

GMCP Ep. 060 - The Experience Economy and Progression of Economic Value

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This is the Grow My Clinic Podcast by Clinic Mastery where we help you deliver amazing client experiences to grow your clinic.

BEN: Welcome to another episode of the [Grow My Clinic](#) podcast. My name is Ben Lynch and today we have a very experienced guest. Joining us today is Joseph Pine. Now, Joe helps businesses conceive and design new ways of adding value to their economic offerings. He teaches them how to grasp the nature of the emerging experience economy and envision their role in it, whether it be staging experiences, guiding transformations or mass customization.

He and his business partner **James Gilmore** are the best-selling authors of "[The Experience Economy](#)" where "Work is theater and every business is a stage." I love that. Today we are exploring mastery of delivering amazing client experiences. Joe, welcome and thank you for joining us today.

JOSEPH: Thank you Ben. It's a pleasure to be with you and with your audience.

BEN: Fantastic. We are so passionate about experiences especially in the healthcare industry. Often we make the distinction between the health services, the technical elements of anyone's profession, how they might be helping a client in their health needs.

But then the care, the client care experience is something that - I think we all got into the health force is because we love working with people. We love making them feel great and having an awesome time with us. So, to have you onboard to dive deeper today is going to be a real thrill for many of our listeners. So, I'd love to start by asking you: what do you mean by the experience economy and the progression of economic value?

JOSEPH: Well the progression of economic value basically talks about what has happened to create economic value over the millennium which we've had business. And it starts with the growing economy based on **commodities**, the thing that you pull out of the ground, throw in the ground or raise in the ground. And then it

shifted into the [inaudible] economy thanks to the industrial revolution again in late 1700's in England where goods were the primary economic offering.

And then the latter half of the century it shifted into the **service economy** where services became the predominant economic offering, where services are what people are looking for. And what happened in the service economy is that goods became commoditized. It was treated like a commodity where it has no differentiation, where people don't care about the brand or the features. All they care about was the price. And that increase is happening to services as well.

You know, the internet is the greatest force of commoditization. It commoditizes not just goods but services as well. In the US, what used to cost 700 dollars to buy or sell a block of shares of a full service broker, now it can cost as low as 3 dollars with an internet-based broker. What that means is that goods and services are no longer enough. The goods and services are everywhere becoming near [inaudible].

So it's time to move to a new [inaudible] economic type that go beyond the services to staging experiences for our customers. And the most important thing to understand about this progression of economy type is that experiences are a distinct economic effort.

As distinct from services, as services are for good. It is basically as good as [inaudible] and the services as the stage, you engage each and every individual in a more personal way, and hereby create that memory which is the hallmark of the experience.

So we're shifting into an **experience economy**—an economy where experience are predominantly the economic good, where experience is where growth and jobs and GDP is going to come from.

BEN: Wow, so you've really made a clear distinction that experiences are their own economic offering.

JOSEPH: Correct.

BEN: Right. So let's talk a little bit about that. What does an experience kind of look like? Or how do we make that distinction from just that service customization that we're actually providing experience?

Can you give us an example that you would use to distinguish experiences and even then, a medical example, where you've seen in a medical industry providing these experiences?

JOSEPH: Well the one thing to understand also is that it's not like experiences are a new economic offering. They've always been around. They're just newly identified. You know, the economists and the government all pushed the experiences into the statistics and services, but in fact we could pull them out because they are so distinct. So we've always had sports events and concerts and plays, if you think about [inaudible] and more recently, movies and nightclubs. And all of these are experiences where people value the time that they spent, right?

That's one of the key distinctions between services and experiences. Services are about the time well saved, but experiences are about time well spent, that people actually value that they spent there. And that can happen in the medical field, in small offices and so forth.

One company that brings to mind, particularly since you mentioned the subtitle of our original edition book is "Work is Theater and Every Business is a Stage," is the fact that [Jungle Roots Dentistry](#) in Phoenix, Arizona, which is a dentist's office that is themed after the jungle. Dr. Culp, the primary dentist there is known as "The Jungle Doctor." And people go in and you'll see, you know— basically it looks like a rainforest café. I mean, it looks like a jungle in there with the trees, with plants, with all of these carvings like they remind me of the jungle. You sit on rocks as opposed to chairs in the waiting room. They have animals and so forth that are carved into. It's very much of a themed place and it's a wonderful place for kids to go to.

