



# Keep It Real

Learn to understand,  
manage, and excel at  
rendering authenticity.

By B. Joseph Pine II and James H. Gilmore

People increasingly see the world in terms of real or fake, and they want to buy the real from the genuine—not the fake from some phony. In other words, authenticity is becoming the new consumer sensibility.

But why is this happening? How did we get to a point where many (and maybe even most) people place the authenticity of what they desire above both price and quality? While many factors contribute, the one that most influences the prominence of authenticity is the rise of the “experience economy.” As we detailed in *The Experience Economy: Work Is Theatre & Every Business a Stage* (Harvard Business School Press, 1999), as goods and services everywhere become commoditized, what people want today are experiences—memorable events that engage them in an inherently personal way. In the decade since we first wrote about it, the shift to the “experience economy” has become unmistakable. And it is now prevalent in almost any

industry you could name, with ever new and wondrous venues and events on the scene competing for attention.

People now decide where and when to spend their money and, more importantly, their time (the currency of experiences) as much or more than they deliberate on what and how to buy (the previous purview of goods and services). But in a world increasingly filled with deliberately and sensationally staged experiences (an increasingly “unreal” world), consumers choose to buy or not buy based on how real they perceive an offering to be.

Marketers of all stripes must therefore learn to understand, manage, and excel at rendering authenticity. Finding ways to tap into authenticity as the emerging standard will become essential. To be blunt: Businesses must get real. The No. 1 challenge today is the management of the customer perception of authenticity. In an age when consumers want what’s real, this becomes the new imperative.

## EXECUTIVE briefing

William Shakespeare's *Hamlet* holds a message for the marketing world: To thine own self be true. With authenticity appealing more and more to customer sensibilities, those words could not be more important. Organizations today should be true to their own selves, while also being who they say they are to others, according to the authors of this article. Yet the customer experience of actual offerings often fails to live up to what marketers said about them. Now is the time to stop saying what your offerings are through advertising, and create places where people can experience those offers as they actually are.

### To Be or Not to Be Real

In William Shakespeare's *Hamlet*, Polonius counsels his son Laertes:

This above all; to thine own self be true.  
And it must follow, as the night the day,  
thou canst not then be false to any man.

It is Shakespeare's genius that although Polonius comes off as spouting worn-out platitudes, his advice nonetheless proves to be profound. In it, we find two standards of authenticity:

1. Be true to your own self.
2. Be who you say you are to others.

Authenticity, we believe, flows from these two principles of thought and action. Together, they help us to ascertain the real in an otherwise amorphous landscape. First, the importance of being earnest, consistent, and self-directed focuses one on perception of one's self. Second, being trustworthy, honest, and compassionate focuses one on behavior toward others.

To render authenticity in business, companies must therefore apply these two standards for every economic offering—whether commodity, good, service, experience, or transformation—that is for sale. Call it the Polonius Test:

1. Is the offering true to itself?
2. Is the offering what it says it is?

Note that our concern here is not for creating sincere leaders or genuine laborers—unless they help render their output more authentic. Rather, we are concerned with rendering the output of an enterprise as authentic—and to some extent, rendering the enterprise itself authentic. And yes, we are ascribing human traits (“true to your own self” and “who you say you are”) to inanimate offerings (“true to itself” and “what it says it is”), anthropomorphizing business offerings. Any offering can, nonetheless, be true (or not) to the business that offers it, and that offering can be (or not be) what the business says it is. (See Sidebar 1.)

### Representing Identity

For the marketing community, the second authenticity standard clearly predominates over the first. At the very core of marketing lies what a company says about itself and its

offerings and how it represents them—or, in so many cases, how it misrepresents them. Admit it: In an effort to create demand, marketing campaigns often sugarcoat business offerings, gloss over defects, and portray an idealized version of reality. Experiencing actual offerings all too often disappoints, failing to live up to what marketers promise.

