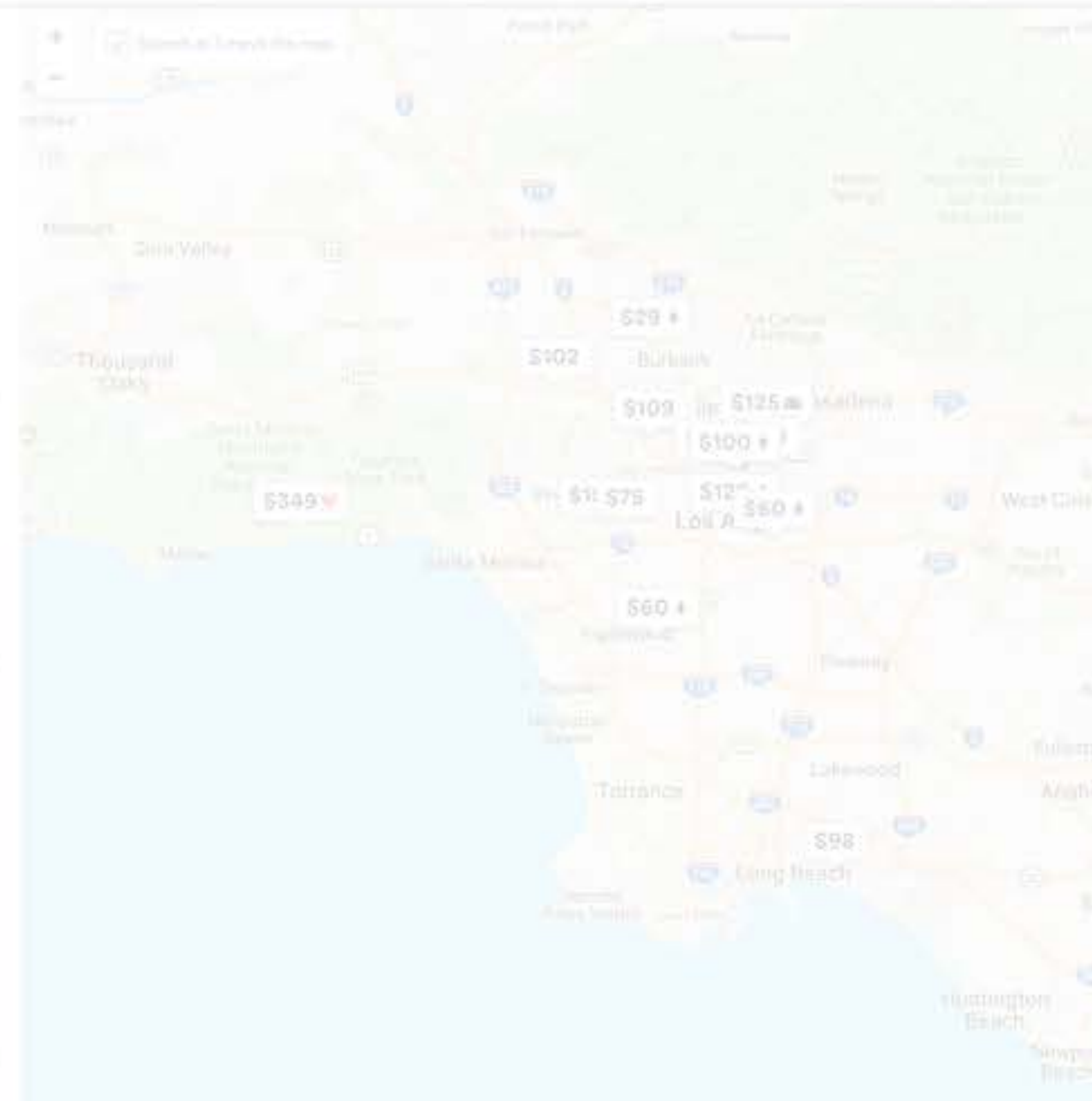
Kitchen

TV

Wireless Internet

[See all amenities ▾](#)