He's a pediatric dentist and you know, people talk to each other in the grocery store or whatnot about, "Oh hey actually I have got to take little Charlie to the dentist." And they say, "Oh, have you been to the jungle doctor? You have got to go!"

And I was told that he recouped the investment. All the money he spent on these theming of his offices, he recouped it in less than a year because of the distinctive experience that it creates.

BEN: Absolutely. And that's probably something going through a lot of clinic owners' minds is, "Wow, to have a fit out, a purpose-built fit out or change, certainly the physical layout of my clinic to be able to facilitate these experiences is a huge

capital investment.

So that he, you say, look, in this example, the goal is to be able to recoup his money in a year, it just shows how distinct you can be in the market as well. So it sounds like Joe, that these experiences are really tailored around the audience or the clientele that that particular business serves.

So you might be looking at kind of tapping into reverse engineering their interests and what they're into, to be able to create these experiences. Is that how you would typically work with the businesses? Looking at their clientele and then bringing to life experiences that connect and resonate with them?

JOSEPH: Well you obviously do want to resonate with the clientele that you have. If you are a pediatric dentist, you're not going to choose a prison theme for example as what it is. But also it needs to be something that resonates with who you are. One of our other books is a follow on to The Experience Economy is about **authenticity**, which basically is about how you can follow two key standards of authenticity in business, which is being true to self and then being what you say you are to others.

And in terms of being true to self, you have to know who you are and what you can do. I was reminded of another dentist company I know is themed after Star Trek, where the dentists are in Star Trek uniforms, a little communicators on the badge.

Now I doubt they did that and said, "You know, there is enough Trekkies out there that we can hold the business you know, just for now. I mean it's like, no words [inaudible] not exactly like that. And this makes us look distinct! So it can go either way. You actually go with your things that are antithetical to who you are as a heritage, but also you don't go with your things that are clearly a turn off to your clients.

BEN: Absolutely. So then let's dive in to some of those experiences. I've heard you talk before about the realms of experience. And perhaps this is some of the more practical filters we can use when creating experiences. Would you mind just sharing with us a little bit about the realms of experience that you talk about and then perhaps how we might be able to use them in crafting and creating these experiences?

JOSEPH: We should. The **four realms of experiences** — this is from Chapter Two

of the book — describe the different ways that you can engage people based on whether you're more or less passive, or more or less active, based on whether you absorb the experience in you, or whether you immerse people in to the experience. And all of these elements are there.

You'll never have a hundred percent passive, or a hundred percent active, hundred percent immersion with zero absorption and so forth.

So the four realms basically are: one is entertainment. **Entertainment** is where we passively absorb in the sights and sounds that are presented to us, like watching TV, going to a play, a movie or a concert. Then there is the **Educational** experiences where you are actively — you go from primarily passive to primarily active so that you can learn by what you are experiencing, that information that you are absorbing into you.

And then there are **Escapist** experiences. We go from one place to another and do something there. And then finally there is the **Aesthetic** realm of the experience where you provide a passive immersion, where you're passively immersed in an environment that is so wonderful that you want to spend your time there. You want to hang out and just be.

So you think of entertainment as to provide the place and elements to enjoy, educational providing elements to learn, escape is providing elements to go and to do, and aesthetic is to just hang out and be.

So in the jungle doctor's case for example, they do have TVs that are in the waiting rooms and you could — whenever the TV channel is already there, no. They're kids so you're playing kids movies that are in there as part of the entertainment realm.

Education realm—you certainly want people, whatever healthcare business you're in or whatever clinic you have, education has got to be a huge component about it. What happens in the clinic itself is almost always the small part of the total healing process. So you have to educate people and help them think about what they need to do so as to carry on, what they learn in the clinic and thereby become more healthy.

Escapist experience is you're going to think about—again, the jungle doctor is very much like going from the normal environment to the jungle right there. But even in more normal clinic environment is what you have for people to do there that makes

them active within that. How do you make it very distinct from the other environment? If you're in a normal business, you know, strip mall or whatever [inaudible], what makes your place distinct?

