

Jacquelien Beusink

SHIFTING MINDSET



FROM PRODUCT EVOLUTION TO
EXPERIENCE DRIVEN INNOVATION
IN CORPORATE ENVIRONMENTS

„Intelligence is the ability to adapt to change“
– Stephen Hawking 1991

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From product evolution to experience driven innovation in corporate environments

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Dear reader,

With this thesis I will complete the Master Strategic Product Design at the Delft University of Technology. It simultaneously marks the end of an important chapter in my life. Overall, I can look back on an exciting journey as a student in which I learned much both professionally and personally, but perhaps more importantly, introduced me to so many great places and people. I therefore want to thank a few people, without whom this graduation project would not have been possible.

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Enjoy reading,
Jacquelin

EXECUTIVE SUMMARY

The BMW Group is one of the world's leading premium manufacturers of automobiles and motorcycles. However, mobility, together with an increased world population, causes problems like traffic congestions, emissions, and an increased energy and raw material consumption that impacts our climate. This, digital developments like the Internet of Things, and the pressure from emerging car brands like Tesla or new mobility providers, have disrupted the automotive industry. Complexity has therefore increased, creating wicked problems for BMW that has to adapt itself to these dynamic times. It however also creates opportunities for whole new driving and mobility experiences.

To create these experiences, BMW has to rethink its current ways of working that are still largely engineering and product driven. Instead, a more experience driven mindset could be the answer to increasing customer demands and market pressure. This research therefore focuses on developing a strategy on how industries could adapt to dynamic times by changing a company's internal mindset, from a product-oriented focus to a more experience driven one. Starting from the experience, means taking a user-centred approach that focusses on human needs instead of merely product- and feature-evolvment. This would not only benefit the customer, but also the company's success by generating competitive advantages, profitability and sustaining long-term customer loyalty.

Currently, first steps are already taken towards more customer-centricity and an experience driven mindset. The goal of this research is to further proof the relevance and unique value that lie in experience driven approaches, learn from other industries, and show how Strategic Design can anchor a more experience driven mindset in corporate environments like that of the BMW Group.

To start off, a literature review created understanding of the terminology and gave insight about approaches to shift mindset. Desk research and expert interviews then taught more about the context of the problem and BMW specific challenges and opportunities. Next to this, case studies of organisations, that are already more experience and user driven than BMW, were executed and provided more practical insights about possible measures to take. These insights together were then translated into a strategy presented with a design roadmap, the final deliverable of this thesis.

Designing User Experiences (UX) is a discipline that focusses on the interaction between a product or service and is mainly executed by UI/UX designers in Design Departments. However, next to this, many more touchpoints with a brand exist which also influence the overall experiences customers have. Think of a website, salesman or service point. This is described

with the term Customer Experience (CX), and is often the task of a Marketing, Customer & Sales department. However, an organisation driven by experiences shares a mindset companywide, not only siloed in a few teams or departments. It thus requires a transformation of an organisation in its whole, and it was assumed that an experience driven mindset goes beyond UX and CX design.

Corporate environments like that of the BMW Group are complex systems. To approach a mindset shift, it was thus beneficial to use a systems approach helping to address the bigger picture in the complexity of a wicked problem. The 4M framework was used to divide organisations in its four levels: micro, meso, macro, and mega that respectively represent the individual, departmental, institutional and community level. It helped to approach the challenge and the case companies more systematically, since on each of these levels, measures can be taken to Educate, Enable, Engage and Empower employees to make a mindset shift companywide possible. These 4e's align with the ADKAR model, that describes the need for Awareness, Desire, Knowledge, Ability and Reinforcement for successful mindset change.

Following from the research, it was indeed found that UX and CX can be taken to a next level, which not only optimises customer touchpoints around products and services but solves for human needs around a clear purpose. This is called a Business of Experience (BOX) and the newly framed goal is to create a strategy that transforms the BMW Group into a BOX that is fully human- and experience driven. In line with the 4M framework, the need for four strategies was derived, called CO: strategies, to reach this final goal. On the individual level, a strategy is needed that enhances the engagement of every employee, a.k.a. Individual Contributor (IC), which is translated into CO:NTRIBUTION. On the second level, collaboration and knowledge flow between teams and departments must be enhanced, resulting in a strategy involving CO:LLABORATION. Next to this, there is a need for supporting organisational structures, cultures, and leaders, thus CO:ORDINATION. Lastly, stakeholders that form the community around organisations should be involved in the development process to learn about needs and innovations, and a strategy to enhance CO:-CREATION should be implemented.

To make the project feasible within the scope of a master thesis, a workshop was used to prioritise the four CO: strategies for BMW specifically. A roadmap with three horizons and a final vision for the BMW Group was then created, with the main focus on the most important CO: strategy, adding an additional one in each following horizon. The horizons to get to the final vision of the BOX, can additionally be linked to the steps of a Design Maturity model. Organisations can measure their level of Design Maturity, which aligns with how experience driven it is,

and derive what the steps towards the next level are. A good starting point for the BMW Group, but also for any organisation that wants to become more experience driven or even a BOX, is the creation of a Centre of Excellence (COE). A COE is a centralised and independent, physical and/or virtual facility within an organisation, that leverages the resources that are already there and provides the rest of the organisation with coordination, research, knowledge, support, trainings, and enablers in a specific area. It supports change initiatives, like that of mindset shifts, in corporate environments and constantly explores new tools and practices, which it then transfers across all functions of an organisation. It can be used to cover the 4e's as well as all needs in the ADKAR model mentioned before.

The horizons to reach the future vision of BMW can be summarised as follows:

1. Centralising & Exposing.

Creating a central facility for experience innovators from which they can acquire, create and transfer (customer & experience) knowledge and data. Followed by creating exposure of this Experience Centre of Excellence.

2. A Learning Organisation.

Facilitate education, (self-) development, and experimentation. Challenge silos and old ways of working; enabling cross functional collaboration between teams, leaders and IC's to scale the experience mindset and modify behaviour.

3. Experience Decision Making.

Enhance agility and experience driven decision making by having designated functions, that are responsible for the end-to-end experiences, and involving various stakeholders in the process.

To conclude, it is highlighted that transforming an organisation into a Business of Experience is a complex task and the developed strategy is marked by several research constraints given the limitations within a master thesis. Thus, further recommendations were given focussing on the first two horizons, since after the creation of the XCOE it is time that will teach about the exact subsequent steps and measures to take in the final horizon and towards the vision. In fact, the creation of the XCOE will never be done. The value lies in its resilience, constant learning by doing, experimentation, and its ability to adapt quickly to changing circumstances. It was already proven that an experience driven organisation benefits from competitive advantage, loyalty, and profitability (institutional level). This research additionally shows the unique values of the creation of a XCOE to each other organisational level, as well as the value of using a strategic design approach to address complex projects in which needs of many stakeholders have to be accounted for.

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ABBREVIATIONS & ACRONYMS

3P	People, Profit, Planet (Triple Bottom Line)
4C	Company, Competitor, Context, Consumer
4e's	Educate, Enable, Engage, Empower
4M	Micro, Meso, Macro, Mega
ADKAR	Awareness, Desire, Knowledge, Ability, Reinforcement
AI	Artificial Intelligence
AOTM	As of This Moment
AR	Augmented Reality
BEV	Battery Electric Vehicle
BMW	Bayrische Motoren Werke
BOX	Business of Experience
CDO	Chief Design Officer
CEO	Chief Executive Officer
COE	Centre of Excellence
COP	Community of Practice
CPIC	Customer & Product Intelligence Centre
CX	Customer Experience
CXM	Customer Experience Management
CXO	Chief Experience Officer
DESTEP	Demographic, Economic, Societal, Technological, Ecological, Political
DLS	Design Language System
(e)NPS	(employee) Net Promotor Score
FIZ	Forschungs- und Innovationszentrum
GHG	Greenhouse Gas
HR	Human Resources
IC	Individual Contributor
ICE	Internal Combustion Engine
IoT	Internet of Things
IT	Information Technology
ITZ	Information Technology Zentrum
KPI	Key Performance Indicator
MaaS	Mobility as a Service
OEM	Original Equipment Manufacturer
PHEV	Plug-in Hybrid Electric Vehicle
R&D	Research & Development
ROE	Return on Experience
ROI	Return on Investment
SOP	Start of Production
TMC	Too Much Choice
TMI	Too Much Information
TMT	Too Much Technology
UX	User Experience
UX/UX	User Experience/User Interface
VR	Virtual Reality
XCOE	Experience Centre of Excellence

1. INTRODUCTION

1.1 CONTEXT

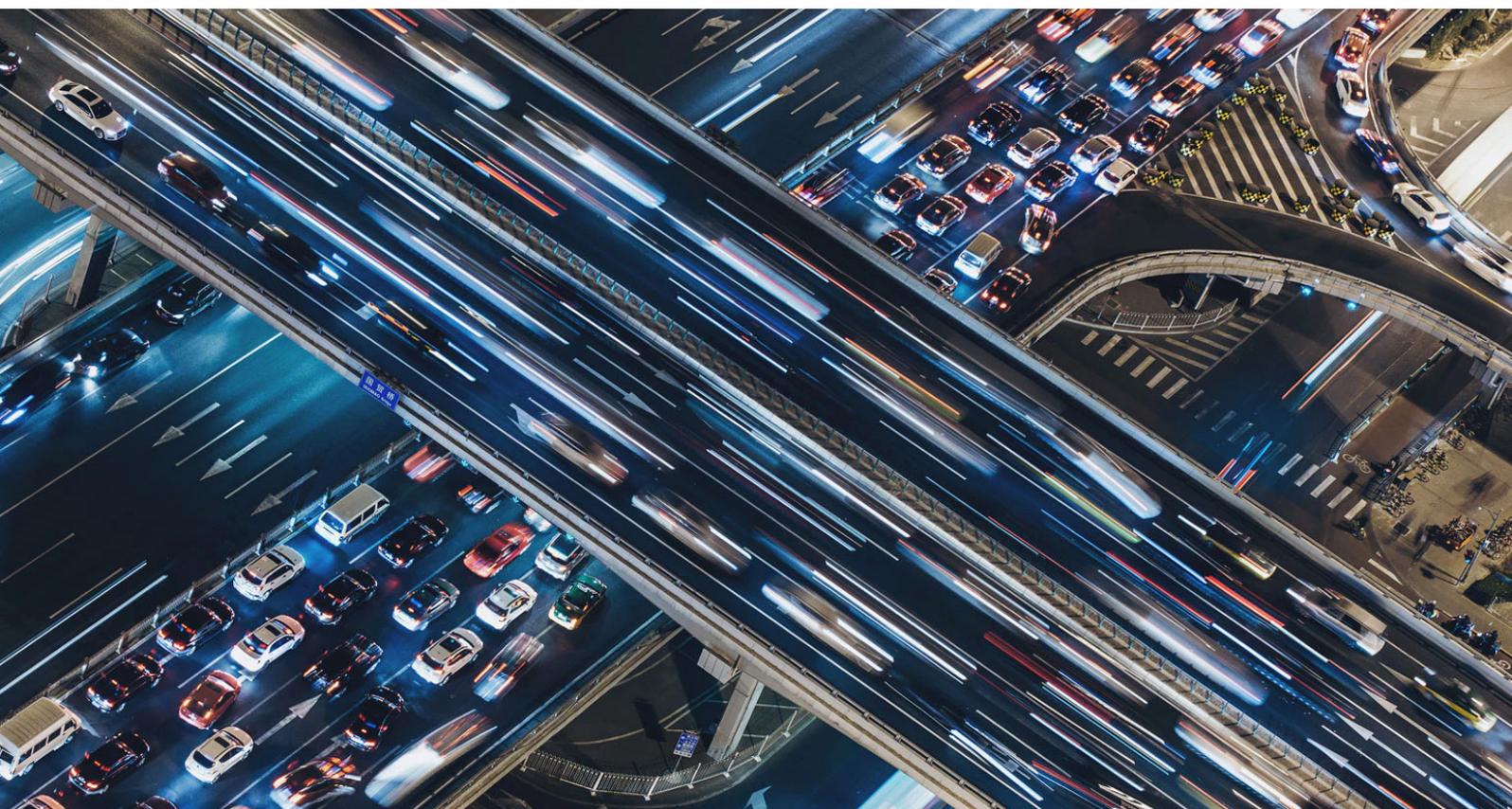
We have always lived in a world where change is a constant. However, never have we stood in front of so many existential questions about our planet and our human race. How can we stop climate change before the point of no return? How can we control pandemics in an ever-denser populated world? Questions like these, and the urge to answer them seemed to have accelerated the development of new policies, technologies, and consumer preferences (Gao, Kaas, Mohr, & Wee, 2016). These dynamic times ask for adaptive governments, academics, industries, and societies.

The same is true in the automotive industry. Over years our mobility and the ability to travel has increased. This led to globalisation, which sustains developments and social welfare around many parts of the world (Taran, 2007). Individual mobility additionally embodies freedom. However, the expansion of our mobility together with the increase of the world's population also led to new challenges. Traffic congestions, increased energy consumption, emissions, and the impact on our climate are much discussed topics within the stakeholders of the four groups mentioned above (Kölbl & Kozek, 2021). The automotive sector now must respond to these challenges, and the way we experience mobility will change accordingly over the coming decade.

This also applies to the BMW Group, from which this thesis has been assigned. The BMW Group is one of the world's leading premium manufacturers of automobiles and motorcycles (BMW, 2021c). Additionally, it offers several financial and mobility services. Of the three product brands BMW, MINI and Rolls Royce, BMW ensures the largest

part of financial returns (BMW, 2021)b. For that reason, the main focus in this thesis will be on the BMW brand. BMW has been building the „ultimate driving machine“ with „sheer driving pleasure“ since 1965 (year of slogan). Its goal was, and still is, to offer the best and most joyful premium individual mobility to its customers. To do so, BMW builds on years of knowledge and skill development by its employees; think of engineers, designers, marketers, and managers.

However, the automotive industry has been disrupted and traditional car manufacturers like BMW are now under pressure by emerging car brands (e.g., Tesla or Nio), other sectors that try to enter the market (e.g., Google and Apple) and mobility providers (e.g., Uber) (Gao, Kaas, Mohr, & Wee, 2016). Next to this, a vehicle is not a standalone product anymore. The Internet of Things (IoT) enables automobiles to generate enormous amounts of data and to connect with other devices and the vehicle's environment. This increases complexity, but also creates opportunities for whole new driving- and mobility experiences.



1.2 PROBLEM DEFINITION

The challenge for BMW is, to turn the global challenges into opportunities for its own business and its customers. The oversaturated automobile market increases customer demands, which results in the need for differentiation and more meaningful solutions that are designed to fulfil human needs. Internal processes and strategies should be adapted to the increasing pace of developments, and the disruption in the automotive industry results in the need to reflect and challenge the company's old, engineering driven, ways of working towards a more holistic approach.

This research therefore focuses on developing a strategy on how industries could adapt to the dynamic times by changing a company's internal mindset. Many companies over years focused on improving their products often related to their (design) specifications, functionality, and usability or by simply adding new features (Hassenzahl, et al., 2013; Körber, Eichinger, Bengler, & Olaverri-Monreal, 2013; Meyer & Schwager, 2007). However, literature about Experience Design (or similar Design for Experiences, Experience-Driven Design, Meaning-Driven Design, Need-Driven and Design for Emotions (Desmet & Hekkert, 2007; Hassenzahl, et al., 2013; Kaasinen, et al., 2015; Kim, et al., 2020; Lu & Roto, 2014; Sanders, 2012; Schifferstein, Kleinsmann, & Jepma, 2012) has stated that this is not enough, and a more user-centric approach is needed that shifts the focus from merely product-evolvement to that of satisfying user needs and creating affective experiences in human-product interaction (Desmet & Hekkert, 2007; Kim, et al., 2020; Hassenzahl, et al., 2013). This would not only benefit the customer, but also the company's success by generating competitive advantages, profitability and sustaining long-term customer loyalty (Arhipainen, 2013; Ceesay, 2020; Homburg, Jozić, & Kuehnl, 2017; Johnston & Kong, 2011; Körber, Eichinger, Bengler, & Olaverri-Monreal, 2013; Pine & Gilmore, 1998; Sheppard, Kouyoumjian, Sarrazin, & Dore, 2018). Designing for meaningful customer experiences, however, is described as a wicked problem (Kim, Beckman, & Agogino, 2018). Wicked problems are characterised by their many stakeholders, many possible solutions with no single right answer, and a non-linear process that requires endless iteration and learning (Camillus, 2008) (Kim, Beckman, & Agogino, 2018). According to Kim et al. (2018, p. 44), this dynamic and complex environment "requires that companies ... think in different ways, consider new organisational structures, and develop new decision and strategy-making approaches". How to shift corporate mindset from a product-oriented design focus to an experience driven focus thus seems a possibly valuable topic to research for the BMW Group.

The company wants to incorporate more customer-centricity in its strategy (BMW, 2021g), which can be linked to experience design since it focusses on human needs (Ceesay, 2020). Currently, first steps are already taken towards a more experience driven mindset. A few

people in the design department that believe in the value of designing for experiences, are raising awareness about the topic through companywide presentations. However, more is needed to scale these initiatives and shift the mindset of the entire organisation. This in turn will anchor and strategically use the value of experience design in favour of the customer, company, and its employees (Ceesay, 2020; Chakravorti, 2011; Homburg, Jozić, & Kuehnl, 2017; Johnston & Kong, 2011; Kim, Beckman, & Agogino, 2018; Sheppard, Kouyoumjian, Sarrazin, & Dore, 2018).

The goal of this research is not to become an expert in experience design myself. Rather, the goal is to prove the relevance and unique value that lie in experience driven approaches for the BMW Group, learn from other industries, and show how Strategic Design can anchor a more experience driven mindset in organisations. Therefore, the following hypotheses and research questions are formulated:

Hypotheses

- (H1) An experience driven mindset is needed to challenge the old ways of working, to holistically design for human needs and improve competitiveness.
- (H2) Strategic Design can be used to shift the mindset in corporations from a product-oriented to an experience driven one.

Research Questions

- (R1) What are Experiences and Experience Design, and how is the latter beneficial to its stakeholders?
- (R2) What is the status quo at BMW, who works where & how on experiences?
- (R3) What are the challenges and opportunities in the process of becoming experience driven?
- (R4) What can be learned from other organisations that already have a more matured experience driven mindset?

1.3 APPROACH

As already mentioned, a Strategic Design process will be used to approach the wicked problem, test the hypotheses, and answer the research questions. It is the strategic use of design principles and practices to guide innovation and its implementation, of which the outcomes benefit the organisation, people and often now, also the planet (Calabretta, Gemser, & Karpen, 2016). The approach, and this thesis' structure is based on the double diamond model as shown in figure 1. This design process model consists of four phases that alternate between phases of divergence and convergence. In the diverging phases as much as possible insights and ideas are researched, while in the convergence phases more focussed action is taken.

Discover

In the discover phase, secondary research in the form of a literature review was conducted to answer R1. Additional desk research was used to explore the organisation and its context to understand BMW's positioning and fit with an experience driven mindset. Primary research in the form of interviews has been done to understand how experiences are understood within the organisation, and to uncover where and how employees work on experiences (R2 & R3). Case studies were used to learn from organisations that already feature a more experience driven approach (R4).

Define

In the second phase, the insights from the discover phase were used to reframe the problem and define the further direction of the project. Four different strategies were developed that should be encountered for when wanting to become an experience driven organisation. A workshop was used to prioritise the strategies for BMW, decide on the first step to take, and link them to horizons of a design roadmap.

Develop

During the develop phase divergence again took place. Based on the research in the previous phases, value drivers were defined and translated into the horizons of a strategic and tactical roadmap. Through several iterations a concept was developed, that show the steps towards the created vision for the BMW Group.

