

**GERARD
STREET**



HEADPHONES AS A SERVICE

FINDING THE RIGHT CUSTOMER AND DESIGNING THE BRAND

Master thesis - July 2017

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**GERRARD
STREET**



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EXECUTIVE SUMMARY

In 2014 two Industrial Design alumni from the TU Delft decided that they wanted to start a company that will demonstrate that a circular business model can be viable. They have developed a modular headphone, which they provide to customers as a subscription. Customers pay a monthly or yearly fee for the use of the headphone, which entitles them to free repairs and upgrades over time. The company has been growing steadily but too slow to become a sustainable business. One of the challenges they face is that need a better understanding of their customers in order to effectively build a brand and grow their business. The following assignment was therefore formulated for this thesis:

“Refine and validate Gerrard Street’s **target segment** and redesign its **touchpoints** with Gerrard Street”

The analysis focused on creating a clear definition of Gerrard Street’s most important customer segment and on repositioning the brand. The synthesis and final design demonstrate how this should be implemented within Gerrard Street’s service through the design of a touchpoint.

Refining the target segment

Through a analysis of Gerrards Street’s internal environment was found that their business model is still in the early phases of adoption. It was therefore decided that Gerrard Street should focus their energy on targeting early adopters to build a strong brand before going after the early majority. The literature helped with describing the early adopters of services as young, well educated, having a high social status and do not mind taking risks. Customer research was used to develop a deeper understanding of the early adopters of Gerrard Street’s headphone service. Qualitative exploration through interviews provided direction for the target segment. A survey is used to sharpen that direction and to test some of the insights gathered during the qualitative research. Based on the customer research the target segment is described as:

Young educated men that live in an urban area, who listen to music at every opportunity and use music as a social connector, he values progress and change and works toward self-fulfillment. The need for self-fulfillment is divided into three sub audiences that Gerrard Street can use for specific targeting:

- The passionate musician looking for musical fulfillment
- The young achiever looking for Professional fulfillment
- The Sporty lifestyle looking for Athletic fulfillment

Repositioning the brand

Gerrard Street’s mission is: “We will take the next step towards a circular economy by developing circular consumer electronics” Gerrard Street noticed that the market for people that are into the circular economy and headphone is too small. Therefore it is decided that they should demonstrate that the circular economy benefits the consumer more than traditional solutions, instead of focusing on the environmental image of their service.

The headphone market, the competitive landscape and the environment of the consumers has been explored. Headphones have transformed from rather technical devices to lifestyle products. This led to many new entrants and a highly fragmented market, making it difficult to Stand out. Gerrard Street is competing in this market based on product form for a premium price with fewer features than its competitors. They also lack a specific lifestyle or a strong legacy. It is therefore concluded that they should put the emphasis on developing their service, which is the main differentiator from the competition. Based on new the target segment and the findings of the analysis Gerrard Street has been repositioned as:

Gerrard Street, the audio service for doers, not talkers, for users, not owners, that connect through music and desire a great sound, care-free.

Five design principles were created that provide guidance on how to express the Gerrard Street brand:

- Be Bold Confidence - Outspoken - Direct - Unapologetic - Doers
- Why so serious? Surprising - Fun - Professionally avoiding Seriousness - Don't speak your parents language
- Quality is usability Making sure that you can always enjoy great sound experience - Here to serve - All grown up - keeping you online
- Circular products are better For everyone, but especially for our customers - Smarter choice - no brainer - Modularity - Repair instead of waste
- Engaging - A relationship - join the gang - Steer towards conversation instead of statements - Customer community - Honest about taste

Synthesis

To implement the new positioning for the newly formed target segment a touchpoint strategy was created: Adding value through the service by delivering a personal and social experience.

An analysis of Gerrard Street's current customer journey map pinpointed how they should adapt their service in order to deliver the desired experience. Ideation sessions on these on these different phases were used to develop a desired customer journey that serves as a vision for the development of Gerrard Street's service. Moments of truth were allocated to parts of the Desired Journey that were especially relevant for achieving this vision. The moment someone's headphone breaks down has been selected as the moment of truth. The repair experience is truly unique for the Gerrard Street's brand, since it is the moment where they deliver on their brand promise of providing a great sound carefree.

The final design

The moment someone's headphone breaks down is usually considered as a very negative experience. The repair experience has been designed to radically change the perception by providing a moment where negative

energy becomes something great and sharable. The customer should feel empowered by fixing their headphone, since they do not have to throw it away. The aim of the design was to let the customer consciously experience this moment, providing positive feedback and adding extra satisfiers. The final design serves as an example for Gerrard Street on how they can implement the findings of this thesis.

PROJECT INTRODUCTION

Gerrard Street is a young company that was started by two guys that were fed up with their headphones breaking all the time. They believed that is wasteful to throw away headphones which only have minor defects. They got inspired by the idea of the circular economy and decided to found Gerrard Street with the following mission:

Take the next step towards a circular economy by developing circular consumer electronics.

They have developed a modular headphone, which they provide to customers as a subscription. Customers pay a monthly or yearly fee for the use of the headphone which entitles them to free repairs and upgrades over time. After a successful crowdfunding campaign in the summer of 2015, they acquired their first 400 customers and they were able to produce their first batch of a 1000 modular headphones. Since the delivery in may 2016 they have steadily grown towards 650 paying customers.

PROBLEM DEFINITION

The customer growth, which was accelerated with the crowdfunding campaign has been stable, but slow over the last months. Gerrard Street needs to grow faster in order to reach a scale where they can become a sustainable business. They believe that in order to achieve faster growth, they need to invest more money in marketing. Before investing in marketing they want a effective process for acquiring new customers. To achieve this they need a better understanding of their target segment, so that they can develop a cost efficient process of reaching and satisfying these customers. The problem statement is therefore formulated as follows:

Gerrard street needs a better understanding of their customers in order to effectively build their brand and grow their business.

ASSIGNMENT

To become more effective in acquiring new customers and to build their brand Gerrard Street needed a better defined target segment and a plan on how to serve this segment. The assignment for this thesis was therefore formulated as:

“Refine and validate Gerrard Street’s **target customer segment** and redesign its **touch-points** with Gerrard Street”

Through an internal and an external analysis accompanied by customer research Gerrard Street’s target segment has been refined. Based on the target segment, the internal and external analysis a brand vision is written. This vision served as a guide for the proposed experience at the different touchpoints.

The second part of the assignment was to redesign a touchpoint the target customer has with Gerrard Street. The brand vision was used to ensure that the brand experience at this touchpoint was coherent. The current customer journey was mapped and analyzed to understand Gerrard Street’s process for acquiring and serving their customers. Through ideation sessions a desired customer journey was created that sets the future objective for Gerrard Street’s service.

One moment of truth in the Journey has been selected at which Gerrard street fulfills their brand promise. The first repair has been redesigned to provide a better experience and to fit the Gerrard Street brand. De design has been tested and evaluated upon.

APPROACH

The analysis phase focused on solving the first part of this projects assignment: Refine and validate Gerrard Streets target segment. Gerrard Street's internal and external context were analyzed, followed up with extensive customer research. The insights gathered were summarized and clustered in order to define the target segment. Furthermore the insights from the analysis in combination with the target segment were used for developing the brand vision.



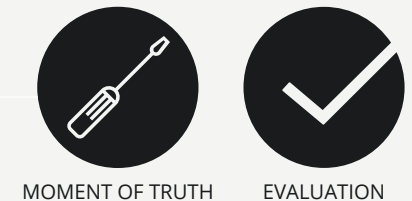
ANALYSIS

The synthesis phase focused on implementing the brand strategy formulated in the Brand vision. This strategy is translated to a design brief. After which Gerrard Street's current customer journey is mapped and analyzed. Based on this analysis ideas are generated and a desired journey is created.



SYNTHESIS

One moment of truth is selected and developed into a service prototype that tested and iterated upon. Lastly the design and project are evaluated



DESIGN



1. INTERNAL ANALYSIS

The internal analysis assesses Gerrard Street's mission products and services, objectives and strategy, current customers and the brand.



1.1 COMPANY ANALYSIS

In 2014 two Industrial Design alumni from the TU Delft decided that they want to start a company that will demonstrate that a circular business model can be viable. They started a headphone as a service company with the following mission:

“We will take the next step towards a circular economy by developing circular consumer electronics”

The mission consists of two parts: The circular economy and consumer electronics. First the circular economy will be explained followed by Gerrard Street’s first step into consumer electronics, namely headphones as a service is explained.

CIRCULAR ECONOMY

The circular business model is at the core of Gerrard Streets mission. Therefore it is important to understand what it is and why Gerrard Street is pursuing it. The circular economy is a solution for the fact that the world only has finite resources. It proposes that products should be developed for a closed loop system in which products are returned to manufacturers after they have been used. This creates an incentive for manufacturers to develop products that are more durable and are designed so that they can easily be repaired, upgraded and recycled. (Ellen Macarthur Foundation, 2016)

There are several ways for businesses to develop a closed loop system around their products. Businesses could use a buy back system where customers get rewarded for returning products to the organization that they bought it from. Gerrard Street chose for a subscription model, which is another option for closing the loop. In this model customers pay for the use of the product instead of the ownership. Customers will have to return their product after they stop their subscription, thus closing the loop.

In theory this model should be able to create a win-win situation for the customer and the company. Since the customer gets a carefree product that

is designed to last, for a monthly fee. The company receives a steady stream of income, is able to recycle or repair the returned products and is able to cultivate strong customer relationships. Compared to regular companies it enables them to profit from their products over a longer period of time.

Cultivating a circular business model provides the company with an environmentally friendly image. This image however is something that the founders are struggling with. They have noticed that being the environmentally friendly headphone company is not the type of image that want to reflect to their young male customer base. Furthermore they have noticed that many of their customers generally do not fit the stereotype environmentally aware customer. For this reason they are not emphasizing the environmentally friendly aspects of their service towards consumers.

The founders view on the topic is mainly that the circular economy is a smart and better way of developing products. Gerrard Street is founded to demonstrate that this theoretical framework can be adopted by a viable business. The circular economy is therefore currently only part of the founders’ personal mission as they believe that their current customers do not care to much about the environmental aspects of the Gerrard Street service. A challenge for developing the brand is therefore if and how Gerrard Street’s mission should be communicated to customers.

INSIGHT

If Gerrard Street successfully wants to fulfill their mission of taking the next step towards a circular economy, then they should demonstrate that the circular economy benefits the consumer more than traditional solutions, instead of using it to provide a green image.



Figure 1.1: Headphone delivery box

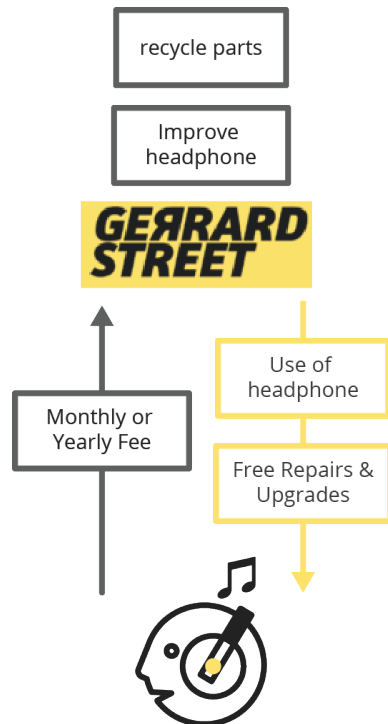


Figure 1.2: Business model

THE SERVICE

The second part of Gerrard Street’s mission is to develop circular electronics. They decided to develop a headphone. Both founders are music enthusiasts that have owned several headphones. They noticed that headphones often become useless after only minor defects, which makes the product attractive for a circular business model. Furthermore headphones are relatively easy to develop compared to other consumer electronics.