Finally, the aesthetic is — what is the place where people actually want to hang out? I mean, you will think about the environment that you are creating and think about what your goal is, people want to stop by even without an appointment because they love the place so much! Or their appointments started and they want to hang around, right? Whether that happens, that should be the goal.

I was reminded of a wonderful medical practice. It's a one person doctor practice, also in Arizona and outside of Tucson. Dr. Greg Petersburg has a wonderful practice called '[The Renaissance](#).' It's an anti-aging practice and the idea is: how do we help people live healthier and live longer?

And so he has only two appointments per day. You get a morning appointment and you get an afternoon appointment. It's after the theme of Renaissance, like the Renaissance is about the Age of Enlightenment. This is about the Enlightenment of Aging! But it's themed like a Tuscan village.

You go in there and it's just a beautiful environment. The aesthetics are amazing and the people who do just want to hang out there — every room is special-built for the purpose of the part of your stay there. So there is a room just for the examination. There is a room for sharing the results.

There is a room for blue sky-thinking and being able to, "So you're okay. This is what I think you need to do." They have a fountain right in the main area where everything sort of revolves around. And every one of the rooms is in fact sub-themed after the thinking styles of Leonardo Da Vinci if you have seen the book on that. So there are seven thinking styles. There are seven rooms and everyone takes off on each one of those.

It is a place that really does hit the sweet spot of the experience by being entertaining and educational, by being very much escapist of going from the normal environment going to Tuscany and you have the medical analysis done. And then with the aesthetic realm of providing a wonderful place where people just wanted to be.

BEN: Wow. That is truly—I just want to go there right now. That is phenomenal. So

Joe, there are a lot of clinics out there and they're going, the reality is, I've hide out this building and we've set it up with a couple of rooms and we're treating our patients as they come in. We do a good job. We deliver a reasonable service.

And I want to take them back to the very top of the discussion that these are distinct offerings, distinct from services.

You know, someone — they've already set up their clinics, right? They've already got their kind of layout, and service. With the starting point, I mean, the example you just gave there is incredible and that is obviously someone who's doing it really well. But for the novice, for someone starting out or looking to kind of relaunch with this idea of delivering experiences, how would you advise them to begin that process?

JOSEPH: Well the first thing to do, particularly if you do already have your place that you have created, is to understand again that in the experience economy, **work is theater**. And it is not a metaphor. I mean, work as theater. I mean work is theater. That whenever you are in front of customers, whether they're patients, family members or whoever they may be, whenever you are in front of them, you are onstage.

You're acting, and you need to act in a way that engages your audience, that engages the people there, being the key thing with experience. So the thing about theater is that it doesn't require any capital equipment to be able to direct workers to act, to understand how you do things.

The basic distinction between services and experiences is "What versus How." Services are the what, the functional activities you have to do. You have to check people in. You have to get their address. You have to get their medical information. You have to direct them to or lead them to a room. You have to take their vital statistics, whatever it might be. You have to perform the services. But how you go about doing that? That is what turns any mundane interaction into an engaging encounter.

There is a famous medical journal article from the medical journal of [The Lancet](#) way back in September 1994 by a couple of doctors. And the title of it is "**Acting in Medical Practice**." They say back then that we—and this is long before we wrote the book, that we think that doctors must be actors.

In addition to demonstrating clinical acuities, positions are expected to assume a role to play upon the particular situation of a particular patient. The position does not possess the necessary skills to assess a patient's emotional needs and to display clear ineffective responses to these means that the job is not done. And that is the case in any practice.

BEN: Tremendous distinction there. And I'm just playing devil's advocate here. I speak to a lot of clinic owners and they say, "Well, that is fake or phony or it's not genuine, not authentic." But they are carrying on different actions, behaviors outside of their role.

When they come to the office and their physiotherapist, the way they interact is different than the way they interact with their friends and family members. And so they are acting, whether they call it that or not.

JOSEPH: Exactly right there. Acting can be fake or phony if you are being fake or phony. But, acting can be very real. Acting is fundamentally about making choices, just as you pointed out. It's about choosing what parts of myself to reveal to those in front of myself.

And we all act differently in front of customers than we do our friends, in front of peers than we do our bosses, in front of family than we do with strangers. It doesn't mean we're being fake or phony in any one of those. It's choosing what parts of ourselves to reveal. Acting is choice.

