Producing Customer Happiness

The Job to Do for Brand Innovation

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Abstract: Consumers don't desire to be satisfied. They want to be happy. And here's the rub: for all of the millions of dollars that are spent on customer satisfaction initiatives; for all of the new tools like Net Promoter, designed to measure the impact of customer satisfaction; and for all of the brand innovations companies have created over decades, consumers are no more happier today than they were fifty years ago. It's possible to produce customer happiness, not just mere satisfaction. But to get the job done, companies need to bring to market solutions that actually increase both the feelings and the meaning that customers ascribe to being happy. When a company decides to commit itself to producing durable happiness, their innovations last longer, their brands deliver, and they create lasting loyalty. We provide principles for designing brand experiences to facilitate increased happiness by focusing on the jobs to get done, the four customer "dispositions" toward happiness, and the key moments that will have the greatest impact over a longer time period.

Keywords

Innovation, Happiness, Brand, Design, Customer Satisfaction, Experience, Emotion

Introduction

Feeling happier is one of the great unmet challenges of modern consumption, a challenge that deserves design thinking. The steady rise in GNP levels over fifty years has not been accompanied by rises in national happiness levels [1]. We know more about how to think about happiness today. And while a definition for happiness has long been debated and probably always will be, for our purposes we will use a popular formula from the new field of positive psychology $H=S+C+V$. Haidt [2] says, "The level of happiness that you actually experience (H) is determined by your biological set point (S) plus the conditions of your life (C) plus the voluntary activities (V) you do." Different studies suggest different percentages for each variable, but we all know everyone experiences a range of feelings called happiness. Some people are naturally happier than others. A brand strategy or innovation platform cannot change people's biology (unless you are selling Prozac). You can, however, have a significant impact on the conditions surrounding their lives. A customer happiness strategy seeks to dramatically increase the subjective well being of individuals by aligning all customer-centric business

strategies around the goal of extending the amount of time that people feel positive emotions and the meaning they associate with those feelings. The impact can be tremendous. A perfect example is the fireplace.

1. Three Happy Innovations that Shouldn't Still Be

In a modern home, there is no functional purpose for having a fireplace. In fact, in most new-build homes, using the fireplace actually sucks the heat out of the home. Yet, somehow this product continues to be installed in most homes built today. According to the theories developed by Clayton Christensen and others [3], the fireplace should have been disrupted a long time ago. People hire furnaces and stoves to do the functional jobs that the fireplace was originally hired to do: heat the home and cook the food. Homebuilders continue to add fireplaces, despite the fact that the product really has not changed that much over centuries of use. So why do we have fireplaces?

We sometimes forget that the functional job for which the internet was first developed no longer exists either. Designed to allow the US military to execute communications even if central command was hit by an enemy, the internet was originally hired for a job that, in technology years, seems like ancient history. How did that happen? If the internet lost its original purpose, why didn't another technology disrupt it, one that was specifically designed to do the new jobs that web-based consumers desired?

Then there is the very odd case of the box top coupon. The packaging on a cereal box or a cake mix is prime property. Food manufacturers are constantly changing what is communicated on the box because people hire the packaging to inform them, entertain them, and give them fresh new promotions. So how do we explain the pervasive, long lasting, General Mills' Box Tops for Education coupon? One of the most successful promotional ideas ever created by a consumer goods company, Box Tops for Education makes no functional sense whatsoever. For every box top you collect, General Mills donates 10 cents to your local school. The cutting out, putting into a plastic bag—taped to a fridge—transporting in backpacks to teachers who, and then transporting to coordinators to be transferred to General Mills of 20 dollars worth of box tops for your local school isn't cheap, simple, or convenient. Yet people collect billions of box tops, because it makes them happy.

