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The Camera Doesn't Lie
Rapid Observation to Create Better Customer Experiences

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Customer Experience

Customer Experience (CX) has become not just a business driver, but an imperative for organizations. Yet there often remains a huge disconnect between the commitment to designing for CX and actually delivering truly differentiated products and services. It's because companies aren't looking at (and learning from) what's right in front of them – the customer actually experiencing, well, the experience.

Forrester Research's Kerry Bodine recently addressed aspects of the design "mindset" for CX and "the most significant of these is the practice of putting people at the center of the process through ethnographic research and the development of empathy. (It's no accident that CX design is commonly referred to as 'human-centered design.') Also key to design is the recognition that you don't immediately know the answer to the problem at hand — and, even scarier, that you don't even understand the problem itself."[1]

Ethnographers are on the frontline for collecting customer insights, spending a lot of time in the field observing people taking part in everyday activities everywhere from shopping malls to their offices and living rooms. This practice helps uncover real, but often hidden, unmet needs that can be solved with innovative technology. If you don't know the solution, then you have an opportunity.

The Hidden Obvious

> **"It's no accident that CX design is commonly referred to as 'human-centered design.'"**
>
> Kerry Bodine
> Forrester Research

[1] *Forrester Blogs, "You Asked, Forrester Answered: Questions About Customer Experience Design," April 19, 2013*
http://blogs.forrester.com/kerry_bodine/13-04-19-you_asked_forrester_answered_questions_about_customer_experience_design

But too often organizations have a familiar refrain: "We don't have time for that!" One of the largest misconceptions is that all ethnography is a long, time-consuming process. While some projects are much more successful with months of research, it isn't true for all. This is where rapid ethnography enters the picture.

In reality, organizations do have the time. Since the mid-2000s, corporate ethnographic projects are becoming more commonplace and crucial to product and services development. According to a recent Forrester survey of 100 CX professionals, nearly half of respondents said that their executive team's strategy for customer experience is market differentiation.

The findings also stated "a whopping 73% of interviewees plan to launch 'innovative' customer experiences in the coming year, and two-thirds claim to have already delivered such experiences in the past year…But despite their ambition, most firms that believe they're innovating are actually thwarting differentiation and wasting massive amounts of time and money in the process. A startling 58% of respondents say their firm drives customer experience innovations by watching what direct competitors are doing, and another 62% report that technology advancements drive their firms' innovation activities."[2] So in an age where CX reigns and innovation needs to take hold, rapid ethnography can produce the customer-centered and truly differentiated products and services companies must now provide.

Explore and Discover	Ideate	Prototype	Develop	Commercialize
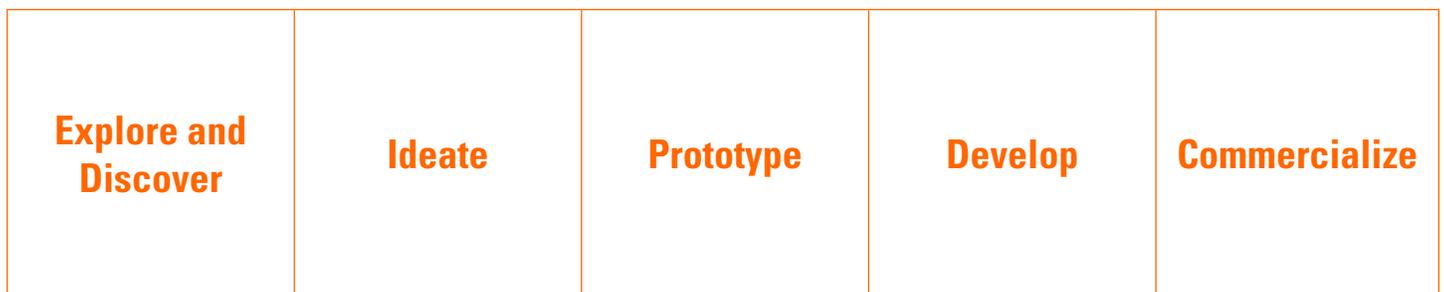
Combining analysis of ethnographic observations with qualitative and quantitative data delivers market-defining CX innovation opportunities.