Deliver

This last phase of the design approach was used to validate the concept and give final recommendations for future actions - showing how strategic design can be used to shift the internal mindset towards an experience driven one (R5).

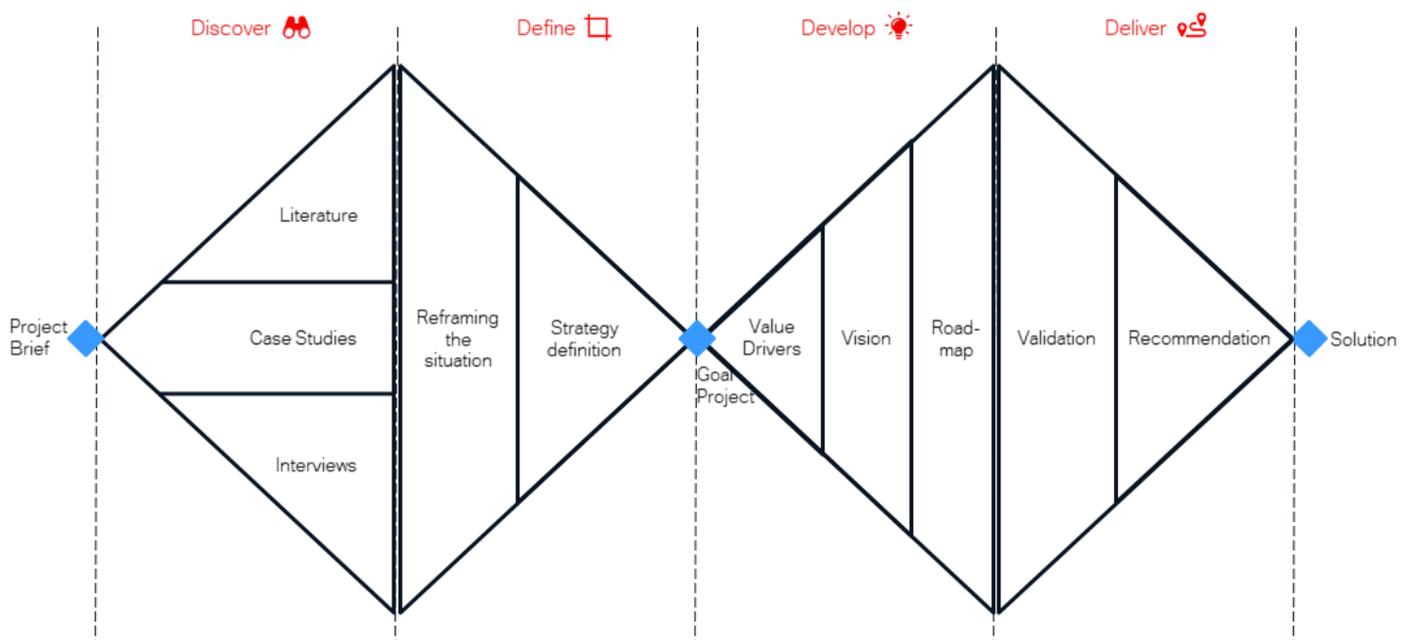


Figure 1: Double Diamond design project approach

2. DISCOVER

2.1 LITERATURE REVIEW

The first step towards an experience driven mindset is defining the term experience and experience design and understanding the value of it to its stakeholders. To do so a literature review has been conducted. A distinction must be made between two terms: User Experience and Customer Experience. Both are discussed in this chapter. The literature research was done to test hypothesis 1 and 2, which will be discussed in the conclusion of this chapter. Next to this, a framework found in literature will be presented that is used to structure the findings in the progress of this report. Lastly, it will be discussed what is needed in organisations to shift the mindset of the individual employee and transform businesses.

2.1.1. User Experience (UX) Design

When we talk about designing experiences, we talk about designing them for users (figure 2). The term User Experience (UX) is a term that was introduced in the early nineties by Donald Norman, a professor and researcher in design who worked for Apple at that time (Merholz, 2008). He came up with the term out of the following reason:

"I invented the term because I thought human interface and usability were too narrow. I wanted to cover all aspects of the person's experience with the system including industrial design graphics, the interface, the physical interaction and the manual." (Merholz, 2008).

It thus encompasses each element contributing to a certain experience, focusing on the physical, technical, and psychological interaction with products and services (figure XX) (Hassenzahl, 2008). Since the introduction of the term, the interest in User Experience Design has only risen (Merholz, 2008).

Despite today's popularity of UX design, it still lacks a common understanding about its general definition (Hassenzahl, 2008; Körber, Eichinger, Bengler, & Olaverri-Monreal, 2013; Law, Roto, Vermeeren, & Kort, 2008). Literature about different interpretations has been reviewed (Desmet & Hekkert, 2007; Gray, 2016; Hassenzahl, 2008; Hassenzahl, et al., 2013; Körber, Eichinger, Bengler, & Olaverri-Monreal, 2013; Law, Roto, Vermeeren, & Kort, 2008), which led to the following alteration of the ISO 9241-210:2010(en) definition (International Organization for Standardization, 2016). The exact derivation of the definition can be found in appendix I.

Adapted ISO Definition:

User Experience is the person's perceptions and responses resulting from the interaction and/or anticipated interaction with a product, system, or service.

Note 1 to entry: User experience includes all the users' emotions, beliefs, preferences, perceptions, physical and

psychological responses, behaviours, and accomplishments that occur before, during and after the interaction. The interaction can be instrumental, non-instrumental and/or non-physical.

Note 2 to entry: User experience is a consequence of (1) the characteristics of the product (shape, texture, colour, brand image, presentation, functionality, system performance, interactive behaviour the fulfilling of human needs, and assistive capabilities of the interactive system), (2) the actions and processes involved (e.g., perceiving, exploring, using, remembering, comparing, and understanding), (3) the characteristics of the user (internal and physical state resulting from prior experiences, attitudes, background, values, motives, skills and personality) and (4) the context of the interaction (e.g., physical, social, economic) (Desmet & Hekkert, 2007).

Note 3 to entry: Interaction with products, systems and services can be divided into (1) pragmatic do-goals that refer to the utilitarian aspects, and (2) hedonic be-goals that refer to the emotional and experiential aspects (Hassenzahl, 2005; Kaasinen, et al., 2015). Usability, when interpreted from the perspective of the users' personal goals, can include the kind of perceptual and emotional aspects typically associated with user experience. Do-goals can be measured by their usability criteria and assess aspects of user experience. However, in UX design the starting point is fulfilling human needs and thus the hedonic be-goals (Hassenzahl, 2005; Körber, Eichinger, Bengler, & Olaverri-Monreal, 2013).

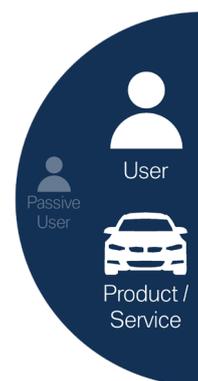


Figure 2: User Experience

An interaction with a product, system or service can evoke either positive or negative responses: affect. A prerequisite for this is fulfilling the expected utilitarian functions, however, in UX the focus is on the non-utilitarian aspects of an interaction that are induced by fulfilling human needs (Desmet & Hekkert, 2007; Hassenzahl, 2008; Hassenzahl, et al., 2013; Körber, Eichinger, Bengler, & Olaverri-Monreal, 2013; Law, Roto, Vermeeren, & Kort, 2008). Maslow (1987) presented the well-known hierarchy of needs, from physiological needs in the bottom of the pyramid to self-actualisation in the top (figure 3). Anderson (2011) created an analogy of this hierarchy, especially focussed on

UX design (figure 4). In relation to designing experiences that reach the top of this pyramid, Hassenzahl et al. (2013) translated this into the following set of needs; autonomy, competence, relatedness, popularity, stimulation, and security (table 1). A great User Experience is defined by fulfilling one or more of these user needs. Experiences are defined by their complexity, since they are not only influenced by the product- or service design, but also by the user itself and the context. Therefore, it is not possible to design a specific experience but only to design for an experience.

Table 1: The set of needs to meet in UX design (Hassenzahl, et al. 2013)

NEEDS	DESCRIPTION
AUTONOMY	Feeling that you are the cause of your own actions rather than feeling that external forces or pressure are the cause of your action.
COMPETENCE	Feeling that you are very capable and effective in your actions rather than feeling incompetent or ineffective.
RELATEDNESS	Feeling that you have regular intimate contact with people who care about you rather than feeling lonely and uncared for.
POPULARITY	Feeling that you are liked, respected, and have influence over others rather than feeling like a person whose advice or opinion nobody is interested in.
STIMULATION	Feeling that you get plenty of enjoyment and pleasure rather than feeling bored and understimulated by life.
SECURITY	Feeling safe and in control of your life rather than feeling uncertain and threatened by your circumstances.

The user often is also the customer; however, this is not necessarily the case, and this distinction should always be kept in mind. It could for example be the case, that one member in the family is responsible for buying a vehicle, bringing it to the garage for check-ups etc., but the partner is the actual user and driver of the vehicle in day-to-day life. Additionally, this partner now and then takes other co-drivers with him/her. These can be other adults or kids, that now also have become users of the product, with very individual User Experiences that also should be

designed for. The term Customer Experience will be further discussed in the next sub-chapter.

A passive User Experience can be explained by product- and services usage that affects people in the direct context. Focusing on the passive User Experiences could lead to a better overall User - and Customer Experience (Hou, 2020). To explain this, the example of an electric car driven under 20km/h is being used. In this scenario it could be quite difficult for people, or passive users in this case, to hear the car approaching due to its low speed and the missing sound of the combustion engine. In July (2019) the European Commission therefore decided that all hybrid or electric vehicles should be equipped with a sound-emitting device. This solution warns the passive user and makes him feel safer. Knowing that more vulnerable road users can hear a vehicle approaching, can also give the actual user (driver) a secure feeling. Security is one of the needs shown in table 1 (Hassenzahl, et al., 2013). This thus has a positive impact on the experience of the end user and could be applied to all product or service touchpoints. This leads us to the next sub-chapter about customer experiences.



Figure 3: Hierarchy of Needs by Maslow (1987)

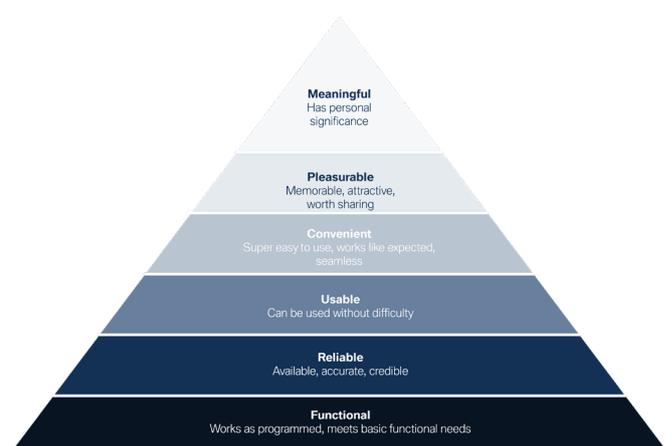


Figure 4: UX Hierarchy of Needs by Anderson (2011)

2.1.2. Customer Experience (CX) Design and Management

Although User Experience and Customer Experience sound very similar, we must distinguish these two terms. Not much after the introduction of the term User Experience by Donald Norman in the early nineties (Merholz, 2008), Pine and Gilmore (1998) published an article in the Harvard Business Review called “Welcome to the experience economy“. They describe experiences as the fourth economic offering, after commodities, goods, and services as a way for companies to differentiate themselves from competitors and create economic value (Pine & Gilmore, 1998). They use the term Customer Experience, which encompasses not only the interaction with a certain product, but the experience with a company in its whole (Ceesay, 2020; Meyer & Schwager, 2007; Pine & Gilmore, 1998). This includes all touchpoints with the brand, products, and services they offer e.g., advertisements, packaging, customer care and the interaction with the product, system, or service itself (Drotskie & Viljoen, 2011; Meyer & Schwager, 2007). Thus, User Experience is a part of the Customer Experience since the interaction with the product or service is one of many touchpoints, see figure 5. Since CX includes a variety of touchpoints, it also involves many more stakeholders. All these touchpoints can be designed for. This discipline is called Customer Experience Design.



Figure 5: User- and Customer Experience

Whereas User Experience however, is researched and practiced by designers, the term Customer Experience became especially used and researched in the field of business, management, marketing, and CX-oriented HR

policies (Ceesay, 2020; Chakravorti, 2011; Homburg, Jozić, & Kuehnl, 2017; Johnston & Kong, 2011; Kim, Beckman, & Agogino, 2018; Meyer & Schwager, 2007; Palmer, 2010; Pine & Gilmore, 1998). It therefore has become a management topic resulting in the term Customer Experience Management (CXM). Homburg et al. (2017) used empirical and theoretical research to find the meaning of Customer Experience Management which is found to umbrella the definitions found in the literature studied (Ceesay, 2020; Chakravorti, 2011; Meyer & Schwager, 2007; Schmitt, 2003). It consists out of three elements:

“We introduced CXM as a higher-order resource that entails (1) cultural mindsets toward CXs, (2) strategic directions for designing CXs, and (3) firm capabilities for continually renewing CXs, with the goals of achieving and sustaining long-term customer loyalty.” (Homburg et al., 2017 p.1)

This definition is found to be the right interpretation of the term and will be used in the continuation of this research. It already entails the strategic importance of managing customer experiences and highlights the need for a certain mindset towards it. This aligns with the findings that designing for experiences can be described as wicked problems that require new ways of thinking and structuring an organisation (Kim, Beckman, & Agogino, 2018), and that Customer Experience Management could be a solution for creating the right mindset, strategy, and structure within a company.

2.1.3. The Value of Experience Design

After defining what the terms User Experience (Design) and Customer Experience (Management) mean in sub-chapter 2.1.1 and 2.1.2, this section will try to answer why both are needed and what the values for customers, companies and their employees are.

User Experience Design has become increasingly interesting for companies to apply in their product and service development (Vermeeren, et al., 2010). Practitioners from different fields realised that only designing for functionality and usability is not enough in today’s saturated markets (Hassenzahl, 2005; Körber, Eichinger, Bengler, & Olaverri-Monreal, 2013; Schifferstein, Kleinsmann, & Jepma, 2012). Since User Experience design covers both the pragmatic as well as hedonic aspects of product, system, or service interaction (Hassenzahl, et al., 2013) it makes it possible to design for meaningful experiences (Schifferstein, Kleinsmann, & Jepma, 2012). When a positive affect towards a product, system, or service has arisen, the customer is more likely to take good care of it, which would also imply that products are more likely to be repaired and used longer because of the attachment (Mugge, Schifferstein, & Schoormans,

2004). This in turn, causes greater sustainability. This leads us to the triple bottom line, where products or services are not only designed for the profit of the company but also take into consideration people and planet (Slaper & Hall, 2011). In line with this, there also lies value in User Experience design for the employees. Focussing on needs and be-goals before functionalities and do-goals expands the design space of designers, which could possibly lead to radical innovations (Lu & Roto, 2014). Lastly, User Experience Design should benefit the company. Since it is a way to create products and services that differentiate themselves in a saturated market, it will create competitive advantage, resulting in a higher profitability (Schifferstein, Kleinsmann, & Jepma, 2012). A positive product or service experience additionally creates a positive attitude towards the brand and the company which results in loyalty (Pine & Gilmore, 1998).

In summary designing for User Experiences means (1) fulfilling human needs for the customer, (2) expanding the design space for its designers, and (3) creating competitive advantage, profitability and loyalty for the brand and company.

User Experience alone, however, tells us nothing about how one can shift a product-oriented mindset to an experience focused one. Gray (2016) explains in its paper "It's More of a Mindset Than a Method: UX Practitioners' Conception of Design Methods" why a more general mindset should be adopted towards User Experiences and design in general, instead of just applying some tools and methods. As defined in sub-chapter 2.1.2 the more holistic approach Customer Experience Management is doing this, by emphasising on the need for focussing on culture, mindset, and strategic implementation of experiences within companies. For one, not only the User Experience designer contributes to the Customer Experience. Everybody in an organisation is somewhat responsible or will potentially contribute to the Customer Experience (Palmer, 2010; Sheppard, Kouyoumjian, Sarrazin, & Dore, 2018). It is therefore necessary to design a Customer Experience centred organisation to engage and empower employees throughout the company, and to create a companywide mindset (Meyer & Schwager, 2007). The customer-centric approach makes it possible to become more responsive to customer needs and increase the company's performance and competitive advantage (Berry, Carbone, & Haeckel, 2002; Homburg, Jr. Workman, & Jensen, 2000). Again, this is needed because the dynamic, complex and highly saturated market creates a higher level of uncertainty, and a structural change in a company's culture towards customer experiences could therefore be a solution (Meyer & Schwager, 2007; Shah, Rust, Parasuraman, Staelin, & Day, 2006). Several authors argue that Customer Experiences should be of top priority for the top management (Ceesay, 2020; Grewal, Levy, & Kumar, 2009; Meyer & Schwager, 2007; Sheppard, Kouyoumjian,

Sarrazin, & Dore, 2018). Their reasoning is that many companies fail to distribute data and knowledge they have about their customer or fail to make someone responsible to act on valuable information (Meyer & Schwager, 2007). A better management of Customer Experiences can ensure a better coordination of data collection, the assessment of it, and designing, measuring, and monitoring experiences (Lemon & Verhoef, 2016; Meyer & Schwager, 2007; Palmer, 2010). This will allow for long-term satisfaction and loyalty from customers, even in moments of failure or dissatisfaction with a product or service interaction (Ceesay, 2020; Homburg, Jr. Workman, & Jensen, 2000; Meyer & Schwager, 2007). All experiences together will shape the meaning of a brand and create an emotional bond with the customer, which results in the promotion of brand equity (Chakravorti, 2011; Lemon & Verhoef, 2016; Pullman & Gross, 2004).

To summarise, we need Customer Experience Management next to designing for User Experiences because (1) a shared mindset makes the whole company responsive to customer needs. (2) It increases the performance and competitive advantage of a company and therefor its profitability. (3) Also, making Customer Experience a top management priority will ensure long-term satisfaction and loyalty that allows to make mistakes and lastly, (4) superior experiences will promote brand equity. A win-win for customers and organisations (Grewal, Levy, & Kumar, 2009).

2.1.4. The 4M Framework

During the literature review, a framework has been encountered that describes organisations as a system with four levels. A systems approach helps to provide the bigger picture in the complexity of a wicked problem. It shows the system as a whole being made up of a hierarchy of sub-systems (MBA Skool, 2022). Decisions and actions taken in one of these sub-systems, will affect and influence the others. The 4M framework (Eaton, 2020), shown in figure 6, divides large organisations, which are complex systems, into four organisational levels; micro, meso, macro, and mega that respectively represent the individual, departmental, institutional and community level. The micro level encompasses every individual employee of an organisation, which from this moment on will also be called the Individual Contributor (IC). An IC is a professional employee without management responsibilities (Robinson, 2021). The meso level represents teams and departments. To the institutional level, macro, belong an organisation's culture, structures, processes, governance, leadership, and other management responsibilities. Lastly, the community level, mega, includes all other stakeholders like customers, partners, suppliers, the general public and even the environment. The four levels are all interrelated with each other and challenges and opportunities in one level impact the others (Eaton, 2020).