In each of these very different cases, the original, functional job for which the product was designed either disappeared or became unimportant. Instead, the jobs people hired the innovations to do evolved to emotional and social jobs. Fireplaces are hired by consumers to make them feel strong emotions and to help them relate to others. The emotional and social jobs were much more durable than the functional job (heating the house). As for the internet: people found new jobs for the technology to do, some of which could be construed as functional jobs, but the overall thrust of innovation on the internet has been toward social jobs. We continue to calculate the savings of a vacation (a functional job) but we will spend much more time and money connecting with family and friends (a social job) via the Web. Box Tops for Education is an example where a promotions group innovated a completely new job for coupons to do, saving the promotional effect, but changing completely the reason people hire the coupon. Instead of passing on savings, the team evolved the box top coupon to be hired for emotional and social jobs associated with feeling like you've contributed to your school. They increased the lasting effect of the promotion and the subjective well being of the customer. But again: no consumer would ever say they are satisfied with functional promotional performance of Box Tops for Education.

Over time, successful goods and services evolve from a focus on the functional job to a focus on emotional and social jobs because by doing so they make the happiness people experience last longer. Solutions that increase the episodes of positive emotional and social encounters that people have increase happiness *and* last longer as innovations.

2. Principle One: What Jobs to Get Done

When customers hire you to help them accomplish a task, you are doing a functional job. When they hire you to help them feel something, you are doing an emotional job. When they hire you to help them relate to others, you are doing a social job. It can be very expensive to aim for customer satisfaction around a functional job. Think about banks and credit unions. Before online banking, most people went to branch locations to accomplish things like transferring money to an account. Before ATMs, they went to branch locations to get cash. Financial institutions realized that many of the traditional, functional reasons for going to a branch location were being disrupted by new technologies. And for a while banks believed that branches would disappear. But they didn't. For emotional and social reasons, many of their customers insisted on a location near their homes—even though many of those transactions could be handled online. This created a quandary for financial institutions: do they keep the expensive brick and mortar branch locations or not? Most did because of customer demand.

Figure 1: The risks of innovating too fast for what the high end of market can sustain is mitigated by focusing on the emotional and social jobs to get done.

Believing that the reason people go to a branch was for conveniences and desiring to increase customer satisfaction, financial institutions innovated to speed up the time spent doing functional jobs (like deposits). They focused on things like teller lines, spending endless hours analyzing wait-time and applying six-sigma type

approaches to improving the functionality an in-branchy transaction. The result: a reduce perceived wait time of 30 seconds to 2 minutes on average, and no real increase in customer satisfaction. We know of only one credit union in San Diego that was ever remotely successful in the making the teller line seem more convenient. And they did it by *not* focusing on wait time but rather by creating an experience that allowed people to meander until it was their turn with the teller. The actual wait time did not necessary go down, but customer happiness went up.

Consider another example where the company decided to focus on the emotional and social jobs to get done. In 2006, American National Bank of Texas (ANBTX) participated in an innovation process designed by Deluxe Corporation, called the Collaborative, to find a better way to assess the needs of small business owners. As a part of that process the researchers identified seven new jobs that small business owners wanted to hire their financial institution to help them with. They were:

1. Help me to grow revenue by seeing me for my future, not my past (emotional job)
2. Combine an understanding of my life goals with business recommendations so that I can feel good about my current business life stage (emotional job)
3. Prove you have my best interests at heart when you educate me on banking (emotional job)
4. Help me help my employees; see them as crucial to my success (social job)
5. Build my confidence in my ability to make decisions (emotional job)
6. Help me develop a vision for my company (emotional job)
7. Help me build relationships with other professionals (social job)

Some of the jobs to get done were outside the banks' comfort zone. But Deluxe, ANBTX, and 11 other financial institutions developed a needs assessment program to fulfill on those jobs and piloted the program. Prior to the pilot program 32 percent of small business owners said they would definitely recommend their financial institution. Upon participating in the program a full 75 percent said they would definitely recommend their financial institution (see Deluxe Corp).

Armed with this information, ANBTX decided to radically change the way that they innovated and solved small business owners' problems. They gathered owners stories, instituted a new culture, and partnered with a university to create coursework for business owners. In 2009 they launched the American Dream Business Center, enabling small business owners to accomplish every one of the seven jobs. Before the business center opened, this small bank has already generated \$15 million in deposits and loans, just from the pilot. The customer response is a sense of awe. They are happier (not just satisfied).