### Facilities

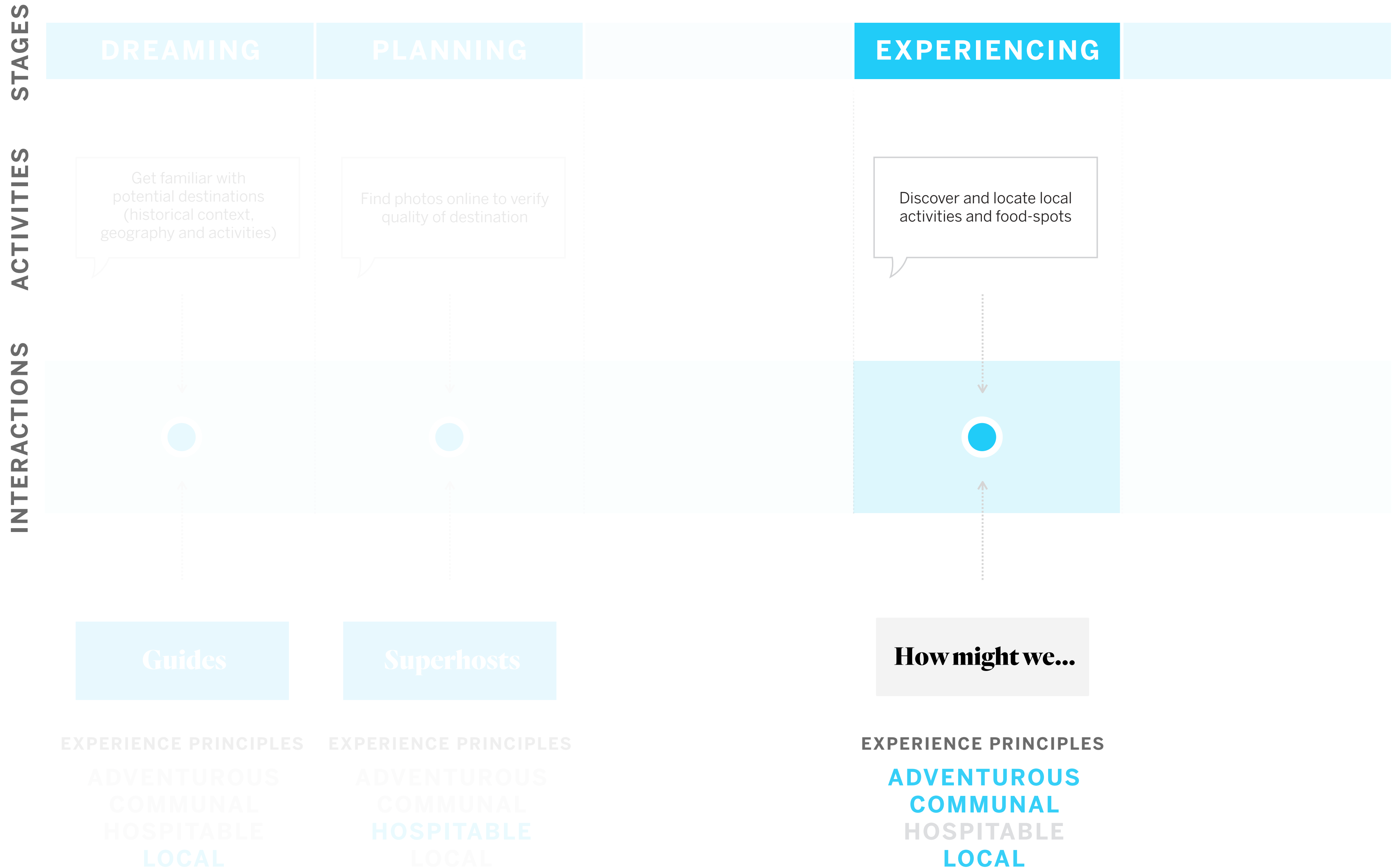


Cancel

See homes



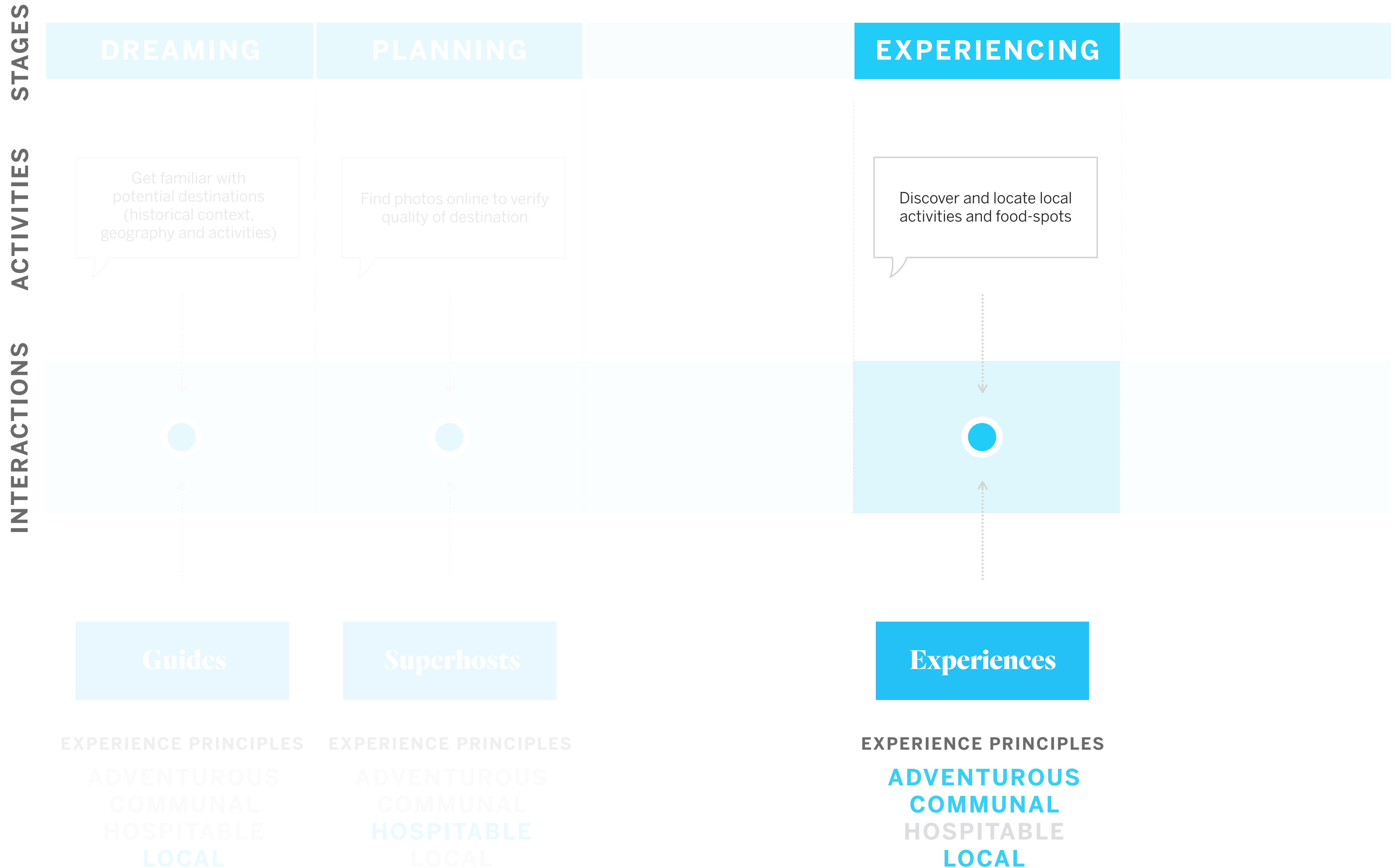
**THE  
EXPERIENCE  
EXPLORER**







**THE  
EXPERIENCE  
EXPLORER**







\$40 Enjoy string quartets & DIY cocktails



\$68 Learn how micro-loans revitalize SF 3 reviews



\$18 Engage in a nite of art, music, dance



\$40 making and eating food art in nature 1 review



\$61 Master pastry's French technique 3 reviews



\$20 Jog on forested deer paths at night



\$24 Soothe your soul and body



\$29 Groove to yoga at sunset with music

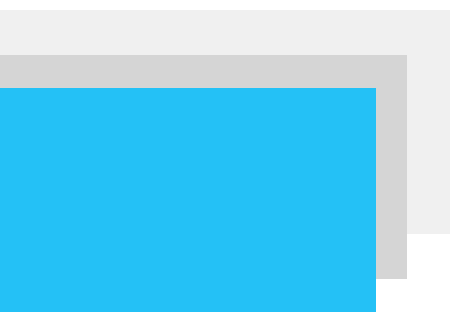
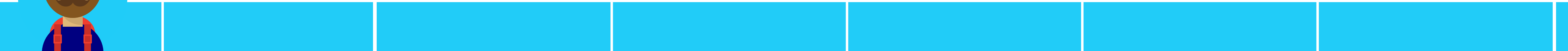


\$15 Enjoy a listening room Open Mic night



