

## Chapter 11



# EARNED CONSUMPTION



### *What's the Trend?*

The desire for authentic experiences leads to a willingness from consumers to earn their right to consume, and offers businesses the chance to build more loyalty and engagement by letting consumers “pay” for products or services with more than money.

When a highly anticipated mobile app launches – there is a predictable frenzy that has now become commonplace among early adopters. People clamor to be first to get access and become “alpha” or “beta” users. Gaining access has become an achievement worth sharing with friends. And in the past several years, several iconic app launches have perfected the roadmap for how to incite this frenzy.

When Google launches products now, they often provide extremely limited access and give every user only a few invites to selectively invite others. The strategy is a masterful way to build a network of close connections by ensuring the first wave is only made up of close friends.

When the now shuttered *Mailbox* app launched several years ago – they landed on a strategy of creating a counter on their homepage for the nearly 400,000 users who signed up. Everyone was assigned a number

and could watch the counter tick downwards to their number. People knew exactly how long until they had access and shared their anticipation and excitement online.

What each of these launches illustrated was that there could be a strange power in giving consumers a chance to “earn” their access. Dozens of subsequent app launches started promising to put people on the waitlist and took it one step further by allowing them to even faster early access in exchange for activities like tweeting about the launch or inviting 5 friends to join the list. One app called Trak.io even charged users \$29 to jump their beta waiting list.

While this might easily be dismissed as the odd behavior of app-addicted technophiles wanting in on the next big thing – the practice of letting consumers *earn* the right to buy and consume a product or experience has been growing for years.

A decade ago, consumers were lining up outside Apple stores the night before an iPod release in order to earn their chance to purchase a \$500 device. For even longer people have accepted waiting as the necessary price for access to everything from country club memberships to season tickets for popular sports teams.

Yet today the big change is that this act of earning our consumption is increasingly seen as a badge of honor rather than an inconvenience. The earning process is part of the joy of the experience itself. In some cases, it is even giving us a chance to make a greater impact on the world at the same time.

## Voluntourist Pride

Fathom is unique new cruising brand from industry leader Carnival Cruise Lines. The vision for the brand is to put social impact at the heart of everything it does. Tailored for twenty to thirty somethings who aspire to do more good in the world, the cruise eschews luxury excursions in favor of seven day trips with “voluntourism” stops in countries like the Dominican Republic and Cuba (one destination is chosen per cruise) to work alongside locals and non-profits on activities like planting trees or making ceramic water filters.

The ship is one of the most prominent examples of multiple travel industry experiences catering to this emerging desire among conscientious travelers to make an impact in some way beyond simply spending money in a local economy.

In Scotland, for example, a tiny independent bookstore called The Open Book in Scotland offers an Airbnb listing for a room above the retail establishment that comes with a forty hour per week job in the bookstore itself – literally allowing you to earn your consumption of the room.

On the more extravagant side, a luxury tour to Africa with the hefty price tag of \$250,000 allows travelers to partake in a once in a lifetime experience of helping a group called Rhinos Without Borders to sedate and move a live Rhino from high risk areas in South Africa to the relatively safer bush in Botswana.

While many of these “voluntourism” experiences have their fair share of detractors who criticize that they marginalize causes and people, or don’t generate as much true impact as they promise ... the fact is their prevalence is rising and the consumer desire for travel with social purpose is on the rise.

There are also growing examples of how consumers can earn their experiences by “paying” in the form of charitable work or monetary contributions outside the travel industry as well. One of the more surprising passion areas with increasing examples of charitable integration is gaming.

## **Gaming and Coding For Good**

Among gaming fans, “speedrunning” is the standard term to describe the practice of expert gamers using skill and masterful tricks to make it through every level of a game in as little time as possible. The Awesome Games Done Quick (AGDQ) Conference is an annual gathering of several hundred of these expert and aspiring speedrunners to celebrate the craft and share tips and techniques. The event is also an unlikely example of earned consumption.

As gamers rapidly make their way through games, tasks and challenges are imagined for them and bid on in real time – encouraging them to take a detour, or save trapped animals or accomplish some other in game task. The bids and results are tallied in real time and the frenzy from those in the room as well as those interacting with the community online is electric. And it is profitable.

This past year, that single event raised more than \$1.57 million to donate to charity. Why for charity instead of for profit? As founder Andrew Schroeder explains it, “without charity you would come away feeling happy you met new friends but you would not have an overwhelming sense of accomplishment and community pride.”

Another interesting example comes from Free Code Camp, an organization that allows newly educated programmers to test their real life coding skills and team work ethic by collaborating with others to build apps and tools for nonprofits. The project teams are offered plenty of support through online training videos and tutorials and the experience allows them to earn experience which they can showcase as part of a job search.

It is this sense of accomplishment that explains one of the most powerful emotional drivers behind the trend of Earned Consumption itself – namely, that you simply feel better about an experience if you believe you *earned* your chance to be part it.

This sense of accomplishment and the emotional payoff of earned consumption is also a surprisingly common strategy baked into some of the most sought after dining experiences in the world.

## How To Dine At Secret Restaurants

Totoraku is one of the most curious five star dining experiences you have never heard of.