Christensen and Raynor [4] point out that companies will often innovate faster at a given job to get done than consumer demand for performance requires, causing them to overshoot what consumers need. That process happens faster when companies frame the job to get done in functional terms. In most cases, the original innovation made people happy because it accomplished emotional and social jobs for them, not just a functional job. Remember the fireplace? The solution never overshoot customer demand. The Box Tops for Education coupon delivers. The typical bank branch doesn't. We know this because most customers spend as little time as possible in a branch location. Banks branches need to find new emotional and social jobs to get done, ones that will not overshoot customer demand yet make customers happier.

3. Principle Two: Prime the Engine

From Socrates' day to today, people have had differing opinions about how to pursue happiness. Given all the advertising now that focuses on happiness (e.g., Coca Cola's "Open Happiness") as well as momentum behind Positive Psychology, it is not surprising that there has been push-back to the happiness movement. Brands shouldn't be in the business of promising happiness, they should be in the business of helping people pursue happiness. There are repeatable patterns for different types of happiness, that business can tap into.

Figure 2: The meanings and emotions associated with happiness can be explained in terms of the aim of the individual and the locus, or felt source, of the emotions. Four types of happiness can be designed for.

From philosophers to farmers, people create meaning from positive emotions they call happiness by the aim (higher purposed or physical/sensorial) they see for their happiness and where they locate the source of happiness (as being through others or within themselves or organization). Theorists argue that one type of happiness is more important than another. In fact at different times for different reasons, people will want any one (if not all) of the four of the major types of happiness that can be produced from the aim and the locus: transformative, altruistic, perceptive, and utilitarian.

People's previous experiences predispose them to believe that their subjective well being would be improved if you produce one of the four types of happiness. The very make up of your product sends cues about the type of happiness people should expect from your company. Each 'consumption component' of a product—how it is consumed, where it is consumed, who else is involved, the materials used—disposes the consumer to a feeling. Your goal is to align what you do with at least one type of happiness.

To align each consumption component, you need machinery. Not hardware, or software; rather you need a systematic way of producing happiness, with different engines for different types of happiness you hope to create. To illustrate the four different happiness engines, consider Pandora, Royal Caribbean International, Deluxe Financial Services, and Facebook.

3.1 Pandora, the Perceptive Engine

Pandora.com is internet radio. Built around a sophisticated music database filtering system, Pandora.com helps you create a radio station with a wide range of similar songs. One reason for Pandora's success is that it aligns its brand experience with perceptive customer happiness. The sequence of events that users experience is very powerful: stimulus, reflection, newness and adaptation. When Pandora departs from that experience (by, for example, inserting ads into the sequence of events) they reduce the happiness the user experiences. It is the technology's ability to create positive reflection that often anticipates what the user would want to experience next that generates the happiness so many people experience.

Figure 3: Perceptive happiness is driven by experiences in which rich stimulus causes reflection and a sense newness or adaptation.

Like Pandora, many consumer goods companies, whether they know it or not, are actually in the business of creating perceptive customer happiness. They launch product extensions that cause people to reflect positively and anticipate newness and adaptation. Producing perceptive happiness helps people feel and think positively, to perceive their circumstances in a better light. In order for a brand to be successful at creating long-term perceptive happiness for customers they must become great at doing three things:

1. Creating compelling stimulus (sights, sounds, tastes, smells, textures, etc.)
2. Getting people to reflect, to slow down, focus and savor

3. Creating a pattern for newness and adaptation that builds upon positive previous experiences

3.2 Royal Caribbean International, the Fun Engine

When you think about a Royal Caribbean International cruise, you become predisposed to a different kind of happiness. You want to have fun. **Utilitarian** customer happiness, named for the tradition of theorists and economists who see happiness in terms of its utility value, seeks to maximize the pleasure associated with a staged experience. Royal Caribbean International has been a long-time leader in cruise innovation, installing the first rock climbing wall, ice skating rink, wave rider, and zip line onto their ships. Royal Caribbean International's success as the largest cruise brand in the world stems from the fact that they innovate their ships to maximize the pleasurable feelings of the onboard experience.