Currently they are offering one product, “The Bird”, which is a premium over ear headphone that is completely modular. The different parts fit into a flat box, which fits through the mailbox. The customer receives the box containing the parts (figure 1.2) and after a simple assembly the headphone is ready to use.

Gerrard Street lets customers pay for the use of the headphone instead of letting them own it. This makes Gerrard Street responsible for repairing the headphone and for developing upgrades over time. In return customers pay a monthly or yearly fee. This service differs from other audio companies, because they deliver the headphone as a service directly to the end customer instead of only developing and distributing the headphone through online and offline retail channels.

The Bird is a premium headphone with only the basic features. Gerrard Street is therefore also developing a high end model “The Boss”, which will support wireless listening and phone calls. This headphone is expected to be launched in Autumn 2017, but can already be pre-ordered online.

Pricing

Gerrard Street has over 650 customers. The initial crowdfunding customers pay a monthly fee of 5 euro. After that prices went up to 7,50 per month. The estimated revenues are around 3250 euro per month. The bird costs 7,50 and the Boss will cost 10 euro per month.

If paid yearly instead of monthly, there is a two month discount and many people received discounts on their current plans, through promotions.

Channels

Acquiring customers often proposes the biggest challenge for startups. The high costs of obtaining customers is one of the reasons many startups fail. (Blank, 2013) It is therefore important to understand how Gerrard Street currently acquires customers. This part describes how through which channels they are currently acquiring an retaining customers.

Gerrard Street offers their headphone directly to customers via their website, which is their only sales channel. They do offer discount cards at events, but customers still have to register themselves on the website. They also explain the concept and communicate the services' benefits on their website.

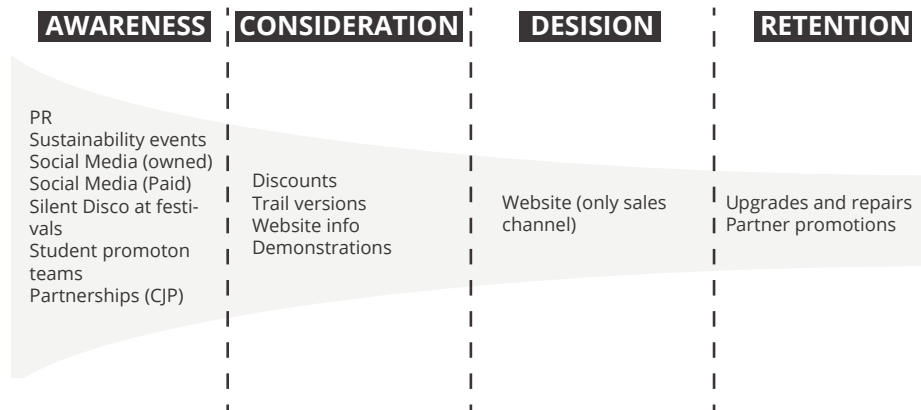


Figure 1.3: Acquisition funnel Gerrard Street

Furthermore they have a Facebook, Instagram and Twitter account, which they use for posting content and promotions. Facebook is currently the only active channel.

Promotion

Gerrard Street has been experimenting with several promotional strategies. Since they are a startup with limited resources, they are not able to use traditional marketing channels such a television commercials, printed media or radio. This requires them to think creatively about receiving exposure and acquiring new customers.

Currently they are mostly focused on online advertising and partnerships with different organizations. Different messages and audiences are tested on Facebook via different advertisements. These are measured to see which works best.



Figure 1.4: Bird as presented on the UK website, where the bird is not yet sold

Why pay 300 euro for a headphone:

Premium headphones can be expensive, examples are Beats and Bose headphones which range from 200-300 euro. Gerrard Street claims to offer the same value but cheaper. A focus on financial benefit of the service

INSIGHT

Gerrard Street promotes its service as providing a Great Sound, Free Repairs, No catch, Free upgrades, smart reuse

HOEZO ZOU JE €300 DOKKEN VOOR EEN KOPTELEFOON?



**TRAKTEER JE
OREN OP DIK
GELUID!**



**ONGELUKJE?
ALLE SCHADES
ZIJN GEDEKT!**



**RELAX, JE ZIT
NERGENS AAN
VAST**



**GRATIS
UPGRADES
DOOR SLIM
HERGEBRUIK**

Figure 1.4: Promoted benefits: Screenshot Gerrardst.nl

Treat your ears with awesome sound:

The Headphone's sound has been engineered by the exclusive Dutch speaker brand Sheek. This is used to boost the credibility of selling a premium headphone which delivers a high quality sound.

Accident? All damages are covered:

Gerrard Street takes away the risk of breaking your premium headphone.

Relax, there is no commitment:

You can quit your subscription at any time you like. Which is lowering the threshold to subscribe.

Free upgrades through smart reuse:

There is a lot of headphone waste. Gerrard Street recycles parts which can be used for upgrades. Gerrard street is a conscious consumer choice. These are two benefits communicated in one sentence.

RESOURCES AND CAPABILITIES

Strategically valuable resources could deliver a competitive advantage for a company. (Collins and Montgomery, 2008) Strategic valuable resources are difficult to copy, depreciate slowly. Your company – not employees, suppliers, or customers – controls their value. They can't be easily substituted. They're superior to similar resources your competitors own.

Customer Base

One of Gerrard Street's most valuable resources is their customer base. Gerrard Street's model provides them with the opportunity to create long lasting relationships with their customers. This direct link provides many advantages over competitors. Traditional audio companies sell through retailers or online channels, which provides few options for communicating with customers after purchase. This model makes direct contact with customers easy.

Young Startup

Another intangible asset is that Gerrard Street is a young company with a likable business model. This provides them with a likable image, free PR and social media coverage. A disadvantage is that this resource will depreciate as they become a larger organization.

Flexible

One of Gerrard Street's capabilities is that due to their size they are still very flexible. They have been following the lean startup method, which sees a startup as a series of scientific experiments in order to find a new scalable business model. Furthermore its motto is that it is best to fail fast and learn from your mistakes. (Ries, E. 2011) They work according to the Lean Startup Method, which makes it possible to experiment with their business model and to adapt fast to changing conditions. This gives them an edge on the traditional audio companies, which tend to be less flexible.

Weaknesses

There are however also weaknesses, when comparing Gerrard Street's assets and resources to its competitors. Financial and organizational resources are limited compared to the larger audio companies that can produce large quantities of headphones, which drastically lowers production costs. Furthermore there is less knowhow on the development and production of headphones, which makes it more difficult to develop a premium product. It will be difficult for Gerrard Street to compete based on technological aspects

INSIGHT

Gerrard Street's direct service sets them apart from competitors that are generally only focused on developing and distribution.

The lack of resources will make it very difficult for Gerrard Street to become a leader based on technology aspects.

1.2 OBJECTIVES & STRATEGY

Gerrard Street's first batch of 1000 wired headphones will be sold out in the next couple of months when they have sold 800 headphones. They need to keep enough headphones in stock for future repairs. An updated wired model and new wireless model will be developed and launched Autumn 2017. For this launch they will organize another crowdfunding campaign to raise money and obtain pre-sales. The objective is to reach 4000 customers at the end of 2017. If the launch of their second model in the Netherlands is successful they plan on expanding towards other countries in 2018.

Segmentation strategy

To formulate a segmentation strategy it is important to understand to what extent Gerrard Streets service has been adopted by the market. The diffusion of innovation model as proposed by Rogers(1983) proposes some insights. This model works by dividing consumers into categories based on when they adopt new innovations. The Categories organized from first to adopt innovations to last are: the innovators, the early adopters, the early majority, the late majority and the laggards.

For Gerrard Street the innovation is the leasing model of headphones and not the headphone itself. Therefore an adoption is defined as a consumer subscribing for their service. The goal is to go from 650 customers towards 4000 customers within the next year. Gerrard Streets estimates their beachhead market at 180 000 potential Dutch consumers. Right now with 650 customers they have a market share of less than 1%.

28 800 customers (16%, as stated by Rogers) of those 180 000 customers are estimated to be innovators or early adopters. The goal of 4000 consumers before 2018 would mean around 14% of all innovators and early adopters within that market. It would therefore be advised to stay focused on the innovators and early adopters instead of shifting to the early majority.

The importance of being successful among the early adopters is stressed by Rogers, since they are the opinion leaders that will affect if the mass will follow. Research by Beverland and Ewing (2005) supports these findings, since they found that targeting later adopters can result in a short term successes

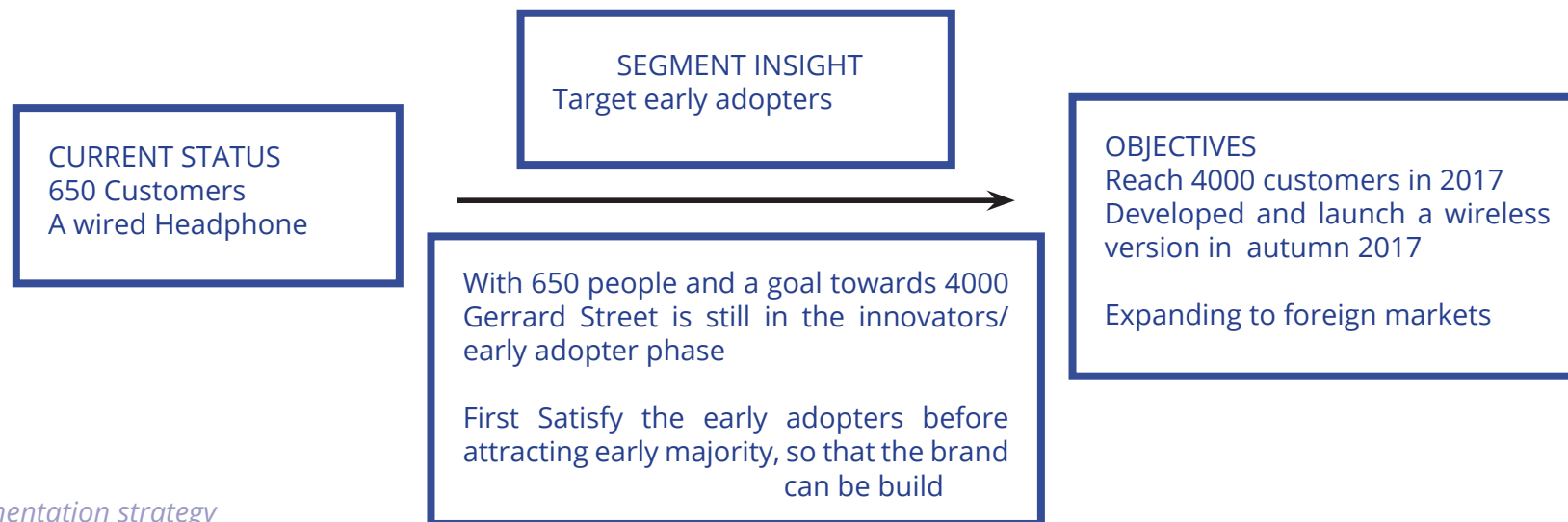


Figure 1.5 Segmentation strategy

instead of the establishment of long term brand value. This is caused by the fact that later adopters could undermine the brand for innovators and early adopters, before the brand is well established.