This promise forms what the branding community likes to call “identity,” often modified by “brand” or “corporate.” However, such use confuses actuality with representation. Corporations, places, and offerings have actual identities (the selves to which they must be true to be perceived as authentic in the first standard), not just articulations of those identities (the representations that must accurately reflect those selves to be perceived as authentic in the second standard). You know the old saying in advertising circles: Nothing makes a bad product fail faster than good advertising. There should be a new one in branding circles: Nothing makes a real branding effort fail faster than a phony product. Such phoniness results from representations detached from the reality of a company's actual identity. It has so much become the norm now that advertising requires its own advertising.

### Phoniness-Generating Machine

Consider this: Why did the American Advertising Federation launch the campaign “Advertising. The way great brands get to be great brands” in 2001? The reason is that advertising no longer works as well as it once did. Companies in consumer and business markets now pay more and more to reach fewer and fewer households and executive decision makers.

Advertisements appear everywhere: We see ads online, on movie screens, on sports uniforms, on the sides of vehicles, on mobile phones—*ads nauseam*. Cunning, a London-based agency, even pays people (primarily college students) to wear its clients' temporary tattoo ads and logos on their foreheads.

In an initiative dubbed “Fake Tourist,” Sony Ericsson employed actors, called “leaners,” to promote its picture-taking cell phones by frequenting tourist traps (e.g., the Empire State Building in New York, the Space Needle in Seattle) and asking tourists to take their pictures. The company also hired models to demonstrate video caller ID and interactive games at nightclubs. For its clients, New York-based DVC Experiential Marketing paid commuters to read new maga-

zines aboard rush-hour trains; it also paid doormen to display “packages” from catalog merchants in their lobbies, as if tenants had not picked them up yet. Rob Walker, author of the “Consumed” column in *The New York Times Magazine*, noted that agencies “have concluded that the most powerful forum for consumer seduction is not TV ads or billboards but rather the conversations we have in our everyday lives.” Manipulating those conversations, however, so often pushes consumers away; such activity creates the perception of phoniness because it is not what it says it is.

Consider clothing retailer The Gap Inc. Its advertisements over the past decade, featuring line-dancers and celebrities, have had several effects. First, they put off many current customers who saw images portraying Gap as different from how these individuals saw themselves. Gap no longer conformed to (and thereby confirmed) its own self-image. With each successive ad, *The Wall Street Journal* observed, such consumers grew “tired of [the] trendiness.” Second, in-store displays merely paid lip service to the advertisements—actual interactions with sales personnel fell far short of the energy and enthusiasm displayed in the ads. Third, Old Navy stores—also owned by The Gap Inc.—carried essentially the same merchandise at a lower price, and without the “overtrendiness.” As a former Gap executive told *The New York Times*, “Being cool went to [Gap management’s] heads, and they lost their focus. They began putting Old Navys in malls right next to Gaps and undermining their own sales.” Finally, the thousands of Gap stores all look exactly alike. The process by which Gap grew revenues—adding more outlets while increasing advertising—became the process of killing the brand, as the perception of sameness permeated the marketplace. Gap’s advertising says “unique,” but the in-store experience falls far short of what it says it is.

That is the fundamental problem with advertising: It’s a phoniness-generating machine. Think of the appeal of any hamburger in any advertisement versus the reality encountered in the actual establishment. Or as our friend Gary Adamson of Starizon pointed out to us, think of any airline, hotel, or even hospital: If you could only “check in” to the ads, you’d have a great experience. When you check into the actual place, however, it so often falls short of what the ads represented. When it comes to the “is what it says it is” standard of authenticity, the easiest way to be perceived as phony is to advertise things you are not. That practice, endemic to the industry, might have worked when advertising could promote the availability of a new offering (even if not as new nor as improved as the ads said), when it could promulgate a cost advantage (even when it was short-lived or came with a catch), or when it could detail a distinction in quality (even though no one might be able to tell the difference). Today, however, wide availability, low costs, and high quality are merely jacks to open when what consumers want above all is authenticity.

