

Innovation Lessons from Apple – Part 2

Obsessing on Customer Experience

Apple is the undisputed leader among technology companies for creating products that border on art. They create products that are not only a delight to use but also provide a strong visual and emotional attraction. How do they do this? By making the customer experience a top priority. This article continues the discussion from [Part 1 - Innovation Lessons from Apple – Finding Market Gaps](#).

(Note: Part 1 of this series originally stated it would be a 2 part series. Well, entropy happened, and the result is now a 3 part series to keep the articles a digestible size.)

Getting Customer Experience Right

Once a viable market opportunity is identified, the next major step is to create and deliver the solution to address it. A large part of the success of the product is determined by how well this is accomplished and how well a good customer experience is delivered. The key to understanding customer experience is that it is not just the User Interface, but encompasses every aspect of how the product solves the customer need. This directly drives customer satisfaction. Apple has been masterful at accomplishing this.

To provide a framework for customer experience and satisfaction, an interesting conceptual view is available using the Kano Model. Kano was established in Japan in the 1980's. See Figure 1.

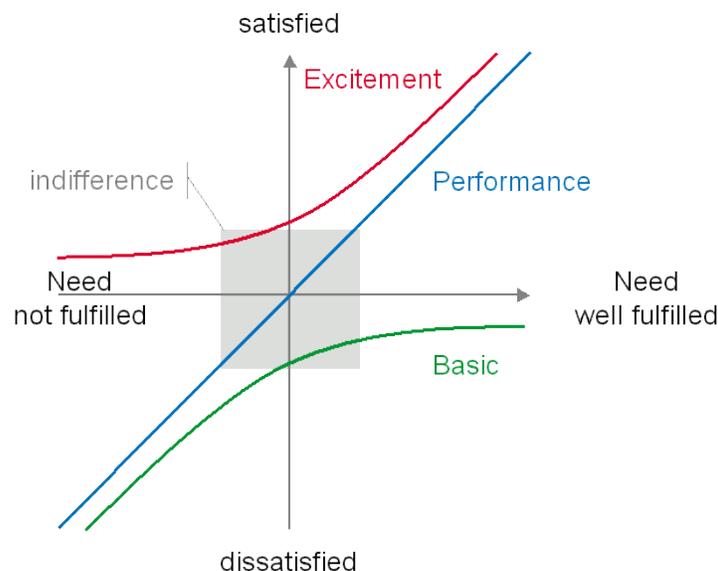


Figure 1 - Kano Model (Courtesy of Wikipedia)

The basics of the Kano Model show 3 curves consisting of **Performance**, **Basic** and **Excitement** plotted against Degree of Satisfaction on the vertical axis and Degree of Implementation on the horizontal. Each of the curves represents categories of features and functionality that you can provide within a product. The measure of customer satisfaction will be the result of how well you deliver on each.

The middle curve, **Performance**, contains capabilities that are linear – the more you improve the performance of the feature, the more satisfaction customer you will have once you cross a minimum threshold. For example, a new car that gets 20 miles per gallon may be in the middle of the line corresponding to adequate, but not stupendous. If it gets 50 miles per gallon, customers are highly satisfied, but if it gets 10 miles per gallon customers are highly dissatisfied.

Other examples would be search speed (Google), size of inventory (Amazon, iTunes Store), portable device size & storage (iPod, iPhone) or wireless coverage area and quality (any mobile operator). These feature attributes can often be found just by surveying customers and asking what they think about the features and their desired level of implementation. One useful method is conjoint analysis.

The bottom curve, **Basic**, contains capabilities that are expected by the customer but are not a selling feature. The presence of these features does not improve customer satisfaction, but if they are missing the result can be severe disappointment. An example would be the number of disconnects you experience on your mobile phone. If you have 10 disconnects per day, you're going to be very frustrated whereas if you have zero disconnects, then you're just going to be neutral. This is your basic expectation of the service.

Other examples are correct billing and charging (ecommerce site), always available access (any internet site), or level of product quality (varies by product/brand). These feature attributes are often unstated and assumed by customers and may be more difficult to identify. Note that missing Basic features can elicit a very strong negative emotional reaction, such as *"This product is crap... it doesn't even do ...!"* Missing even one important Basic capability can send an otherwise brilliant product to the trash bin. Kano analysis employs a specific survey methodology that attempts to determine degree of dissatisfaction if a feature is missing.

The top curve, **Excitement**, contains capabilities that are unexpected by the customer. Their presence can improve customer satisfaction significantly, but their absence does not result in any dissatisfaction. An example would be a small basket of fruit in your hotel room. If you have one, you may be delighted whereas if it's missing, it likely has no impact on the satisfaction of your stay.

Other examples are free upgraded shipping time (Zappos), mobile phone touch screen (iPhone v1.0), or the original 1-Click (Amazon). Like Basic features, these attributes are often unexpressed and but go beyond to even being unconscious. This is also where positive emotional reactions, such as *"I love the way this product does ...!"* This is how to create fiercely loyal customers. Kano analysis techniques also attempt to identify these.