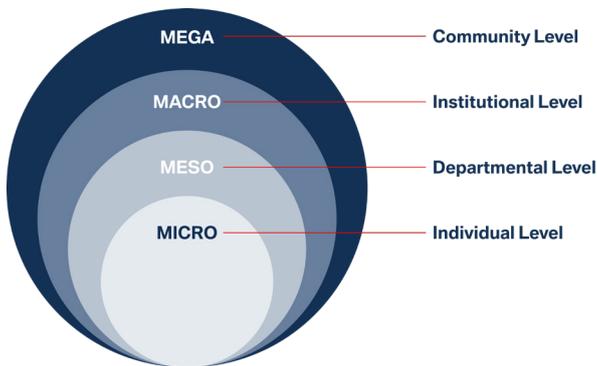


Figure 6: The 4M Framework (Eaton, 2020)

Figure 7 shows the framework applied to BMW. The micro level is the employee level, which does encompass each employee working for the BMW Group. At the departmental level is chosen to look especially from the design department's view, since this is the department with the largest interest in this topic as of this moment. To the institutional level belong the board and all stakeholders and organisational characteristics as summed up above. Lastly, the mega level represents the whole community of stakeholders and the environment around BMW, from customers, suppliers and partners to shareholders and the environment.

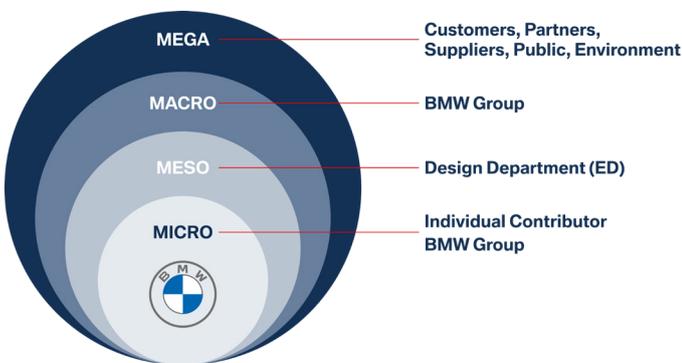


Figure 7: The 4M Framework applied to the BMW Group

In the remainder of this report, the 4M framework will be used to structure and sort findings. The framework has specifically been chosen because it includes all stakeholders and actors, that play a role in forming an organisational culture and mindset of complex organisations. How, will be explained in the following chapters.

2.1.5. Shifting Mindsets

Today's market conditions (policies, technologies, and consumer preferences) are constantly changing (Gao, Kaas, Mohr, & Wee, 2016) and organisations must adapt themselves according to them constantly. Increasing the importance of (culture) change management. It often involves leadership changes, adapted processes, new technologies and strategic planning for business transformation (Joshi, 2021). However, to successfully transform a business, a shift of the human mindset is a crucial yet difficult task that is often forgotten (Joshi, 2021). Employees should be involved in the change programme, assisted during the process, and feel valued. Joshi (2021) argues that the mindset of the Individual Contributor (micro) and the institution (macro) have to change at the same time. Both levels, however, usually develop a fixed mindset over time, which has to be transformed into a growth mindset through Educating and training, Empowering, Engaging and Enabling employees, resulting in the 4e Model (Joshi, 2021). During (1) educating, the rationale behind the change is clearly communicated, (2) empowering allows employees to take more responsibilities themselves, (3) enabling means handing employees the right knowledge, skills, tools, methods, and structures, and lastly (4) engaging involves a constant dialogue including getting feedback from the employees to perpetuate learning and create an environment responsive to change (Joshi, 2021).

Another model explaining this, is the ADKAR model, one of the most used change management models (Prosci, 2022). It focusses on the change of Individual Contributors in an organisation and thus shows overlap with Joshi's 4es (figure 8). ADKAR stands for Awareness, Desire, Knowledge, Ability and Reinforcement. Awareness for the need to change is needed first, followed by Desire, which align with Educating the employee and communicating the different needs and values of the change. Then, Knowledge and Ability, Enable employees to make the change happen. Engaging and Empowering, align with Reinforcement, during which the change is sustained, and employees do not fall back into old habits. Comparing the two models and recognising the overlaps, one can now also depict the preferred order of the 4es, which was not proposed in the model by Joshi (2021).



Figure 8: Aligning the ADKAR and 4e model (Joshi, 2021; Prosci, 2022)

One other model or approach found in mindset and business transformations that puts the individual in the centre has been evaluated: Transformation Design. Transformation Design applies a human-centred and interdisciplinary design approach to change mindsets and behaviours in complex systems like large organisations (Burns, Cottam, Vanstone, & Winhall, 2016). The authors explain the shift from complicated to complex:

“Traditionally, organisations have been designed for a complicated rather than a complex world. Hierarchical and silo structures are perfectly designed to break problems down into more manageable fragments. They are not, however, so effective handling high levels of complexity. For this reason, many of our most long standing institutions are now struggling to adapt to a more complex world.”

The BMW Group faces this challenge too. To solve for these wicked problems, it is argued that the scope of designers can be broadened and their skills can be applied in business transformations; Transformation Design (Burns, Cottam, Vanstone, & Winhall, 2016). It puts the end-user in the centre, which in the situation of a business transformation is the Individual Contributor as also has been done with the 4M framework. The approach can be described by the steps shown in figure 9.



Figure 9: The six steps in Transformation Design (Burns, Cottam, Vanstone, & Winhall, 2016)

In the first step, understanding of the issue is created to reframe the problem. Secondly, transformation is highly collaborative. It brings various stakeholders and backgrounds together to approach the problem and create shared value. Since there are so many stakeholders involved in the complex problem, it cannot be solved by designers alone. For this reason, the stakeholders are involved in the design process using participatory design techniques like e.g., co-creation. Fourth, it is acknowledged that design is never done. Transformation Design thus aims for a solution that has the capacity to keep learning and adapting to these changes. Further, the solution outcome cannot be predicted. Since design skills are applied in a non-design territory design outputs will look different. It could range from new organisations, different policies, to new positions. Lastly, Transformation Design aims high. In organisations this means changing the culture to become more human-centred (Burns, Cottam, Vanstone, & Winhall, 2016). This rather new design discipline shows how design can be applied far beyond the design department and can help in transforming organisational cultures and mindsets. It thus confirms hypothesis 2:

(H2) Strategic Design can be used to shift the mindset in corporations from a product-oriented to an experience driven one.

The remainder of this report will therefore use strategic design to uncover one way of presumably many others (wicked problem), on how to transform organisations into experience driven ones.

Transformation Design can be combined with the 4e and/or ADKAR model to design for the different desired outcomes in each step (figure 9).

The evaluated models and approaches to mindset shift and cultural change in organisations all focus on the Individual Contributor, which align with the experience driven mindset that puts the end-user at the centre. It can be concluded that the models do not contradict another, but have overlap and complement each other.

2.1.6. Conclusion Chapter 2.1.

Two main terms related to experience design were found. The first is User Experience, which describes the interaction between a user and product, service, or system. The second term is Customer Experience, which not only encompasses the interaction with the product, service, or system alone, but with all existing touchpoints. These interactions can occur even before becoming a customer through e.g., seeing an advertisement (touchpoint) on TV that leads to a sale at a dealer (touchpoint), charging or fuelling a product at a public station (touchpoint), till calling the customer service (touchpoint) in case of a problem. Since also the interaction with the product or service itself is a touchpoint, User Experience is a part of the Customer Experience as shown by the circles in figure 5.

From the research followed also, that (interaction) designers and marketers alone are not enough to create the best possible experiences. From sub-chapter 2.1.2. it follows that Customer Experience Management should ensure that there is a companywide mindset towards experiences, that is responsive towards human needs. Only then the potential of experience design can be fully achieved, which increases a company’s competitive advantage, profitability, long-term satisfaction, and loyalty as well as brand equity. The following hypothesis was tested by the literature review in this chapter:

(H1) An experience driven mindset is needed to challenge the old ways of working, to holistically design for human needs and improve competitiveness.

This hypothesis has found to be true, since an experience driven mindset challenges the old ways of working through responding to human needs, instead of merely evolving products or services by adding more features and functions. Because only designing for functionality and usability is not enough in today’s saturated markets. It is experience design that ensures a holistic end-to-end customer experience that differentiates itself from that of its

competitors, with the consequence of improved loyalty and profitability.

A framework found in literature, the 4M framework, is used to describe the BMW Group and its organisational levels and their stakeholders. In the remainder of this report, this framework will be used to approach the wicked problem of changing an organisations internal mindset, which is affected by the system as a whole.

Lastly, the literature review was used to learn about shifting mindsets in organisations. Three different models to approach a mindset shift of Individual Contributors in organisations have been evaluated. The processes discussed to shift mindsets will support in creating the strategy in the further course of this thesis. The theory about Transformation Design additionally confirmed hypothesis 2:

(H2) Strategic Design can be used to shift the mindset in corporations from a product-oriented to an experience driven one.

By showing how the design discipline and -process can be applied in a change management project. This academic insight will be further proven in the course of this project applying it to this industry example.

Key Take-Aways Chapter 2.1.

- The User Experience describes the interaction between users and a product, service, or system
- The Customer Experience encompasses the interactions with all possible touchpoints of a brand and its products, services, and systems. User Experience is thus part of the Customer Experience
- Designing for experiences increases the design space for designers, fulfils human needs, and thus increases competitiveness, satisfaction loyalty and profitability of an organisation.
- Experience design reaches far beyond design departments, and should be part of a company's mindset and culture
- One cannot design a specific experience, one can only design for an experience
- Large organisations are complex systems, that can be divided into sub-systems that affect each other. The 4M framework divides these systems into four sub-levels; micro, meso, macro and mega.
- The 4e Model, ADKAR Model and Transformation Design depict the steps to be taken for a mindset shift to happen, always with the end-user, the Individual Contributor, at the centre.

2.2. BMW CONTEXT & FIT

This and the following sub-chapter 2.3. have the goal to understand the gap between BMW's current positioning and the aspired experience driven mindset. This chapter will analyse the status quo of the company and its context, and how it fits an experience driven mindset. Therefore, a 4C Analysis has been done to gain an understanding of the company, competitors, consumer and lastly the context in which BMW operates. This is done by applying secondary research. The analysis of the 4C's serves to understand BMW's position in the market (Hultink, 2019) that subsequently can be used to find a fitting strategy. More specifically, the company analysis will describe its positioning, how the organisation is structured and how the strategy for the future looks like. The competitor analysis can highlight the changes that the automotive and mobility industry has been through or is still going through and explain why BMW's competitiveness should be enhanced. Looking at the current consumer as well as potential future ones, the goal is to find out about their attitudes and expectations towards BMW. Lastly, analysing the context means looking into global trends, that also explain the need for a more experience driven mindset.

This 4C analysis is followed by a deep dive into the activities and measures BMW already dedicates to experiences. This information is gathered through attending meetings regarding this topic, doing desk research on the BMW intranet and through semi-structured interviews with employees companywide. These findings will create a picture of the status quo of BMW and its experience mindset so far. This part of the thesis will be confidential.

2.2.1 Company

History

The BMW Group started its history in 1916, when Karl Friedrich Rapp and Gustav Otto merged their companies into the Bayerische Flugzeug-Werke AG that manufactured aircraft engines. In 1922 after the first world war, the name was changed into Bayerische Motoren Werke AG. After manufacturing aircraft engines, the first BMW motorcycle was produced in 1923. The Purchase of the automotive manufacturer Eisenach in 1928 then made BMW a car manufacturer. During the time of the National Socialism in Germany, a large demand for vehicles and especially aircraft engines was met by BMW. This led to quick development of more plants and an overall increase in rate of production. After the conclusion of the world war BMW had to find itself back again and started introducing new motorcycles and luxurious saloon which positioned them as a premium manufacturer.

The BMW Group Today

Today the BWM Group has over 120 000 employees that work in 15 different countries across the world, and an almost 100 billion Euro turnover (BMW, 2021c). The Group

has plants in Europe, USA, China, and South Africa that today produce motorbikes, cars, and bikes (BMW, 2021e). The BMW Group is a house of brands, which means that the brands within the group target different markets. It consists out of BMW, MINI, Rolls-Royce, BMW Motorrad, Alphabet, BMW Group Financial Services, Design Works, and Mobility Joint Ventures with the Daimler AG (e.g., Share Now) (BMW, 2021)X. We can place the different brands in the quadrant shown in table 2, that distinguishes in B2C and B2B as well as product or service offerings. Within the scope of this project, the focus will lie on the product experiences and therefore on the upper left quadrant. This leaves us to BMW, MINI and Rolls-Royce. BMW ensures by far the largest income. Further research will therefore focus on BMW, to make the project feasible within the given timeframe of writing a master thesis.

Table 2: Overview of products and services offered by the BMW Group

	B2C	B2B
PRODUCT	BMW, MINI, Rolls-Royce, BMW Motorrad	
SERVICE	Mobility Joint Ventures: Share Now, Reach Now, Park Now, Charge Now & Free Now	Financial Services, Alphabet, Design Works

Organisational Culture

On its website the BMW Group presents five core values. These are Responsibility, Appreciation, Transparency, Trust and Openness (BMW, 2021d). Out of responsibility it also presents sustainability as an important value, trying to reduce emission over the total life cycle of a vehicle (BMW, 2021)e. Its long-term goal is to become circular. Which means using only secondary materials in the production of vehicles. So far, BMW managed to reduce its emissions by 50% since 1995 and will continue doing so in production (BMW, 2021g).

As an employer, BMW has been ranked in the top 5 of most popular employers in Germany over years (BMW, 2021f). This is due to pleasant working environments, great career opportunities, and good job security (BMW, 2021f). Also worldwide, the BMW Group scores well. In 2021 BMW has been ranked 10th in Forbes' list of the world's best employers (Todd, 2021). These rankings show us that employees overall are happy and content. This positive culture strengthens the Group and its operations, however, could also imply to employees that no change is needed in the immediate future. Making a shift of mindset more challenging.

The structure of BMW can be described as a functional organisational structure. This means that employees are organised by their skills and tasks, with the highest level of responsibility at the top going down in the pyramid (Williams, 2021). An example of such an organisational structure is shown in figure 10. This sort of structure is often characterised by its silos, which is also the case

at BMW. At the top is the board, that consists out of the Chairman Oliver Zipse (A), and board members for Human Resources & Labour Relations Director (P), Production (T), Customer, Brands, Sales (C), Finance (F), Development (E), and Purchasing & Supplier Network (M). Silos, as mentioned before have the disadvantage not fitting to the complex world. Divisions operate quite independently, causing “realms” with their own initiatives, projects, and ideas. These realms become reluctant in mutual knowledge and information sharing. This culture hinders collaboration and efficiency which in the long affects the customer experience. In addition, BMW has a policy of not allowing the sharing of confidential information between divisions out of security reasons, which is a limitation of the system and could hinder unified mindset.

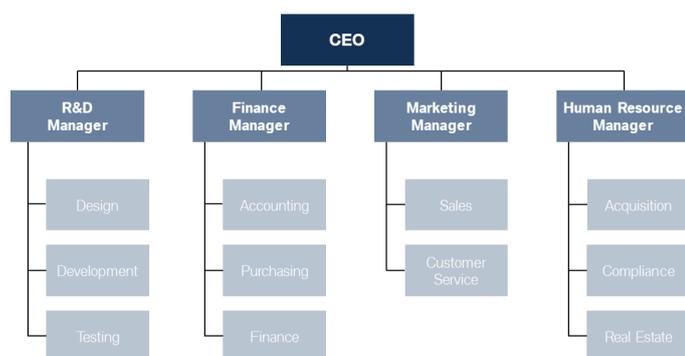


Figure 10: Example of a Functional Organisational Structure

BMW is a premium car brand that stands for “sheer driving pleasure” and delivering the “ultimate driving machine”. Their identity is very much tied to the experience of driving this “machine”. The typical design elements like the kidneys (grill), angel eyes (head lights) and Hofmeister Kink make a BMW very recognisable and give them sporty, dynamic, and elegant characteristics. The brand and its products are very emotional, and as the tag lines imply driving a BMW should give a joyful experience.

The company’s strategy is built out of 4 elements: Position, Direction, Strategic Approach, and Collaboration. These are presented in the arrow in figure 11 symbolically pointed towards the future (BMW, 2021i). This symbol respectively answers the questions “What do we stand for?,” “What drives us?,” “Where do we want to go?” and “How do we achieve our goals?” see figure 11.



Figure 11: The BMW Group’s Strategy (BMW, 2021i)
20

The company does not present a Vision Statement, only a Mission Statement which is as follows:

“To become the world’s leading provider of premium products and premium services for individual mobility.”

From the strategy, annual report, and the mission statement one can read that the focus will be on individual mobility, not on a shared one. The Group aims at customer-centricity and wants to lie even more emphasis on the customers individual wishes and needs in the future. This customer-centricity means that the organisation has an Outside-in approach, acquiring information and data from outside (customers, competitors, trends etc.) to make strategic (design) decisions and answer to market- and customer needs. Consumer research methods like surveys, interviews and clinics are used to get feedback at different moments of the development and use phase (before and after Start of Production (SOP). In 2020, BMW has been given a revised brand identity, that is built around human-centredness where the customer is put in the centre of everything (BMW, 2020), showing that BMW since then is steering towards making a change and adapting to the changing market conditions.

The framework by Michael Beverland (2018) has been used to picture the positioning of the BMW Group. It describes a brand by its personality, positioning and purpose (figure 12). The personality of a brand can be described by one, maybe two, of the twelve brand archetypes (Jung, 1981). The humanised values and characters are used to make a brand relatable. BMW can be described as a hero. The hero archetype stands for being courageous and strong. Its biggest fear is to show weakness. BMW does the same, it stands for its power and confidence that it is also giving to its drivers. Its boldness and sportiness can also come across as aggressive, but it is definitely not showing any weaknesses and is always striving for perfection. Next, BMW’s positioning highlights the focus on individual mobility and being a world leader in its sector. It does this by setting the highest standards, also towards social and environmental matters.

Finding BMW’s purpose lastly, was not as obvious. From their mission “to become the world’s leading provider of premium products and premium services for individual mobility.”, one cannot directly derive the reason why they exist. Reading between the lines, one could distillate that the company wants to have a global impact. From their value “responsibility” and its goals to lead the way in environmental and social sustainability, one could also argue that they exist to improve communities and reduce environmental impact (The Triple Bottom Line or also 3P concept of committing to profit, people, and planet). They do this by engaging in social initiatives, reducing emission over the complete value chain, and becoming circular (BMW, 2021f). This however is only known by

doing additional research into the company and its goals and is not what (potential) customers and employees recognise and feel thinking of BMW. The mission also implies a more individualistic reasoning and could confuse with their sustainable intentions, as could the introduction of models like the XM that not aligns with a sustainable purpose. One last interpretation based on “sheer driving pleasure”, is that BMW exists to bring joy to people, individuals and the world and make life better. It does this by ensuring premium quality, unique designs, and joyful driving experiences. Colleagues were asked about what they believe BMW’s purpose is, and no clear answer could be given. It was referred to specific documents or other people to approach, but that is not what a clear purpose should be. The fact that one must discuss the organisation’s purpose internally shows that it is not clear enough, especially towards the outside world and the critical consumer (sub-chapter 2.2.3.) that must make choices in oversaturated markets. This problem and the need for a clear purpose has also been recognised by the BMW Group, and just recently the rollout of a new clarifying purpose within the company has been started. This is further being discussed in the confidential section 2.2.5. of this chapter.

