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## Business Impact Through Strategic Design

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THE IPOD WAS FIRST RELEASED IN 2001. SINCE THEN, THE MARKET FOR DIGITAL AUDIO DEVICES HAS EXPLODED, AND MANY COMPETITORS HAVE INTRODUCED BETTER DEVICES TO THE MARKET THAT ARE LESS EXPENSIVE. DESPITE CRITICISM, THE IPOD REMAINS THE WORLD'S BEST SELLING DIGITAL AUDIO PLAYER AND ONE OF THE MOST POPULAR CONSUMER BRANDS.

How has Apple managed to convince consumers that if they want an MP3 player, they need an Apple iPod? Successful brands capture consumers not by selling “product attributes”, but by creating “superior experiences.” Companies like Apple, Target, Amazon.com, Starbucks (the list goes on..) have all inspired extreme customer loyalty by embracing a concept known as Strategic Design.

### WHAT IS STRATEGIC DESIGN?

A basic premise of business is that companies have goals and customers have needs. The satisfaction of these goals and needs occurs in a successful commercial transaction and invariably involves a tangible touchpoint between company and customer. These touchpoints are embodied in all types of products, services, environments and communications, and take shape in output such as web sites, media communications (print, broadcast, online ads, search, etc.), retail stores, office space and consumer products. Designers are invariably involved in the design of these touchpoints and employ a variety of tools and processes, such as design and brand audits, customer and competitor research and more, to produce the customer intelligence that drives their successful design.

Strategic design is the deliberate application of these tools and techniques to the envisioning and implementation of customer-facing business initiatives. It not only aligns the design of products with customer needs, but also with the strategic goals of the company. A strategic design approach has proven particularly successful when the company's strategic goals include innovation, competitive positioning, brand differentiation, cost efficiency and quality. Apple, Target and Starbucks are excellent examples of companies that have incorporated a strategic design approach into their business models to drive innovation, deliver breakthrough customer experiences, and build long term customer loyalty and brand equity.

Figure 1 (see next page) outlines a basic design process and a sampling of tools and techniques used to uncover the kind of helpful customer data companies need to optimize their business-focused design projects. While there is no standard process, design and business teams must leverage these tools in a way that is optimized to the specific needs of their company and their industry.

### STRATEGIC DESIGN IN ACTION

Many companies employ designers in a very tactical fashion, bringing them aboard at the last minute to simply add form. This ad hoc approach

FIGURE 1: DESIGN PROCESS AND TOOLS

Design	Build	Extend
<b>Idea creation &amp; planning</b>	<b>Idea execution &amp; site development</b>	<b>Strategic Vision: Iteration &amp; extension</b>
<b>Tools and techniques include:</b>		
<ul style="list-style-type: none"> <li>• Field Studies</li> <li>• Surveying</li> <li>• Focus groups</li> <li>• Customer segmentation</li> <li>• Persona development</li> <li>• Ideation</li> <li>• Prototyping</li> <li>• Competitive analyses</li> <li>• Content Strategy</li> <li>• User Experience Strategy</li> <li>• Business process analysis</li> </ul>	<ul style="list-style-type: none"> <li>• User experience management and team planning</li> <li>• Organization design</li> <li>• Business process re-engineering</li> <li>• Information Architecture and Experience Design</li> <li>• Visual Design and Branding Strategy</li> <li>• Experience Validation/Testing</li> <li>• Interface Development and Maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• Design &amp; business continuum:</li> <li>• Log File Analysis</li> <li>• Site Analytics</li> <li>• Search Log Analysis</li> <li>• Experience monitoring &amp; reporting</li> <li>• Customer research</li> <li>• Market research</li> <li>• Trend research</li> </ul>
<b>What to build</b>	<b>How to build it</b>	<b>How to make it better</b>

may produce an occasional satisfactory result, but companies wishing to better exploit design need to take a much more strategic approach. Figure 2 (see page 3) provides a holistic view of the strategic design environment. In this environment, tight relationships between business, marketing and design managers make design a shared responsibility that integrates business divisions with the goal of creating positive experiences between companies and customers. It is an iterative process that both originates and ends in the marketplace; beginning with customer research tools to determine the needs of users, and continuing after a product or service is launched to determine how well it is performing and how future trends look. This information, in turn, feeds a process of continuous improvement and adaptation to evolving market needs.

