

THE PINE & GILMORE BODY OF THOUGHT

Joe Pine and Jim Gilmore were once asked by a prospective client, “Do all your ideas fit together? Or do you just go from one idea to the next, like so many peripatetic thinkers?” (Ok, they didn’t say the “peripatetic” part.) Indeed, they do all fit together, arising from an integrated, holistic view of what is going on in the business world.

It all began with Mass Customization. Joe’s been called “the father of Mass Customization”, in which case Stan Davis is its grandfather, for he’s the one who actually coined the term in his seminal book *Future Perfect*. While there was one chapter on the subject in that work, Joe literally wrote the book on it with the award-winning *Mass Customization: The New Frontier in Business Competition* (Harvard Business School Press, 1993). Hailed as one of the best books of the year by *Financial Times*, it demonstrated that in industry after industry, market turbulence has gotten so high that companies can no longer be sure that what they forecast months ago and put in inventory weeks ago anyone will want today. In such situations the system of Mass Production – giving each customer the same thing, no matter what they want – no longer works. The answer is to efficiently serve customers uniquely – giving each one, whether consumers or businesses, exactly what they want a price they’re willing to pay.

Joe & Jim collaborated on extending this concept into practice with clients and into new areas of exploration. They focused on what, where, and when companies should mass customize their offerings, resulting in a new framework describing the four different types of customization: collaborative, adaptive, cosmetic, and transparent. They published this as “The Four Faces of Mass Customization” in the January/February 1997 issue of the *Harvard Business Review*. They further developed technique to help companies focus their customization efforts by ascertaining where individual customers encountered the greatest *sacrifice* – the gap between what they really, truly wanted and needed and what they had to settle for today. Their notions of customer sacrifice can be found in their co-edited collection of *HBR* articles, *Markets of One Creating Customer-unique Value through Mass Customization* (Harvard Business School Press, 2000).

Mass Customization then led directly, albeit surprisingly, to the Experience Economy, for Joe & Jim recognized that just as customizing a good automatically turned it into a service, customizing a service automatically turned it into an experience. If that were true, they realized, experiences would have to be a distinct economic offering, as distinct from services as services were from goods. That meant that just as the Industrial Economy supplanted the Agrarian Economy and was in turn supplanted by the Service Economy, we were now shifting to an Experience Economy, where the developed world’s predominant economic offering would become experiences.

First discovered (not invented!) in late 1993, the concept had quite a lengthy gestation period as Joe & Jim delineated distinctions amongst the offerings, searched for experience exemplars, discerned actionable principles, and tested each of them with clients and audiences. Their first writing on the subject was “Beyond Goods and Services in the May/June 1997 issue of *Strategy & Leadership*, while their fourth combined *Harvard Business Review* article, “Welcome to the Experience Economy” in July/August 1998, catapulted their ideas and frameworks – particularly the Progression of Economic Value – to the attention of tens of thousands of executives. The full breadth of their thinking came forth in their widely acclaimed and best-selling book, *The Experience Economy: Work Is Theatre & Every Business a Stage* (Harvard Business School Press, 1999).



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Actually, that wasn't the full breadth. Despite becoming in great demand as keynote speakers, idea generators, corporate educators, and management advisors, Joe & Jim continued to explore, think, and extend their ideas. For example, we've published new frameworks on distinct kinds of theming and different ways to charge admission, and one day with a client, Jim said something rather profound: "The experience IS the marketing". That led these two thought leaders to think about how increasingly companies – manufacturers in particular, and even B2B players – were using *marketing experiences* to generate demand for their offerings, whether they be commodities (such as the Pike Place Fish Market), goods (American Girl Place), services (The Geek Squad), or even other experiences (all of Las Vegas). Being who they are, they developed a model for where companies can place such experiences, the Location Hierarchy Model, and used a new medium – e-Docs available exclusively on Amazon.com – to publish these new ideas to the world as "The Experience IS the Marketing – A Special Report" (BrownHerron, 2002).

Jim & Joe also emphasize some old ideas that have not received enough notice. Specifically, once they discovered the heuristic of how new economic offerings were created – as one gets commoditized, customization shifts it up a level in the Progression of Economic Value – they asked themselves if that could happen with experiences. Indeed, it was clear that experiences were the easiest economic offering to commoditize, but what happens when you customize them? You can't help but turn them into what we often call *life-transforming experiences*, and thus was discovered the fifth and final economic offering in the Progression of Economic Value: transformations. Here, companies guide individual customers to make lasting changes in their lives, or in their businesses. It's an especially important possibility for companies that sell to other businesses to consider, for every offering they sell today is but a means to an end. Helping customers achieve those ends, rather than merely supplying the means, brings lasting value to them, and therefore economic value to you. Indeed, whether selling to consumers or businesses, there is no more lasting value you can create than to help customers achieve their aspirations.

But, Joe & Jim agree, most of the business world is not yet ready for such an economic offering. Fortunately, there is still much to explore in the no-longer emerging Experience Economy. Indeed, their ongoing research has led them to new discovery: in a world increasingly filled with paid-for experiences, consumers increasingly question what is real and what is not. And today, they desire the real from the genuine, not the fake from some phony. *Authenticity*, therefore, is becoming the new consumer sensibility, the primary buying criterion by which people choose what to buy and whom to buy from. After years investigating what authenticity was all about – including going back and reading centuries of philosophical thought on the subject – Harvard Business School Press published *Authenticity: What Consumers Really Want* in October 2007. Amazon.com named it one of the top ten business books of the year, and in the cover article to its March 24, 2008, issue, *Time* magazine cited it as one of "10 ideas that are changing the world".

So after all this, what's next for Joe & Jim? Only time will tell, but one thing you can be sure of: it will both subsume and extend their already vast, and well-received, body of thought.



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