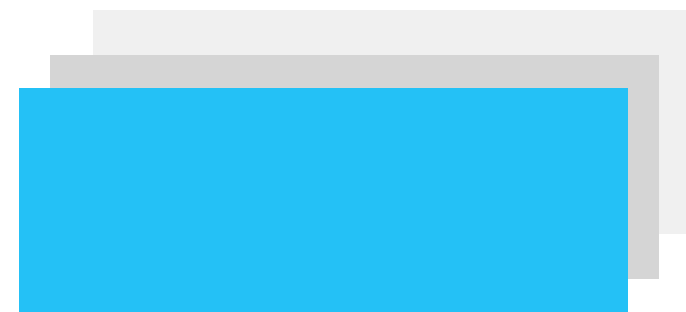
\$65 Come experience the magic of surfing!



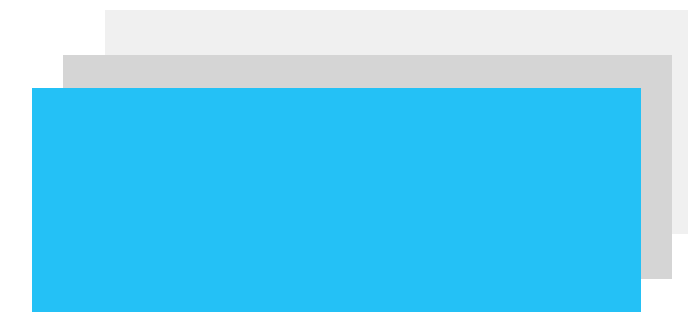
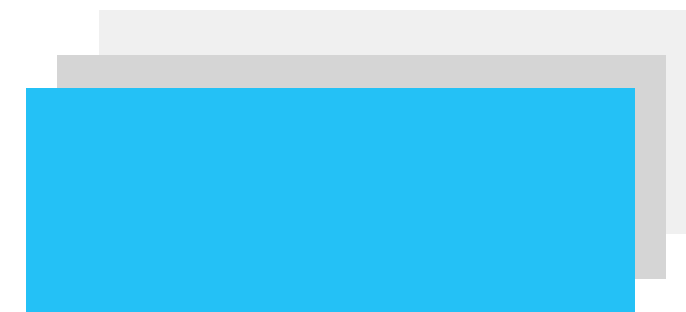


**Guides**

**Superhosts**



**Experiences**



*Ok, so I've got 10 innovations on the table...*

**Which ones do I invest in?**

—

## RELATIONSHIP PORTFOLIO

**The question is: what portfolio of innovations is going to strengthen the customer relationship the most?**



# Strengthening relationships is a multi-layered endeavor.



**THE  
EXPERIENCE  
EXPLORER**

## *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**

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"How in the world did you know I would like something like that?!?"