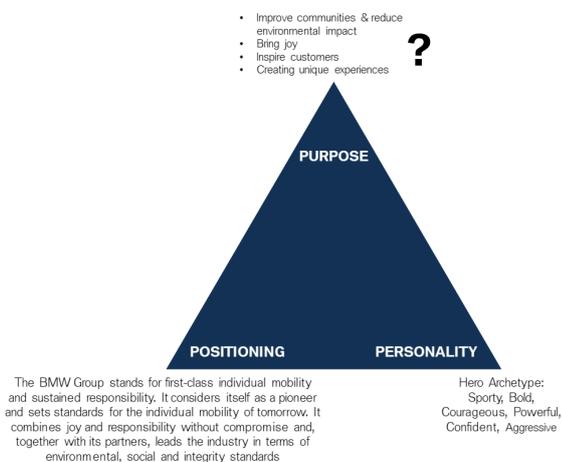


Figure 12: Positioning framework filled in for the BMW Group (Beverland, 2018)

2.2.2. Competitors

The automobile market has remained stable upon till the rising interest in battery electric vehicles (BEVs). New brands barely had the chance to enter the market, since building vehicles with combustion engines and competing against organisations experienced in engineering was difficult. Consequently, BMW dealt solely with the same competitors for decades. However, with the rise of the BEV, a less mechanically complex vehicle, new players can more easily than ever enter the market. Additionally, servitisation, where the use of the products is sold instead of the product itself, opened doors for Mobility as a Service, short MaaS, broadening the field of competition for BMW further and disrupting the industry. Being an

outside-in company, the BMW Group is looking closely at its competitors as well as developments in other sectors. In the scope of this project a competitor analysis has been done using 3 levels of competition (figure 12). The inner circle represents the direct competitors that have similar features and values to that of BMW. In the middle circle the product category is shown, thus other car manufacturers that position themselves differently. The outer circle is for generic competition that fulfils the same needs as cars do. Note that the competitors shown are just a selection of many more existing competitors.

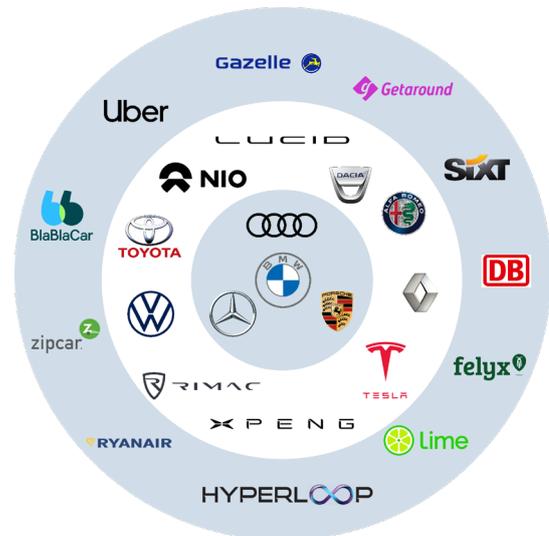


Figure 13: 3 Levels of Competition of BMW

Inner Circle – Product Form Competition

The inner circle comprises competitors that offer products with similar features and values. BMW is a premium brand that stands for quality and precision, bringing cars to the market that do not follow but lead through their innovations. Other German car brands stand similar for reliability, luxury, and performance.

Audi, as part of the Volkswagen Group, has access to a much larger pool of knowledge and developments bringing advantages, as sharing costs, with it. From their annual report can be concluded that the organisation has a very similar mission as BMW; “shaping the future of premium mobility and creating fascinating experiences for customers” (Audi, 2021). During the just recent release of the concept car Urbansphere, Audi talks about the different, more user-centred, development approach they are introducing. In their design process, they involved the progressive target customer and co-created with them from the very beginning, opening up the usually very confidential design department to them (Audi, 2022) 23:55).

Another direct competitor is Mercedes, part of the Daimler AG. Mercedes historically is seen as a sophisticated brand that is known for its safety. Its slogan is “The best or nothing”, emphasising perfection and luxury. In the future the organisation wants to focus even more on the luxury

aspect “to create a thoroughly luxurious experience — luxury that is to be holistic, intuitive and sustainable.” (Daimler, 2021).

Interestingly, the inner circle with direct form competition has not changed much in the last decade. All brands fight for market share in the premium segment. BMW distinguishes itself from these competitors mostly through eliciting strong emotions interacting with the brand and its products, compared to more e.g., technology or sophistication driven brands. However, disruption in the automotive industry especially came from competitors in the product category competition and generic competition, discussed next.

Middle Circle – Product Category Competition

To the middle circle belong all car manufacturers in the world. Only a minor part will be shown and discussed in this report. As already mentioned, it is at this competition level where new players and disruptors have entered mostly.

One of the most important competitors to mention is Tesla. Tesla with its mission “to accelerate the world’s transition to sustainable energy.” (Tesla, 2021), has disrupted the market by showing that one does not have to compromise by driving electric. It has pushed every other car manufacturer, including BMW, to follow and offer attractive BEVs to its customers. Its clear purpose is something that today’s customers are seeking for, as will be discussed in sub-chapter 2.2.4.

The rising interest in BEVs caused by Tesla, created opportunities for new players to enter the market. Especially Chinese manufacturers try to gain a share of it. Examples are Nio, Polestar or Xpeng that jump surprisingly far with their BEV- and in-car technology like e.g. Intelligent Personal Assistants (IPA’s) enabled through Artificial Intelligence (AI).

Next to the new brands, all other car manufacturers belong in this circle because they also target different customers and have different values to that of the product form competition. The trends and movements push them to develop new electric platforms and drivetrains or even rethink their business models. An example is Lynk & Co, who next to (online) buying options, offer a subscription model and the option to share ownership with for example family or friends.

Outer Circle – Generic Competition

The generic competition exists out of competitors that fulfil the same need as vehicles do. The need is defined as being mobile, to have the freedom to get from A to B at any wished moment. Most of these options do not come in product form anymore, but as services. Mobility as a Service (MaaS) changed the competition field a lot in the

past years. The services offer on demand solutions that come in many different forms that go beyond traditional public transport.

The solutions are attractive especially in urban areas where one can combine them seamlessly. Think of taking a Lime scooter to the next Sixt rental where you pick up a car for the weekend. Lime is an example of “free-floating sharing” (Romanovskaya, 2021). One looks for the scooter closest by and drops it wherever within the free-floating zone. Sixt on the other hand, has fixed locations and can therefore be described as “station-based sharing” (Romanovskaya, 2021). Other forms are peer-to-peer sharing, where individual car owners rent out their vehicles to others (Romanovskaya, 2021). Turo is an example of this. Another option is to rent vehicles from private B2C companies directly (Romanovskaya, 2021), often without fixed locations like BMW’s own ShareNow. Platforms like BlablaCar offer a so-called A-B sharing where one can drive together with others that have the same starting and ending location (Romanovskaya, 2021).

Advantages and reasons for customers to use these competing mobility services, are that one only pays for what has been used. There are no initial high investment costs and products are used more efficiently, a more sustainable solution. On the downside lack of ownership could lead to more reckless use. Although these concepts can affect privacy and feel less premium, what matters to the customer is flexibility and seamlessness - aspects mobility services excel in.

In all layers of the competition an increasing interest in customer experiences can be perceived. As a premium brand BMW should be a frontrunner, and thus further improve its internal mindset regarding premium experiences to stay ahead of competition.

2.2.3. Consumer

The BMW Group has customers in almost every part of the world with divergent cultures. This and the large product portfolio that target a variety of customers, make it impossible to describe the consumer by only one profile. The main customer share however can be found in China, followed by the USA and Europe. Additionally, it would be false to analyse only the current consumer when it is also important to analyse and target potential new ones by the introduction of new models, the increasing options of BEVs in the portfolio, and a more customer-centric strategy. For this reason, the current average BMW consumer from Europe, China and the USA is analysed as well as the general consumer, resulting in goals for BMW..

To learn about the average consumer, the Data Analytics tool CPIC (Customer & Product Intelligence Center) from

BMW has been used. The customer information derived with this tool is confidential, and is therefore included in the appendix (Appendix II). It gives insight into the average BMW consumer in Europe, China and the USA e.g., about demographics and the purchase differentiators compared to its competitors.

The Average BMW Consumer Europe

Studies show that brand loyalty of new-car-buyers is increasing (J.D. Power, 2020). BMW is ranked third after Lexus and Mercedes in the loyalty rank of premium brands (J.D. Power, 2020). This means that one can build on its customer loyalty, however, it must also be considered that the customer base is aging out. It is therefore of importance to also start attracting younger generations to secure the future and to keep up with competitors like Tesla.

The Average BMW Consumer China and USA

Different cultures in the important markets China and USA, have large influence on the consumer archetype, their preferences, and reasons to buy a BMW. The reason that a premium brand as BMW does well in China is because the demand on luxury products from Europe is very high, whilst European consumers are more modest in their buying behaviour. And although they are into brands, they are not necessarily loyal to them (Spelich, 2017).

Similar to the Chinese market, that of America has a higher demand for larger vehicles. The X7 and the upcoming XM model are meant mainly for these two markets. It can be concluded, that BMW has to appeal to divergent markets and customers with its portfolio.

Consumer Perception and Attitudes towards BMW

Overall BMW, like many other German brands, is associated with quality, reliability, and safety. It is perceived a luxury to drive and therefore owners could have a feel of pride, while non-consumers can have admiration. However, next to good associations and attitudes towards the brand, also some negative attitudes exist. This is not only influenced by the brand itself, but by the owners and the wider public (figure 16). BMW drivers have the image of being ruder and more aggressive than drivers of other car brands. Studies confirm this image and show that they violate traffic rules more often (Seibokaite, Levickas, Marksaityte, Endriulaitiene, & Slavinskienė, 2019). This behaviour could cause negative attitudes towards the brand, and it is always an act of balance between an aimed brand identity and brand image (figure 16).

Consumers and Experiences

Regardless of the origin, consumers today expect more than just a functional and aesthetic product or service. Their expectations have risen, especially in over saturated markets like that of the car industry. Studies show that the consumer of today wants brands, products, and services

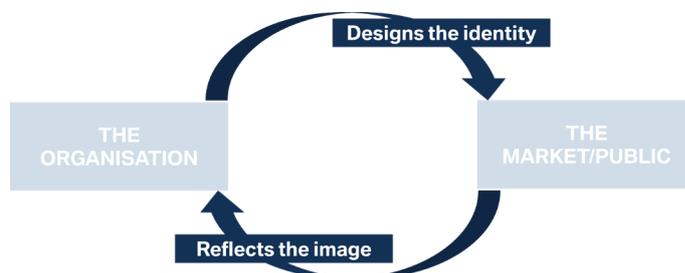


Figure 14: Interrelation brand identity and brand image (Barbu, 2016)

with a purpose (see sub-chapter context 2.2.4.) (Shah, de Bonis, Faleiro, & El-Warraky, 2021; Veenstra & Murphy, 2021). Millennials and Gen Z in particular (over 50% compared to 37% of other consumers) would move away from a brand and product-service systems due to e.g., environmental, or social issues (Shah, de Bonis, Faleiro, & El-Warraky, 2021). Experiences are a way to show the commitment to a purpose and should therefore be directly connected to them (Shah, de Bonis, Faleiro, & El-Warraky, 2021). This way one can really touch upon the needs and emotions of consumers. Since millennials (born between 1980 and 1995) reach the age in which they become able to afford luxury goods, organisations must now more than ever become experience driven. To conclude this consumer research, an overview of the consumer action points is shown in the box below.

Goals:	<ul style="list-style-type: none"> - Appeal to younger generations - Create meaningfulness - Have purpose & be authentic - Offer personalised solutions 		

2.2.4. Context

Every company operates in a certain, often changing or developing context. As mentioned in sector 2.2.1., BMW operates and sells its products and services all over the world, thus in a global context. To understand this context better, the DESTEP (Demographic-, Economic-, Societal-, Technological-, Ecological- and Political trends) analysis has been used to analyse the external factors and global trends that do or could influence daily business of an organisation.

Only a few trends are discussed that highlight the need for a more experience driven mindset. One, is the increasing use of (customer) data and data sharing, that can create unique opportunities for designing need-driven experiences when knowing how to use and interpret them. A company thus must have the right resources and skills to develop its potential.

Next, is the already discussed trend of Mobility as a Service (MaaS), that is enhanced by urbanisation and social distancing as a consequence of the pandemic (Kadry, 2021; Shaheen, 2021). Another reason that MaaS is increasingly popular, is that the consumer is looking for solutions that perfectly meet their needs in every different situation. Designing seamless experiences are also what an automobile manufacturer as BMW should strive for, which can be enhanced by the right mindset.

There are many technological trends that will influence what sort of experiences can be developed in the future, and thus increase the design space for BMW employees when accounted for. Examples are technologies that enable connectivity and push autonomous driving to the next level e.g., a 5G network and the Internet of Things (IoT) (Corbo, Henke, & Ostojic, 2021). Almost every modern product has a digital element that makes it possible to connect with their environment. This creates a whole new set of opportunities to design vehicles with revolutionary experiences. Artificial Intelligence (AI) also contributes to these developments. AI can recognise patterns in vehicle usage and driving behaviour and act upon these (Corbo, Henke, & Ostojic, 2021), creating an improved and more personalised experience for the user.

Another trend discovered was that consumers look more and more for companies with a clear purpose (Shah, de Bonis, Faleiro, & El-Warraky, 2021; Veenstra & Murphy, 2021). These companies know exactly why they exist and whom they target, including a 3P strategy that not only has profit in mind but also people and the planet (Diehl, 2019), creating shared value (Kramer & Porter, 2011). Great examples are brands like Patagonia or Tony's Chocolonely (see Appendix III). This social trend again can also be linked to the increasing interest in touching upon people's emotions and responding to human needs

(Veenstra & Murphy, 2021). This results in consultancies like Deloitte, Accenture and McKinsey advocating for more experience driven organisations (Shah, de Bonis, Faleiro, & El-Warraky, 2021; Sheppard, Kouyoumjian, Sarrazin, & Dore, 2018; Veenstra & Murphy, 2021), that recognise that in oversaturated markets more than great functionality and aesthetics are needed.

2.2.5. BMW and Experience so far

This chapter will dive deeper into the company and its status quo regarding an experience driven mindset. It will answer Research Question 2:

(R2) What is the status quo at BMW, who works where & how on experiences?

To answer this question, meetings regarding the experience topic have been attended, desk research on the BMW intranet has been done, and employees companywide who deal with experiences in some ways have been interviewed in a semi-structured manner (Appendix IV). Semi-structured interviews are a method for primary qualitative data collection that help the interviewer to guide the interview through questions prepared beforehand (Drever, 1995). However, the structure leaves openness to prompt and allows for digging deeper into the answers of the interviewee. See table 3 for an overview of the interviewees. These interviews, and additional interviews with external experience experts, had the goal of learning about the (1) the status-quo at BMW, (2) the understanding of experiences, UX and CX, (3) challenges, opportunities, needs and wishes of Individual Contributors. The latter thus answers Research Question 3:

(R3) What are the challenges and opportunities in the process of becoming experience driven?

Table 3: Overview of interviewed people and their functions

INTERNAL	FUNCTION	EXTERNAL	FUNTION
Interviewee 1	LN-X	Interviewee 9	Customer Experience Consultant
Interviewee 2	EE-CN-10	Interviewee 12	Self-employed Experience Consultant
Interviewee 3	ED-U-3	Interviewee 13	Samsung Design Strategist
Interviewee 4	FG-452	Interviewee 16	Philips Experience Lead
Interviewee 5	SF-M-10		
Interviewee 6	ED-U-3		
Interviewee 7	CA-11		
Interviewee 8	CM-2		
Interviewee 10	EN-54		
Interviewee 11	ED-A-21		
Interviewee 14	LN-X		
Interviewee 15	EN-54		
Interviewee 17	ED-A-2		
Interviewee 18	AK-10		

The BMW specific background information like organisational structures, tools and methods related to experiences, (design) processes, people and their understandings of UX and CX, and internal challenges and opportunities are confidential, and therefore included in appendix VI. about BMW's background information.

2.2.6. Conclusion Chapter 2.2.

The goal of the 4C analysis was to find out to what extent the positioning of BMW fits with an experience driven mindset. From the company analysis followed that BMW is a premium car brand which identity always was much tied to the experience of driving. Also, their strategy and positioning point into the direction of creating unique customer experiences. With their rebranding in 2020 the organisation has shown that it is adapting to the digital age and will focus on becoming more customer-centred. This shows the need for developing a more experience driven mindset.

The competitor analysis confirms this too. Since BMW is a premium brand, it seems of even greater importance within this product category to touch upon emotions and focus on unique experiences that differentiates BMW from the competition that also is tapping into the experience economy.

Next to this, it can be concluded that BMW must deal with very diverse consumer segments and markets with different needs. In the future the brand should especially appeal to younger generations by having a purpose and offering meaningful, personalised solutions. To design for these, an experience driven mindset is beneficial as found in chapter 2.2.3.

Lastly, the trends in the automotive industry show that the overall driving experience in the future could look very differently as it will be influenced by various trends and

changing customer expectations. More than functionality and aesthetics are needed, which again proof a fit with an experience driven mindset.

Followed by the 4C analysis, was an analysis of where the BMW Group already shows signs of customer-centricity and an experience driven mindset. Through this, Research Question 2 was answered. From the research of sub-chapter 2.2.5. follows that scattered through the company, various user-centred and experience driven resources and initiatives exist. Especially since the rebranding in 2020 a cultural change towards a more experience driven mindset seems to be set in motion. This especially takes place in the Customer and Marketing division and the Design department of the organisation. Whilst the Customer and Marketing division deals with the Customer Experience, the Design Department is more focussed on the User Experience and interaction with the product (see figure 17). The new functions and methods that are developed are still in its piloting phase and must be scaled to have impact on the organisation's mindset.

Lastly, semi-structured interviews were used to uncover the challenges BMW faces and the opportunities that exist to become more experience driven. To sort the large amount of data, the 4M framework has been used. This framework made it possible to sort the insights by the four organisational levels of employee, department, institution, and community. Each level has its own challenges and opportunities, and measures must be taken to become more human-centred and experience driven at each.

Key Take-Aways Chapter 2.2.

- An experience driven mindset fits BMW as a company and the current times very well
- Due to the changes in the market, consumer needs, and trends, organisations have the need to adapt accordingly
- Especially after the rebranding, customer-centric and experience driven initiatives have been set in motion
- From semi-structured interviews followed that there is still a lot to gain in creating awareness, desire, knowledge, ability, and reinforcement under employees
- The four sub-levels of organisation, as described with the 4M framework, each contribute in a different way to the challenges and opportunities in the process of becoming experience driven, and it should be noted these almost always affect each other

2.3. CASE STUDIES

The focus of this chapter is on six case studies (elaborate analysis in appendix VII.) of companies in divergent sectors. The goal is to compare the status quo of BMW with organisations which profited from a shift, or are experience driven by its nature, to understand the experience gap and learn from their approaches to answer the fourth research question:

(R4) What can be learned from other organisations that already have a more matured experience driven mindset?

The first case study is done about an internal institution at BMW. During the company analysis and interviews, it has been found out that the IT department of BMW on a smaller scale has its own IT strategy for becoming more customer-centric and experience driven (interviewee 4), and one can learn from their approaches and learnings so far. Second, is the healthcare industry with Philips as an example. Philips is a well-known example of using experience design to innovate. Third, the mobile phone sector with the case company Samsung is analysed. The reason for this are recent company-wide changes towards an experience mindset that were publicly announced (Suh, Lee, & Song, 2021). The fourth case study is done about the Disney theme park. Theme parks are good at storytelling and delivering holistic experiences to their visitors (interviewee 12). Fifth is Airbnb, which is chosen because of its design driven and customer-centric starting point, that led to the successful business as we know it today. Lastly, this thesis will analyse how McKinsey as a consultant helps other organisations to become more experience driven. Again, the findings and insights are sorted according to the 4M framework as discussed in 2.1.4. and shown in figure 6, to learn about opportunities and action points at each level of an organisation.