INSIGHTS

Gerrard street is still in the early phase of adoption, which means that they should try and build a brand based on the early adopters. The research question that should be answered to find an appropriate target segment in this analysis is therefore who are the early adopters of Gerrard Street's headphone service. This has been answered by reviewing literature on early adopters in chapter 1.3 and by conducting customer research in chapter 3.

1.3 CONSUMER ANALYSIS

This part describes Gerrard Street's current customers and their target segment. Some literature is reviewed to provide a framework for describing a target segment. Furthermore Gerrard Street's current segments and assumptions are tested.

A framework for segmentation

Companies know that they cannot appeal to all people at the same time. Therefore many companies divide a market into segments: smaller groups of potential customers that are similar based on some properties. Charles W. Lamb (2003) describes it as follows: "Market segmentation is to divide a market into smaller groups of buyers with distinct needs, characteristics, or behaviors who might require separate products or marketing mixes." Markets can be segmented on various properties. Segments must be groupings that are homogeneous within segments and heterogeneous across groups.

There are several bases that can be used for segmentation. The bases are often divided over four categories: Geographics, Demographics, Psychographics, and behavior. (Armstrong and Kotler. 2010). A segment is often based on several categories since only using one category lacks some rich information about the customer and its preferences. These bases are used for the questions in the customer research and for redefining Gerrard Street's target segment.

Gerrard Street describes their target segment as "Men aged 20-30 that love music". This segment is based on the demographics gender and age and on one interest: the love for music. It is a fairly general description for a customer segment, because it has only been refined based on one demographic. Furthermore "that love music" is not descriptive enough to divide men in two groups: Men that love music and men that do not love music, since when asked almost all people tend to say they love music. The founders derived these traits mostly by evaluating their first customers. When looking at the statistics, (figure 1.9) you can see that only 23% of their customers are female. From the histogram (figure 1.8) could be derived that there is an age equal

distribution of men, but that there is a huge peak at 20-31, which accounts for roughly 64% of men and 48 %of all customers.

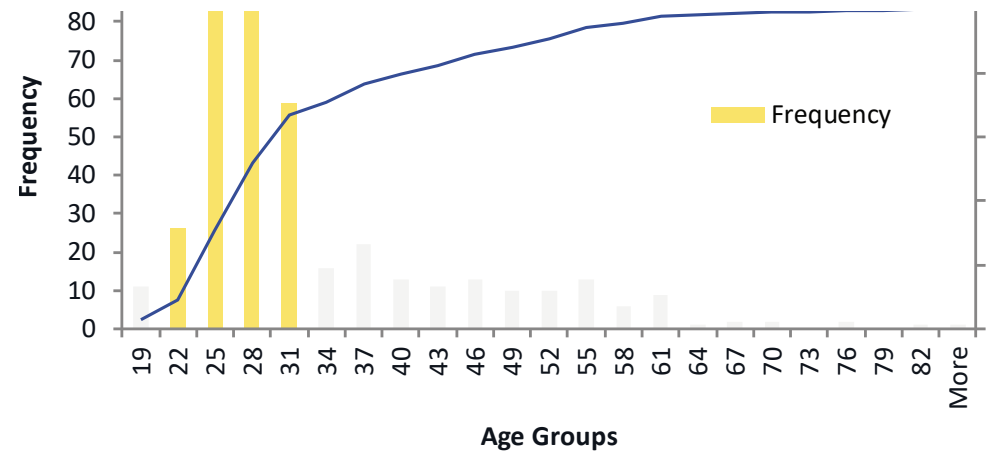


Figure 1.8: Age distribution men

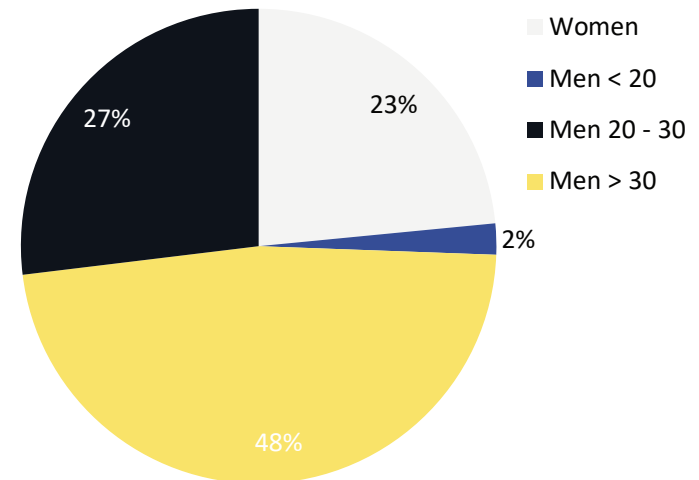


Figure 1.9: Gender distribution

Appeal to teenagers

Only 2% of Gerrard Street's customers are below 20 years old. Which is striking since this group generally uses a lot of mobile accessories. A research among teenager by Statista (Richter 2014) demonstrated the importance of a cool brand for teenagers when buying a headphone. When asked which headphone they would buy next, 46% said they would buy a Beats, followed up by Apple (25,3%) and Skullcandy 9,8%. Traditional audio legacy brands such as Sony (4,2%), Bose(3,3%) and JVC(1,8%) seem not to appeal to the younger consumer. This demonstrates the importance of being a well known fashion/lifestyle brand for young consumers and might explain why Gerrard Street has not yet been adopted by this younger age group.

Why men

Gerrard Street's started targeting men, after their crowdfunding campaign. They evaluating their customers and noticed that more that 75% of their customers were men. For this thesis three females were interviewed about their opinion of Gerrard Street and the headphone to better understand a female perspective. The females were all within Gerrard Street's target age of 20-30 years old. The group consisted of one ex-customer, one headphone owner and a earplugs owner. Two of them were in favor of the circular concept, but thought the headphone was too big and bulky for a girl. One already possessed an urbanears headphone, which looked better in her opinion. Although three women are not a representative group for the entire female population, it does give some insights in how the Gerrard Street Headphone is perceived by younger females and it can be concluded that this design does not yet appeal to them. It does however provide an opportunity for the future to start developing a headphone that might appeal more to females.

Early adopters

In chapter1.2 objectives and strategy was concluded that Gerrard Street should target early adopters. Technically all their current customers qualify as early adopters, since they are early in adopting Gerrard Streets new service. For narrowing down the target segment is important to understand

what makes Gerrard Street's early adopters unique compared to the general profile of early adopters of new innovations. Some literature was reviewed in order to create a general profile for early adopters. This profile can be used in combination with the insights gathered during customer research for evaluating which traits of Gerrard Street's customers are distinctive for Gerrard Street and which traits can be linked to a profile of early adopters in general.

According to Rogers (2010) younger adults are more likely to be Early adopters of innovations. This is coherent with Gerrard Streets target market of men aged 20-30.

Several researchers found that early adopters have higher educational levels and social status compared to other adopter groups. They are often more socially forward and have a high degree in opinion leadership. (Rogers, 2010, Mahajan et al. 1991)

Klink (2010) characterizes early adopters as being comfortable with taking risks and uncertainty. (Rogers, 2003 as cited by Klink 2010) Which might explain why customers order a headphone from a startup, without the credibility of larger audio brands.

In-Stat market research (2010) about early adopters in America found that early adopters were more likely than other adopter groups to use one demand and pay-per view services.

The early adopter profile based on the findings is therefore describes as: Early adopters are young, well educated, have high social status, Do not mind taking risks and are more likely to buy services

CUSTOMER SEGMENTS

A session with Gerrard Street Founder Tom was conducted to create a better understanding of Gerrard Street's potential segments behavioral. The customer segment part of the Value Proposition Canvas form the book Value Proposition Design was used(Osterwalder, A. (2015) This method uses behavior as base for segmentation in the form of jobs to be done, pains and gains. The input is based on Tom's experiences. From the session could be concluded that there were different motivations for customers to order a Gerrard Street headphone. The process is described in figure 1.10. One general segment with four subsegments were created, which provide insights in the needs, pains and gains of their potential segments. The analysis lacks psychographics and therefore a last step was added to provide insights in the what type of customers are within the sub segments. A brand for each sub segment has been selected, that is believed to appeal to customers within the subsegment. The website and Facebook page of these brands have been analyzed and finally similar brands were selected with a Facebook function that lets you search for pages that have similar audiences as the reference brand.

Main segment: Men aged 20-30 that love music

This is the broadest description of the customers Gerrard Street is targeting. The pains gains and jobs to be done can be found in figure1.11. This segment suggests that the main reasons for people to order a Gerrard Street are that they want a premium headphone play high quality music and because they dislike the quality that cheaper ear and headphones are delivering.

The service Lovers

Behavior: These men are sold on the idea that they can **carelessly use a premium headphone** and care for the accessibility of products. They have arranged their lives with many subscriptions such as streaming services, public transport cards and sharing initiatives. They love the fact that their headphone will be **repaired once broken** and that they will receive **updates over time**. Psychographics: Gadgets and **innovations** attract to

them. They are interested in new products and models. Furthermore they use the **Internet** a lot for their jobs and for leasure.

The Music pioneer

Behavior: The source of value is functional because they **want a high quality sound** and also feel that **normal earphones deliver poor quality**, Psychographics: They want to wear a premium **headphone that fits their lifestyle**. These men actively make music and want to **express their love for music to the people around them**.

The budget conscious consumer

Behavior: These customers see value in the **financial benefit**. They desire **better sound quality** than regular earphones and headphones, but do not

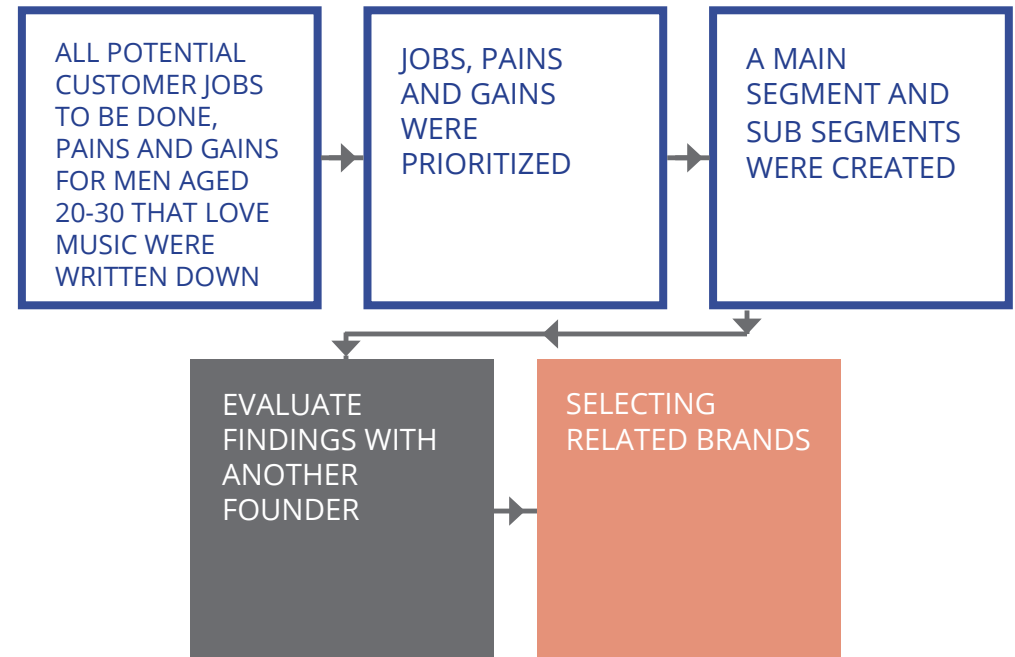


Figure 1.10: Customer segment analysis

want to spend too much money on a premium headphone and are looking for a good deal. Compared to the main profile, the most important pain for this group is the fact that **premium headphones are expensive.**

Psychographics: They are interested in innovative products and services that save you money, such as Airbnb and Uber.