## RELATIONSHIP PORTFOLIO MAP

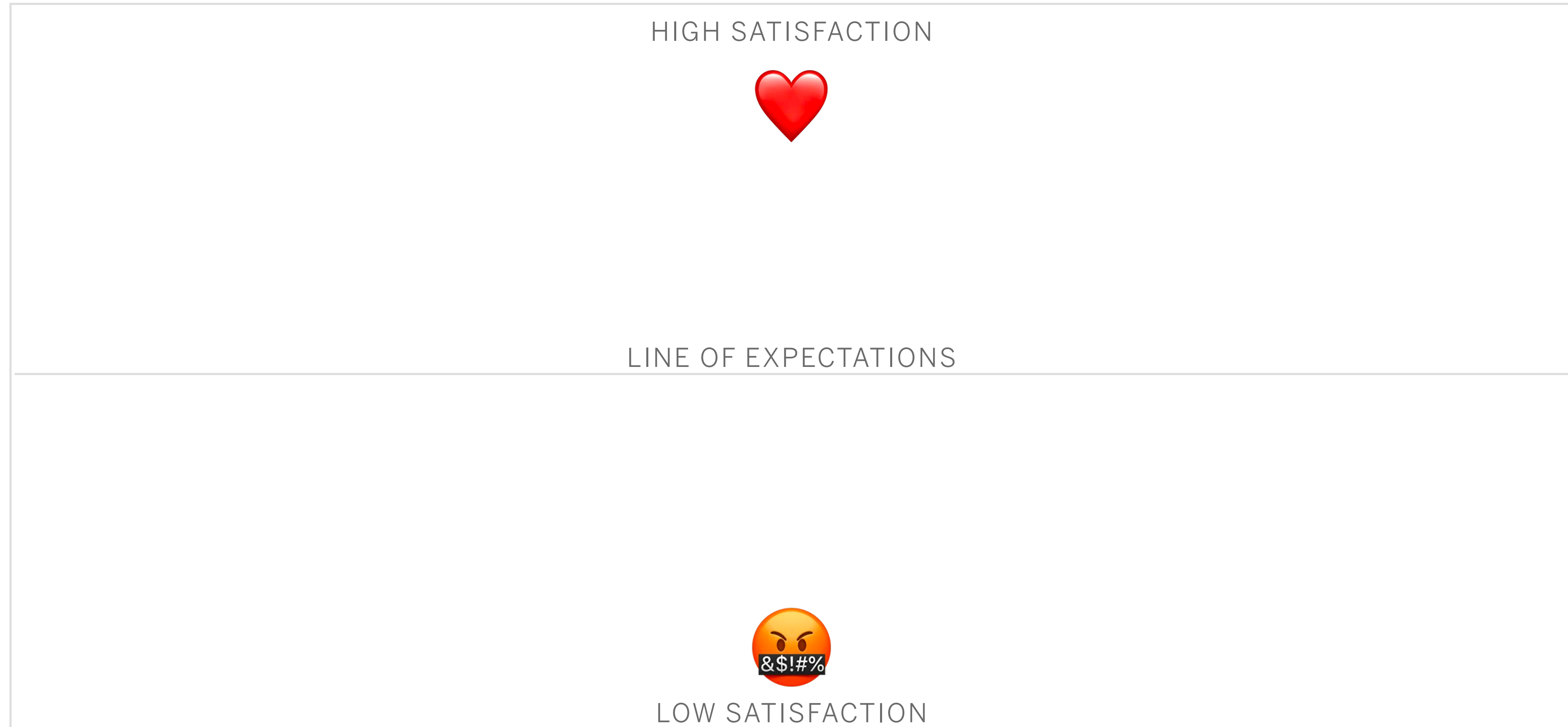


POOR EXECUTION



FLAWLESS EXECUTION

## RELATIONSHIP PORTFOLIO MAP



# RELATIONSHIP PORTFOLIO MAP

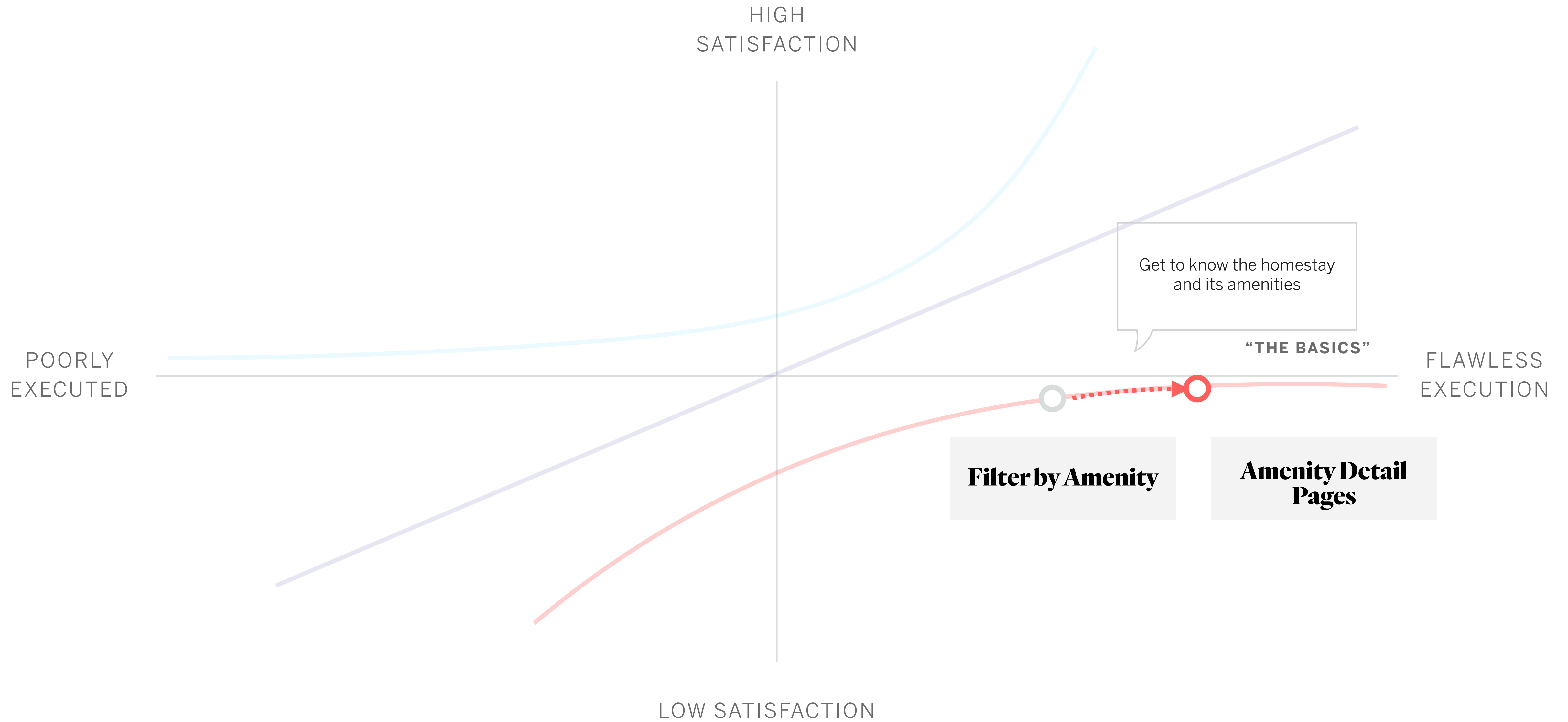


# RELATIONSHIP PORTFOLIO MAP