To maximize the pleasure that your customers experience, you have to think about dramatic action. Dramatic action is the sensation that people get that an experience is building to a climactic moment. The engine that drives brand innovation for company focused on utilitarian happiness must be primed to excel at the following:

1. Creating stimulus that excites (sights, sounds, tastes, smells, movements)
2. Building dramatic action to climactic moment
3. Then offering newness and adaptation that starts the whole process over again

UTILITARIAN HAPPINESS ENGINE

Figure 4: Utilitarian happiness is driven by experiences that build to a climactic moment.

Both happiness engines predisposed people to expect a continual stream of stimulus, newness and adaptation. What they *don't* predispose them to is a desire for more choice. While some choice is helpful to consumer decision-making, an increase in choices does not lead to an increase in happiness¹ and should not be the focus on your happiness engine.

People will always enjoy these types of solutions, done properly. But there is a challenge with perceptive and utilitarian forms of happiness: the hedonic treadmill. After all of the stimulus, customers often wonder if the experience was worth it and find it hard to maintain the happy feelings. To improve perceptive or utilitarian happiness engines, we suggest the following:

1. Deliver a planful series of events that collectively show the customer that you value them and want what is best for them over time
2. Design the events or steps in the consumption process so that consumers focus on them and savor them, that they do not wear out the enjoyment.
3. Take a 'long view' on managing expectations, don't simply manage for the short term
4. Eliminate unhelpful choices

3.3 Higher purposed customer happiness strategies

For reasons that go well beyond consumption, people seek forms of happiness that have a purpose higher. There are all kinds of higher purposes that products can have:

- Healing and providing comfort to those who are sick
- Building self-esteem
- Helping to create positive change for people and business
- Contributing to things that are larger than ourselves: family, community, knowledge, justice.

How you go about delivering customer happiness that is higher purposed, depends on whether the you want to situate the feelings within the customer or through others. The engines are different as well.

3.4 Deluxe Collaborative, the Transformative Engine

The engine that drives **transformative** happiness is a company that excels at the following:

1. Identifying a goal that elevates
2. Reviewing the customer's current state
3. Guiding the customer to accomplish the goal
4. Providing new knowledge along the way

¹ Some economists argue that an increase in variety pushes up the likelihood that consumers will find exactly what they want and thus increase their utility or happiness. High variety strategies also make it possible for consumers to enjoy more variety over time. Research [5], however, suggests that while high variety enhances initial excitement and anticipation, actual purchase is problematic. In one study, consumers were much more likely to buy given a choice of exotic jams versus 30, and were much happier with their eventual selections. As the number of choices grows, the chance of making a non-optimal choice also grows and that high freedom of choice is experienced as type of tyranny. High variety can lead to frustration.

5. Designing the sequence of events so that the customer experiences flow

Deluxe Financial Services is primarily known for a product that fewer people use all the time: checks. Deluxe began innovating around new emotional and social jobs that they could do for their financial clients. They realized that their customers wanted *their* customers to be more loyal. So they created the Collaborative which brings together a hand-picked group of their clients to solve industry-wide customer experience issues. The Collaborative members charter a goal to accomplish together. They review their current understanding of the challenge. Then Deluxe leads the Collaborative members through research studies and innovation sessions to develop a new solution. For the executives who participate in the sessions, the work they do is both very challenging and rewarding. They feel flow.

TRANSFORMATIVE HAPPINESS ENGINE

Figure 5: Transformative happiness is driven by goal attainment.

You can imagine how participating in the Collaborative changes a bank executive's perception of Deluxe. Because Deluxe transforms them, they become passionate advocates of company. The Collaborative has elevated Deluxe's brand in the eyes of thousands of financial service executives.

3.5 Facebook, the Altruistic Engine

On the other side of the higher purposed spectrum are offerings that predispose their customers to believe that they will experience happiness through helping others. **Altruistic** happiness seeks to help the consumer help

others accomplish something important.