After learning about the experience driven case companies, a design maturity model is introduced to measure the level of (experience) Design Maturity of BMW, and each studied company. This way a comparison can be made, that explains the gap between BMW's status quo from section 2.2. and an organisation with an experience driven mindset. Additionally, plotting the case companies in this model will depict how organisations can use them as an example to develop a step-by-step approach towards the highest level of Design Maturity, and with that towards a fully experience driven mindset.

2.3.1. Insights Micro Level

The analysed companies all attach great importance to the promotion and further training of employees. It is tried to establish a culture where employees feel engaged in their jobs and consequently perform well, which results in better customer experiences. This approach is called Inside-Out, which starts from the inner strengths and capabilities of an organisation and its employees to deliver

products and services that are desired by customers. This in contrast to the Outside-In approach, that was already discussed in chapter 2 and puts the customer in the centre. However, the case studies showed that one, does not exclude the other. These experience driven organisations are capable of using both approaches simultaneously, which could explain their success.

The internal strength is built by giving the employees a large degree of flexibility and self-determination. This can be made possible through flexible structures in which functions are not siloed, equal chances for growth and promotion, and room for experimentation and making mistakes.

Next to this, employees are offered experience related workshops and trainings, that allows for self-development in this area. There further is a lot of openness to ideas of each individual, making everyone responsible and also part of a change. These companies try to constantly improve and maintain the experience driven mindset by doing research about transformative change and ensuring everyone understands their and the organisation's purpose. HR usually plays a large role in this.

2.3.2. Insights Meso Level

The teams and departments analysed are characterised by their diversity, multidisciplinary, and inclusiveness. This challenges the often created functional siloes and fosters collaboration and a shared language between them. This simultaneously enhances the access and transfer of knowledge and data, which increases performances and agility.

Another characteristic is that (experience) design approaches and -principles are widely understood and accepted within the organisation, not just under the traditional designers. Also, the ratio of experience designers is often significantly higher than e.g., product or interface designers.

Teams are further supported by practical tools and methods that enhance customer-centricity. Through the development of design systems, reusable components and design language system mutual understanding, consistency and repeatability is enhanced. Lastly, teams and departments have experience driven goals and their performance is measured on the basis of customer-centricity.

2.3.3. Insights Macro Level

On this level, the studied case companies approach an experience driven mindset in a variety of ways. What they all have in common, is that there are designated functions to coordinate experiences and make experience driven decisions. The level on which this happens varies however. One way to coordinate experiences in teams and departments, is to have central point, from which they get support. These central points were called Communities of Practice (COP), Centres of Excellence (COE), Experience Hubs or Experience & Insight Labs, which are all forms of expert teams that have the goal to transfer their ways of working, knowledge, tools, and methods to other parts of the organisation.

Different from a centralised team, is a structure that supports experience driven decision making. This often corresponds to a matrix structure, in which an employee has the responsibility to connect the dots between disciplines within a certain domain, and ensures an end-to-end experience.

One last option was the existence of a Chief Design Officer (CDO) in the board that has the final responsibility to represent the customer in the organisation. These different forms of experience coordination can also coexist.

Shifting the mindset is additionally being approached through leadership changes and restructurings to reduce hierarchy and bureaucracy. Usually the organisation has, or has created, a strategy with a clear vision that includes customer-centricity and a focus on experiences, supported by a roadmap on how to reach this. Overall experiences are made the top priority by the management.

2.3.4. Insights Mega Level

All case studies agree on the inclusion of all stakeholders in the development process. The quadruple helix describes how other industries, academia, governments, and society are included. Networking and creating partnerships are key to the success of these companies. These parties are involved in testing and co-creation, showing this time the Outside-In approach as discussed before.

2.3.5. Design Maturity

After learning about the case companies, it is now possible to rank and compare them with BMW according to their level of (experience) Design Maturity. Its goal is to learn about which characteristics of an experience driven organisation belong to what stage and find out what the gaps between BMW's status quo and an experience driven organisation are. Additionally, the ranking will

uncover a step-by-step approach to take in the journey of creating a more experience driven mindset. This section will first explain what Design Maturity is, and how it can be measured. It is followed by the rating of each case company and BMW, to lastly put them next to each other in the Design Maturity model.

What is Design Maturity?

Design is a discipline that has become increasingly popular. While design used to be a discipline to make products aesthetically pleasing and difficult to understand for non-designers, it matured to a discipline that is understood and valued under businesspeople and leaders. A report by McKinsey (Sheppard, Kouyoumjian, Sarrazin, & Dore, 2018) called this "The business value of design" proved that business performance and Return on Investment (ROI) is increased when design and its human-centredness become an integral part of organisations. There are different levels of integration, from still making products and services more beautiful, to creating customer experiences, defining company strategies, or even influencing the organisations culture (Hoedemaekers, 2016). The Design Maturity describes the level at which an organisation is operating. The experience driven mindset is linked to human-centredness and design. The more matured design is in an organisation, the more experience oriented it is too. Measuring and increasing Design Maturity is thus a way to become more experience driven.

Measuring Design Maturity

Several models are developed to describe the different maturity levels (Buley, et al., 2019; Pernice, Gibbons, Moran, & Whinton, 2021; Hambeukers, 2019; M., Colosi, Verweijen, Mohanlal, & Alker, 2021; Foss, 2015; Whicher, Raulik-Murphy, & Cawood, 2011). They are developed to evaluate at which level an organisation stands, to then determine which steps can be taken next. The different models have been evaluated (Appendix VIII.) and one, by the Nielsen Norman Group, has been chosen to assess BMW's and all cases' design maturity (Appendix IX.). From this is hoped to learn what steps BMW has to take and in which order to become more experience driven.

The 6 Levels of UX Maturity by the Nielsen Norman Group

As the name already indicates, the Design Maturity model by the Nielsen Norman Group measures User Experience maturity and the extent to which an organisation is user-centred. This model has been chosen because it relates best to the experience design focus of this research. The model describes six levels of UX Maturity (figure 22), "(1) Absent: UX is ignored or non-existent, (2) Limited: UX work is rare, done haphazardly, and lacking importance, (3) Emergent: The UX work is functional and promising but done inconsistently and inefficiently, (4) Structured: The organisation has semi systematic UX-related methodology that is widespread, but with varying

degrees of effectiveness and efficiency, (5) Integrated: UX work is comprehensive, effective, and pervasive, (6) User-driven: Dedication to UX at all levels leads to deep insights and exceptional user-centred–design outcomes” (Pernice, Gibbons, Moran, & Whitenon, 2021). Based on a maturity test offered by the Nielsen Norman Group, BMW and the case companies are classified to a level in the model (Appendix X.), which has been summarised in figure 23. According to the Nielsen Norman Group four factors influence the UX Maturity and are measured in the test:

Strategy: UX leadership, planning, and resource prioritisation

Culture: UX knowledge and cultivating UX careers and practitioners’ growth

Process: the systematic use of UX research and design methods

Outcomes: intentionally defining and measuring the results produced by UX work

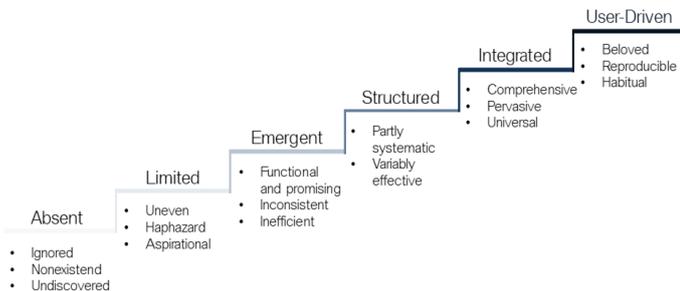


Figure 15: The UX Maturity levels as described by the Nielsen Norman Group (Pernice, Gibbons, Moran, & Whitenon, 2021)

Now all organisations are plotted in the UX Maturity model, one can see at a glance the steps lying ahead of BMW, and other organisations with design maturity level 3, to become fully user- and thus experience driven (figure 23). These steps can be translated into the horizons of a (design) roadmap, which are the strategic steps towards a desired outcome of an organisation, and the deliverable of this thesis. From the example cases in each step, or level of the UX Maturity model, can be learned what is needed to get there and the measures that could possibly be taken. BMW should start with centralising and standardising processes, tools, and methods, that will enhance awareness and understanding of the values of an experience driven mindset, to get from level 3 to level 4 on the UX Maturity scale (Pernice, Gibbons, Moran, & Whitenon, 2021).

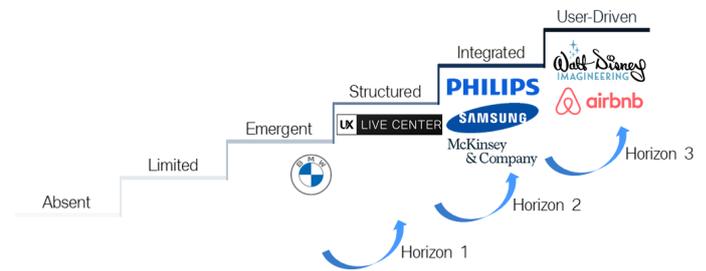


Figure 16: BMW and case companies classified to the UX Maturity of the N/NGroup (Pernice, Gibbons, Moran, & Whitenon, 2021)

HORIZON 1: STRUCTURED (LEVEL 4)	HORIZON 2: INTEGRATED (LEVEL 5)	HORIZON 3: USER DRIVEN (LEVEL 6)
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Figure 17: First iteration developing a Design Roadmap for organisation at a level 3 design maturity

2.3.6. Conclusion Chapter 2.3.

The six case studies of companies in various sectors, gave insight on the ways they incorporate a user- and experience-driven mindset. The goal was to learn from these companies and their measures and approaches to answer research question 4. To discover the gap between BMW’s status quo and it being an experience driven organisation, the insights from this chapter have been combined with the previous chapter 2.2. Again, the 4M framework is used to summarise the main insights answering research question 4 and describe the gaps (figure 25).

Although having looked at organisations in various sectors, several similarities are discovered in the ways these organisations operate, especially within one level of design maturity. These additionally largely correspond to the opportunities suggested by the experience experts in 2.2.5.

Micro

At this level, the cases cared about a companywide understanding and mindset regarding user-centredness and creating experiences. This is enabled through trainings, HR strategies and enhancing the employee engagement by creating a great employee experience. The latter entails that those employees are enabled and empowered to develop themselves further professionally, have growing prosperities also in non-management functions, and are given the freedom to make decisions, experiment and make mistakes. At BMW today, there is a lot of comfort in the ways of working, a fear for confrontations about own shortcomings and not much freedom to work outside of the fixed positions and tasks. The gap exists in the safe space for employees to challenge and develop themselves, experiment and learn about what they can contribute to the user experience. In the same manner as for customers and

users, a holistic employee experience should be created.

Meso

The case companies challenge silos. This is something BMW could learn a lot from; enable cross-functional, multidisciplinary, and diverse teams between which knowledge and data easily flows. Another gap is that design processes are understood and valued also by other departments, who are supported by designers in their work by centralised and standardised tool, methods, and design systems that everyone can understand and apply.

Macro

The structure at BMW today does not allow for clear experience coordination. All cases had at least a central team or a hub/lab to support other teams in their daily work, dedicated experience leads to make decisions and/or a representative in the board with responsibilities towards the holistic end-to-end experience, and the other organisational levels. A gap also exists in the clear communicated strategy and purpose towards the experience driven mindset, which could be enhanced through e.g., roadmaps and DesignOps.

Mega

At the community level the cases showed clearly how important it is to include all stakeholders in the design and development process. Although customer feedback flows in at various moments in the design process of BMW, more interactive methods through user-testing and co-creation sessions that also include e.g., partners, suppliers or academics could be used, especially earlier in the process.

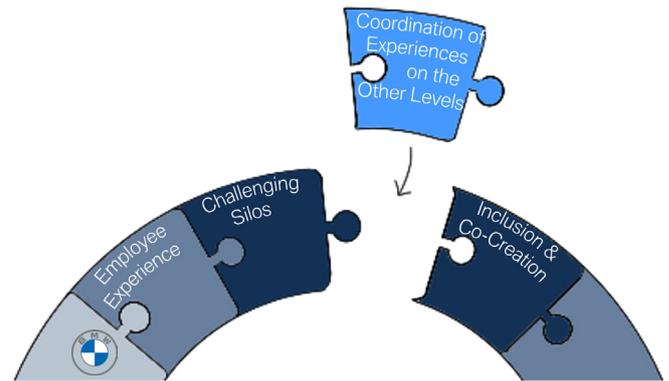


Figure 18: Bridging the gap from BMW today to BMW with an experience driven mindset

Key Take-Aways Chapter 2.3.

- The case companies evaluated focus largely on its employees and their experiences to engage and empower them
- All case companies try to challenge siloes and old ways of working by more diversity, and enhancing collaboration and mutual understanding
- The case companies evaluated have people being responsible to coordinate experiences and make user-driven decisions
- To gain deeper knowledge about needs, stakeholders are involved in the development processes
- The Design Maturity model can be used to determine the level of design maturity and experience mindset
- The levels of the Design Maturity model depict the step-by-step approach for strategy development, that can be translated into the horizons of a design roadmap
- BMW's first step should be centralising and standardising processes, tools, and methods, that will enhance awareness and understanding of the values of an experience driven mindset, to get from level 3 to level 4 on the UX Maturity scale

2.4. CONCLUSION DISCOVER

The goal of this phase of the double diamond, was to gather as much information and data possible about the topic. To do so a literature review, desk research, interviews and case studies have been performed. From this followed that an experience-driven mindset can be described by a user-driven culture that focusses on users'- and consumers'- but also employees' needs in the development of products and services. This creates shared value under stakeholders, which in return creates value for the organisation and is thus of great interest. This is especially true for BMW, since it is a premium brand that always positioned itself around its driving experience. This experience however, is largely enabled by their engineering skills. Today, due to the disruption in the automotive industry, trends and changing consumer needs, the driving experience of the future will look very different, and different skills are required to shape these. BMW now has to adapt to those changes to stay competitive.

A distinction has been made between User Experience and Customer Experience. The first describes the interaction between the user and the product or service, which is often the task of designers to design. The latter includes the interaction with all touchpoints with the brand and products or services and became of interest with marketeers and managers. This has also been observed at BMW, where the UX is designed in the design department and all other touchpoints in the Customer and Brand division. However, the comparison between the status quo of BMW and the case companies shows gaps. Still many challenges and opportunities in becoming more user- and experience driven exist, indicating a need for thinking beyond the current UX and CX design.

The large amount of data generated has been sorted according to the four levels of an organisation as described by the 4M framework. In the strategy for changing mindset and becoming experience driven, all those levels have to be accounted for. At the Individual Contributor level, the more often mentioned term Employee Experience triggered interest, and is assumed to be of importance. On the departmental level silos of BMW have to be challenged so information and knowledge can flow more freely, and teams and departments are enabled an to collaborate and operate across functions. Next to this, people or teams are needed to coordinate experiences and make independent decisions. Lastly, all stakeholders should be included in the design and development process. Again, this implies that an experience driven mindset goes beyond conventional UX and CX design. This resulted in a third hypothesis being tested in this research:

(H3) An experience-driven mindset goes beyond UX and CX design, which can be taken to a higher next level that includes employees, partners & suppliers and fosters collaboration & innovation.

This hypothesis will be tested in the next phase of the double diamond; define, where the situation will be reframed.

3. DEFINE

3.1. BUSINESS OF EXPERIENCE

In the previous phase was learned about User- and Customer Experiences (figure 5) and how they are currently approached by BMW. From the interviews and case studies however was learned, that although there are teams and departments responsible for the UX and CX design, there still is a gap between this state and being an experience driven organisation. Triggered by the terms Employee Experience and human-centredness, which includes all humans instead of just the user or customer, it is believed that to close this gap there might exist something that goes beyond UX and CX, that includes not just the user and the customer, but also the employee, partners, and other stakeholders and resulted in hypothesis 2:

(H3) An experience-driven mindset goes beyond UX and CX design, which can be taken to a higher next level that includes employees, partners & suppliers and fosters collaboration & innovation.

To test this hypothesis, again desk research was used. Academic literature could not give the comprehensive answer looked for, but in the professional world something interesting was discovered. Found was a recent report by Accenture that describes the Business of Experience (BOX) and confirms exactly the assumption made (Shah, de Bonis, Faleiro, & El-Warraky, 2021). The Business of Experience goes beyond CX and goes from optimising all touchpoints with a product or service, to solving human needs around a purpose (Shah, de Bonis, Faleiro, & El-Warraky, 2021). Figure 26 shows what a mindset shift towards a Business of Experience means according to Accenture (Shah, de Bonis, Faleiro, & El-Warraky, 2021), and is further discussed in this sub-chapter.

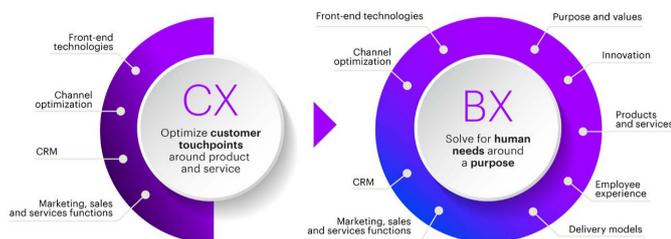


Figure 19: The Business of Experience by Accenture (Shah, de Bonis, Faleiro, & El-Warraky, 2021)

3.1.1. Trends that led to the Business of Experience

The idea of the Business of Experience is built upon three trends that move CX to the next level; changing demands, sameness, and purpose, which similarly have been found in chapter 2 and is elaborated on beneath.

Demands

First, is the change in customer demands. From the literature research one could conclude that especially in oversaturated markets customer demands increase (Hassenzahl, 2005; Körber, Eichinger, Bengler, & Olaverri-Monreal, 2013; Schifferstein, Kleinsmann, & Jepma, 2012). Since the automotive industry is oversaturated, there should be a higher focus on touching upon customers emotions and needs and that can be done by being experience driven. However, literature did not touch upon the fact that demands are not only influenced by the own oversaturated market but influenced by all different markets and sectors a customer comes in touch with. From the experience expert interviews followed that one must realise that products and services are part of a much greater context. Interviewee 10 said, “Customers are exposed to other products. And they compare those experiences with our product experience. And that’s not just the car, the customer is also a customer of Amazon, Apple, Google, some other services and so on, and of course that shapes his perception, his interests, his capabilities in dealing with products and digital systems and also his expectations.”. Also, the research by Accenture has found that the customer compares products not only with competitors in the same product-category but beyond. Thus, customer expectations and demands change due to comparisons with all kinds of products and services they interact with. The challenge in this is, that different industries or sectors move in a different pace (for example digital developments and hardware developments), as is the customer itself. Through this, many organisations become out of sync, moving slower than the customer or other sectors are changing (Shah, de Bonis, Faleiro, & El-Warraky, 2021). As has also been recognised by Interviewee 9: “The development timeframes no longer fit together, and that is a big challenge”.

Sameness

The value of Customer Experience has already been recognised for a long time. Instead that it now really differentiates an organisation, it has become more of a standard (Shah, de Bonis, Faleiro, & El-Warraky, 2021). The focus has been on improving every touchpoint, often hung up in the sales and marketing silos, as also can be recognised at BMW. The challenge according to Shah et al. (2021) is to start looking beyond these touchpoints, to sustain the growth made possible by Customer Experience Management. To improve experiences, companies should go deeper and think beyond the User- and Customer Experience alone. This is supported by statements of the interviewees, for example Interviewee 9 who said: “You have to engage all your employees, they also have to experience the whole thing and you also have to have an effect on the inside. That’s just as big a task as going to the customer”.