What companies need, therefore, is a new approach to demand creation that actually enables—make that forces—a

## Meeting the two standards

Once perceived as truly authentic, it is incredibly easy to fall short through subsequent activity. Companies that are perceived as authentic are held to high standards—or held up as examples—by patrons, the press, and pundits; the least bit of phoniness on either authenticity standard will not go unnoticed. And phoniness is hard to avoid—there always exists some dimension of self to which a business is not completely true and some dimension of what a business says about its offerings that it does not completely fulfill.

If today you fall short on the standard of “is what it says it is,” directly address the need to be what you say you are through actions such as these:

- Change the names of your offering, or even your business, to match what you are as a company.
- Align how you market yourself with what your customers perceive.
- Modify your venues, move your outlets, or change your channels to better fit the nature of your offerings and business.
- Finally, make sure all the various ways you physically represent your offerings never detract from what they really are. Conduct a top-to-bottom audit of the cues in your appearances that detract from what you want to convey.

If, on the other hand, you fall short on the dimension of “is true to itself,” then directly address issues such as these:

- Modify your offerings until they accurately reflect the very nature of your particular business.
- Ensure that how customers view and use your offerings matches how you view them and their intended use.
- Eliminate offerings (or components thereof) that do not further the purposes of your firm.
- Finally, make sure your company’s values come through loud and clear in everything you do, in your offerings, in your marketing, and in the behaviors of your people.

If you fall short on both dimensions, however, then obviously you should look to both sets of actions. Incremental change will not cut it, however. You should gain a much better sense of what you are as a company, carry out wholesale changes in your organization to ensure its behaviors match what the company actually is, and make major modifications to your offerings—for any hope of rendering them authentic.

Finally, if you honestly deem yourself as authentic today, you cannot rest. You must even more relentlessly go through each of the actions outlined here, and ensure there are no areas where you fall short; there is precious little room for error.

## Framing the landscape

The function of marketing is not only about generating demand, of course; it also exists to discover unmet needs and let development know what supply of new or enhanced offerings would meet with the greatest demand. To that end, you should understand the five genres of authenticity that companies use to appeal to the new consumer sensibility:

**Natural authenticity**—People tend to perceive as authentic that which exists in its natural state in or of the earth, remaining untouched by human hands—not artificial or synthetic. Growers of organic foods, in forsaking pesticides and fertilizers, appeal to this genre of authenticity. The same goes for numerous soap manufacturers, such as Indigo Wild, LLC and the Rocky Mountain Soap Company Inc., which hand make soap in slabs using only natural ingredients (like goat’s milk and kiwi seeds), using little packaging and exposing the soap so one can see and touch the bar.

**Original authenticity**—People tend to perceive as authentic that which possesses originality in design, being the first of its kind, never before seen by human eyes; not a copy or imitation. Almost everything Apple Inc. designs—from the iPod to the Genius Bar in its Apple stores—seeks to appeal to this genre of authenticity. Even its slogan, “Think Different,” is originally ungrammatical. Likewise, Blue Man Group performances appeal to original authenticity, with three blue men doing things on stage that haven’t been done before.

**Exceptional authenticity**—People tend to perceive as authentic that which is done exceptionally well, executed individually and extraordinarily by someone demonstrating human care; not unfeelingly or disingenuously performed. Any company that encourages its people to genuinely care about customers and respond to their individual needs—think of Nordstrom Inc. or Southwest Airlines Co. in industries known for treating customers anonymously and often downright poorly—appeals to exceptional authenticity.

**Referential authenticity**—People tend to perceive as authentic that which refers to some other context, drawing inspiration from human history, and tapping into our shared memories and longings; not derivative or trivial.

Iconic experiences exhibit referential authenticity, drawing their inspiration from the rituals of long-standing cultures. Further, whenever you read a review that says a novel or movie is “real” or “authentic,” it is because the novelist or director renders their work referentially real, a verisimilitude of real life.