BEN: Absolutely. And so, there is a level of deliberateness and purposefulness in looking—

JOSEPH: Intentionality is what I love about it.

BEN: Brilliant. Intentional about each interaction that we have with our patients while we are working. So, perhaps that is something that clinic owners can do — is look at the touch points or interactions that they have with their patients. And then dissect how they could be more deliberate and one of the distinctions that I loved from your work Joe was personalized, engaging and memorable. There are some filters that we've certainly used when looking at those interactions. Is that how you go about it really?

I am getting into the nitty gritty here, because I want people to be able to go to their

office today or tomorrow, and go, “Okay, if I sit down, what can I start with?” Is that a process that would work? Or do you have a better distinction there?

JOSEPH: Those are all very good. You look at all the key characteristics of experiences. It’s about engaging. You need to engage each person and to best do that is by being very personal. You need to reach inside people to engage them so the better you customize the services that you have, the easier that’s going to be. So, why don’t you remember who your patients are when they come through the door?

They remember you. It’s not like you don’t have a list of who’s coming, right? You got an appointment list. Why do you make them check their address and phone number, when you already have this information. I was just in the doctor last week as a matter of fact. And then they fill out this information that they already had.

That is not the way to do it. So, customize those services. And then, create that memory that this is about doing something that they are going to remember. You can think about what are signature moments in your place? What are things that people are going to talk about and remember? The classic one with kids is, of course, giving them a lollipop. They remember that. They remember that, “Oh last time, I got a lollipop!”

But what are the other things that you can do for the kids and adults that really cause them to remember who you are and to cause them to want to come back? Now, obviously, you start going to do all service stuff, right? You are going to do all that right, you know, but on top of that you can use these elements to create a distinctive experience.

And by the way, imagine if you then built an office—purpose-built, with intentionality for what you are talking about. And you start from the ground floor or like the jungle doctor did. I’ll give you another example. It’s [Vance Thompson’s Vision](#) in Sioux Falls, South Dakota, who is an eye doctor. And he built his own place that is basically themed and shaped like a cornea. You know, with the outer things, with all the colors this and that, and with all the natural lights streaming in, and then the retina and the nerve centers where everything happens.

Regarding theater, they have backstage areas and front stage areas. Every room that you go in actually has two doors, so that the customer, the patient, will go out one door but the lab technician and the doctors and so forth will go to a backstage

area so that they're never doing the offstage things in front of the customer. And they can even customize the beautiful lighting that they do again because it's all about the eye. They can customize that whether it is to match homecoming colors of a particular, of a local high school when it is homecoming weekend.

They have a patient pad, a piece of technology that they use to customize the experience. It also has procedure videos, educational elements, information and even games for kids to play to occupy their time and so forth.

BEN: I love that distinction of onstage and offstage, and making the distinction between the two that really keeps people engaged in that experience, I can imagine. Wow. Some real pearls of gold here Joe.

I am interested to know, over the last twelve months or so, what have you seen in terms of the shifts maybe in technologies, strategies or methods of people providing experiences, and how might that filter into the coming twelve to twenty-four months? Like, what is trending for you at the moment? What is really top-of-mind?

JOSEPH: Well, what is interesting, I want to make a point that I think it is important to use the term of staging experiences versus providing or delivering experiences. Those are service words and the vocabulary matters.

One of the best things I've seen actually, when you're not in health care is the [Carnival Corporation, the Cruise Company](#) has announced an **Ocean Medallion** which is an IoT device, or an "Internet of Things device that as they're ramping it up in the first implementation has been in the last twelve months, and eventually be in all a hundred plus ships they have in all for the guests, but right now it's on a few ships with not all the guests.

And this allows them to know who everybody is, that you don't have to show your passport when you get onboard because you've already uploaded it in advance. You are 'ocean-ready' as they call, and as you walk up the gangplank to get up, your picture and your name pops up, and they verify that, "Yeah, you have submitted your passport information." So they'll just greet you by name when you walk onboard.

When you get your stateroom, the room opens automatically as you touch the door because it knows who you are and what room you're in. They can even remember your multiple different preferences based on the context you're in.

So, when you are in a pool bar, or in the pool deck with your kids, they remember that your favorite drink is an iced tea with no lemon. Or when you are in the bar with your buddies and some mojito and when you're in the restaurant with your wife, let's say a glass of Shiraz.