Purpose

Lastly, the need for purpose. To stand for something bigger than just the products and services an organisation has to offer and find the “Why”, aka the Raison d’Être (Shah, de Bonis, Faleiro, & El-Warraky, 2021; Sinek, 2009). From the research by Accenture has followed consumers “prefer brands that make them feel part of something bigger and connect people around common causes or beliefs” (Shah, de Bonis, Faleiro, & El-Warraky, 2021), fulfilling the need of relatedness (table 1). As also discussed in the Context and Consumer chapter, companies with a clear purpose will have a competitive advantage (Shah, de Bonis, Faleiro, & El-Warraky, 2021; Veenstra & Murphy, 2021). The purpose of an organisation is the reason why it exists on this planet. A famous Ted talk by Simon Sinek (2009) explains that successful persons and organisations know exactly what this “why” is. He describes this by the golden circle (figure 27). The “what” stands for the products and services you offer, the “how” describes the things that makes them unique and the “why” explains why a company does what it does, based on its purpose and believes. Appendix II is devoted to explain this golden circle using some example companies.

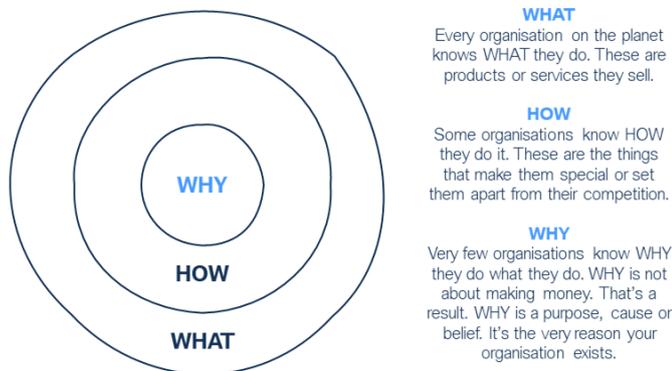


Figure 20: The Golden Circle by Sinek (2009)

3.1.2. From Customer Experience to Business of Experience

The trends just discussed led to the idea of the Business of Experience as shown in figure 26. According to Accenture, to get from CX to BOX organisations require a clear purpose and values, innovation, products and services, employee experience, and delivery models. Based on the research in the discover phase however, some additional requirements were discovered that are of importance when taking UX and CX to the next level BOX; partner & supplier experience, public experience, knowledge management and organisational culture change management. This sub-chapter shortly dives into all of these elements, to finish with the adapted BOX as followed from the research in this thesis.

Purpose and Values

According to Accenture’s research, offering the right experiences is a way to show the commitment to a clear purpose and make it visible (Shah, de Bonis, Faleiro, & El-Warraky, 2021). Instead of only optimising every touchpoint between customer and company and create a great customer experience around an organisation’s products and services, one could take the next step and design for human needs around a clear purpose (Shah, de Bonis, Faleiro, & El-Warraky, 2021). The statement “How can you give something back to society? How can you contribute to a culture? For the experience topic you need a larger context that not only deals with the product, but with life.” from interviewee 14, and case studies four and five confirm the need for to this too.

Innovation

With innovation is meant not to improve what is there (evolution), but to take human needs as the starting point instead and embrace risk, creativity, and speed (revolution) (Shah, de Bonis, Faleiro, & El-Warraky, 2021). The same has been found by the research in the discover phase. Interviewee 10 for example said, “A company must also be willing to jump over its own shadow and not only make evolution but also revolution from time to time.”. Also, the case companies take human needs as a starting point, and enable speed through the right structures, experimentation, and the embracement of digitalisation.

Products and Services

With products and services in the Business of Experience is meant that they continually adapt to how customers use them (Shah, de Bonis, Faleiro, & El-Warraky, 2021). This ensures personalised solutions but also means going into the market with a solution that is not perfect but learns and improves over time. As interviewee 9 said, one should “enter the market with an 80% solution, because there will be no 100% solution. It’s an ongoing process.”.

Employee Experience

Accenture links the purpose discussed before also to an improved Employee Experience, which is in turn crucial for the delivery of Customer Experience (Shah, de Bonis, Faleiro, & El-Warraky, 2021). Same can be concluded from the interviews, case studies and literature. As been mentioned by Interviewee 12 “It is often also about the employee experience.”. To create a culture where an experience mindset can thrive, the employee must be enabled and get an equally personal, memorable, and engaging experience as the customer should, according to Pine (2020) one of the authors of “The Experience Economy” (1999) already mentioned in chapter 2. It can be depicted as a reinforcing loop (figure 28) and should not be considered separately. According to Pine (2020)

“employees want access to their tools – digital or material – to be quick and efficient, they want interdepartmental communications to be hassle-free and company policies to be fair and transparent. And only when these things happen can they fully engage in their work.”. Employees have needs as well as customers do. The needs listen in Table 1 therefore also apply to the employee and should be considered in the design of the company culture and reflect in HR practices.



Figure 21: Reinforcing Loop Employee Experience and Customer Experience

Delivery Models

According to Shah et al. (2021), it is also of importance to change how experiences are delivered. This is meant with the Delivery Models. The term stems from IT and applies to digital products. With digitalisation as important trend, delivery models should be considered.

Addition: Partner & Supplier Experience

Building on the research of the discover phase, a few additions to Accenture’s Business of Experience can be made. Since it was found that not only the user and customer should be included in the development process but also the partners and suppliers, also their experience should be accounted for. In figure 29 an experience value stream map is shown to explain the relations

Addition: Public Experience

The greater public and environment is a stakeholder group that also can be affected by BMW, by for example production sites and others using the products and services of BMW, see passive User Experience 2.1.1. From sub-chapter 2.2.3 followed that the brand image and identity are also influenced by the general public. A positive Public Experience thus positively affects the brand image and identity and could in turn attract new customers (figure 16).

Addition: Knowledge Management

Knowledge and data are found to be crucial in relation to User- and Customer Experiences (in literature and in case 1, 3, 5; interviewee 5, 7, 13). We live in a knowledge

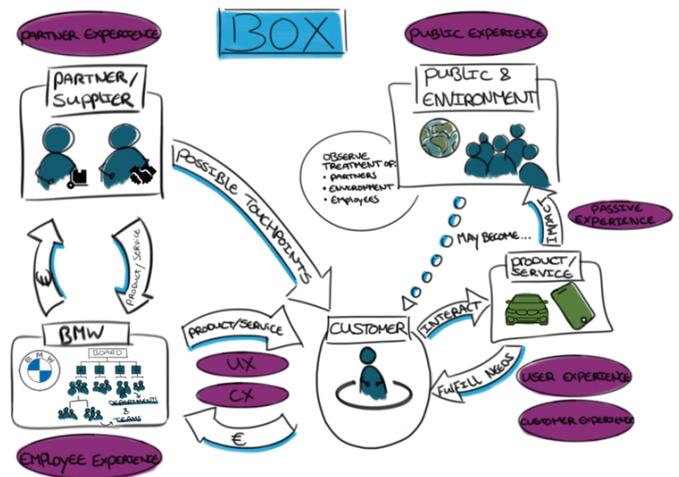


Figure 22: The Business of Experience Ecosystem

economy, what means that the growth of our economy is much based on acquiring and generating new knowledge. Industries that offer products and/or services are largely dependent on the knowledge they obtain and create from data-, customer-, market- and literature analyses to successfully innovate and stay competitive (Chakravorti, 2011; Pässilä, Uotila, & Melkas, 2013). Successful organisations manage to use it creatively and in decision making (Kourdi, 2009). It therefore becomes apparent that also customer experiences are largely influenced by the knowledge organisations have about their customers and their needs. To design meaningful Customer Experiences a need for Knowledge Management is recognised (Ceesay, 2020). This relation is also shown by Chakravorti (2011), who presented the framework in figure 30. To enhance Customer Experiences, and thus improve the competitive advantage and loyalty of customers, knowledge of the customer should be utilised and shared across the organisation to enhance organisational learning (Chakravorti, 2011; Kaplan & Reed, 2007).

Addition: Organisational Culture Change Management

The framework by Chakravorti (2011) in figure 30 additionally showed one more relation to Customer Experiences influencing a mindset shift: Organisational Culture Change Management (Homburg, Jozić, & Kuehnl, 2017) which has also shortly been mentioned in section 2.1.5. Managing the culture in an organisation is recognised to be crucial for both implementing a human-centred mindset (Ceesay, 2020; Homburg, Jr. Workman, & Jensen, 2000). Besides, it makes it possible to adapt successfully during dynamic times (Costanza, Blacksmith, Coats, Severt, & DeCostanza, 2016; Harrington & Voehl, 2015). It can be influenced by the employee’s satisfaction and engagement at work, the trust they have in the products and services the company is delivering, the management and even by external factors like the location

and reputation (Chakravorti, 2011; Drotskie & Viljoen, 2011; Harrington & Voehl, 2015). It is therefore important to create a positive and innovative climate, where everyone is engaged and empowered (Chakravorti, 2011; Drotskie & Viljoen, 2011). This is in line with what has been found in literature, during the interviews and case studies.

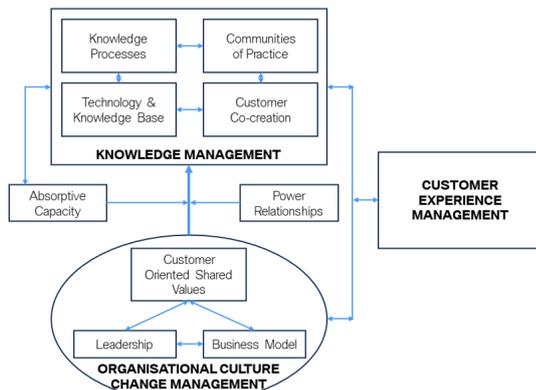


Figure 23: Framework of the relation between Knowledge-, Culture Change-, and Customer Experience Management by Chakravorti (2011)

3.1.3. The Business of Experience

The third level in figure 31 shows that it is indeed possible to take UX and CX to the next level: the Business of Experience. It can be concluded that the creation of a Business of Experience with the goal to create meaningful experiences for users and customer is affected by many internal as well as external factors that interrelate with each other. This complex nature that includes many stakeholders, solution paths and possible right solutions, make shifting a mindset from a product-oriented to an experience driven one a wicked and challenging problem (Kim, Beckman, & Agogino, 2018). One must think beyond optimising every touchpoint. As already followed from the literature research, the user and customer must be in the centre of everything, but for the employee to do so, also his/her needs should be accounted for. From user-centredness is thus moved to customer-centredness, and to human-centredness in the BOX, that accounts for all human-needs to create the best user experiences in the end. It must become embedded in the organisation's culture and mindset, to also create an employee experience that enhances innovation. It requires rethinking of structures that are based on product categories or clearly defined roles such as production, sales, marketing, IT, distribution, research, and development (Shah, de Bonis, Faleiro, & El-Warraky, 2021). It must be supported by such a level of agility that the developments of the organisation, independent of being hardware products or digital services, come in sync again with the developments of consumers (Shah, de Bonis, Faleiro, & El-Warraky, 2021). This should be supported by technological tools that allow for better collaboration and knowledge management. The experience

mindset can additionally become an opportunity to clarify the purpose of an organisation, give employees and customers a purpose, and offer premium experiences and meaningfulness to its users, customers, employees, partners & suppliers, and wider public. The reframed and new defined vision is thus to make BMW a Business of Experience.

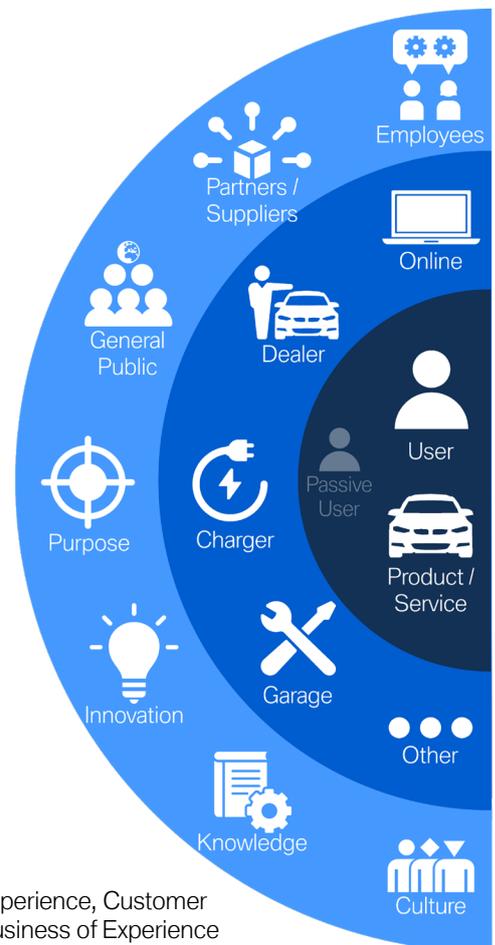


Figure 24: User Experience, Customer Experience and Business of Experience

Values Business of Experience

- Fulfilling human needs & creating meaningfulness for all stakeholders
- Expanding the design space for employees even further
- Align experiences with the organization's purpose to clarify it
- Innovation instead of evolution
- Align pace of customer demands with development pace
- Differentiation, profitability and loyalty for the brand and company

3.2. THE FIRST STEP: A CENTRE OF EXCELLENCE

From the case studies and Design Maturity model in 2.3.7. followed that BMW should start with centralising and standardising processes, tools, and methods, that will enhance awareness and understanding of the values of an experience driven mindset, to get from level 3 to level 4 on the UX Maturity scale (Pernice, Gibbons, Moran, & Whinton, 2021). The case studies also set an example for this. The UX Live Center in level 4 is a Centre of Excellence that supports teams in their user-centred approaches. In level 5, Samsung and Philips respectively work with Experience & Insight Labs, Communities of Practice and Centres of Excellence. Resulting from these insights, the choice has been made for creating a Centre of Excellence as the first step for BMW to take in shifting the mindset from a product-oriented to an experience driven one. To approach this further, this sub-chapter will define what exactly a Centre of Excellence (COE) is, why it is needed and how it is set up.

3.2.1. What is a Centre of Excellence?

A Centre of Excellence (COE) is a centralised, physical and/or virtual facility within an organisation, run by a team of dedicated and skilled experts that provide the rest of the organisation with coordination, research, knowledge, support, trainings, and enablers in a specific area (Ryan, 2019; Wildermuth, 2021). It supports change initiatives, like that of mindset changes in corporate environments, to be delivered consistently through standardised processes (Wildermuth, 2021). It constantly explores news tools and practices, which it then can transfer across all functions of an organisation (Ryan, 2019). Its goal is not only to research and spread this knowledge, but also to support in applying this and implementing it (Ryan, 2019).

3.2.2. The Values of a Centre of Excellence

A Centre of Excellence is a great way to leverage what is there and make the most out of the resources to help an organisation to improve. As already mentioned, it operates cross-functional, making it possible for everyone to access expertise and knowledge, independently from their location or function. This access to expertise will enable organisations to innovate much more rapidly and adapt to changing conditions (Wildermuth, 2021). Also, because the COE coordinates independently from organisations' standard processes, it benefits from flexibility and agility. This cross-functionality has additionally the advantage of connecting people that otherwise would never meet and enable dialogues about challenges and opportunities (CX Pilots, 2022), internally as well as externally (Lee, 2017). This also encourages the free flow of ideas, knowledge, and information, and thus enhances collaboration and

generating new knowledge (CX Pilots, 2022). It is a safe space that stimulates experimenting, learning and self-development. Today, different sorts of COE's evolved, with the mission to either; Run the Business, Grow the Business, or Transform the Business (Catalant, 2022). In the case of changing an internal mindset, the goal of the COE is to transform the business. According to Catalant (2022) "A Transform the Business COE looks at enterprise transformation through strategic contribution and alignment. They will drive innovation at the business as well as uncovering new strategic capabilities, markets, products, and/or business models.". A COE will create visibility, foster the organisational culture, and merge employee- and customer experience (Davis, 2020). From these insights can be confirmed that a COE is a suitable and manageable first step for BMW to take, since it will bring the various experience driven initiatives together and scale them without taking large risks.

3.2.3. The Process of Setting up a Centre of Excellence

Desk research has been done to identify the steps for setting up a Centre of Excellence. This resulted in the following 8 steps:

1. Treat it as an organisation within the organisation; define a vision, purpose, strategy, design principles and best practices (Bizagi, 2020)
2. Get top management buy-in; budget and resources are needed in setting up a COE (How, 2022)
3. Assemble a team; with innovators, people with an intrinsic motivation and diversity (Bizagi, 2020)
4. Build reusable components; with that are meant standardised workflows, design systems, templates etc. that create value and speed (Bizagi, 2020)
5. Create a monitored environment; to ensure quality (Bizagi, 2020)
6. Market the COE internally and externally; to create visibility and attract customers
7. Continuously improve; measure performance and learn from feedback (Bizagi, 2020)
8. Design consistent governance; to ensure compliance (Bizagi, 2020)

3.3. STRATEGY DEFINITION

Reaching the goal of becoming a Business of Experience is done by developing a strategy that covers all levels of the 4M framework of BMW. Although all levels influence each other and cannot be seen separately, creating a strategy for each level first, makes the wicked problem more manageable. This would thus result in 4 strategies: one for the micro (employee), meso (departmental), macro (institutional) and mega (community) level. To describe every level in a more engaging way and give each strategy a name, words have been searched that describe each level. Since during the research words as collaboration and co-creation often were often encountered, it was tried to find for every level a word that starts with “co”, to create four CO: strategies. This resulted in the words contribution, collaboration, coordination, and co-creation that respectively fit the levels of the 4M framework and are discussed in more detail below.

Micro - CO:NTRIBUTION

Since the employee without management responsibilities can be called an Individual Contributor (Robinson, 2021), and each employee of a Business of Experience has influence and needs to be on board to create experiences that serve human needs, this level is called CO:NTRIBUTION. Every individual contributes to the user- and customer experiences, also outside design- and customer & brand departments. This should be communicated and understood and be enhanced by great employee experiences.

Meso - CO:LLABORATION

To challenge and break down silos cross-functional, diverse, and multidisciplinary collaboration should be enhanced. For this reason, the meso level is called CO:LLABORATION. To collaborate mutual understanding, similar processes, and free flow of information of data is needed.

Macro - CO:ORDINATION

For experiences and human-needs to be prioritised in daily business, coordination from experience experts and a supporting organisational structure and culture is needed. From this followed the term CO:ORDINATION.

Mega - CO:-CREATION

Since value is created together, all stakeholders should be involved in the development and design process. CO:-CREATION is a participative form of collaboration where new insights, ideas, products, and services can be created. Using co-creation at this level will expand the design space and create products and services that better serve human-needs.

We are in the middle of a transition of the way businesses are organised and ran. This can be explained by the fast-changing markets and trends like explained in chapter 2, but also by technological trends that influence the way we work together within organisations and the

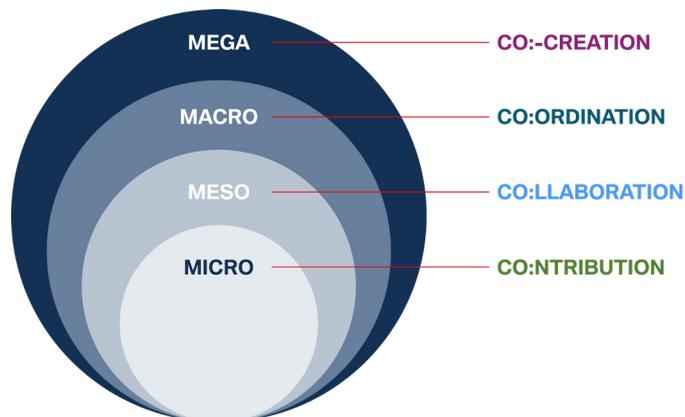


Figure 25: The 4M framework with the four CO: strategies

3.3.1. Trend Analysis CO: Strategies

changing demands and needs from employees that build the fundament of a company. For this reason, another trend analysis has been executed to uncover the trends for each of the 4 CO: strategies; CO:NTRIBUTION, CO:LLABORATION, CO:LLABORATION; and CO:-CREATION. Many trends are accelerated or a direct result of the pandemic. For many businesses and people, this was a time to reflect on how things were done so far and how things can be improved for the sake of everyone; the business (profit), the employees and customers (people) and the environment (planet).