**Influential authenticity**—People tend to perceive as authentic that which exerts influence upon other entities, calling human beings to a higher goal and providing a foretaste of a better way; not inconsequential or without meaning.

The wave of interest in sustainability in building construction—for homes, offices, and factories—stems from this genre of authenticity, as do fair trade practices and the like. Even Hard Rock Cafe’s tagline, “Save the Planet,” seeks to render the restaurant venue more real via influential authenticity.

Examine any offering you find authentic—commodity, good, service, experience, or transformation—and you will find one or

more of these five genres behind your perceptions, whether explicitly or beneath the surface. The categories are admittedly capacious, and in finding ways to render your own offerings authentic, it will not suffice to appeal to some generic form of authenticity. Instead, employ one or more genres—natural, original, exceptional, referential, or influential—specifically and intentionally. Realize, of course, that just because you try to appeal to one or more particular genres does not guarantee that any or all of your potential customers will view your offerings as real. You must do it well.

Enterprises might focus primarily or even exclusively on just one genre of authenticity as a means to get real. Such opportunities exist within—to give a few examples—space tourism (the next frontier for exploring truly untouched nature), art (the remaining sphere for absolutely original works), mass customization (the sole platform for efficiently serving customers exceptionally), virtual worlds (the digital promise of creating referential life forms), and healthcare (influencing one’s practices of wellness).

Alternatively, you could examine your offerings to see how you could apply several, perhaps even all, of the five genres of authenticity. That’s not always possible, perhaps not even desirable—a clear and forthright focus on one particular genre often best confers competitive advantage. Do recognize, however, that it will be very difficult to be so purely natural as to be perceived as innately wild; so purely original as to be perceived as the one-and-only; so purely exceptional as to be perceived as perfectly executed; so purely referential as to be perceived as reverently begotten; or so purely influential as to be perceived as profoundly meaningful. For most industries and businesses, therefore, an appeal to multiple genres of authenticity must often be made—combining the means of appealing to your particular customers and their desire for authenticity.

Let these questions be your guide:

- Do your past offerings and actions make it difficult to credibly appeal to one or more particular genres of authenticity? Efforts to pursue such genres might be in vain.
- What genre of authenticity viscerally feels like the best course? Explore that option first, and thoroughly.
- Is there a particular place on earth, a certain raw material, or any other connection to the land associated with your business? If so, look to leverage natural authenticity.
- What genre of authenticity intuitively feels like it would provide the least favorable option? Explore it as a counterintuitive means to render original authenticity.
- Create an exhaustive list of standard practices in your industry. Does any stand out as an opportunity to do something unique as a means of appealing to exceptional authenticity?
- Does a single place, object, person, event, or idea stand out as most significant in the history of your business? If so, richly explore referential authenticity.

company to be what it says it is. To borrow the phrase architect Jon Jerde made famous, that discipline is placemaking. Places provide the primary means for companies to demonstrate exactly what they are for both current and potential customers. Companies that embrace placemaking understand a fundamental dictum for contending with authenticity: The experience is the marketing. In other words, the best way to generate demand for any offering—whether a commodity, good, service, other experience, or even a transformation—is for potential and current customers to experience that offering in a place so engaging that they can't help but pay attention, and then pay up as a result by buying that offering. Stop saying what your offerings are through advertising, and start creating places—permanent or temporary, physical or virtual, fee-based, or free—where people can experience what those offerings and your enterprise actually are. That way, there can be no difference between identity and representation; with placemaking experiences, they become one and the same thing.

### Demand Creation via Placemaking

Two of the greatest retail failures of this young century resulted because the companies failed to recognize the need to be what they say they are in the places they created. The Walt Disney Company and Time Warner Inc. are two of the premier experience stagers in the world, with prowess in businesses across theme parks, movies, music, and the Web. Yet each shuttered scores of stores built around their beloved cartoon and other characters: Disney sold off all but one of its Disney stores and the Warner Bros. stores are now completely gone from the retail landscape. Perhaps afraid to cannibalize such offerings, they did not bring what they were—experience stagers—to bear on the design of their retail venues.