2 Forrester Media Center, "Customer Experience Innovation, You're Doing It Wrong," June 26, 2013
www.forrester.com/Customer+Experience+Innovation+Youre+Doing+It+Wrong/-/E-PRE5544

Rapid Ethnography for CX Innovation

PARC's Rapid Ethnographic Assessment and Communication Technique (REACT) compresses the ethnography process into a relatively short period of time (5-8 weeks). The observation phase involves intensive video-taping that is used both in the analysis and the delivery of recommendations.

REACT and any rapid assessment are best used when an organization has a very focused area of inquiry; the activity of interest can be easily observed and recorded; and the findings are meant to directly impact the design of a product or service. One of the most important aspects for success is inherent in the observational video – it just doesn't lie.

However, REACT or any ethnographic project for innovation doesn't occur in a silo. In this report, we provide a distinct example of rapid ethnography, its use in combination with quantitative surveys, and the potential benefits that can be gleaned from applying this collection of innovation services. In this case, it's the CX of parking, but one that provides insights as to how REACT can be applied to a host of industries, wherever organizations may need to find new CX and revenue opportunities.

Case Example
Transforming Parking CX With Dynamic Pricing

In many urban areas, looking for parking is not only frustrating and time-consuming, it also substantially increases traffic congestion and negatively effects air quality. Studies indicate that an average of 19-30% of urban traffic is caused by cars circling around the block looking for parking. Some researchers have argued that cities' parking development requirements have inadvertently raised housing costs, led to urban sprawl, and reduced land values. Even so, technology related to parking has evolved relatively slowly since the first parking meter was installed in 1935. Recently, however, the field of parking is going through a period of rapid innovation as cities around the world have begun to experiment with the use of technology to improve the parking experience.

One way the industry is beginning to take advantage of technology is with dynamic pricing as a means to reduce congestion. With support from the U.S. Department of Transportation, cities like San Francisco (SFPark, 2013) and Los Angeles (LA Express Park, 2013) have installed sensors that report the occupancy of each street parking space and new parking meters that charge variable rates depending on time of the day. James Glasnapp and Honglu Du of PARC's Innovation Services Group recently concluded a project for LA Express Park, a pilot program that infuses technology and demand-based pricing into an innovative parking management strategy for Los Angeles. Created with $15 million in grants from the U.S. Department of Transportation and $3.5 million in City funds, LA Express Park is testing ways technology can help the City realize its goals to increase the availability of limited parking spaces through dynamic pricing, reduce traffic congestion and air pollution, and encourage use of alternative modes of transportation.

Cars circling around the block looking for parking.
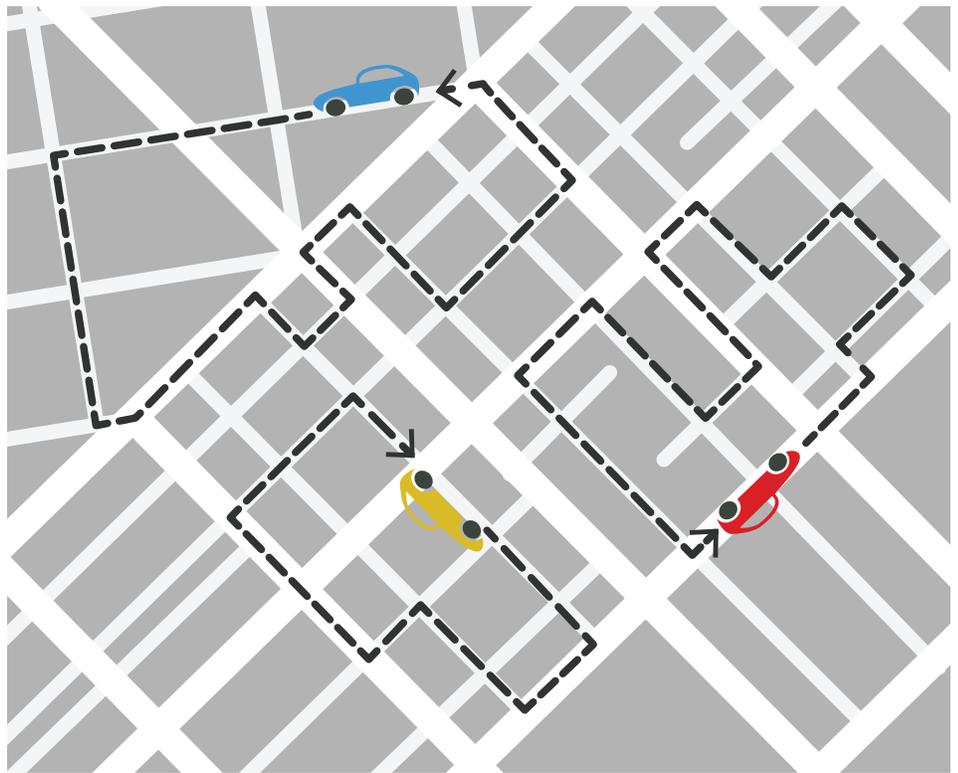
PARC's Honglu Du during the LA Express Park study.