CO:NTRIBUTION

Due to the pandemic, the Individual Contributor today has a stronger longing for determining themselves how to organise and structure their lives (Curtis, et al., 2022). In the working environment this means, that they want the flexibility and self-determination to decide when to work from the office, home or even remotely in a different country. Responding to this need of autonomy (Hassenzahl, et al., 2013) will contribute to enhancing the Employee Experience. Also influenced by the pandemic, interest in mental, physical, and financial health of the ICs has increased. Measuring and improving the wellbeing is a trend that will continue to grow in importance (Kropp & McRae, 2022), because it will result in more productive and engaged employees.

As concluded from the research, a clear purpose is essential for staying relevant. This is only possible when everyone participates and understands the purpose internally (Mäkitalo, 2020). Also, the employee needs a clear purpose that links to the organisation’s purpose. Especially Millennials and Gen Z are looking for this, and beyond monetary values, when searching for a job. The purpose can contribute to a better Employee Experience, which is linked to employee engagement and performance, resulting finally in a better Customer- and User experience (Dhingra, Emmett, Samo, & Schaninger, 2020).

CO:LLABORATION

In the future, the Metaverse could be the new, virtual environment to work, collaborate and co-create in (Curtis, et al., 2022). The Metaverse will blur the line between real- and virtual life, using technological trends as Virtual Reality (VR) and Augmented Reality (AR). In contrast to current collaboration tools like e.g., Teams, the Metaverse enhances the feeling of being there and being with other people. This enables collaboration like we are used to in real life, with the flexibility of working remotely. VR can create immersive working experiences for its users. In the future this could help eliminate the disadvantages of collaborating with online tools. An example is that through an avatar, the users' body language can be mimicked (Johnson, 2020). This gives important cues to the recipient, and thus can enhance collaboration when not in the same physical space. AR adds a digital layer over the user's environment, this in contrast to VR that gives an immersive experience. This can be used beneficially to enhance communication, access to information, knowledge transfer and collaboration (Johnson, 2020). This virtual collaboration is further enhanced by cloud-based technologies and Data Collaboration. Cloud-based collaboration enables employees to work together in real-time on the same projects and documents (Seymour, 2021). This allows for better collaboration, more flexibility and efficiency. The disadvantage is that this type of collaboration takes place outside of an organisations firewall, which makes it more vulnerable for cyber-attacks. Blockchain is a trending technology that could solve this problem. It is a variant of a database that is distributed and encrypted. This makes it difficult to change or hack the recorded information, allowing secure and transparent data exchange (Weston, 2022). It has many different use cases, from Data Management, Cybersecurity to Manufacturing. Data Collaboration is a process where data from different internal and external sources is combined to create the full picture and help to get to more meaningful conclusions (Johnson, 2020).

On a non-technological level, diversity is a trend that will continue to increase within organisations. A greater diversity and interdisciplinarity is related to higher creativity and innovation (Tan, 2022), creating a culture of innovation. Having very diverse customer segments around the world, internal diversity helps to respond to their different needs.

CO:ORDINATION

In the corporate world, more and more Innovation Hubs, and Centres of Excellence are created (Interviewee 9; (Cramer, 2021). These centralised units, or almost organisations within the organisation, have the goal to gain speed and expertise in a certain discipline, to then influence organisation's processes and mindsets across multiple functions and departments (Catalant, 2022). Since the pace of developments is increasing, most start-ups choose flat hierarchies, because it ensures

speed in decision making and adapting to changes. Many existing organisations responded to this too, by flattening their organisational structures, break down silos, and restructuring teams to become more agile (Tan, 2022). This improves communication and knowledge flow, increased morale under employees and less bureaucracy. Lastly, the value of design is recognised throughout industries and sectors. McKinsey (Sheppard, Kouyoumjian, Sarrazin, & Dore, 2018) presented in their report "The Business Value of Design" how design increases organisation's performances and the interest in the wider application of design has increased. With that also the interest in measuring Design Maturity and the application of Design Leadership, Design Systems and Design Operations (DesignOps) (Harshbarger, 2020).

CO:-CREATION

Co-creation itself is a trend recognised over the past years. It differs from collaboration in the sense that during co-creation something that did not exist before is created, while collaboration produces a familiar team output (Fleiser, 2021). It helps to drive value for all parties involved, create more customer-centric products and services, and increase development speed (Kwan, Schroeck, & Kawamura, 2020). The Metaverse will make it easier for employees to interact with all kinds of stakeholders like suppliers, partners, and users. It creates virtual environments where co-creation can take place with stakeholders around the world.

3.3.2. Prioritisation CO: Strategies

Addressing all CO: strategies simultaneously is a difficult task. Besides, the opportunity was seen, to link the CO: strategies to the step-by-step approach as described by the Design Maturity model. For this reason, the choice was made to find out the needs of BMW's employees and prioritise the CO: strategies according to these. This was done through an online workshop, enabled by the digital collaboration tool Miro (Appendix XI.). The outcome of the workshop is discussed subsequently, and the order of the CO: strategies has been combined with the insights of the case studies, the Design Maturity model, and the decision to start with the COE. This resulted in a rough presentation of the design roadmap, presented at the end of this chapter.

Design of the CO: strategies workshop

Six BMW employees with different backgrounds and functions have participated in the workshop. The workshop consisted out of four tasks for the participants. Upfront, the topic of this thesis was explained in a presentation, including the four CO: strategies resulting from the 4M framework. The first task was a warm-up exercise, a simple exercise meant to get the participants into the topic and right mindset. Second, the participants were asked what they observe in their daily work business, good, bad, or

neutral, in the four organisational levels in relation to the experience topic. Together the insights were clustered and discussed. Thereafter, the participants were asked to formulate the needs following from these observations. Used was a predetermined form of the formulation: “as an <IC>, I want <requirements> so <benefit>. Again, the insights were clustered and discussed together. The final task was for the participants to vote on the needs and/or CO: strategy they believe should be prioritised first in the strategy for becoming experience driven. Each participant had two votes. This resulted in a prioritised order, discussed below.

Outcome of the workshop

The workshop resulted in a BMW specific order of prioritisation that is confidential (Appendix XI.) The main focus of the strategy will be on one of the CO: strategies, with added to each horizon an additional CO: strategy to get to the final level of Design Maturity as shown in figure 24. As described earlier, first a Centre of Excellence has to be created, which is done in the first horizon. In the second horizon BMW will use that COE to get to level 4, and in horizon 3 to get to level 5. Finally, the vision of BMW being a user- and experience driven Business of Experience is then being achieved through accounting for all organisational levels.

3.4. CONCLUSION DEFINE

In the first chapter of define, the hypothesis formulated in at the end of the discover phase was tested.

(H2) An experience-driven mindset goes beyond UX and CX design, which can be taken to a higher next level that includes employees, partners & suppliers and fosters collaboration & innovation.

This has found to be true and could be explained by the Business of Experience. A new vision has been defined, that gives shifting mindset the goal of making BMW a BOX, in which all human needs are accounted for. Criteria have been formulated that an organisation has to meet to become a BOX.

Also defined in this chapter, is the starting point of the strategy to get to this vision. The Centre of Excellence has been discovered in the previous chapter and a deeper analysis of it proved that it is suitable in transforming organisations and mindsets.

Lastly, the four CO: strategies aligning with the 4M model have been defined. Trends in CO:NTRIBUTION, CO:LLABORATION; CO:ORDINATION and CO:- CREATION have been researched, and all four levels and their trends should be accounted for in the process of becoming a Business of Experience. However, one CO: strategy presumably is more important than the other, and the order will differ per organisation. To find the order of importance at BMW, a workshop with employees has been held. This resulted in the prioritisation of one CO: strategy, followed with the step-by-step incorporation of the others to reach the vision of becoming a BOX.

4. DEVELOP

4.1. ROADMAPPING

As already shortly mentioned 2.3.5., a roadmap can lead BMW to the desired outcome of becoming an experience driven Business of Experience. It will be the final deliverable of this thesis, further elaborated on and developed in this chapter. First however, is explained what a design roadmap is.

4.1.1 What is a Design Roadmap?

A design roadmap is “a visual portray of design innovation elements plotted on a timeline” (Simonse, 2017, S. 10). It is the strategic planning towards a future vision of an organisation, including elements as value propositions, products and services, market segments and new technology applications (Simonse, 2017). Design roadmapping, in contrast to technology roadmapping, integrates the users’ needs and Customer Experience in the roadmap instead of just product-market fit and technology elements (Kim, Beckman, & Agogino, 2018). The visualisation is an important element, it enhances internal collaboration, communication between functions, enables decision making, and the development of creative solutions for future challenges (Kim, et al., 2020; Simonse, 2017).

The roadmapping process exists out of three stages, value mapping, idea mapping and pathway mapping (figure 34) (Simonse, 2017). The first stage consists out of trend research and creating a future vision based on value drivers. Idea mapping entails technology scouting and a time pacing strategy. The result of this stage is the Design Roadmap. The last stage of pathway mapping is used to detail the Design Roadmap, linking the activities, and including constraints like manpower and financial investments (Simonse, 2017). This leads to a Design Program Roadmap, which goes beyond the scope of this thesis.

linked to the purpose of an organisation, the raison d’être, which also still needs to be translated into a corporate vision as found in 2.2.5. Usually, a roadmap’s vision differentiates from this corporate vision due to its focus on product/service innovation (Simonse, 2017), but the goal of this roadmap is to actually create this vision that is still missing and will support a mindset change. The time pacing strategy and linking can still be applied similar as to a conventional roadmap.



Figure 26: Design Roadmapping Process (Simonse, 2017)

A Design Roadmap as described above, is focussed on future innovations of a product- and service portfolio of organisations. The roadmap in this thesis, however, will deviate from this standard Design Roadmap. The difference is that the focus of this project is not on product- and service innovation of BMW’s portfolio, but on changing an internal mindset. A changed mindset as outcome, is enabled by certain technologies, but does not entail them. This resulted in a difference in the trend and technology scouting (sub-chapter 3.1.). A changed mindset has been

4.2. VALUE DRIVERS

To develop the future vision of this roadmap, the main value drivers of each CO: strategy are defined based on the insights of the interviews, case studies, context- and trend research, and workshop. Because only when the stakeholders' values, needs and wishes can be aligned with the new desired mindset, it can become a success (Simonse, 2017).

The value drivers are BMW specific and strategically important, and therefore confidential (Appendix XII.). For each CO: strategy value drivers were defined, that fit to the specific stakeholders within the organisational level.

4.3. FUTURE VISION

As defined before, the vision of BMW is to become a Business of Experience. A more detailed vision has been formulated within the roadmap design:

„BMW is an agile and human-driven organisation that engages and empowers its employees in creating the world's most joyful and personalised driving experience for its customers, powered by the CO: strategies to become a Business of Experience.“

4.4. STRATEGIC ROADMAP

Similar to the purpose, the Group has never formulated a vision. This however, would be the next step after the role-out of the purpose. This thesis proposes a vision statement, based on the research and value drivers. This thesis proposes three steps, called horizons in design roadmapping, for BMW to take to become the Business of Experience as described in the vision in the previous sub-chapter. Each horizon builds upon the previous one, adding one CO: strategy to each following horizon. With the addition of every CO: strategy, also new stakeholders are involved. Moreover, the strategy is linked to the status quo of BMW today. Figure 36 presents the strategic roadmap with three horizons and lastly the vision. Each horizon will be discussed in more detail with the tactical roadmap in the following sub-chapters (confidential).

The status quo of BMW reveals that a change, towards a more user- and experience driven organisation, is already set into motion. In their silos, people focus on the UX or CX, and some initiatives from innovators exist to approach the topic even more holistically which is in line with the organisation's strategy (sub-chapter 2.2.1.). It is now time to leverage what is already there and scale, so a wider audience within the company is being exposed to the new mindset.

Horizon 1 focusses exactly on leveraging what is already there. It will bring the right people, existing tools and methods, and facilities together by centralising everything in a physical and virtual Experience Centre of Excellence. Acquired knowledge is recorded, stored, and systemised into reusable components that in the following horizon

can be easily accessed and used by ICs. When this is done, exposure of the COE is needed to create awareness about its existence. This is done by an internal marketing campaign.

Once the COE has been set up, it is time for it to transfer the knowledge it has acquired and created so far. In **horizon 2** BMW's ICs, leaders, and teams can approach the XCOE, which facilitates learning through different product- and service offerings that challenge old ways of working, improve collaboration across functions, spread the experience mindset and finally modify the stakeholders' behaviour and BMW's culture slowly towards a more experience driven one.

This slowly changing mindset, to scale further in **horizon 3**, needs a supporting structure with new designated functions, agile processes, and the inclusion of stakeholders outside the organisation. New functions are created to make people responsible for making human-driven decisions, that will connect different (design) disciplines without prioritising one, ensuring holistic experiences. The learnings from the previous horizon will additionally be translated into adapted processes.

Lastly the **vision** to become a Business of Experience comes to reality. The value of design will be recognised organisation wide, which operates in a human-centred way. This expresses itself in a clear purpose and all stakeholders' experiences are encountered for, including the Employee Experience, creating a strong ecosystem around BMW. Every IC is engaged and empowered to contribute to the customer experience and is valued and rewarded according to it.

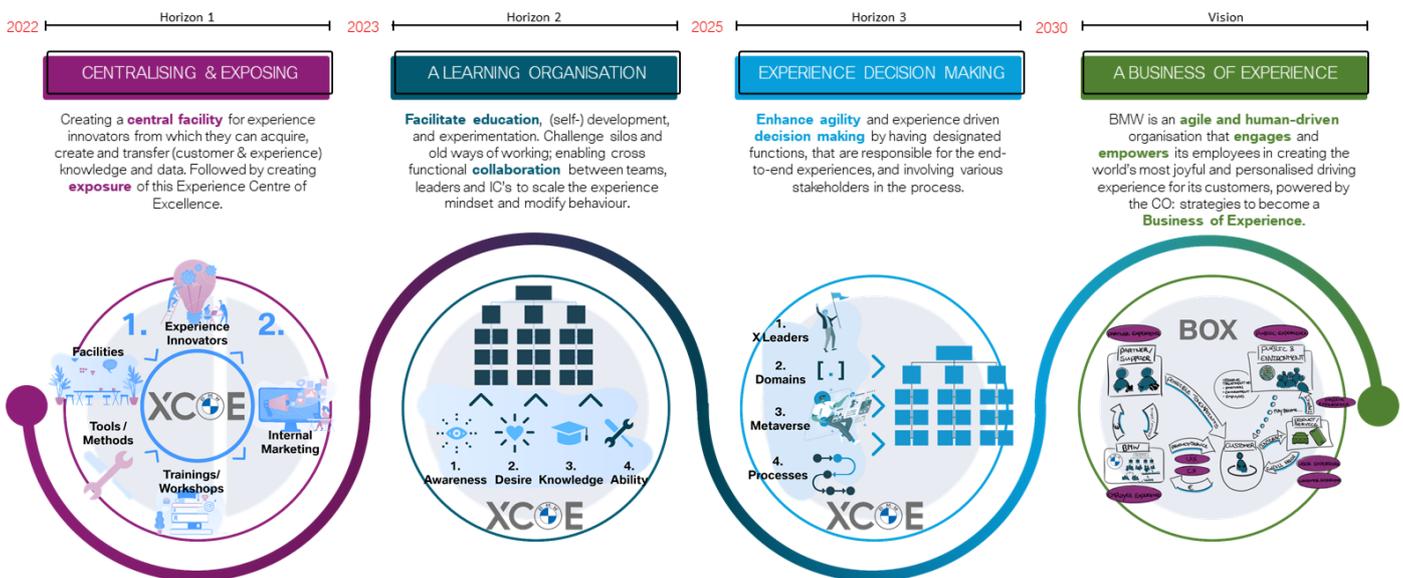


Figure 27: Strategic Roadmap

4.5. TACTICAL ROADMAP

The tactical roadmap gives a more detailed outline of what needs to be done by what stakeholders to achieve the final vision. In contrast to the strategic roadmap, this part of the design roadmap shows mainly BMW specific information about people, facilities and processes that are confidential. The tactical roadmap, a visual with the value propositions, developed products and services, value drivers, CO: strategies, stakeholders and company structures and processes, and its description is therefore included in the confidential appendix XIII.

4.6. TIME PACING STRATEGY

The time pacing strategy followed from the Three Horizons model, that is based on three different life cycles; design value enhancement, user-centred value creation and value proposition creation, that end in the future vision (figure 43) (Simonse, 2017), that align with the three horizons and vision presented in the developed roadmap and are discussed in this sub-chapter.

User-Centred Value Creation

In the second life cycle, growth and transformation takes place (Simonse, 2017). The in the previous created Centre of Excellence is here used to start coordinating a mindset shift change. In this case, horizon 2 and horizon three fit into this life cycle. It is a phase were the products and services are tested in the real “market”. Issues can arise and it is important that the XCOE learns from them and stays responsive to changes so the third life cycle, the vision, will be reached. Horizon 2, in which teams are educated and enabled vertically, will take two years. After this period of time a large part of the company should have been reached, and a good chance exists that the new structure and functions introduces in horizon 3 will be understood and accepted. This latter period will take 5 more years, till ca 2030 when the vision will be reached.

Value Proposition Creation

This life cycle presents a disruptive innovation and vision. The values of all four CO: strategies are embodied in a newly organised and structured organisation (in a normal product and service development this would align with e.g., new business models (Simonse, 2017)). With each horizon, the line of this life cycle increases, reaching the top after 2030 when BMW has turned into a Business of Experience. The time pacing strategy is depicted in figure 44.

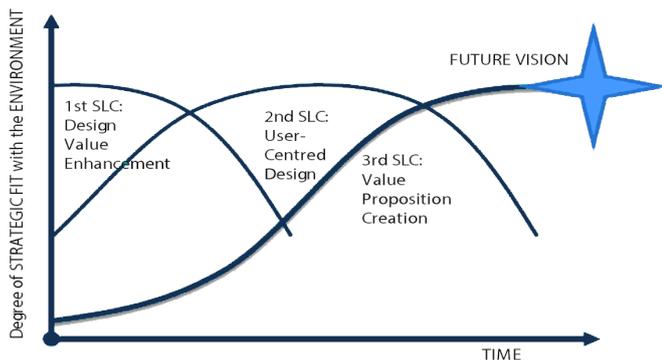


Figure 28: Time Pacing cycles by Simonse (2017)

Design Value Enhancement

The first horizon enhances the design value of the current product and service portfolio (Simonse, 2017). For the internal mindset shift this means that it leverages what is already there to envision a scenario that is built upon the status quo. Not many new things are created in this horizon, the Experience Centre of Excellence is new but built out of already existing resources of BMW. After this is done, and the products and services offered at the XCOE are revised by the new team, this task is slowly done and the line decreases. It is believed that setting up the XCOE will take about half a year, which means that it could be opened beginning of 2023.

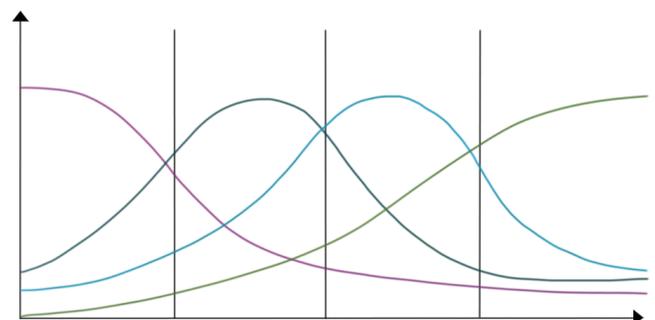


Figure 29 Time Pacing Strategy of the BMW Design Roadmap

5. DELIVER

5.1. VALIDATION

In this chapter, the idea to create an Experience Centre of Excellence and its strategy to create a Business of Experience has been tested with company experts. Since the strategy consists out of many elements, it was chosen to only test a few assumptions and the most critical points of failure that could hinder this strategy design to become a success.