One important item to note is the migration of features from one category to another over time. Excitement will migrate to Performance, and Performance to Basic. In technology products, this can happen very quickly in the marketplace as competitors jump on copying new innovations.

Another important item is the **"Zone of Indifference"** around the intersection of the two axes. Features that fall into this zone, especially those on the Performance curve, have neither a positive or negative effect on customer satisfaction. In effect, these features are in a **Good Enough** state and can be considered just a checkbox in buying and use and are secondary to the core value proposition.

Innovation Activity #2 – Obsessing on Customer Experience

It's obvious that Apple places a great deal of emphasis on product design including look and feel of the product. Part of this is brand, but most of it is also about the customer experience.

Besides the external design that we see, there are dozens of other great product decisions being made under the skin. Apple does a great job at operating across the spectrum of Kano curves.

First, they are adept at identifying the key **Performance** features that lay at the heart of the customer value proposition for each of their products. In addition, usability is a key Apple priority and influences speed to achieve user task or discoverability of features and content. Second, they get the **Basic** features right. Note that this is actually where some of their innovation has occurred, specifically related to the introduction of iTunes and App Stores. In these cases, few (or none) in the industry were meeting some customer expectations and as a result, this identified the market gap Apple could exploit.

Third, Apple is probably one of the best at finding **Excitement** features that help to create the mystique and attraction around the product. These are best exemplified in the hardware products and are accomplished by unique features in addition to outstanding industrial design or user interfaces. They are so successful at this that they effectively create *Apple Zealots*, as the brand become part of their personal statement. Finally, a key element in simplifying the design effort is in identifying which Performance features not to focus on and to just provide **Good Enough**, if at all. This helps them to focus on what's really important and simplify the development effort. Additionally, it helps to simplify the UI.

The following table illustrates some examples in each of the Kano categories for Apple's products.

Apple Product	Example Features by Kano Category			
	Performance	Basic	Excitement	Indifference
iPod	<ul style="list-style-type: none"> • Song capacity • Device size • Device weight • Battery life • Ease of use 	<ul style="list-style-type: none"> • Use iTunes (I want to use the same app I use to play songs to manage device) • iTunes Store (I want to buy some music – where can I get it?) 	<ul style="list-style-type: none"> • Click wheel (allows scrolling thousands of songs in a new way) • Industrial design 	<ul style="list-style-type: none"> • Sound quality (20–20k Hz) • Price leadership
iTunes Store	<ul style="list-style-type: none"> • Inventory size • Ease of use • Promotions & Recommendations 	<ul style="list-style-type: none"> • Business model (pay per track, no play restrictions, price) • Use iTunes as portal 	<ul style="list-style-type: none"> • Inventory size relative to competition 	<ul style="list-style-type: none"> • Non-MP3 music format • HTTPS for purchase encryption
iPhone	<ul style="list-style-type: none"> • Same as iPod • Browsing experience similar to desktop 	<ul style="list-style-type: none"> • Keyboard (implemented as on-screen) • App Store (I want to buy some apps – where can I get them?) 	<ul style="list-style-type: none"> • Touch screen • Mac-like UI transitions • Accelerometer (to sense screen orientation) • Industrial design 	<ul style="list-style-type: none"> • Call quality (match other smartphones) • Price leadership
App Store	<ul style="list-style-type: none"> • Inventory size • Ease of use • Ease of 3rd party development 	<ul style="list-style-type: none"> • Free apps • Developers can set own price • Use iTunes as portal 	<ul style="list-style-type: none"> • Inventory size relative to competition 	<ul style="list-style-type: none"> • HTTPS for purchase encryption

Here are some key takeaways from the chart. For both portable devices, capacity and size are the key parameters from a Performance perspective. Ease of use is also paramount. Both devices also have Excitement factors that clearly differentiate them. Apple has always been higher priced and they are not after price leadership.

The Stores are both natural complements to the devices in providing Basic (Expected) functionality for obtaining downloads and both have been innovative in their business models with partners. Focus for these have truly been on making the inventories as large as possible to drive sales of devices. Instead of being feature-rich the emphasis is on getting the business models correct so the incentives for all parties (suppliers and users) are aligned.

Summary

Customer experience is not just about the UI of a product but encompasses the of entire spectrum meeting expectations, delivering on the value proposition and on surprising and delighting. One method for assessing this is by using the Kano Model. In this analysis, Apple is excelling in identifying which Performance features of the products really matter to the value prop and which are in the Indifference (Good Enough) category at some level.

They have also been able to identify key Basic capabilities that are expected by consumers and have actually innovated in this area. And finally, it is Apple's ability at creating Excitement features that keeps them in a different league versus competition. They do this through a combination of differentiated capabilities, industrial design and user interface design. For further reading, see [Part 3 – Competing with Yourself](#).