The conscious consumer

Behavior: They buy products from companies with a **socially responsible** mission. Outspoken about things that are wrong in this world.

Psychographics: The source of value is mostly psychological. They feel good for being part of **a sustainable initiative.** These men like new initiatives that promote a more sustainable way of using products and believe that it is the right thing to do. They feel the **pain of being a western consumer.**

The complete profiles with value proposition canvas per segment are described in appendix A. The profiles served as hypothesis in the customer research and were used for setting up interview questions and topics.

Conclusions

The outcome of several different sub segments indicates that the Gerrard Street's service appeals to different groups of people for different reasons. This proposes challenges for building a strong brand since a strong brand needs a coherent story. Therefore it is recommended to build the brand based on the general pains gains and jobs to be done and a combination of the different segments. Since in reality most customers will probably be a combination of the subsegments. Customer research is used to explore the behavioral and psychographic aspects are shared among all customers and can therefore be translated to the target segment. This consumer analysis lacks some characteristics such as geographic, demographics which are also further explored during the customer research in chapter 3.

INSIGHTS

Gerrard Street describes their targets segment as men aged 20-30 that love music.

Youngsters like legacy or lifestyle brands which might explain why Gerrard Street has not been adopted by this group

The bird's design does not attract females

Early adopters are characterized as young, well educated, have high social status, Do not mind taking risks and are more likely to buy services



Figure 1.11: Customer segment (Value proposition canvas)

1.4 BRAND

Gerrard Street is still defining their brand. They feel that they have not yet validated their brand enough to fully commit to one direction. The current brand is partly build based on a company assessment by FreeKick strategy consultants, which provided Gerrard Street with a company profile that describes their values and recommendations how to communicate with customers. Gerrard Street used this profile as guide for brand. Their core values described in the profile are:

Change, independence and Enthusiasm

Furthermore they are balancing between being a leader, advocating change, autonomy and inspiration. Based on the values and the communication style Gerrard Street selected three words that describes their brand identity:

Lef, Bruisend and Zorgeloos

Lef directly translated means courageous, guts or bold. They dare to do something new and different. (Start a new business). They want to be sharp and provoking in their communication. Gerrard Street identifies with brands like Nike and Tesla on this point.

Bruisend directly translates to carbonated, which does not accurately cover the term. Bruisend is meant in a sense that Gerrard Street is a young, energetic and fun brand that uses informal language. Brands that Gerrard Street associates with bruiseend are Tony's Choclonely and Grolsch.

Zorgeloos translates to carefree, but it also carries a touch of lightheartedness with it. Carefree is not meant as low involvement, something you don't care for, but more as something you like but don't have to worry about. Zorgeloos stand for the service Gerrard Street is delivering. Gerrard Street compares zorgeloos to brands like Spotify and Car2go, which use carefree as part of their brand promise.



Figure 1.5: Brands associated with Lef, Bruisend and Zorgeloos

Brand look and Feel and tone of voice

Analyzing Gerrard Street's website, Facebook and style guide offer an insight in how Gerrard Street's uses the words Lef, bruiseend and zorgeloos to establish their identity. The insights on the look and feel and tone of voice of the Gerrard Street brand are discussed using several examples.

Bruisend (young energetic) is expressed through tone of voice

Gerrard Street uses informal language in most of their communication with words that could be considered "slang". The way the service is promoted on the website (figure 1.4) is an example of how this slang is used. Words like dokken, dik geluid and relax, which mean pay, great, and take it easy indicate that the brand should appeal to a younger audience. This is linked to the value "bruiseend" as described in the previous paragraph. Gerrard Street is energetic and young that is why they do not want to sound to seriously. A remark for the benefits is that they are mostly communicated in a persuasive style instead of authoritarian like the referenced brands Nike and Tesla.



Figure 1.6: Facebook Post: Noise cancelling, coming soon

A Facebook post that demonstrates “Bruisend and Lef” is the post where they announce their noise-canceling headphone the day after Trump won the elections. It showed some gut because it showed that Gerrard Street is not afraid to make a political statement in funny way. Furthermore it was not meant to seriously which relates to the energetic/contagiousness of Gerrard Street identity.

Courage-gut is expressed through visual style

Gerrard Street’s style guide is mostly based on the word Lef (Courage/gut). The style is very outspoken, using high contrast colors and a lot of black in their presentation. The logo and most statements are in extra bold and all capital letters typeface. The dark theme with bold type faces is similar to the style of Nike, which demonstrates authority.

Yellow to demonstrate bruissend and zorgeloos

According to founder Dorus Galema, they selected yellow as a secondary color to adjust for the other words Bruisend and Zorgeloos. Yellow was

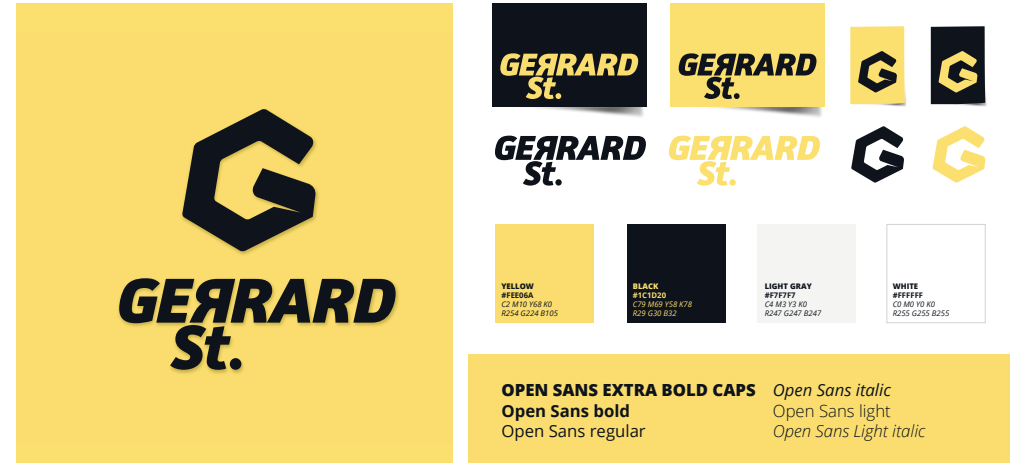


Figure 1.7: Style guide, Gerrard Street

considered an iconic but more friendly color than for example red or blue. The Yellow should give the brand some lightheartedness.

INSIGHTS

Values are Change, Independence, Enthusiasm that are expressed with Lef, Bruisend, Zorgeloos

Gerrard Street uses informal language/Slang to appeal to young people and create content and advertisement should be sharp/edgy/funny

Gerrard Street mostly communicates in a persuasive manner instead of the bold courageous style they aspire



2. EXTERNAL ANALYSIS

The headphone market and trends are analyzed in this chapter. Together with the competitive overview it provides insight in how Gerrard Street should position its service to stand out.



2.1 MARKET ANALYSIS

Gerrard street is currently focused on the Dutch market. Shipping internationally is too expensive and they are currently too small to open local offices abroad. They need to reach a certain scale before expanding to other countries becomes viable. Therefore the market is defined as:

The Dutch music earphones and headphones market.

There are many different headphone categories, such as gaming headset, studio headphones and music headphones. Gerrard Street however targets music lovers and therefore is only aimed at the music earphones and headphones market.

The European earphones and headphones market has noticed a large growth in the past years and is forecast to grow around 4,6% a year between 2015 and 2023.(Global Market Insights 2016) Several important drivers for this growth are an expanding urban population, the strong distribution of streaming services and the penetration of mobile devices.

In earphone products are dominating in terms market volume, in terms of revenues however over-ear headphones accounted for 44% of global revenues and is prospected to reach 52%. Two reasons for this are that over-ear headphones are often premium products and that over-ear headphones have transformed from home accessories towards portable products that are often used on the go, letting them compete with the earplugs. Gerrard Street's motivation to develop an over ear headphone was also partly due to this premium image.

The consumer perception of ear- and headphones have seen an evolution over the past decade. They used to be fairly technical devices, which only focus on sound quality. Today headphones are developed for very specific moments and lifestyles.(Future Market insights 2015) This trend is visible by the fact that many Headphones are now branded as fashion items. Illustrative of this trend is Beats Electronics, which launched their iconic

colorful headphones in 2008. Beats used a lot of celebrity endorsement (figure2.1) and currently has a 24% market share in terms of revenues.

Gerrard Street sells a premium over ear headphone which is a market that shows promising growth forecasts. It is however a highly competitive industry with many players with broad portfolios. It will therefore be important for Gerrard street to develop a unique proposition.



Figure 2.1: Celebrity endorsement Beats by Lil Wayne

2.2 COMPETITIVE OVERVIEW

The attractive growth and high profit margins on headphones have led to a market is highly fragmented. There are many different companies and most offer wide portfolios of headphones. Furthermore new players enter the market among all price categories.

Legacy brands such as Sennheiser sell headphones priced within all price categories for every purpose. Figure 2.2 demonstrates how varied Sennheiser's portfolio is. From cheap functional headphones to expensive design headphones. They categorize their product lines by application and product form, which is fairly representative of how other legacy brands such as Sony and Philips are categorizing their headphones.

Categorized based on product form and features

- Earphones
- On-ear headphones (wired/wireless/foldable)
- Over-ear headphones (wired/wireless/noise-canceling/foldable)

Gerrard Street is competing on all product forms, since many customers used to have earphones. They are not yet competing on all features since they currently do not sell a wireless or noise-canceling version. Furthermore the headphone is not foldable.

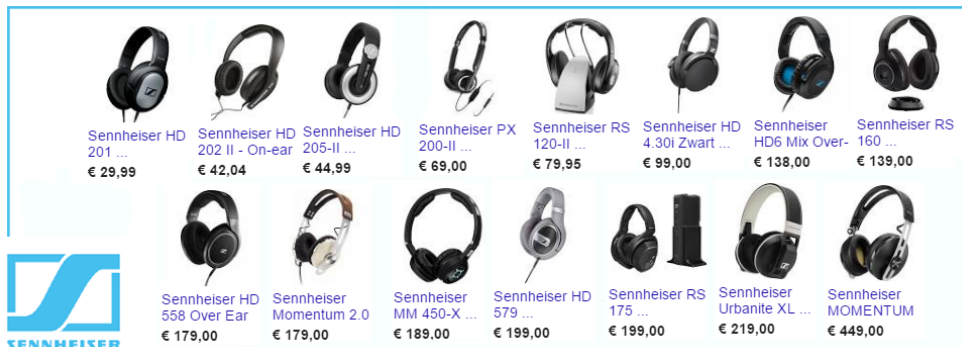


Figure 2.2: Portfolio Sennheiser

Categorized based on application

- Sound for on the go (traveling)
- For sports
- For audiophiles
- DJ Headphones
- Gaming Headsets
- In home Headset

Gerrard Street sells an all purpose headphone which is specialized for listening to music. Sennheiser presents their headphones as special for certain applications, which helps with organizing their portfolio and selling product to specific customers. Gerrard Street is mostly competing with headphones in the first category: music for on the go and at home, since their headphone is not specialized for sports and the sound quality has not been designed for audiophiles.