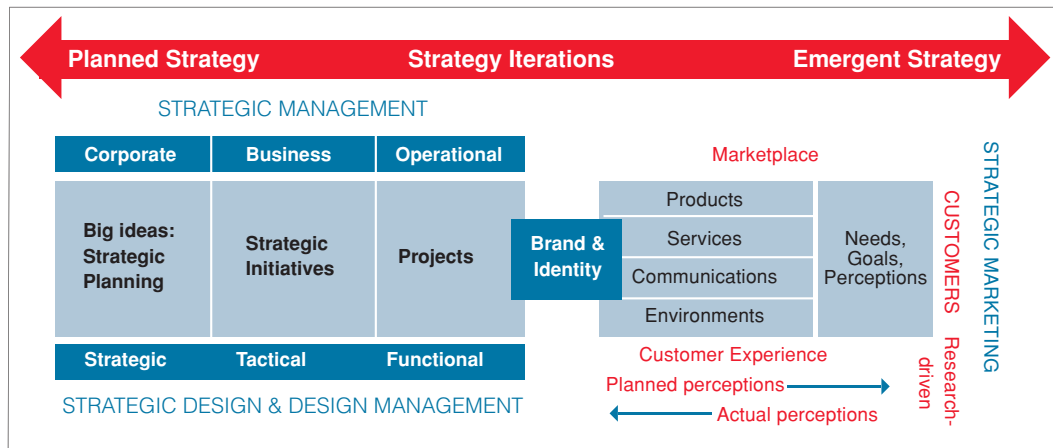
### STRATEGIC DESIGN AND DESIGN THINKING

By adopting a strategic design approach, companies benefit from a form of thinking that is unique to designers. Often referred to as design thinking, it is

different from more traditional approaches to problem-solving in that it is at its most effective when it includes all, and not just some, of the following attributes:

- **Consumer, Customer, and User-focused:** It is ultimately about satisfying the customer and user of the design.
- **Creative and Innovative:** It is about evoking new ideas and solutions and successfully bringing them to market.
- **Experimental:** It is about conceiving, building and testing prototypes in an iterative fashion.
- **Evaluative:** It requires gathering the best information and allowing stakeholders to make recommendations about which steps to take and what to build.
- **Collaborative:** It incorporates multiple viewpoints from various organization divisions and global operations.

FIGURE 2: THE STRATEGIC DESIGN ENVIRONMENT



- Integrative: It provides solutions that keep the bigger business picture in mind.
- Emotive and empathetic: It builds emotional appeal and encourages positive perceptions through experience.
- Experiential: It's about usability, emotability, aesthetability and culturability.

## STRATEGIC EXPERIENCE DESIGN AND BRANDS

Companies have traditionally relied on branding and communication to develop positive customer perceptions of their products and services. Marketing teams often work closely with their design partners to ensure that what is promoted is actually delivered. However, function often suffers at the expense of form. The messages communicated through advertising, public relations and digital marketing support only one side of the branding equation. It has become increasingly clear that the customer's user experience of products and services themselves is a powerful branding moment. For instance, a customer's delight with the functionality of an Apple iPod, an airline's online reservation system, or the interior of a coffee shop

are examples of powerful branding moments. The experiential interactions that generate these positive perceptions are critical to achieving customer loyalty with increased and repeat business.

Creating positive customer perceptions is particularly important for businesses that are increasingly relying on the Internet to attract, convert and retain customers. A strategic approach to design, driven by design thinking and user-centered design principles, can have a profound impact on e-business strategy. For companies whose customers are increasingly doing business with them through digital channels, and where traditional channels are being increasingly redesigned to drive business to digital channels, creating a positive experience across all digital touch points – including web sites, mobile devices, information appliances, interactive television, and more – is critical. To succeed, companies must:

- Design an online customer experience that successfully connects the strategic goals of a company's business and brand with the goals, needs and expectations of their customers.
- Design an online customer experience that is in-line with the other customer touch points, as

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well as a company's overall brand and marketing strategies, to create a unified experience across all customer touch points.

- Build a design organization with the necessary business and design skills to support the e-business strategy and to ensure that design is incorporated into the innovation effort.

## WHAT KIND OF ONLINE BUSINESS CHALLENGES CAN BE TACKLED WITH STRATEGIC DESIGN?

There are many circumstances in which a strategic approach to design can help meet a company's goals. Companies finding themselves saying or asking any of the following can benefit:

- We are no different than most of our competitors.
- Our competitors are doing more and more business online; our online experience is out-of-date and no longer competes.
- We want to divert a large portion of our marketing budget to digital media and drive traffic to our web site, but have feedback from customers that our site is a dead end.
- When we modernize our digital domain, what does it mean for other interactions with our customers?

- We don't know who our customers of the future are.
- We need outside thinking to help spark new ideas.
- We want to expand to new markets and/or new customers. How do we satisfy their needs and attract them?
- Our marketing and brand messages are out of line with the actual experience our customers are having.
- We don't know how to manage our design projects.
- How do we innovate? What is the best path for us?

If you are a business manager facing any of these challenges, a fresh approach to how you manage your design requirements will help you address these problems.

## CASE STUDY: STRATEGIC DESIGN AND ONLINE FINANCIAL SERVICES

When faced with the re-design of BrownCo's online brokerage site, Molecular and BrownCo took a strategic approach to defining what to design in the best interests of the company and its extremely loyal customers. Working with Molecular's digital strategy team and a team of BrownCo stakeholders from senior management, product development, customer experience and marketing, the design team implemented a strategic design process that drove the formulation of the online business strategy and ensured a design brief that satisfied both the goals of the business and those of their very demanding active trader customers. In addition, the business intelligence heavily influenced a fresh reiteration of the company's overall business strategy.