# RELATIONSHIP PORTFOLIO MAP



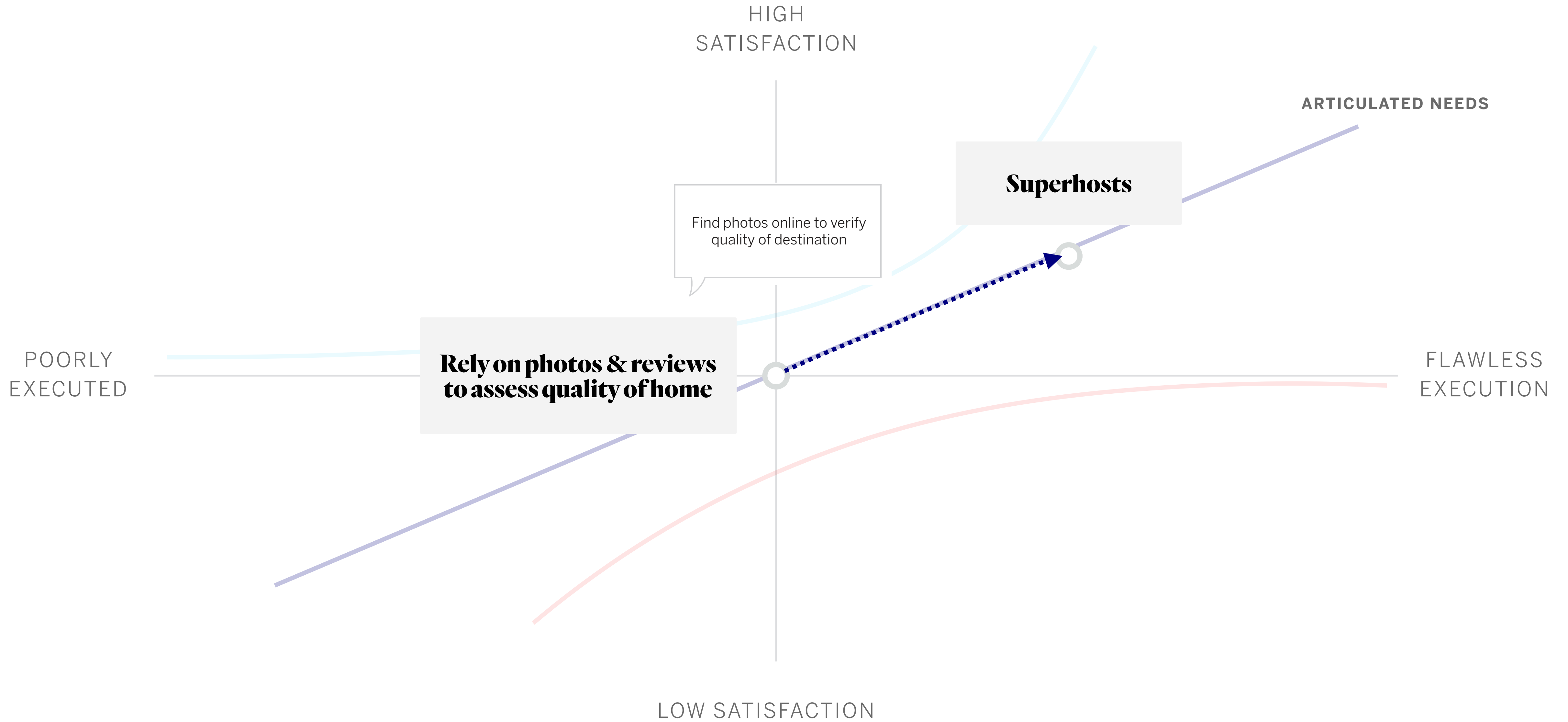
RELATIONSHIP PORTFOLIO MAP



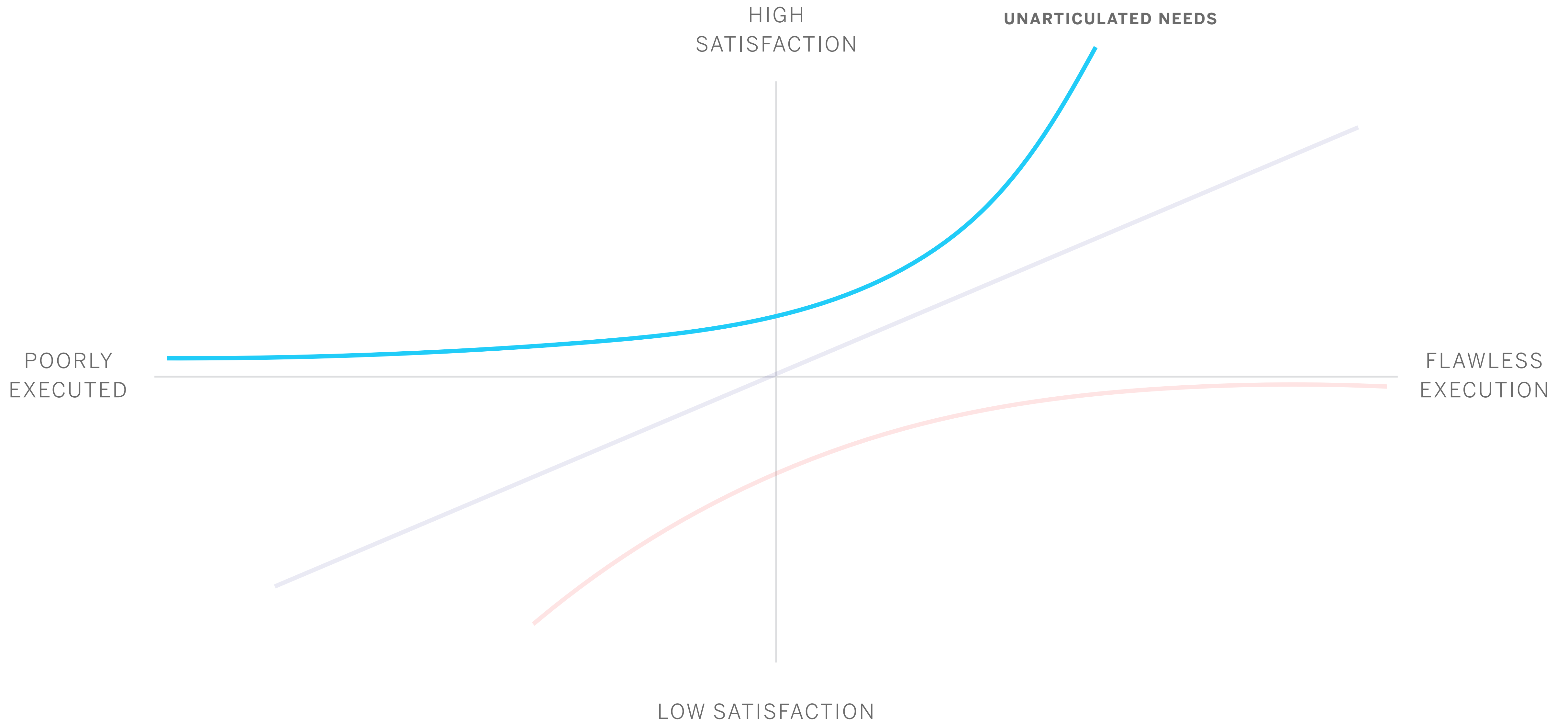
# RELATIONSHIP PORTFOLIO MAP



RELATIONSHIP PORTFOLIO MAP



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