Competitive overview

Figure 2.3 divides provides an overview with important competitors on the Dutch market. The competition has been sorted over the following categories: The Electronic Giants, audio brands, Lifestyle brands, designer brands and industry leaders.

Gerrard Street has a small assortment with an iconic design; One wired headphone and a wireless model that is still being developed. This differentiates them from the electronic giants that sell many different models with many different designs, but it is similar to the other categories. Product design has become a very important driver for competition among Headphone manufacturers, since headphones are used increasingly out of house. (Future Market insights 2015) Except for the electronics giants and the legacy audio companies, all companies use the iconic headphone designs that fit their brand language, so that the two reinforce each other. Legacy brands work with many different product lines and the brand stands for overall quality instead of a particular design.

	 Electronic Giants	 Audio Brands	 Lifestyle Brands	 Industry leaders	 Designer Brands
Description	Large electronics brands which rely on their legacy for a strong perception of quality. They are mainly market followers.	Brands that have the advantage of being audio specific companies. Consumers perceive them as high quality brands.	Mostly young brands that convey a certain lifestyle	Beats and Bose are the market leaders with the largest revenue share. Very marketing focused	Designer brands aimed at the high class market. Focus on high quality and design
Assortment	Very wide assortment with many product lines and individual products. Only a coherent design within product lines.	Narrow assortment with few product lines Coherent design language among all products	Narrow assortment with few product lines Iconic design language	Narrow assortment with few product lines Iconic design language	Narrow assortment with few product lines Iconic design language
Marketing	Mainly market followers Target mass markets Focus on accessibility strategy	Target mass markets Have a high marketing budgets	Target niches: Specific lifestyles by being present in their target groups lives Mostly younger consumers	Beats is a lifestyle brand aimed at younger consumers Bose is a quality focused brand aimed at older consumers	Target niches: High end lifestyle market Targets slightly older customers
Price range	Budget €20-€50 Medium €50 - €150 Some premium lines €150 -€400	Medium €50 - €150 Premium lines €150 -€400	Affordable for a younger age group Medium €50 - €150	Mass markets for premium prices Premium lines €150 -€400	Niche markets for premium prices Premium lines €150 -€400

* Sennheiser is an audio brand but fits the electronic giants because of their large portfolio

Figure 2.3: competitive landscape

Marketing strategies are clearly different for each category. Electronic giants and the audio companies are mostly focused on availability in as many online and offline places as possible to target mass markets. Beats and Bose have the highest marketing budgets, using a lot of celebrity endorsement and sponsoring expensive events, while targeting a well defined segment. The lifestyle brands are promoted by being present at events that suit the proposed lifestyle: e.g. Skullcandy at extreme sports events and Marshall at music concerts. They have a very well defined target segments based on psychographics. The designer brands rely more on being available in expensive stores, magazines and PR and aim at high class consumers. All

companies except for the electronic giants aim for acquiring a strong position on social media, such as Facebook and Instagram. What becomes apparent when looking at the overview is that Gerrard Street is most similar to the lifestyle brands by targeting younger consumers. Lifestyle brands however are in a lower price range than Gerrard Street. Gerrard Street's marketing budgets are far lower than its competitors which is why it makes no sense to target mass markets or focus on a availability strategy. Therefore they should focus on a differentiated marketing strategy by finding a specific segment that has not been addressed by the competitors.

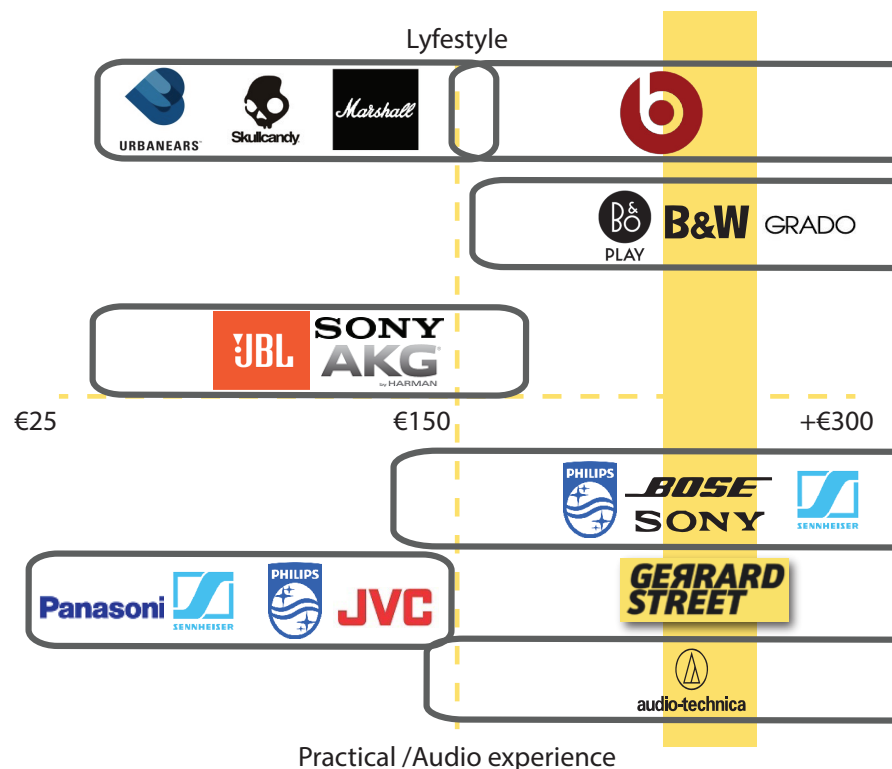
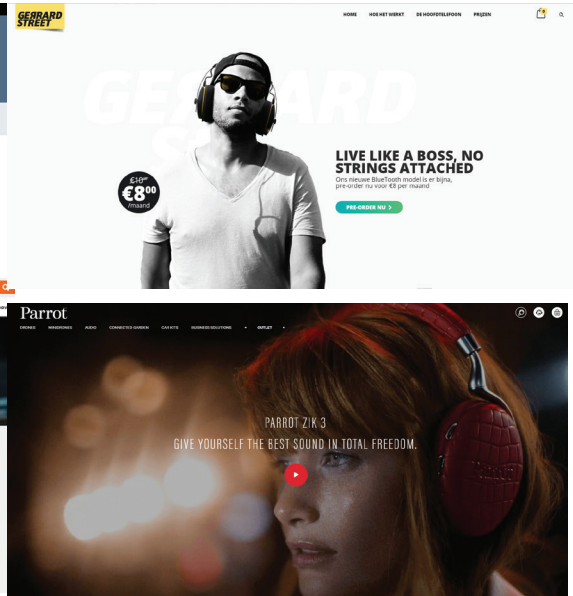
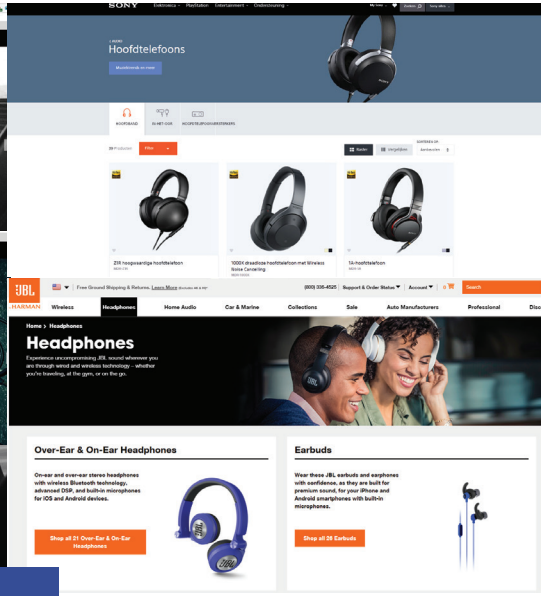
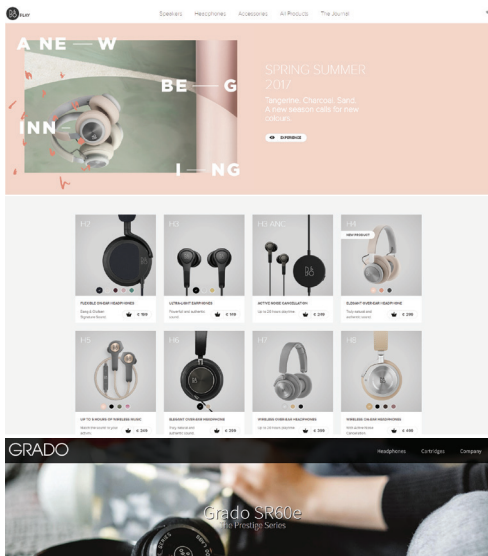


Figure 2.4 demonstrates the price range of each brands portfolio and if the brand targets a certain lifestyle or if they are focused on the product/ sound experience. Gerrard Street claims that their headphone is worth € 300,-, which puts them in the high end range with the designer brands, the industry leaders and some of the electronics giants. Currently Gerrard Street is mainly a product focused brand, promoting the benefits of their service and product. This would mean they compete with the high end product lines of companies like Sony, Philips, Sennheiser, Bose and Audio Technica.

What is striking though is that Gerrard Street offers fewer features than other brands do for headphones priced €300, such as blue-tooth, fold ability or noise canceling. Furthermore they are less focused on the design of the headphone and do not target a specific lifestyle. Last they do not have the same legacy as many of the other companies that helps with backing up their claim. The positioning as a premium headphone without also proposing a specific lifestyle, makes it difficult to compete with the legacy brands. Currently Gerrard Street is claiming that what they are providing is a better alternative for a premium headphone. Gerrard Street has picked a difficult market to penetrate. Gerrard Street's service is the main differentiator from its competition and should therefore be further developed to add more value for their customers.