They basically mass customize the entire experience, given every guest and every family unit, a mass-customized itinerary with personal experience invitations about what they can do. And I think that sort of thing is going to come around more and more in various different industries.

And obviously, it doesn't require an IoT device to do this, a lot of reasons for using that on a ship versus a phone. But so much can be done with the person's own smartphone, where like in [Neiman Marcus](#) for example.

If you have a Neiman Marcus app open when you are going to the department store, it identifies you. And it sends a message to your personal sales representative, your sales associate who then looks you up and looks up what your styles are, what your color preferences are, what you have bought in the past. They can arrange a meeting to give you a personal style consultation there while you're in. And if you want to be anonymous, you just don't open the app when you go into that store.

So, you see more and more things like that happening as well as of course, there are more and more use of virtual reality and augmented reality. There are many dentists and others who like to show movies on the ceiling. And some are now starting to do virtual reality experiences.

But I worry about that if you get too far away from knowing what is going on to the mouth and [inaudible]. Those things happen. [inaudible] Yelling that something is going on in the virtual reality. But those are some things that are going on here.

BEN: Terrific. That is fantastic. And I think there seems to be so many possibilities of how you would stage these experiences. I love the distinction in the language, how you would stage these experiences for someone.

Joe, if you could give an overview — if you're brought into a business and they've asked you, "Joe, we believe in this experience economy. We want to deliver it. We want to be distinct." How would you go about it? If you can give us kind of an over-level view of what are the things that you would do to go from [inaudible] to go in transforming or crafting and staging these experiences?

JOSEPH: Well the first thing I'd do gets back to intentionality—is I would get intentional about the entire experience. I would, in particular, think of, "What is my theme?" My theme is the organizing principle to the experience.

It doesn't have to be fantasy like Disney theme parks. It doesn't have to be in your face like themed restaurants. It is simply the organizing principle for how you decide what is in the experience versus what is out of the experience.

You think about the Age of Enlightenment and the Enlightenment of Aging, right? How that theme can transform everything that you're doing and how it sets up what place you want to create and so forth. You think about the theme of being "the jungle doctor." You will set up what you want to do in that. So what is your theme? What is your organizing principle?

And then everything can then flow from that in terms of how you design your offices. So you have positive cues that create that theme. You'll get rid of negative cues that don't fit with the theme. You engage all five senses while you're even there and how do you do that. And imagine this: what smell is the greatest [inaudible]. What sense is the greatest [inaudible], right? It is smell of course!

Often, and particularly in medical offices, the best we do is eliminate the bad smells. And what tends to do is it gives the impression of people that this is a place that needs to be cleaned, right, if it smells antiseptic, [inaudible]. But what are the positive smells? How do we engage people? What smells would fit in to our experience?

Right then, going through the four E's is great and how you hit the sweet spot in the middle by having aspects of all four of those. Customizing that and how you get individual with every one of your patients, every one of the guest of your experiences, another vocabulary thing to use when you're staging experience. You have guests, not just customers.

And then theater, right? What is the theater that you want to perform on your stage? How do you direct your workers to act? How do you give them roles to play? Help them characterize those role. Even get rehearsals and backstage areas.

You can't expect people to be on a hundred percent of the time. They need an area that there are no guests, where they can be backstage, and do activities that belongs back there in order to have the [inaudible], it takes to be able to create a great experience.

BEN: Terrific! And I think the theme there is just intentionality as you said at the very top, which is that there is so much thought behind each part, interaction of that experience. One thing, I want to just quickly come back to, because I hear a number of listeners going, "That all sounds great, but I've still got to get the person better."

And you did say it earlier Joe that to bring it up, obviously you have to be providing a good service. You have to actually be getting results and health outcomes for your clients. Let's absolutely made that disclaimer. But this is starting to look at how we do differentiate ourselves.

And we know that if you're engaging people like this—this actually helps them in their health journey and their journey towards wellness. So this is, the added layer. Sorry, go ahead Joe.

JOSEPH: While it brings up important points I want to make sure we discuss, too. We talked about helping them on their journey to wellness, that in fact there is one more economic offering in this progression of economic value.

And that is when you go beyond the experience. In fact, you use the experiences to guide your customers to change, to help them achieve their aspiration. And all of healthcare, and clinics in particular are really in the transformation business, built on top of experiences.