First, was defined in consult with the supervisory team that it is most valuable to validate only the first two horizons, since the third horizon is too visionary and open to evaluate at this point. Then, within the elements of innovation (figure 45), feasibility, desirability, and viability, the points to be tested were defined as described as follows.

Feasibility

1. The assumption was made that a collaboration with the UX Live Center at the IT department is possible.
2. A point of failure is often the lack of ownership, who owns it and why?

Desirability

3. Would BMW employees need the XCOE and use its product and service offerings? What should be mandatory and what on a voluntary basis?

Viability

4. The XCOE does not have to be profitable in itself, however does its business contribute to community and society and align with the with BMW's strategy?

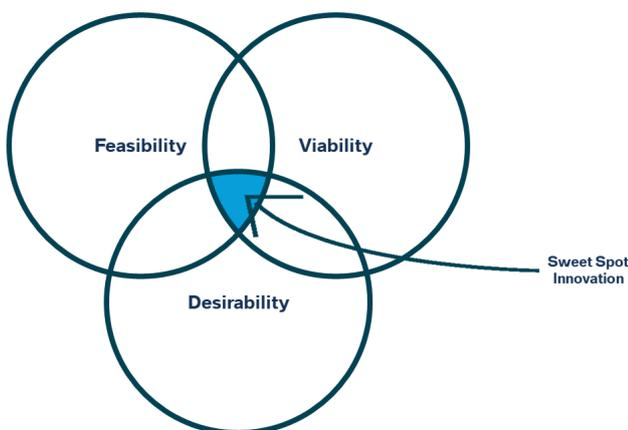


Figure 30: Sweet spot of Innovation by IDEO

Four interviews were held, each to test one or more points of failure. See table 4 for an overview.

Table 4: Validation Interviewees

INTERNAL	FUNCTION	POINTS OF FAILURE
Interviewee	ED-A-2	2, 3
Interviewee	FG-241	1, 2, 3, 4
Interviewee	ED-A-2	2, 3
Interviewee	EP-23	2, 3, 4

1. Collaboration with the UX Live Center

To test this assumption, the founder of the UX Live Center has been contacted. From this interview followed that it should not be a critical point of failure to collaborate.

"Of course, other companies come to us to too, I prefer to help people from us [BMW Group]! I am happy when our network grows" - Interviewee 20

However, the context and target groups are too different to use the exact same name and facilities like e.g. the webpage, and making a clear distinction between them is needed. It can for example be explained by the DesignSystem, which cannot be shared with this XCOE since the DesignSystem outcomes for BMW employees should deviate from the digital products and services offered to BMW's end-user. Thus, a new Centre of Excellence has to be set up including the physical facility, that however can copy and paste several elements from the UX Live Centre to save time and money.

2. Ownership

From all interviews it became clear that support from the very top is needed, that then gives a mandate and the task to someone to set up the Experience COE.

"What is needed first, is that it needs support from the very top" - Interviewee 20

The example from the UX Live Center shows that this would be manageable by one person, who is in constant exchange with the management and gets support from example specialised agencies and interior designers (Interviewee 20). Independent from one or more persons, someone needs to be appointed from the top management to get the responsibility and thus also the ownership of the XCOE (Interviewee 19, 21).

3. Does the BMW employee desire the XCOE

In every case, the idea of the XCEO was seen as something that could work and where people would see themselves going for advice, tools, and methods.

"To transport what Experiences are and how you design them, I would totally support your idea" - Interviewee 20.

"I think it is great that you start with the employee and its

experience, and not the customer” – Interviewee 22

An important difference that the XCOE can offer compared to the other parts of the organisations is the safe space to experiment and make mistakes (Interviewee 22).

This strength should be used and enhanced and be communicated to the employees to get them on board. It was emphasised again on the importance of the internal marketing, and convincing employees with immersive stories and visuals to touch upon emotions and create intrinsic motivation.

However, also mentioned, is a potential need for making things obligatory or a standard part of the work assignments. Hinting especially on the workshops that are offered on a voluntary basis.

“The idea of a Centre of Excellence is very good. I can very well imagine what you are suggesting. But also good is the idea of a web based training ... what probably will not work is trying to achieve something on a voluntary basis [like the workshops]. It may sound harsh, but to make it happen, you have to make something mandatory. We need special means” – Interviewee 21

That the UX Live Center is fully booked, is a great sign that a certain desire to use a COE to transfer knowledge, ways of working and a mindset exists. However, mostly teams take part in the trainings. Inferring from this and the validation interviews, it could well be that this desire does not exist under each of the individual contributors, but rather under the team-, department-, or even higher managers that take their team to workshops to develop new, contemporary skills.

4. Value of the XCOE

To proof the validity, one could again look at the success of the UX Live Center. According to the founder, much has been achieved over the past years and the COE has been growing, also because it is very scalable. So far there are another UX Live Centers in Spartanburg and Portugal, and another one is planned in South Africa where also an IT team is located (Interviewee 20). Budget is given to expand, which means a value stream in some sort of form is measurable coming back and pays off.

In another way it does contribute much to the community of the Group. Besides being cool, different, and visible for the IT employees (interviewee 20), it also ensures better IT services to all BMW employees, that consequently are enabled to do their work properly, safe, and efficient, and thus deliver better results. This also applies to the new XCOE, that thus aligns to the goal from BMW to become more customer centric. Additionally, it aligns with the new purpose of BMW, the XCOE can move the bodies, touch the hearts, and inspire the minds of employees as well.

5.2. RECOMMENDATIONS

After going through the four phases of the double diamond of doing research, defining a direction, the strategy development and validation, recommendations can be given that should be taken into consideration during further implementation of this strategy.

1. First focus on ownership

Before doing any more research, validation or further development of this strategy, ownership of this project has to be transferred from the author to someone else in the organisation. After presenting this project in one or more organisational bodies of the BMW Group, someone needs to become responsible to get it to higher management and pitch the idea and added values of creating a XCOE. This most likely should be one of BMW's supervisors. After this, when management-buy in exists, it is the management's task to designate someone to be fully responsible for the further steps.

2. Partner up

As already mentioned, a collaboration with the UX Live Center at the IT Department will help accelerate the process of the XCOE creation. Its network can additionally help establish other partnerships with e.g., experience agencies, interior- or web designers, that are needed in the process. As important, is to partner up with the HR department to focus on the Employee Experience. With the knowledge of the HR department in employee training and development, effective trainings and workshops can be designed. Additionally, HR should be involved as one of the first to work towards the formulated vision and purpose, since it is their task to recruit the right talent that aligns with them and the organisations' values.

3. More insight about interests, needs, and wishes outside the design department

Within the scope of this research, mainly people from the design department were approached in a qualitative manner. More research and validation are needed within the other the divisions of the organisation. This can also be done in collaboration with HR, that knows about the diverging interests, needs, and wishes of the people, and can reach large number of employees to do also quantitative studies.

4. Create attractive virtual and physical facilities

The XCOE operates as its own organisation within the organisation, a distinction should thus also be made through its distinctive look and feel. It should have an attractive appearance that invites for experimentation creativity, to let go off standard mindset and processes in daily business. In the internal virtual environment of the Group this is quite difficult, since so far it is restricted by the limitations of the structure of the intranet and confluence pages. Though it is really believed that the experience starts here, and it should be designed e.g., like the

metaverse Joytopia, secured with emerging technologies like blockchain.

5. Research link between experiences and sustainability

It is recommended to do more research about how experience design can be linked to sustainable design. One could e.g., ask questions about how great experiences lead to users take better care of products and strengthen the feeling of ownership to enhance the longevity. The both complex topics are presumably intertwined and should thus not be approached separately.

6. More than one XCOE

Plan for the creation of XCOE's in other markets. Since the customers over the world have diverging needs and wishes, approaching them with XCOE's on site will help including the right stakeholders on site, spreading the work, and reacting to developments more quickly. First recommendations are to establish this for the Chinese and American market.

7. Focus on the Needs

At the beginning of this thesis, a table of needs was presented that should be met in designing for experiences; table 1. These do not only relate to User- or Customer Experiences, but can be transferred to the needs of employees, partner, supplier, and any other involved stakeholder. The connection to these needs has not been made extensively within the scope of this thesis. It is therefore recommended to fall back on these and design a XCOE that takes them into account.

8. Learn about Return on Experiences

It is further recommended to research this metric that allows to measure the (monetary) value that is created by the investment into the XCOE. It should measure both the Return on Experience of the Customer Experience, as well as the Employee Experience.

6. CONCLUDING

6.1 DISCUSSION

The aim of this thesis was to prove the relevance and unique value that lie in experience driven approaches for the BMW Group and other organisation that are still more focussed on product- and feature evolvement. This was done by learning from literature in the field of User- and Customer Experience design, marketing and (change) management, and getting practical insights from professionals and case studies of organisations in various industries that are already more experience driven. Additionally, the aim was to show how Strategic Design can anchor a more experience driven mindset in organisations. The applied approach resulted in a vision and roadmap towards it, showing one way of how Strategic Design can approach these sorts of wicked problems within corporate environments.

The results of this research show, that transforming an organisation into a Business of Experience is a complex task. It is often forgotten that not only the institutional level, with its structures, leaders, and visions, have to be transformed, but simultaneously the mindset of every individual contributor has to be aligned to make a transformation successful. This research therefore starts with aiming for a mindset shift, supported by the resources an organisation already has, centralised in an Experience Centre of Excellence. It was already proven that an experience driven organisation benefits from competitive advantage, loyalty, and profitability (institutional level). This research additionally shows the unique values of an XCOE to each other level of the organisation. For the Individual Contributor as well as for teams and departments this means easy access to knowledge tools and methods, a safe space for experimentation and making mistakes, opportunities for self-development and empowerment, cross-functional networking, understanding and collaboration, as well as over time more agility, self-determination, and hopefully joy, all around a clear purpose. In other words, it enhances the Employee Experience and collaboration. On the community level, not only the customer will benefit from great product- and service experiences. Shared value will be created for the entire community around the organisation. Partners and suppliers can benefit from personalised solutions and collaborations with corporations like the BMW Group, also described with the Partner and Supplier Experience. Co-creation also incorporates the needs of e.g., cities, and non-car users, and will positively affecting the brand image by considering the Public Experience as well. All leading to a better Customer- and User Experience again in the end. This explains the relevance and unique value of an experience driven mindset that goes beyond that of the user and customer alone.

BMW focusses especially on an outside-in approach to become more user-centred. Fundamentally this is not wrong in product- and service development. However, it was the strategic design approach that resulted into the

suggestion to put the employee in the centre too (4M framework), to create an authentic Business of Experience that can truly put the user in the centre because of also taking an Inside-Out approach. Similar to the findings in the literature of Transformation Design, this research thus shows that Strategic Design is a way to anchor an experience driven mindset in organisation, because the discipline approaches wicked problems by reframing the situation and focussing on all stakeholders' needs, to translate them into meaningful solutions.

Further, not often the connection between designing User-/Customer Experiences and a needed experience ecosystem has been made in literature. Only in the past few years, interest in researching e.g., the Employee Experience and its positive effects have risen. It indicates that focussing on Customer Experience solely will be no distinguishing feature anymore in the future. The qualitative data acquired in this research supports this theory and has been analysed by various models and frameworks. These are not new in the field, however, are combined in a novel way to uncover a step-by-step approach for creating a Business of Experience.

First, to measure the status quo of an organisation, a Design Maturity can be taken as a reference, since the level of design maturity relates to the user-centredness of an organisation. This research combined this Design Maturity model with the ADKAR model (Prosci, 2022) and 4e's (Joshi, 2021) to show what is needed in working towards the final level of human-centredness and being a Business of Experience. These insights can identify the existing gaps of organisations and find the most important needs, to devise tailor-made strategies. It can then be combined with the in this thesis developed CO: strategies, that divides this overall complex strategy into four better manageable strategies. It consists out of a strategy to enhance CO:NTRODUCTION of each employee, CO:LLABORATION between teams and departments, CO:ORDINATION regarding experiences and CO:-CREATION with a variety of external stakeholders. These strategies are key factors in creating a Business of Experience and shifting mindsets towards it.

Based on the data that followed from the case studies, it was also shown that organisations use Centres of Excellences in the field of experience design to transform business, by acquiring, creating, and transferring (customer & experience) knowledge, data, tools, and methods. This is found to be an approachable and actionable first step for organisations to take, since it makes use of the already existing resources and does not require any high-risk changes. However, little proof of this has been found in literature, suggesting that more research into using Centres of Excellence to enhance an experience driven mindset is desirable.

The research was further limited by the restricted amount of qualitative data that could be obtained within the timeframe of a master thesis. A lot more diversity within the interviewees is needed, since the interviewed people mostly came from the design department or in a way are connected to experiences and thus are not representative for the general employee. More input and validation from each of BMW's departments and employees that also cover to the early and late majority of innovation adoption is needed. After that, assumptions and ideas should also be tested in a quantitative manner.

Another limitation is the lack of research into creating a shared language. It is an important element to successfully create a collective mindset since Experience Design is accompanied with many buzzwords and different conceptions of their meanings.

For practical implications also more in-depth research and development has to be dedicated to the reusable components, trainings, and workshops. The solution presented in this thesis is on a relatively high level, requiring more research, collaboration, and co-creation with different fields, e.g., psychology and human resources, since also Transformation Design emphasises on the fact that these challenges cannot be solved by designers alone. This should for example determine which elements should become mandatory or on a voluntary basis, since opinions about this diverged within this research and no evident conclusion could be drawn.

The suggested combination of models, frameworks and developed CO: strategies to assess businesses and create a strategy towards a Business of Experience are highly transferable to any business organisation with the same vision or goal, independent from the sector. It would be of interest to further research and test if the approach can be applied in a more general sense of changing mindsets, not only in industry but perhaps also in academia, governments, and society, since a change in mindset is a step towards changing behaviour which would be of great value in all of these domains.

After the creation of the XCOE, it is time that will teach about the exact subsequent steps and measures to take in the final horizon and towards the vision. In fact, the creation of the XCOE will never be done. The value lies in its resilience, constant learning by doing, experimentation and tinkering, and its ability to adapt quickly to changing circumstances. In other words, practice what it preaches.

6.2. CONCLUSION

Many organisations and whole industries have to adapt themselves to dynamic times, in which developments in all areas are being accelerated. Complexity of products and services has increased, simultaneously with customers' demands. Designing for experiences, instead of evolving products, was assumed to be a way to approach these dynamic times and new challenges. For this reason, the BMW Group assigned to research how a more experience driven mindset can be established internally.

Researching this topic led to several insight about how strategic design can be applied to develop experience driven mindsets in corporate environments. Methods applied were a literature review to analyse the terminology and values around experience design and changing mindset, desk research to analyse the context of BMW, interviews to learn about challenges and opportunities, case studies to learn from experience driven organisation in other sectors, and lastly creative workshops with peers and colleagues to ideate and prioritise findings. These insights together were then translated into a strategy presented with a design roadmap

It was found that User Experience and Customer Experience can be taken to a next level. This has been called the Business of Experience, in which a complete experience driven ecosystem is created around a clear purpose and innovation, and that takes care of all stakeholders' experiences, e.g., the Employee Experience, knowledge management and the organisational culture.

To create such a Business of Experience, all layers of an organisation have to be accounted for. These layers are the Individual Contributor (micro), teams and departments (meso), the institution (macro) and lastly the whole community around it (mega). These layers help to approach the wicked problem more systematically, by developing a separate strategy for each of them. These were translated into the 4 CO: strategies:

CO:NTRIBUTION:

A strategy to engage and empower each employee

CO:LLABORATION:

A strategy to fosters collaboration and knowledge transfer between silos to challenge them

CO:ORDINATION:

A strategy to give one or more persons the responsibility to coordinate experiences and make decisions regarding them

CO:-CREATION:

A strategy to allows all stakeholders to be involved in the development process

A Business of Experience however, or the 4 CO: strategies, are not likely be realised and addressed within one step. Rather it takes a step-by-step approach with different measures over time to work towards the vision. These steps can be aligned with the Design Maturity-, ADKAR-, and 4e's model. These models are not new in the field, however, are combined in a novel way to define where an organisation stands and uncover a step-by-step approach for creating a Business of Experience.

A good starting point for the BMW Group, but also for any organisation that wants to become more experience driven, is the creation of a Centre of Excellence (COE). This central facility within an organisation, leverages the resources that are already there and provides the rest of the organisation with the coordination, research, knowledge, support, trainings, and enablers to become more experience driven. To conclude, it is highlighted that transforming an organisation into a Business of Experience is a complex task and the developed strategy is marked by several research constraints given the limitations within a master thesis. Thus, further recommendations were given focussing on the first two horizons, since after the creation of the XCOE it is time that will teach about the exact subsequent steps and measures to take in the final horizon and towards the vision. In fact, the creation of the XCOE will never be done. The value lies in its resilience, constant learning by doing, experimentation, and its ability to adapt quickly to changing circumstances. It was already proven that an experience driven organisation benefits from competitive advantage, loyalty, and profitability (institutional level). This research additionally shows the unique values of the creation of a XCOE to each other organisational level, as well as the value of using a strategic design approach to address complex issues in which needs of many stakeholders have to be accounted for.

To finalise this thesis, I would like to reflect on the process, my professional and personal learnings and the time being a graduate at BMW.

During the process of this thesis, I realised how different it was working alone on a project this size. It was only now, that I noticed how much I try to find confirmation in literature or business examples and put things into frameworks to analyse patterns, but also to feel safe. Because frameworks make logical sense and people believe them. However, to being a strategic designer also still belongs a part of intuition and creativity. I found it difficult to make decisions, to let go, and to find this designer back after working already for more than a year at BMW, where I never really had to apply any of these skills anymore. I also realised how much I like to work with others and use their individual skills to become inspired myself. After doing many interviews in the beginning of the process everything went quite well. In the middle of the project however, where I worked mainly individually, I slid into a phase of feeling stuck, trying to check all the boxes

6.3. PERSONAL REFLECTION

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So since in this whole thesis was talked about mindset, I would like to finish off reflecting on mine. Already far before starting the project, I felt a lot of respect for this time laying ahead of me. I had seen so many of my friends struggling in this part of their life, that I became afraid of what would happen to me. Looking back, I now really think I started off with the wrong mindset here. I now see it as a self-fulfilling prophecy, in which certain expectations lead to confirmation of these expectations. I became aware of this during the project when things did not go that well, and literally tried to shift my mindset like I hope to shift mindsets with the outcomes of this thesis. The desire is there, because who would not want to approach every challenge in life with heaps of optimism and the thought that everything will turn out fine, whatever struggle one may face. I think one of the ways to approach this is with mindfulness and meditation. I started to gather knowledge and enablers through mainly podcasts and a diary. I am still learning, but can already tell that I felt less blocked, stressed and more grateful during my last weeks of this project, building reinforcement to keep on going. I am amazed about how this real-life example shows the effect of the ADKAR approach, and what I can take with me personally and professional after this exciting project.

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8. APPENDICES

APPENDICES

- I. **Derivation of the term User Experience**
- II. **Customer Analysis BMW**
- III. **„Purpose“ explained by example organisations**
- IV. **Semi-Structured Interview Guide**
- V. **Interview Statements & Clustering**
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