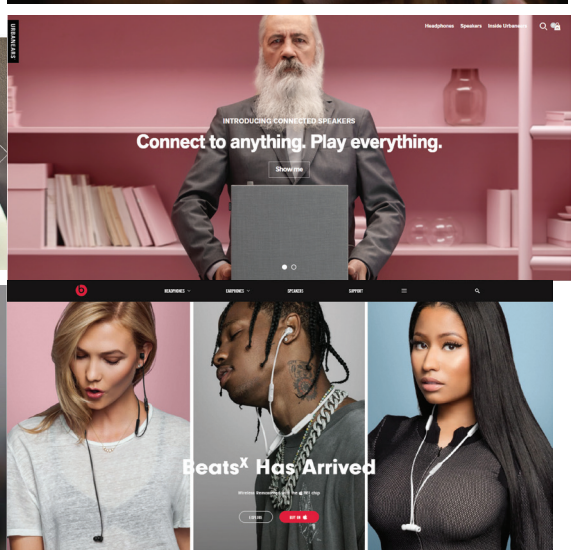
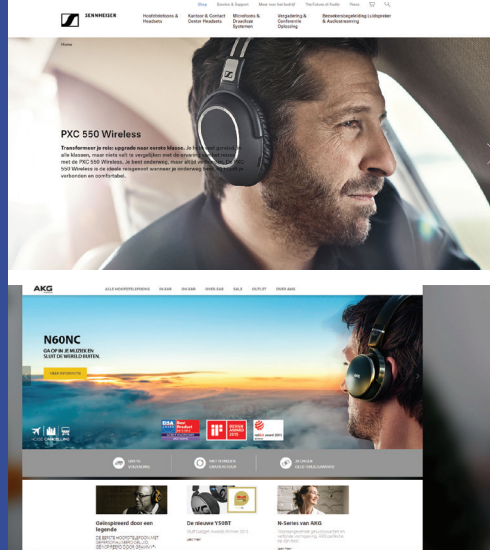
Figure 2.4: perceptual map



CONCLUSIONS

Headphones have transformed from rather technical devices to lifestyle products. Lifestyle brands use iconic designs target specific consumer lifestyles by being visible throughout these lifestyles.

The highly fragmented market makes it difficult to stand out. Gerrard Street needs a differentiated positioning that has not been addressed by competitors. Gerrard Street is currently competing in the on the go and at home use of headphones category. They are mostly product focused, which makes it difficult to differentiate because the competition is fierce. Furthermore Gerrard Street is competing on product form for a premium price while offering fewer features than its competitors, without targeting a specific lifestyle or having a strong legacy. Gerrard Street's service is the main differentiator from its competition and should therefore be further developed to add more value.



INTERNAL & EXTERNAL



INSIGHTS TARGET SEGMENT

Gerrard Street defines their target segment as men aged 20-30 that love music. Which is still a fairly general description.

The bird's design does not seem to attract to many females, which is explained because of the size and the black color. It is therefore recommended that Gerrard Street does not focus their energy on attracting females.

Youngsters under 20 care most for the legacy and lifestyle brands compared to older people, which supports targeting men older than 20.

Four potential segments that Gerrard Street is currently serving are:

- Service Lovers
- Budget conscious consumers
- Music pioneers
- Conscious consumers



INSIGHTS BRAND

If Gerrard Street successfully wants to fulfill their mission of taking the next step towards a circular economy, then they should demonstrate that the circular economy benefits the consumer more than traditional solutions, instead of only focusing on the environmental benefits.

Gerrard Street's Expressed themselves as: Lef, Bruisend, Zorgeloos. Which they translate to the benefits that are communicated: Great Sound, Free Repairs, No catch, Free upgrades, smart reuse

Gerrard Street is competing in the go and at home use of headphones market on product form for a premium price for fewer features, without a targeting a specific lifestyle and without a strong legacy.

Gerrard Street's service is the main differentiator from competition

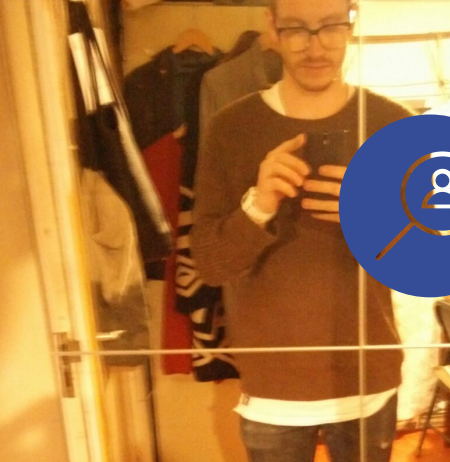


JOURNEY INSIGHTS

Gerrard Street's direct service is a competitive advantage due to different design incentive, direct customer contact, Brand loyalty, recurring payments.

Gerrard Street focuses most of their energy at acquiring new customers instead of developing their service.

Gerrard Street's service is the main differentiator from its competition and should therefore be further developed to add more value.



3. CUSTOMER RESEARCH

WHO IS THAT EARLY ADOPTER OF GERRARD STREET'S HEADPHONE SERVICE?



3.0 INTRODUCTION

Customer research was conducted to explore Gerrard Street's customers in order to define a relevant target segment and to get insights for building Gerrard Street's brand. In the internal analysis was concluded that Gerrard Street should focus on targeting early adopters to build their brand. The customer research focused on understanding who those early adopter of Gerrard Street's headphone service are. The insights gathered from the customer research provided a direction for narrowing down Gerrard Street's target segment.

Research method

An iterative process was used to develop the target segment. (See figure 3.1) Gerrard Street's current segment and the definition of the early adopters (see conclusion box) was used as foundation for the iterations. The session with Gerrard Streets founders in the consumer analysis (chapter 1.4) resulted in one target segment and four potential sub segments. These segments were based on the founder's experiences and assumptions and it provided insights in the demographics and the behavior of their customers, but it lacked deeper insights in common psychographics. This research was used to refine the target segment by exploring these segmentation bases.

The Customer research consists of two parts, a qualitative and a quantitative part. After each research part, the segment was iterated upon based on the insights gathered.

1. Qualitative exploration: Customers and potential customers were interviewed to explore their characteristics, psychographics and behavior. The results were used for providing relevant bases for the segmentation, which lead to the first iteration.
2. Quantitative research: The goal was to specify and validate the target segments first iteration. To achieve this a survey among Gerrard Street's customers has been conducted.

The insights from the different research steps together with the insights from the internal and external research have lead to the final segment.

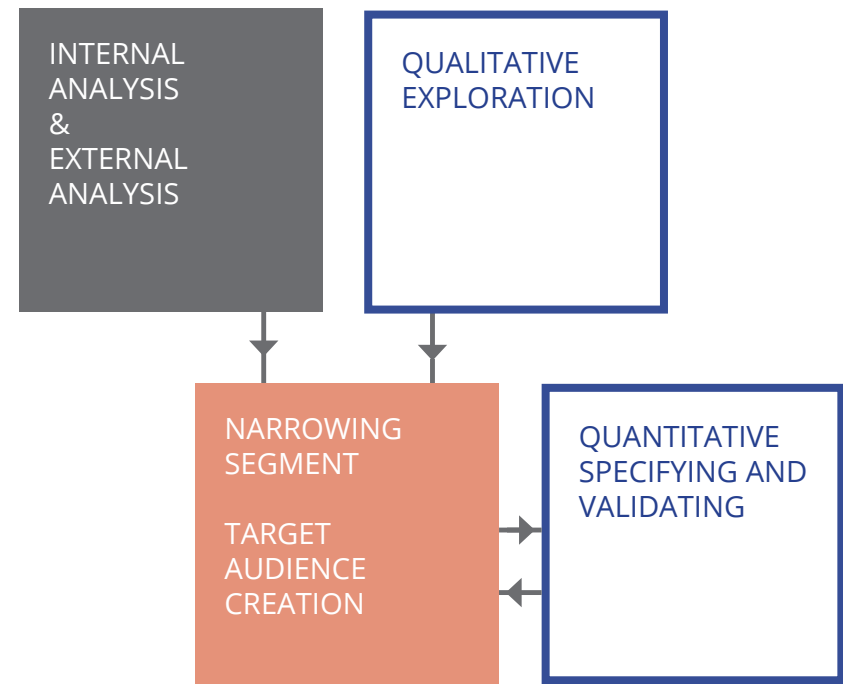


Figure 3.1 Research approach

CURRENT SEGMENT

Dutch Men aged 20-30 that love music. Early adopters that are young, well educated, have high social status, Do not mind taking risks and are more likely to buy services. (Chapter 1.5)

3.1 QUALITATIVE EXPLORATION

The goal of the qualitative exploration was to gain a broad understanding of Gerrard Street's customers after which through inductive reasoning a target group was created. Due to the exploratory nature of this research and the search for psychographics that rely on underlying values it was decided to start with qualitative research methods. Customers and potential customer have been interviewed to develop a detailed understanding of the people that are within Gerrard Street's target segment.

The research question was formulated broadly to enable a wide range of topics during the interviews:

R: What characterizes the target audience of Gerrard Street?

Sub-research questions were created as guide for the topics during the interviews:

S1: What behavior characterizes Gerrard Street's customers?

This question explores behavioral attributes of Gerrard Street's customers: Their behavior and the benefits sought from ordering a Gerrard Street headphone.

S2: What demographic and geographical characteristics do Gerrard Streets' customers share?

This question explores more general characteristics of Gerrard Street's customers that are useful for profiling.

S3: What psychographics characterize Gerrard Streets' customers?

This question explores the psychological attributes that characterize Gerrard Street's Customers. It explores deep-held values & beliefs, social class, lifestyle, opinions and personality.

Method

The research set up is shown in figure 3.2. The complete research set-up can be found in appendix B1. The general interview guide approach is

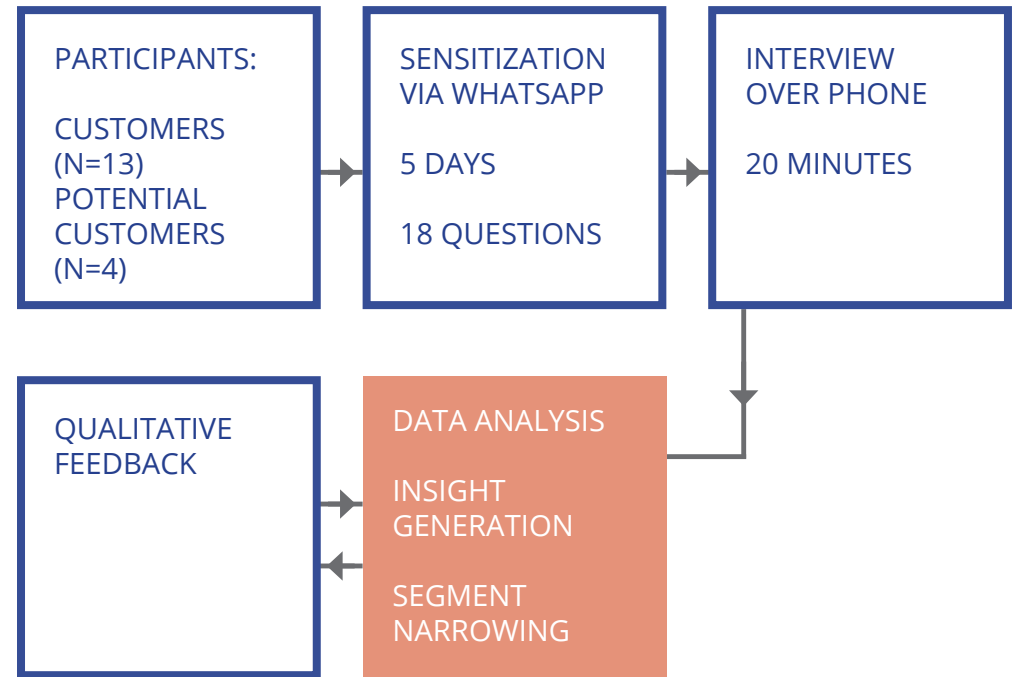


Figure 3.2 set-up qualitative exploration

used. (Patton 2002) This method states the interviewer uses a outlined set of issues that have been explored before the interview begins. The topics on the interview guide were similar to the research questions. The guide can be found in appendix B2. Before conducting the interviews, the topics have been explored through sensitization session by sending daily questions via Whatsapp. Letting participants do small assignments and answering questions before the interview helps the participant with getting familiar with the interview topics. The whatsapp setup can be found in figure 3.3.