Now consider a competitor in the toy business, American Girl, Inc.—maker of the American Girl collection of dolls. When founder and former schoolteacher Pleasant Rowland decided to go beyond direct catalogue sales, rather than merely opening a store, she established an experience venue: the American Girl Place, just off Michigan Avenue in Chicago.

There, mothers, daughters, and even grandmothers (but rarely a man in sight) spend time together at the Theater at American Girl Place, where for \$28 apiece they can take in a 70-minute staged production, which so far rotates between *American Girls Revue* and *Circle of Friends: An American Girls Musical*. They go to the Café for a “grown-up dining experience,” paying an admission fee of \$18 for brunch, \$20 for lunch, \$17 for tea, or \$22 for dinner. Girls pose for a \$24.95 photo shoot to take home a copy of *American Girl* magazine with their pictures on the covers. They can even make an appointment to have their dolls' hair styled in the hair salon for \$10 (a simple ponytail) to \$20 (restoring the look of its original styling).

Think about it: Families walk into the American Girl Place and spend hundreds of dollars—without buying a thing! Of course, each one heads home with more dolls, more books, more furniture, more clothing, and more accessories as mementos of their experiences. The place is so engaging that the average visit lasts more than four hours—and you know the more time visitors spend there, the more money they spend as well.

Companies should follow the lead of American Girl (purchased by Mattel, Inc. in 1998) and let customers experience their offerings in similar settings. To entice the greatest number of customers to experience you and your offerings, assemble a rich portfolio of harmonized places. They should flow from one to another, yielding cross-demand throughout the portfolio, generating new forms of revenue, driving sales of your current offerings, and providing places to be what you

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say you are. American Girl, for example, opened a second place in 2003 on Fifth Avenue in New York City and a third in 2006 at The Grove in Los Angeles. It has since added smaller-footprint American Girl Boutique and Bistros to the mix. All that placemaking helps people perceive a company as authentic on the “is what it says it is” standard—in a way that can effectively replace advertising as the primary means of demand generation.

People have become, after all, relatively immune to messages targeted at them. Instead, reach current and potential customers by creating experiences—marketing experiences—that they perceive as authentic because they happen within them. As Peter Drucker correctly articulated in the book *Management: Tasks, Responsibilities, Practices* (Harper Collins, 1993): “The aim of marketing is to make selling superfluous.” To that we add that the aim of placemaking is to make advertising superfluous. Get rid of all those manipulative messages that work decreasingly well and all too often say what you aren't. Instead, provide a place for customers to understand, use, play with, and fundamentally experience your offerings in a place and time that demonstrates that you are what you say you are.

### Placemaking Is the New Marketing

Manufacturers such as American Girl seem to have embraced this new placemaking approach more than retailers, perhaps because they are not wed to existing retail paradigms. Nestlé Purina PetCare Company created Purina Farms (outside of St. Louis) so customers could learn more about taking

care of their pets—and about the company’s products—via obedience shows and grooming demonstrations. Whirlpool Corporation established the Insuperience Studio in Atlanta, letting customers test its appliances in natural settings. Samsung created The Samsung Experience in the Time Warner Center in Manhattan (where, alas, there is no experience for Warner Bros. Studios), so potential customers could try out its electronic products in a place it could control. Steinway and Sons Inc. stages a placemaking experience outside of its own place (although it also has a factory tour in Queens): When you buy a grand piano during promotional periods, it offers to put on a concert in your own home. It hires professional concert pianists to show off your new acquisition to friends and neighbors. The person who originally told us about this, the vice president of a bank in Boston, said two of his friends who attended one such in-home concert bought pianos from Steinway afterward.

Even commodity traders can apply placemaking to their business, such as the North Dakota Farmers Union creating the Agraria restaurant in the Georgetown area of Washington, D.C., to showcase its members’ foodstuffs. Another example is the Pike Place Fish Market in Seattle—putting on its fun, festive, fish-throwing experience that is world famous.