The transformations are life-transforming experiences. Experiences that change us in some way. And nobody ever goes to a clinic without having an aspiration, whether for themselves or for their kids or for another loved one. They have aspirations, and the bottom line is about helping them achieve those aspirations.

You know, Vance Thompson Vision again—they talk about their theme of “changing lives by creating vision.” They recognize that they are changing lives. When they install a new cornea, or when they do cataracts surgery, or when they do LASIK surgery, it’s not just vision that’s improving. It’s a life that has been changed. And how do you go about ensuring that to happen?

So I think it is imperative for every clinic to understand that at the bottom line, it is about outcomes. It is not about inputs. And outcomes are fundamental to all transformations. They are fundamental to healthcare.

They are fundamental to clinics is providing the outcomes that people want. And that is why I do actually so much work in healthcare, generally with hospitals, but also recognizing that research shows that the better the patient experience, the better the outcomes. And that is the bottom line.

BEN: Oh, there’s not a better note to finish all them Joe. I love it, because we are moving to, and part of being health professionals, having outcome based, having an evidence-based behind your practice, but rather than just maybe helping someone in their acute need of you know, sickness, illness, injury, actually helping them achieve their aspiration, their outcome, that transformation-- boy oh boy, that is amazing.

That is absolute gold. And there are a hell of a lot of practicality about what you have covered here Joe, in terms of the realms of experience, that people can look at and go, “How well are we doing this?” or “How could we transform and stage experiences around these four realms and how can we stimulate and engage their senses? How can we customize it even more so, and maybe even anticipate their need ahead of time?”

Incredible practicality. I want to say thank you so much. If there is one parting piece of advice or golden nugget that you want the listeners to leave with today, what would it be, Joe?

JOSEPH: It would be to understand what business you’re really in. And it’s not the service business. It very much may well be the experience business. But I encourage you to even think about being in the transformation business and thereby create the great patient experience in order to affect and change their lives.

BEN: Absolutely. Now, Joe, I know a lot of people wanting to reach out to you and connect with your work. We've got a couple of books that you've written that people should absolutely read.

One of them is [Mass Customization: The New Frontier in Business Competition](#). The other is [The Experience Economy](#) which is brilliant as well and what we've referenced a lot here today. Another one is [Authenticity: What Consumers Really Want](#). And there's another one as well Joe.

JOSEPH: Yeah the last one you pointed out is [Infinite Possibility: Creating Customer Value on the Digital Frontier](#). So that is all about virtual reality, augmented reality, about 3D printing, watching [inaudible] being used in medical practices and so forth.

BEN: Yeah, fantastic. Absolutely sink your teeth into there. Is there any other way that people can connect with you and follow up your work, Joe?

JOSEPH: Yes, so you can go to our website, www.strategichorizons.com. There is a contact page and if you'd like to get further information, get our occasional emails on the events and the writings that we do.

We hold every year an **Experience Economy Expert Certification Program**, a four-and-a-half day immersion in the experience economy and everything that we talked about including customization and transformations as a part of that.

And we have one Certified Experience Economy Expert in Australia. They came to our course two years ago and certainly we'd love to have more.

BEN: Fantastic. Oh, that is terrific. We'll put that link in the show notes underneath the podcast on our website so you can easily click there and head on over. Joe, thank you so much for being here today. There is incredible gold, practical wisdom inside of this episode, so thank you very much.

JOSEPH: My pleasure, Ben.

BEN: Awesome. Thank you for tuning in to another episode of the Grow My Clinic Podcast by [Clinic Mastery](#). We'd really appreciate your honest reviews and ratings on iTunes or whatever sharing, listening platform you use. And if you could connect

it with a friend, share it with a friend, we'd love to pass on and connect more people into the community here.

You can head over to [clinicmastery.com](https://www.clinicmastery.com) for all of the show notes and there is a whole bunch of free resources that you can get access to about how we're helping clinics change their experiences that they deliver to their clients as well.

So Joe, thank you so much. Have a fantastic day, and we'll see you on the next episode of the Grow My Clinic Podcast.

This is the Grow My Clinic Podcast by Clinic Mastery where we help you deliver amazing client experiences to grow your clinic.

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