The participants were customers that ordered their headphone after the crowdfunding and were not familiar with the founders, to get as many intrinsically motivated participants. 15 male customers between the age of 20

and 30 started the research of which 13 finished the sensitization questions and the interview. Furthermore 5 potential customers joined the research as the control group.

The interview and Whatsapp data were summarized per person. After that the data was coded and categorized per research question as can be found in Appendix C. The data from all participants was sorted in an Excel sheet over different topics. The Excel sheet can be found in appendix D. This sheet was used to identify patterns between the answers of the participants.

Based on the coded sentences and the sorted excel sheet conclusions were drawn. One general segment with four sub segments was created. These can be found in Appendix E. The participants were asked to provide feedback on the sub segments that were applicable to them in order to validate and refine the findings. Furthermore they were asked what kind of brands they loved to provide extra information for the segmentation. This feedback session was used to iterate on the general segment and the subsegments.

Results and Conclusions

The complete results and conclusions from the customer research can be found in appendix F Similarities and most heard answers were used to compile an image of Gerrard Streets target customer.

S1: What behavior characterizes Gerrard Street's customers?

- Want to upgrade to a better sound experience
- Men that feel that services are the future
- Use headphones/earphones for commuting

Want to upgrade to a better sound experience

The main incentive to order a Gerrard Street was fairly similar. Almost all participants initially desired a headphone. Some of them had owned premium headphones, but most participants were using earplugs or cheaper headphones and wanted to improve on quality. There were many different

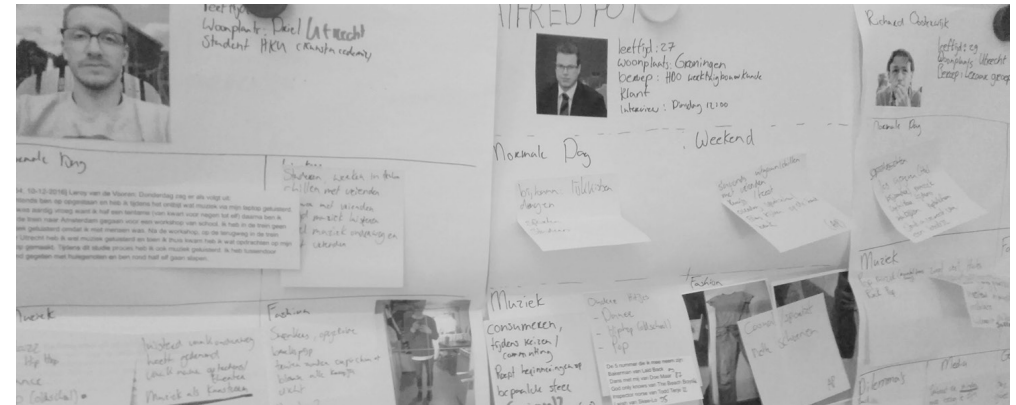


Figure 3.3: Summarization sensitization questions

SENSITIZING QUESTIONS VIA WHATSAPP

Day 1: Activities and Music: Describe your weekend and at what times were you listening to music and how.

Day 2: What does music mean to you? Favorite songs, are you active in music, what would you miss the most if there was no music.

Day 3: Interest and preferences: Different dilemma's on traveling, brands, fashion, lifestyle

Day 4: Clothing Style and social media: Share a picture of your clothing style, describe your clothing style, Which social media do you use?

Day 5: Describe a normal day, music, demographics (occupation, education, age) and appointment for interview:

secondary reasons for wanting a Gerrard Street which were not conclusive. They have been listed Appendix C1.2 and were further explored in the survey.

Men that feel that services are the future

It turns out that the service aspects were an important reason for all participants to order a Gerrard Street. It is therefore recommended to only target men that are already believing that products as a service are a good idea instead of trying to convince other people. This insight validates that the sub segment, the service lovers, as described in chapter 1.5 fits should be included into the general segment.

Use headphones/earphones for music while commuting

The participants overwhelmingly used the Gerrard Street headphone to listen to music. Some also use the headphone for watching movies. The Headphone is mostly used while commuting.

S2: What demographic and geographical characteristics do Gerrard Streets' customers share?

- Men that have or are pursuing a college degree
- Men that live in an urban area

Men that have or are pursuing a college degree

All customers that participated with the research were either pursuing or had college degree. Since it was qualitative research, this insight cannot be extrapolated for all customers between the age of 20 and 30, but it does provide an indication that Gerrard Street is mostly adopted by educated men.

Men that live in an urban area

16 out of 17 participants live in an urban area. The survey is used to further specify if the target group lives in an urban area.

S3: What psychographics characterize Gerrard Street's customers?

- Have a progressive mindset
- Are actively exploring new music

Have a progressive mindset

All participants considered themselves as progressive in views, which meant mostly that they were supportive of change and believed in innovation and like supporting startups. Many also viewed sustainability as something very important. Appendix C &D

Are actively exploring new music

The degree to which participants showed an interest in music varied between the current customers and the non customers. All current customers showed a lot of interest in music and had in common that they were all actively exploring new music. Whereas there were non-customer participants that viewed music as nice to have in the background, but did not actively explore new music. (Appendix D1). The definition provided in chapter 1.4: Men that love music is therefore specified to men that actively explore new music.

Lifestyle

To create a better understanding of what lifestyle and values these consumers might have and to see if there were relevant patterns, the GFK roper consumer lifestyles (2014) has been used. This model divides consumers among two axis based on their value orientation. Vertically consumers are divided by an orientation towards a need to have (status, materialism and being self oriented) and an orientation towards a need to be (reason, harmony, self-development, reforms). Horizontally consumers are divided by an orientation towards living a passionate life (change, freedom, risks) and an orientation towards peace and security (reserved, withdrawal to traditions). Based on the data from the customer interviews and the interpretation of the researcher each participant has been mapped on a GFK roper consumer lifestyle box. (Figure 3.5) Two things become apparent when looking at the spread of the GFK box: Participants were fairly similar in values, with an emphasis on a need to be and the need to live a passionate life.

Gerrard Street is for the users instead of the owners

The participants tended towards a need to be instead of a need to have. Self-development seemed to be more important than status. Some participants explicitly said that they were not materialistic. This is striking since the need to have is an important driver for purchasing premium headphones. (Competitive landscape, chapter 2.2) Gerrard Street provides a premium headphone for people that do not have the regular motives to buy premium products. The ownerless concept seems to appeal to this group as a way of using premium products without having to own or show off with it.

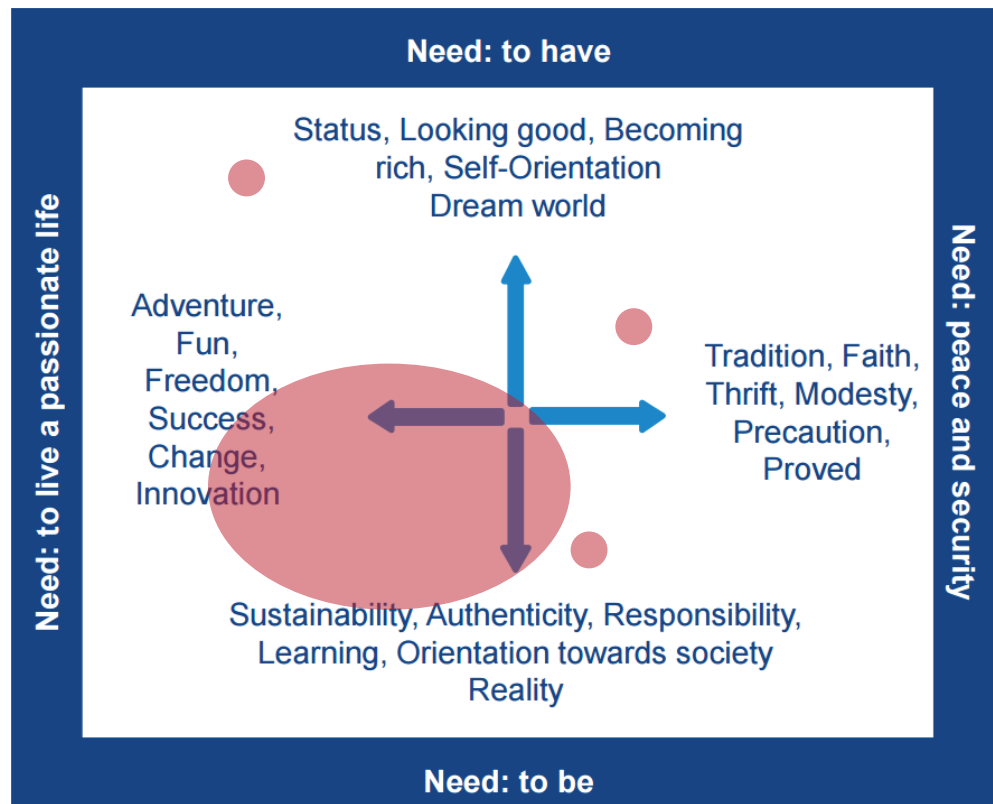


Figure 3.5: GFK roper consumer lifestyles

Values

The values that align most with Gerrard Street's customers are: Progress, change, adventure, risks, self-fulfillment. The survey is used to specify these values and create an understanding of how these values are portrayed in the consumer lifestyle.

Self-fulfillment

The need to live a passionate life was reflected by the participants progressive attitude towards change and innovation. Furthermore most participants greatly valued fun with friends and chose exciting holidays backpacking over a luxury holiday. What did become apparent is that there were some distinct differences in their main activities and the things they loved to talk about. Most however were passionate about what they did. This reflected the value for Self-fulfillment.

Participants demonstrated the desire for self-fulfillment although in different fields. Four participants were very passionate about sports. Olaf "I play basketball at the national level" Furthermore some participants were passionate about music. Anthony: "I want to perform at the big stages and start a film project" Several participants were ambitious about their professional careers. Ben wanted to become a sustainability entrepreneur and Daniël said "In 5 years I want to become a professional in the field of sustainable housing." Self fulfilment was therefore categorized into 3 distinct categories:

- Staying active in music and keep developing themselves musically is very important for this group.
- Passion for achievement as a professional. Being an expert at a certain field, while having living a rich social life
- Passion for sports. Staying active and accomplishing their sportive goals is worth a lot to them.

The different passions are relevant for the type of lifestyles that are within Gerrard Street's segment. These smaller audiences are of practical use for

Gerrard Street when it comes to their promotional strategy. An important aspect of Gerrard Streets will be to target different groups within the main segment. Three different audiences are describes in appendix E.

Early adopters

In the internal analysis chapter 1.2 was decided that Gerrard Street should target early adopters. The results of the qualitative exploration reinforces that the characteristics described in the early adopter profile are also present in Gerrard Street's current customers. All participants were either following or had finished some form of higher education and all but one participant lived in an urban area. The service aspects of Gerrard Street's model; repairs and upgrades, seemed to be a very important driver for Gerrard Street's target customer. This indicates that Gerrard street's service model is attractive for progressive men.