The menu is made up almost entirely of beef served as a multicourse experience, and the not-so-secret method for landing a reservation typically involves either a personal invitation from chef Kaz Oyama, or an invitation from a previous diner who is lucky enough to have Oyama's personal contact details. The rules for obtaining these details are as elaborate as the meal itself.

Diners are requested to bring a bottle of wine – which will be sampled by the chef himself. If the wine is deemed up to par, you may be lucky enough to earn access to make a future reservation via a secret phone number hand written on a white business card by the chef himself. Totoraku gives diners a chance to earn the chance to dine, and it is far from the only exclusive restaurant to use this strategy.

Noma in Amsterdam has an estimated 20,000 people vying for a spot when online reservations open on the 6th of every month. Sukiyabashi Jiro is nearly impossible to get into without a Japanese host joining you and a good deal of persistence. Minibar, a tiny restaurant from celebrity chef Jose Andres serving a 30 course meal with only 12 spots per seating, opens reservations for any date one month ahead of time and typically sells out within 15 minutes.

Aside from making reservations hard to get, some restaurants are also making diners earn their consumption *experience* as well. The Dans le Noir restaurant in Paris is famous for its practice of requiring all diners to eat in absolute pitch black – so they can encounter the flavors in the food completely and without the distraction of sight. “The Rock” is a destination restaurant in Zanzibar which requires a boat (or extremely low tide) in order to reach.

On the surface, all this manufactured difficulty might seem like needless hubris. Why put diners through such angst simply in the name of fueling a reputation for exclusivity? This, however, is only part of the intent. As the restaurant industry mostly knows, and other industries are slowly discovering – earned consumption can make the payoff much bigger. In a world where gratification is instant and it seems everything has its price, the idea of being a disempowered consumer has a reverse appeal.

Sometimes we are delighted to work for the right to consume.

Other times, however, earned consumption can become just an alternative form of currency or a method for paying with our time and attention instead of our money. To explore further how this model is most commonly used, let's turn to the world of media and publishing.

## The Online Earnwall

Media disruption in recent years has led publishers and producers to generally adopt one of two strategies to monetize their content: put valuable content behind a “paywall,” or find more creative ways to capture advertising dollars through publishing “native advertising” created with editorial style and placed alongside non-advertising content.

A little over a year ago, a UK based startup launched a platform called Sharewall realized that there could be a third method for monetizing content based on users completing desirable actions to “earn” their right to consume and unlock premium content without subscribing or paying in hard cash.

This same concept of earned access to content is common with popular gaming apps that integrate advertising and give users some type of incentive in the form of loyalty points or unlocked features in exchange for watching content that the app charges advertisers to place. The most well known example of this is Perk, a platform that offers users loyalty points in exchange for watching videos or other advertiser sponsored content.

As the media and mobile gaming industries continue to evolve new models for monetizing their content and experiences, this idea of an “earnwall” where consumers can engage in desirable online activities or respond to challenges in order to earn their consumption of paid content will become increasingly common.

## Why It Matters

Earned Consumption is a trend that lies at the center of several big cultural shifts which by now are perfectly obvious to anyone reading this book. Consumers are seeking more meaningful and authentic experiences. They want to be part of something that offers them social capital to share with friends and family online and offline. And they are increasingly influenced by purpose and want to engage with companies that offer something positive into the world.

In 2016, each of these observations above have become so ubiquitously discussed that it’s not a stretch to call them truisms – statements

that describe our world in ways that we have already heard many times before. What is different this year is the trend they have sparked amongst consumers who have increasingly become used to and even willfully seeking out chances to earn their consumption in multiple ways.

From welcoming charitable work programs into their travel experiences, to using their social capital to promote new technology or navigate “earnwalls,” to chasing impossible reservations at elite restaurants – consumers are assigning the most value to the experiences they are forced to work hardest to access and increasingly wear that access as a badge of honor.

## Who Should Use This Trend?

This trend could easily be misconstrued as an invitation to make an experience worthlessly complex. Just because consumers want to earn their experiences more frequently doesn’t mean you should intentionally break something that is already working well simply in the name of trying to creating more intrigue and work for your customers. Instead, the best organizations to leverage this trend are those which already have (or are working towards building) an experience that consumers rave about. Once you have that, then allowing those same consumers more ways to earn their place in the experience and celebrate their achievement once they do can work extremely well.

## How To Use This Trend

- ✓ **Create a secret room** – The not-so-sexy secret about many of the most unique and exclusive dining experiences in the world is that they are embedded as part of another experience. When Jose Andres first opened his minibar concept restaurant, for example, it was located in a mini bar area (literally) on the top floor of another of his restaurants – Café Atlantico. Over time, he eventually moved it, but initially the idea started as a secret room and experience that only some

diners knew to ask for. When you think about how to use earned consumption in your own business, this same mindset may help. Creating something new and secret can be a great draw. Putting it inside of an existing experience – at least at first – can help to make it more manageable.

- ✓ **Don't forget the purpose** – As you can see from the majority of examples shared in this chapter, the idea of using earned consumption often works best when there is a bigger purpose attached to it. There is a reason why gamers who have been to AGDQ rave about the experience and why travelers who have integrated some form of voluntourism into their travels feel more enriched as a result. When we earn our right to consume, we want to believe it is for a bigger purpose. The more this sort of purpose can be built into what you offer, the more likely it is that people will want to share that with everyone else they know.