Figure 6: Altruistic happiness is driven by facilitating gift giving

The engine that drives altruistic happiness includes the following components:

1. Allowing customers to create a common cause
2. Providing the customer with opportunities to prepare themselves to share
3. Facilitating the encounter between people who share
4. Creating opportunities for gift giving
5. Providing opportunities for reconnection

Perhaps no new altruistic solution has captured the hearts of so many so fast as Facebook has. You feel like you are connected to others. You want to share. You find yourself caring about what they care about. The common cause Facebook creates for participants is a desire to stay connected to family and friends. There is personal preparation that's required. You have to create your profile and the more you prepare the more connected people feel. There's gift giving and opportunities for reconnection—all of which are facilitated by Facebook. And people are the happier for it.

The opposite is also true: to the extent that Facebook departs from the five components of altruistic happiness, their members will feel disenchanting with the technology. Most of the user complaints about Facebook can be categorized as failures of the network to deliver against common cause, personal preparation, facilitation, gift giving, reconnection. Facebook's business model, like many businesses, often works against customer happiness.

At different times and based on their circumstances, customers will want to experience different types of happiness. There are all kinds of ways to experience happiness, but in general the four types that we have outlined are foundational to the way individuals and cultures have understood their subjective well being for a long, long time. Asian cultures tend to orient a little more to the types of happiness that are experienced through others. Western cultures tend to think a little bit more about happiness coming from within the individual. Psychologists tend to emphasize the experience within the individual, while economists tend to discuss the value that comes from exchange between a happy buyer and a seller. People perceive a difference between types of happiness that have a higher purpose and types that focus on the senses. Rather than focusing your company's energies on who will recommend you or how many choices you provide, you should develop expertise in particular type of happiness engine. Then let the happiness roll.

4. Principle Three: Design the Right Moments

Pine and Gilmore's insight [6] that we are moving to an experience economy has tremendous implications for producing happiness. Consumers hire brands for the time that they spend with the brand. More and more companies are realizing that you must deliver time well spent if you want to create an experience for customers. And when you do that, invariably, consumers want to spend *more* time with you, not less.

In order to produce happiness companies need to identify the key moments in the overall experience you plan to create when people will spend time with you. Most consumer goods companies immediately call to mind key moments like the in-store retail moment and the first usage. If your offering is cruises, you'll think hard the first day on a cruise, the entertainment and other activities, and the debarkation process. Consultants sweat the proposal process, the kick off meeting, and the final presentation.

When you identify the jobs to get done, you've determined what will make customers happier. When you identify the type of happiness, you develop the machinery for increasing happiness. When you identifying the key moments, you determine when to get the job done and where to focus your happiness engine.

The key moments that Pandora will focus on are not the same moments that Facebook will focus on. Pandora's success comes because they key moments align with perceptive happiness: stimulus, newness, reflection, newness. If Pandora did not design the moment by moment sequence of events that customer experiences, the whole experience would fall apart.

The same approach would not work for Facebook. Facebook is not a simple sequence of events. There is planning and preparation that the participant must do. There are a lot of little decisions to make like what networks to join, friends to invite, replies and responses to create, video to add, and gifts to give. Because Facebook does an excellent job delivering on social job, connecting friends, through an altruistic happiness engine, that's aligned with the right key moments, the customer doesn't even realized that their gift-giving is being facilitated. Over and over again, you give and receive gifts: comments of encouragement, photos, etc.

Once you've identified the type of happiness you are designing for and the key moments you plan on producing, you can add additional features and moments the expand beyond the requirements of the type of happiness you started with. Pandora adds elements of altruistic happiness to their design. But they keep their fundamental experience in tack. And that's the secret.

5. Conclusion

It is possible to plan and execute in a strategic way to increase the happiness of your customers. Producing durable happiness for customers means going well beyond strategizing for and executing against customer satisfaction. It requires insights into the emotional and social jobs that your customers want to get done, an engine for producing happier customers, and the ability to identify those key moments that align with the type of happiness you should design for. Consumers don't want to be satisfied. They want to be happy. You can make that happen.

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