Service providers also use placemaking for effective demand creation. ING Direct, the North American arm of the Dutch bank, realized its industry was so commoditized that it decided to generate demand through a unique banking experience in a very different kind of place: a European-style coffeehouse called the ING Direct Café. Trained financial professionals fulfill the role of baristas, engaging guests in conversations about their financial needs and thereby encouraging them to place their money on deposit with ING—all over a cup of coffee. According to a company press release, customers opened accounts worth more than \$300 million within a year of the opening of its two initial Cafés in the United States (in New York and Philadelphia; the latter was actually open for less than six months). The company has opened several more cafés in the United States since then.

Experience stagers themselves can stage placemaking experiences to generate demand for their core offerings. Casinos in Las Vegas specialize in this, turning their markers on the Strip into experiences in their own right. Steve Wynn first did this with the erupting volcano at the Mirage, then the pirate show at Treasure Island (which, as Vegas has turned away from a family-friendly orientation and returned to its roots as the original Sin City, became the risqué “Sirens of TI”), and finally the water show at Bellagio. Passersby would experience one of these markers, and thereby be more likely to walk into the casino behind it. To counter the flow of traffic on the Las Vegas strip, the older, original casinos downtown (where Las Vegas was born in 1905) formed an association and hired Jerde (the previously mentioned architect, who also designed Bellagio) to create a placemaking experience that would draw people to them. The result was the Fremont Street Experience,

with a Viva Vision electronic light and sound show that goes off hourly every night—via a vaulted canopy covered with more than 12 million LEDs and hundreds of speakers producing 550,000 watts.

Finally, transformation elicitors—those who guide customers to achieve their aspirations—can also employ this approach to demand generation. For example, Mark Scott (when he was CEO of Mid-Columbia Medical Center in The Dalles, Oregon) created an engaging healthcare experience to draw people to his hospital. Mid-Columbia took on the philosophy of Planetree (a national non-profit alliance of patient-centered care hospitals)—“Personalize. Humanize. Demystify.” And Scott made sure every board-level decision was aimed at a more personalized, humanized, or demystified healthcare experience. Thus, patients can access their own medical records; rooms look more like a bed and breakfast; and patients and their families have all the information needed about diseases and ensuing care paths.

Treating patients as human beings needing real care greatly boosted the hospital’s financial results. Mid-Columbia even generated enough wherewithal to build the Celilo Cancer Center—a soothing, stress-relieving environment embracing waterfalls, a labyrinth, full meditative spa, and even a musical thanatologist—where workers guide patients and their family members through the most devastating of healthcare diagnoses. Word of mouth attracted cancer patients from seven states in its first year of operation. According to current CEO Duane Francis, Celilo had drawn patients from 28 states as of early 2007.

## By Word or Deed

No matter what the nature of the offerings you sell, stop fretting about the declining efficacy of advertisements and pay more attention to how the ads represent those offerings to your current and potential customers. Companies so often behave in ways that render their own offerings inauthentic. By word or deed—via marketing activities or designed offerings—businesses all too often produce their own fakes.

To avoid that fate, turn your back on ads and pursue a whole new medium: the placemaking experience, where you can demonstrate exactly what you are and thereby be perceived as real. ■

## About the Authors

**B. Joseph Pine II** and **James H. Gilmore** are co-founders of Strategic Horizons LLP, an Aurora, Ohio-based thinking studio dedicated to helping companies conceive and design new ways of adding value to their economic offerings. Parts of this article are reprinted by permission of *Harvard Business School Press*. Adapted from *Authenticity: What Consumers Really Want* by James H. Gilmore and B. Joseph Pine II. Copyright © 2007 James H. Gilmore and B. Joseph Pine II; All Rights Reserved. They may be reached at [pine&gilmore@strategichorizons.com](mailto:pine&gilmore@strategichorizons.com).