FIGURE 3: BASIC STRATEGIC DESIGN PROCESS OVERVIEW FOR BROWNCO

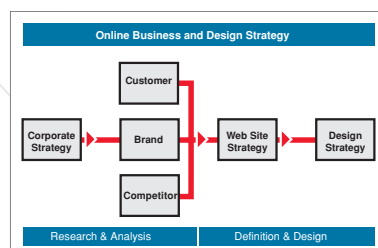


FIGURE 4: THE BROWNCO STRATEGY VISUALIZATION



The BrownCo business and design challenge could be summarized as follows:

## CUSTOMERS

Outdated segmentation research, along with uncertainty about the allure of new Web and software functionality offered by competitors, left BrownCo in need of better defining their share of the active trader market and understanding the wants and needs of those segments.

## COMPETITION

The BrownCo web site lagged behind key competitors in providing features and functionality desired by active traders. With trade price no longer a major differentiator, BrownCo needed a way to effectively compete on the quality of a suite of offerings focused on the needs of its customers, rather than the diluted quality of competitor offerings not entirely required by their largest and most profitable customer group.

## BRAND

Recent marketing communications had reinvigorated the brand in print and television ad cam-

paigns. BrownCo was uncertain how to translate this strategy to their web site.

## Approach

To address these challenges, Molecular proposed a strategic design methodology that involved primary and secondary research in the areas of corporate strategy, customer needs, competitive analysis and brand evaluation. Activities included:

## CORPORATE STRATEGY

- Key company stakeholders were interviewed to understand BrownCo's vision for future business growth.

## CUSTOMER RESEARCH

- Customers were interviewed at their place of trading to gain an understanding of their day-to-day trading experience.
- Through surveys and interviews, customers and prospects were asked to identify their values, needs and goals.
- Customer segments were established based on analysis of customer responses.

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- Personas encapsulating all customer insights were carefully formulated.

## COMPETITOR RESEARCH

- The customer research provided insights into their relationships with competitors and the competitor offerings they valued most.
- A Competitor Experience Audit was conducted on competitors' web sites to reveal opportunities for differentiation by evaluating competitor online customer experiences through the combined lens of personas and industry best practices.

## BRAND EVALUATION

- A brand and visual design audit including user interviews was conducted of leading competitors to plan for distinctive brand differentiation
- Brand discovery, which included extensive interviews/workshops with internal stakeholders and marketing partners, was conducted to gain an understanding of the overarching brand and marketing communications strategy across channels

These tools and techniques informed key findings that were distilled into three strategic drivers and a set of design principles. Deep knowledge of the customer, condensed into three personas, and the overarching design mantra, "the right information, at the right time, in the right place", ensured a consistent approach to rolling out the strategy into the activities of site design.

## Outcome/Benefits

- The findings helped define and prioritize the scope of the initial launch and provided a roadmap for the future development of the online channel.
- Strategic drivers, developed from the body of research, catalyzed the product development and management team around a core set of functionality and guided discussions with outside vendors.

- Design principles provided objective guidelines for design teams and ensured their efforts were aligned with the strategy.

- Accurate personas, representing the goals, motivations and values of customers, ensured that the project team focused on meeting those needs without adding scope creep.

- User interview findings aligned the brand strategy with the preferences of users and defined a design direction that would be perceived by users as superior in its appeal, usefulness and usability.

- A defined online brand strategy guaranteed a solution consistent with offline channels.

- The full body of research was crafted into a visualization which was used to communicate the strategy to 440+ employees and build solidarity around the goals of the business and the ability of staff to support those goals.

Design tools and techniques employed during the course of this work include the following:

- Personas
- Contextual inquiry
- Online surveys
- Personal interviews
- Brand audit
- Competitor experience audit
- Creative brainstorming
- Prototyping
- Remote usability testing
- Mind mapping
- Brand discovery workshops
- Visual interface design

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## CONCLUSION

In an increasingly global, digital and multi-channel business environment, delivering a consistent and exceptional customer experience across all channels and customer touchpoints has become more essential and more difficult than ever. Companies who take a strategic approach to the design of their customer-facing touchpoints, one that aligns business strategies, customer needs, and well-designed products and services, can build competitive advantage through differentiation and customer loyalty. Companies that take this approach and make it a central component to their overall business strategy development can, over time, develop a core competence that is very difficult to imitate.

Molecular, an Internet consulting firm, designs and builds digital solutions to help companies increase revenues and decrease operating costs. Since 1994, Molecular has directed successful Web initiatives for the nation's top companies, including The Finish Line, Inc., Fidelity Investments, MFS Investment Management, Hewlett-Packard and Talbots.