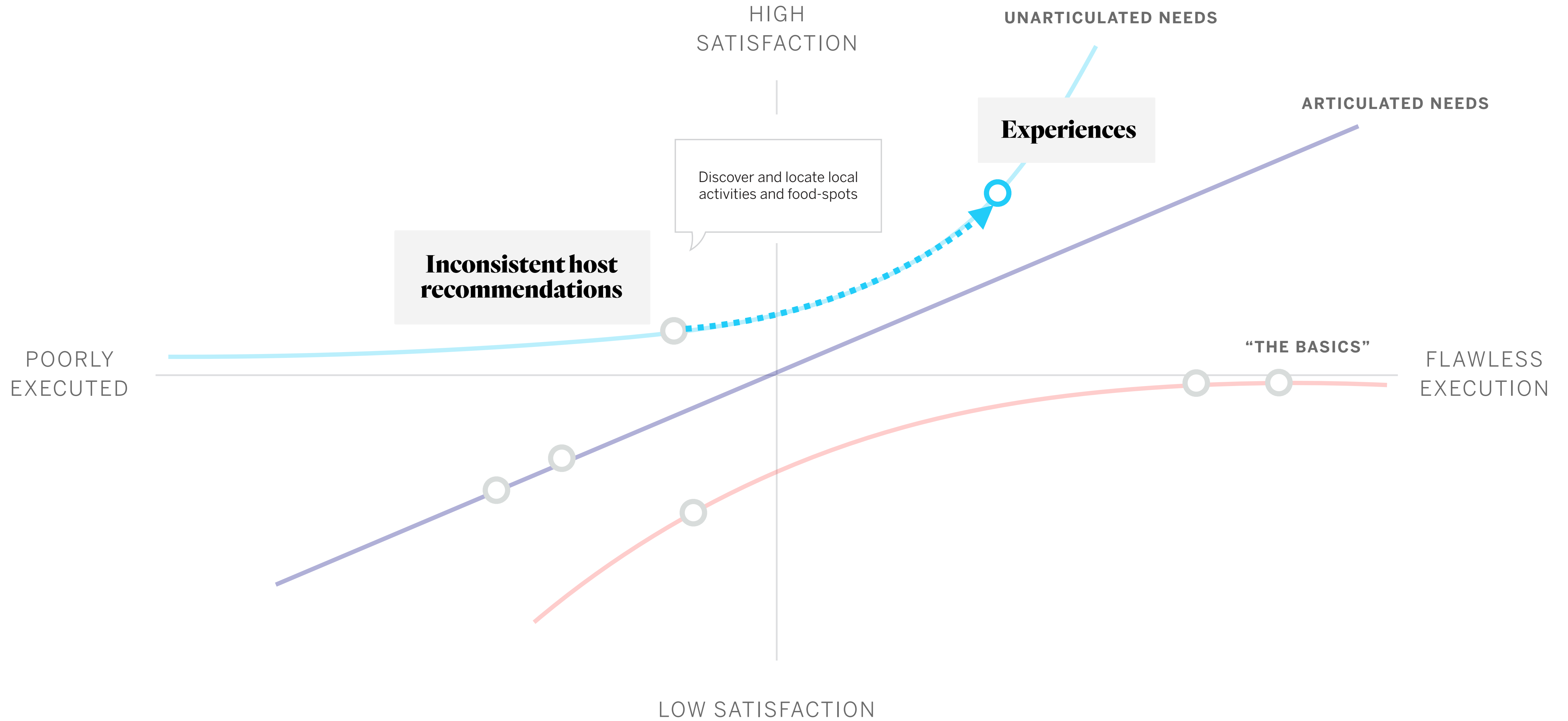




# RELATIONSHIP PORTFOLIO MAP



# RELATIONSHIP PORTFOLIO MAP



# RELATIONSHIP PORTFOLIO MAP



# RELATIONSHIP PORTFOLIO MAP



# 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

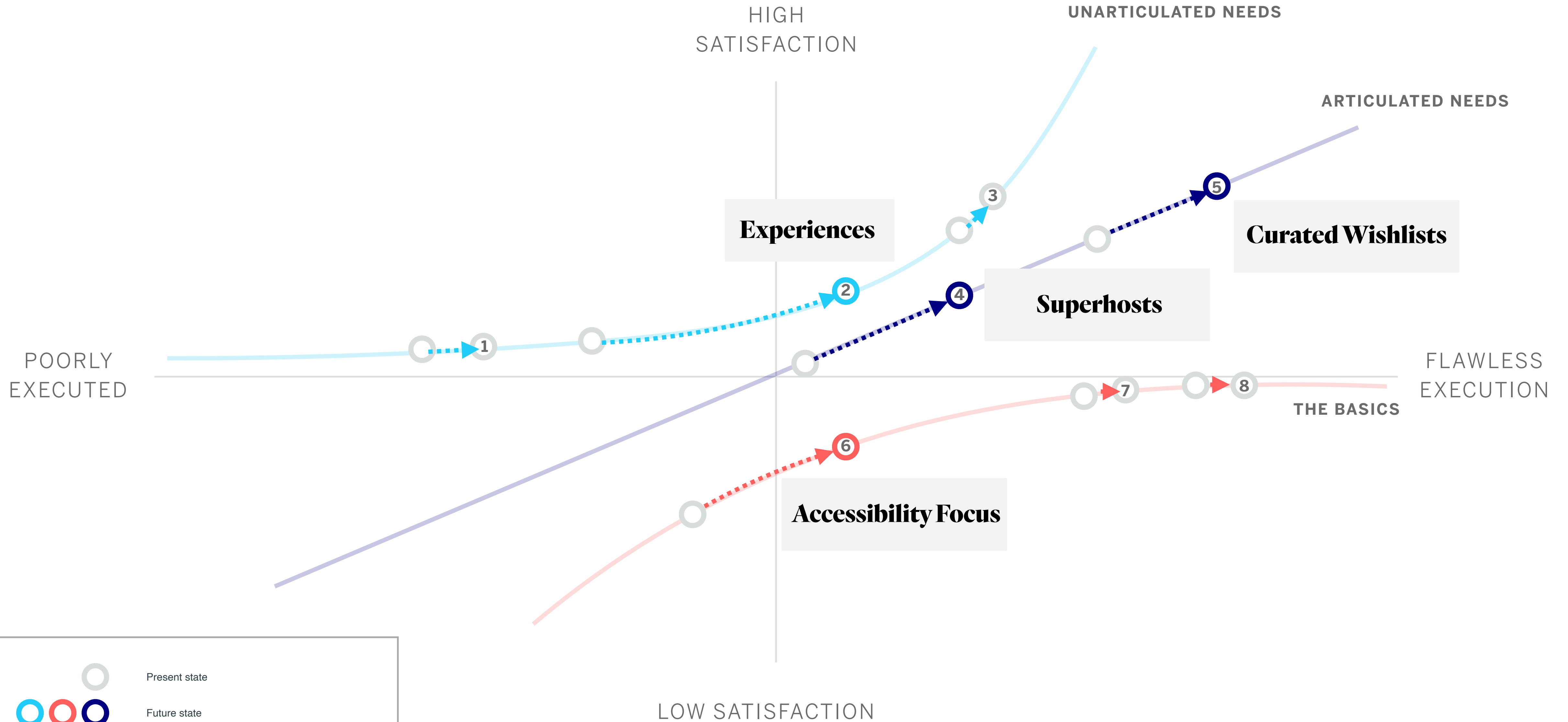
- Remaining resources should be dedicated to innovation that targets a mix of articulated and unarticulated needs
- Rule of thumb is that for every 2 articulated needs, you should invest in 1 initiative that takes a risk on an unarticulated need