The logic behind dynamic pricing is that when parking prices are uniform in any given area, there is no incentive to park further away from one's intended location. An analogy can be made about the price of baseball stadium seating. Imagine if the price for home plate and nose bleed sections were the same!

For this project, PARC endeavored to understand users' behaviors, knowledge, and perceptions around parking.

Approach and Findings

Glasnapp and Du leveraged two cycles of the REACT methodology (observation, data collection, and analysis) each lasting six weeks to firmly ground themselves in the customer's point of view. In addition, small and large scale surveys were used to verify and validate observational finding which culminated in a final recommendation phase. The researchers refer to this process as REACT[+] [Figure A]. By validating ethnographic observation through quantitative analysis, the scale and importance of potential areas of product and CX innovation

can be firmly cemented. Instead of a typical survey to customers, a survey can now be informed by status and the knowledge of the *right* questions to ask to further support or highlight the best opportunities uncovered by the observational findings.

For example, PARC researchers observed that people generally parked and walked away from their meter quickly. When talking to many people while they parked, they were surprised at how unaware people were of the price of parking, that the price of parking may be different

across the street or on adjacent streets, or that pricing may change in some locations three times a day (dynamic pricing). They also discovered that very few people were using smartphone applications to assist with finding parking.

The quantitative survey data confirmed participants' lack of awareness of recent parking price changes and time of day dynamic pricing for parking. The results also corroborated that awareness of mobile parking applications was particularly low [Figure B].
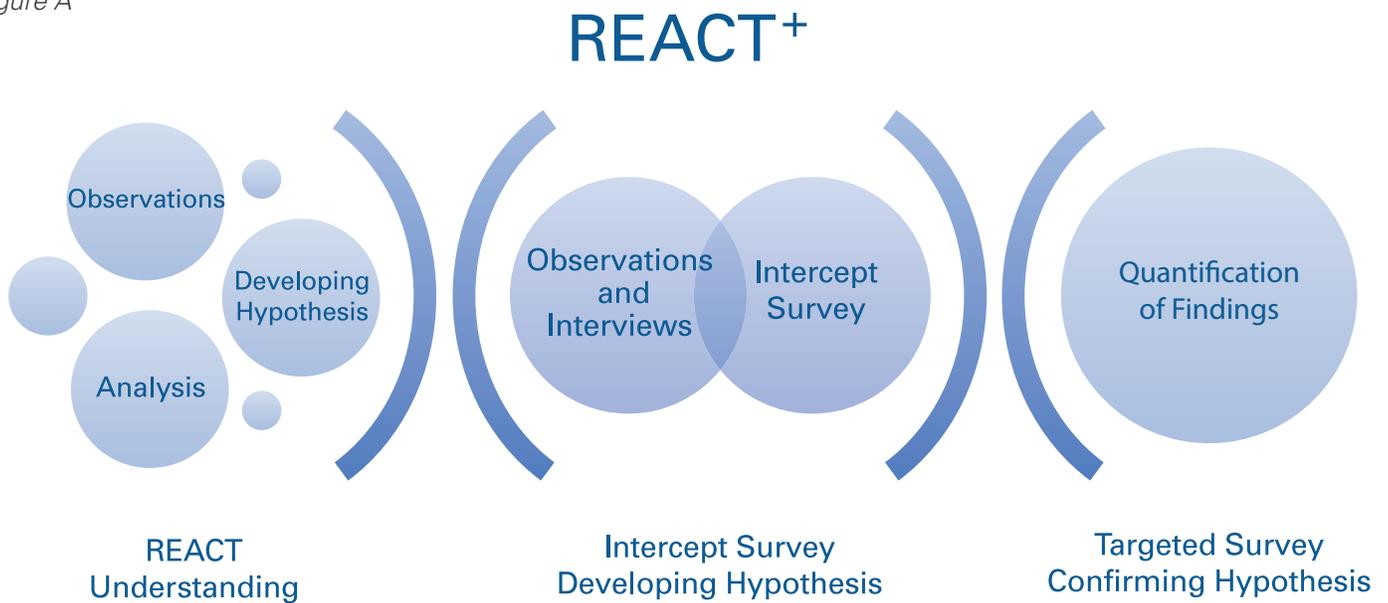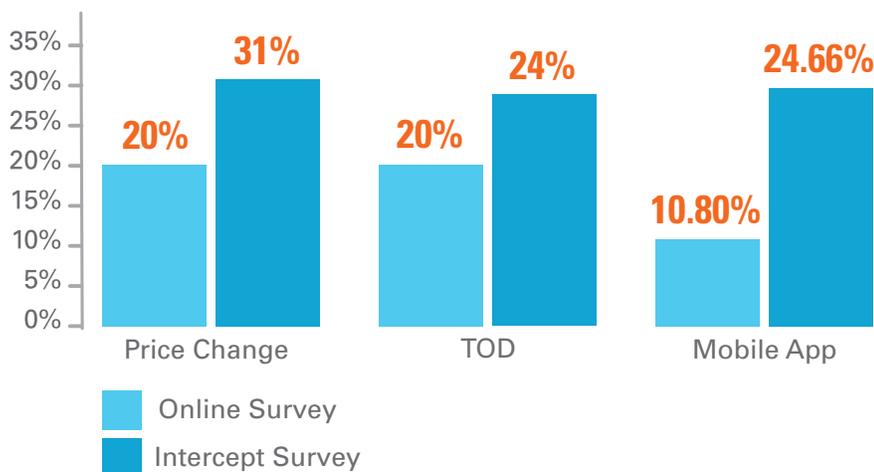
Figure A

REACT[+]

REACT
Understanding

Intercept Survey
Developing Hypothesis

Targeted Survey
Confirming Hypothesis

Figure B

Price Change · TOD · Mobile App

Online Survey
Intercept Survey

PARC researchers also asked respondents how many blocks from their intended location they actually had to park. Over half (54.79%) parked within one block of their intended location. However, when asked "What is the maximum number of blocks you would be willing to park from your intended location?" the mean number of blocks that respondents were willing to walk was 3.07 (standard deviation = 1.54).

These were very telling statistics since the actual number of blocks that people parked away from their intended location varied drastically with what people said they were willing to do – and this discrepancy creates a new opportunity for services innovation with LA Express Park.

So why were drivers not taking advantage of the opportunities provided by dynamic pricing? We believe this is due to the fact that drivers' current mode of behavior is to find their destination first and circle for parking with the goal of getting parking as close to that destination as possible. Without awareness of dynamic pricing, and lacking any obvious visual cues during this process, their behavior remained unchanged. One can't deny the stress of looking for parking in a busy metropolitan area, especially when on a tight schedule or in an unfamiliar area. Yet many of the respondents in this study indicated that they would park in cheaper locations on subsequent visits given their new knowledge that these options exist.
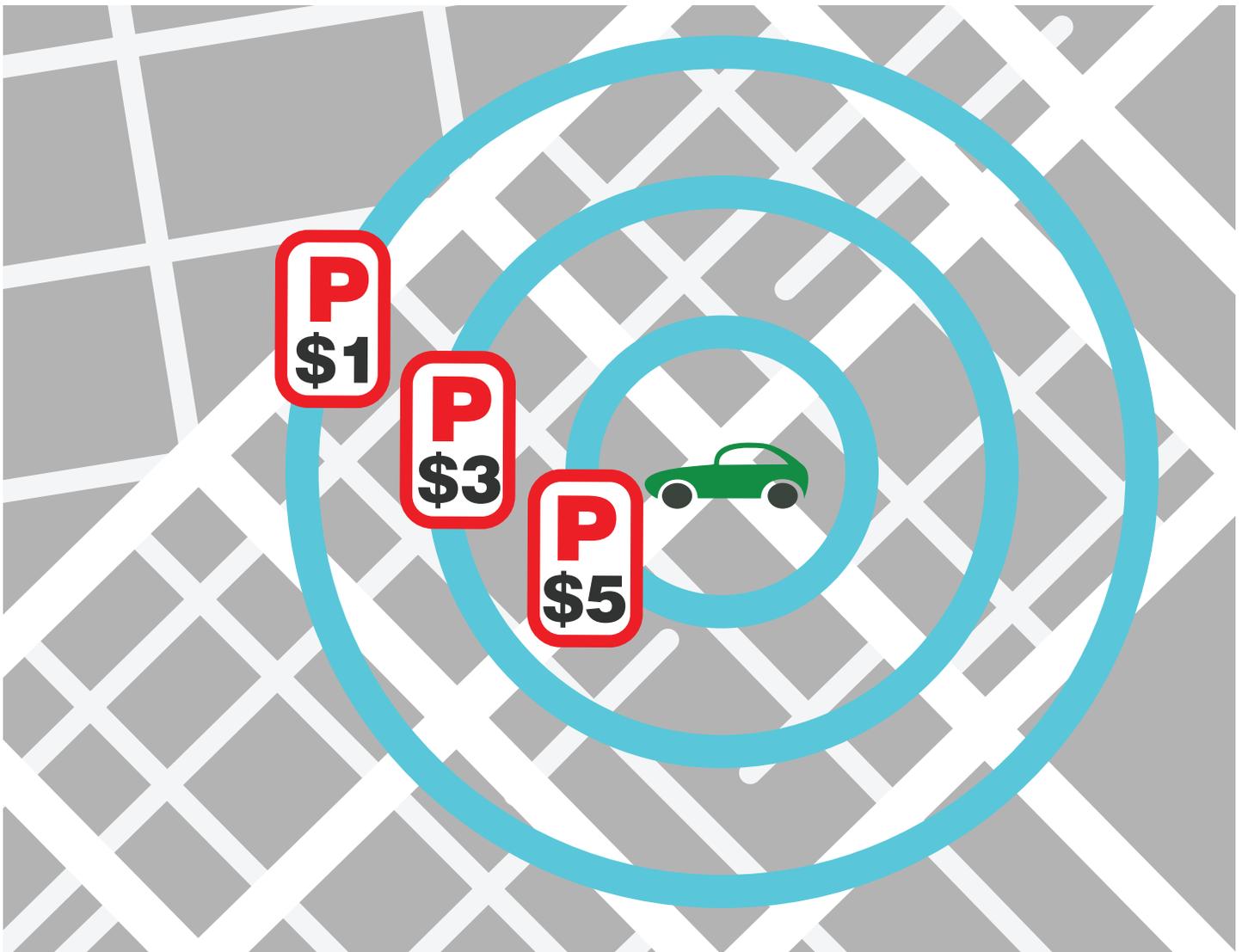
Opportunities and Recommendations

These observations and data led to the recommendation for and the development of an in-car navigation system prototype, which would guide people intentionally to a parking spot that met their criteria for parking. We learned that in order for dynamic pricing to become effective, integrated parking finding systems will have to be implemented and widely adopted in order to let people know about the price of parking and where parking is available relative to their destination. With the recommended guided parking technology, people would be willing to park further away from their intended location if they could be guided directly to that spot, if that spot met their parking criteria (e.g., price and time), and if they had a concrete sense of how to get from their parking spot to their intended destination.

The right technology plus the right information means that LA Express Park can deliver the right customer experience to potentially change parking behavior, and reap the benefits they desire.

The LA Express Park study showcases key aspects of how rapid ethnography and a thoughtful approach to innovation for the customer experience are easily and successfully attainable. Henry Ford famously said, "If I'd asked my customers what they wanted, they'd have said a faster horse." Rapid ethnography gives you the fast-track opportunity for true innovation that can only happen when you see first-hand the problems and challenges your customers face. You do have time for it.

Glasnapp demonstrates an in-car navigation system prototype.

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