## 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



# RELATIONSHIP PORTFOLIO MAP



# Alternative framing.

## The Basics

---

<b>Accessibility Focus</b>	★★★★★
<b>Simplified Fees</b>	★★★☆☆
<b>Amenity Filter 2.0</b>	★★★☆☆
<b>Redesigned Help Center</b>	★★☆☆☆

## The Articulated Needs

---

<b>Curated Wishlist</b>	★★★★★
<b>Superhosts</b>	★★★★☆
<b>Updated Reviews</b>	★★★☆☆
<b>AirBnB Categories</b>	★★★☆☆

## The Unarticulated Needs

---

<b>Experiences</b>	★★★★★
<b>Split Stays</b>	★★★★☆
<b>Arrival Guides</b>	★★★☆☆
<b>Seasonally aware filters</b>	★★☆☆☆

# Alternative framing.

## The Basics

**Accessibility Focus** ★★★★★

**Simplified Fees** ★★☆☆☆

**Amenity Filter 2.0** ★★☆☆☆

**Redesigned Help Center** ★☆☆☆☆

## The Articulated Needs

**Curated Wishlist** ★★★★★

**Superhosts** ★★★☆☆

**Updated Reviews** ★★☆☆☆

**AirBnB Categories** ★★☆☆☆

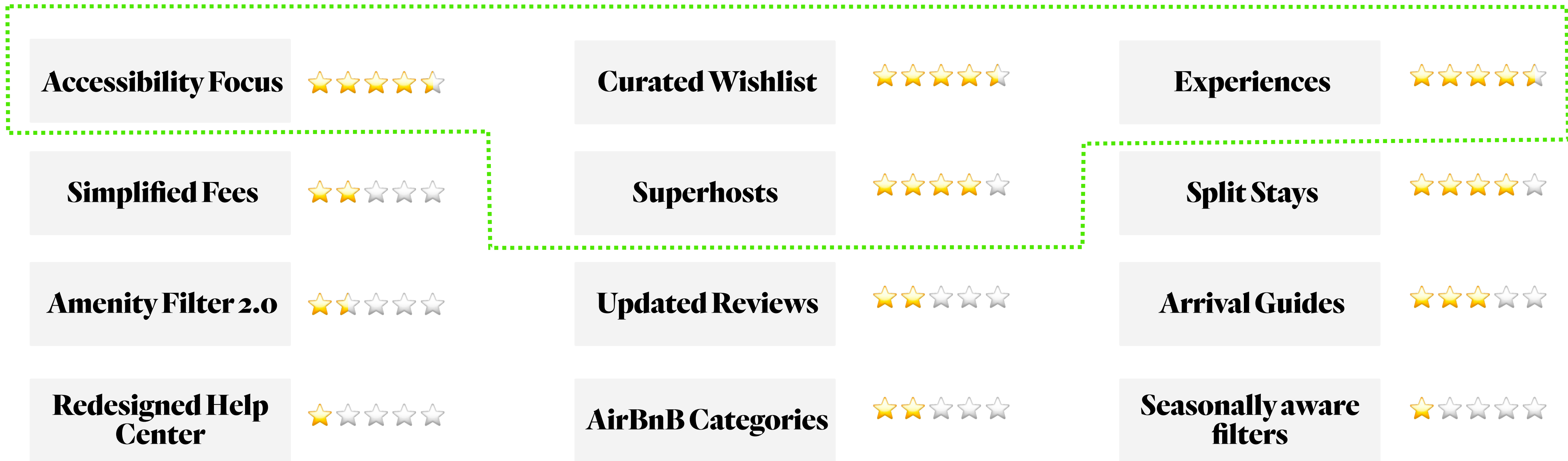
## The Unarticulated Needs

**Experiences** ★★★★★

**Split Stays** ★★★☆☆

**Arrival Guides** ★★☆☆☆

**Seasonally aware filters** ★☆☆☆☆



# 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

## IN SUMMARY

- ✓ **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?**



THANK YOU!



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