The target segment

The qualitative exploration with Gerrard Street's customers have lead to a better understanding of the type of customers Gerrard Street is serving. The segment of men between the age of 20 and 30 that love music has been refined based on the research. See figure 3.6. Due to the qualitative nature of the research it was not possible to specify some of the components of the segment. Furthermore it should be validated if the characteristics of the segment are unique for the segment or if they also apply to a larger population. A survey was conducted to further specify the target group in the next chapter.

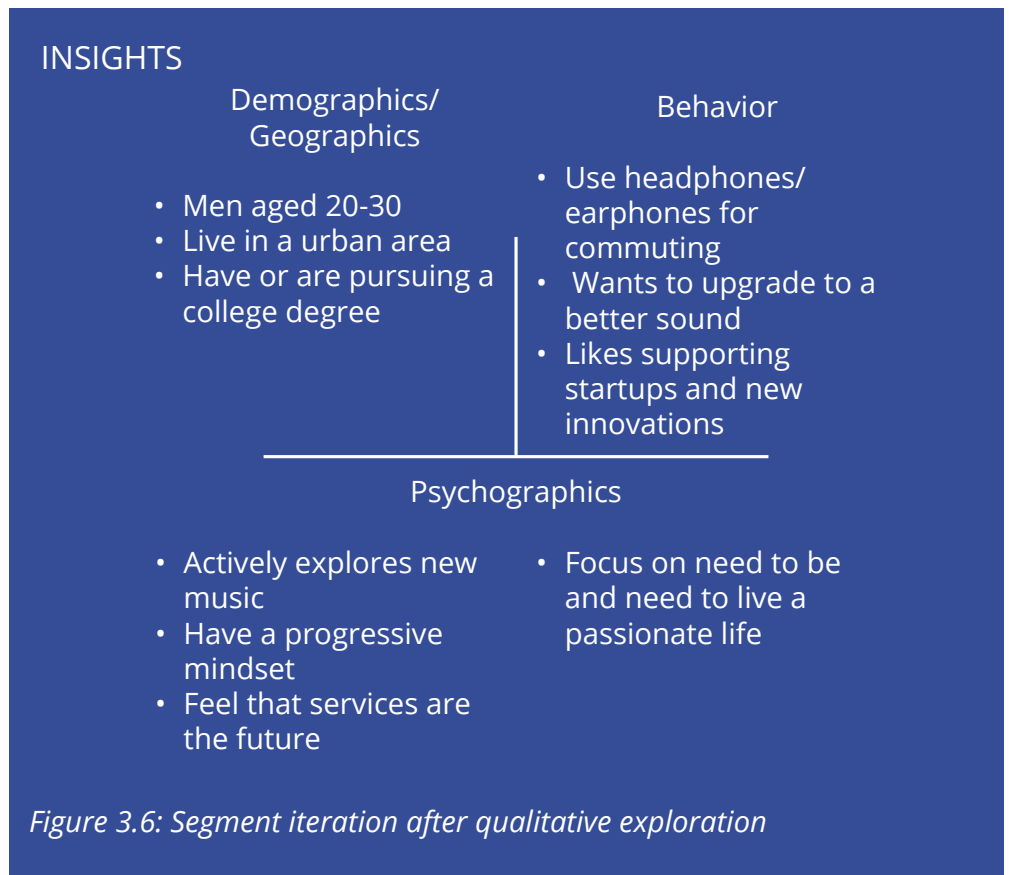


Figure 3.6: Segment iteration after qualitative exploration

3.2 CUSTOMER SURVEY

To specify and validate the segment after the first iteration it was decided to conduct a survey. The qualitative exploration provided direction for the segment. The survey is used to sharpen that direction and test some of the insights gathered during the qualitative research. The survey was also used to collect data for creating the customer journey. There were three objectives of the survey: Validate different aspects of the customer segment, Specify different aspects of the customer segment, Generate insights for the customer journey.

The survey is divided into several topics. Each topic had several questions that were used either to validate or to further specify the target segment. The Topics were included in the following order: General questions (demographic/geographic) Psychographics, Behavior, Gerrard Street, Customer Journey. Each topic consists of several questions. Three sort of questions were asked: Multiple choice questions, Multiple responses questions and open questions. The full list of questions can be found in appendix G1.

Method

On online survey was created and send by email to all Gerrard Street's customers. A reminder was send a week later to the people who did not fill in the survey the first time. 205 of all 650 customers replied, which is a response rate of 32%. The online survey was exported to Excel and SPSS to analyze the results. The participants were divided over four groups:

- Participants that new Gerrard Street's founders n=59
- Females n=20
- Men aged 20-30 n=63
- Men outside the target age

The groups were compared based on the different survey questions and topics. All analyses and tests for the groups can be found in Appendix G and H. A summary of the survey results is given in appendix G3. The qualitative data was coded only for the target group and used to further specify the segment.

Conclusions

Gerrard Street's brand should attract a large group of people. Therefore it is interesting to see what commonalities were found among all customers. These commonalities can be used for creating a brand that extends to just appealing to the target segment.

Progressiveness

The majority of customers that voted, voted progressive. At least 60% of Gerrard Street's customers vote on politically progressive parties (Appendix H10) This is not something exclusive to the target segment. Furthermore this was substantiated by the importance of environmentally friendliness on the decision to order a Gerrard Street headphone (Appendix H4) and the positive attitude towards innovation. 95% believes that innovation mostly improves our lives. (Appendix H11) This validates the values found in the qualitative exploration that Gerrard Street's customers value progress/Change .

Modular design is key

The Modular design was by almost all customer seen as the most important reasons for ordering a Gerrard Street. (Appendix H4) Modularity is an interesting trend and people tend to associate it with smart consumption and environmentally friendliness. As Gawin Dapper chief technology officer at Phonebloks said (Reisinger, 2015): "Modular has the potential to give the opportunity of choice to the people and enables for longer product life cycles, thereby reducing (electronic) waste,". Gerrard Street's customers seem to be attracted to this. Modularity differentiates Gerrard Street's headphones from its competitors' headphones as being a better developed product. Furthermore modular has many positive associations such as innovative design, sustainability and the repairs and upgrades. The term also stand for customization which might be a viable growth opportunity for the future.

The target segment

The survey has validated that Gerrard Street's target segment of men aged 20-30 is the most attractive segment. They are the most satisfied: They are by far the most likely to prolong their plan. (68% will prolong their plan) More than twice as likely as females and 20% more likely than men that are not within the target age. (Appendix H2)

Heavy users

An explanation for the higher satisfaction than the other groups is that the target group uses the headphone in more situations than the other customers. (Appendix H5) This suggests that they are the heaviest users of the headphone compared to other customers. This qualifies them as the users which are defined in chapter 3.2.

Social music listener

They were the most social: sharing, exploring and discovering music with friends. (Appendix H5,H6,H7) This fits the early adopter strategy described in chapter 1.3, since Gerrard Street need enthusiastic ambassadors for their products in order to scale the early majority. They might also talk more about their headphone with their friends, providing valuable word of mouth promotion. This is supported by the fact that 36% of men within the target group knew people that ordered a headphone via them. This is three times higher than men outside the target age (11%) and 1,5 times higher than females (22,2%). (Appendix H13) It is therefore assumed that men aged 20-30 are the best ambassadors. They are also most likely to convince their friend to order a Gerrard Street.

Service focused

The Target group significantly felt that the service aspects, repairs and upgrades were more important reasons for ordering a Gerrard Street than the other groups. (Appendix H1) The repairs were the most important reason for the target group, followed by the modular design and the environmentally friendliness of Gerrard Street. It seems that the target group is more service

oriented than other customers, which might explain their higher satisfaction for Gerrard Street.

Lives in an Urban area

Male customers within the target age mostly live in the city. 84 % lives in an a large city(+100 000 Inhabitants) and 7% in an medium sized city (+50 000 inhabitants). The urban male is specified to large city residents (+100000 inhabitants) (Appendix H12)

Conclusion

Based on the findings of the qualitative research and the survey a segment has been formulated in chapter 4. The survey validated that the segment is the most satisfied and that the segment best fits the early adopter profile described in chapter 1.3.



4.1 CUSTOMER SEGMENT

SOCIAL MUSIC LOVER

The target segment is described as: **Young educated** men that live in an **urban area**, who listens to music at every opportunity and uses **Music** as a **social connector**, He **values** progress and change and works towards **self-fulfillment**.

DEMOGRAPHICS/ GEOGRAPHICS:

Young educated men that live in an **urban area**

- Age: 20-30 years
- Live in a large city (+100 000 inhabitants)
- Have or are pursuing a college degree

BEHAVIOR

Music is a social connector and he listens to music at every opportunity: He **discovers** and **shares** music with friends and through online apps such as **Youtube** and **Spotify**

He mostly uses their headphone **outside the house** for focusing while **studying** or **working** and for their **commutes** by public transport, bike or walking.

Is convinced by the **free repairs** and the **modular design**.

PSYCHOGRAPHICS:

He **values** progress and change, which is why he votes for **progressive parties** and believes that **sustaining the environment** is important.

He believes that **innovation** mostly improves our lives, which is why he believes that **products as a service** are a smart new way of consumption.

He values **self-fulfillment**. Which is why they love to spend their holidays exploring new cultures or actively doing things. The area of where self-fulfillment is important differs per male but three categories could be described:

- Musical fulfillment
- Professional fulfillment
- Athletic fulfillment

Brands associated with the target segment

During the customer research participants were asked which brands appealed to them and why. These were compared to the reference brands selected in the customer analysis in chapter 1.3. This selection provides an overview of the interest of the shared interest of the target group.

- VPRO, A public Dutch radio and television channel aimed at progressive people
- BlaBLaCar, which is a popular hitchhiking service, for young people wanting to make some extra money with their ride.
- Volkskrant, A Dutch newspaper for educated people
- Tony's Chocolonely's, A popular fair trade chocolate brand that brands itself in a very positive way.
- Nike is a brand that promotes self-fulfillment through sports. Achieving great things through hard work
- Tesla, which builds electrical vehicles and batteries. This company stands for developing products for a better future, without focusing on being a green company.



4.2 TARGET AUDIENCES

The segment can be further divided based on the value of self fulfillment. In chapter 3.2 was concluded that the need self-fulfillment was expressed in different areas. These different areas are used to create three target audiences within the target segment. These audiences are relevant for Gerrard Street's promotional strategy, since they can be used for targeting customers more specifically based on lifestyle preferences. This is helpful since most promotional activity is via Facebook, where imagery can be adjusted to appeal to very specific target audiences. The target segment is divided over the following target audiences:

- The passionate musician looking for musical fulfillment
- The young achiever looking for Professional fulfillment
- The Sporty lifestyle looking for Athletic fulfillment

Passionate musician

Young men that have a passion for music. They play different instruments, have performed in bands, quires, as DJ, or are doing theatre. Music is an integral part of their lives, as they are constantly exploring new music and go to concerts and festivals. Their goals in are to stay active in music and work towards creative accomplishments.





Young achiever

They are ambitious men that just started their careers. They have an active lifestyle in which they try to find the balance between getting enough work done and having fun with friends.



Sporty lifestyle

Staying active has a high priority in their lives. They have a sporty lifestyle and try to be active throughout the week. They set goals for themselves and work towards athletic achievements.

4.3 EVALUATION

The research has identified an attractive segment based on Gerrard Street's current customers. This part evaluates the segment based on the profitability, the future potential and the current size. Finally the strategic fit with Gerrard Street is discussed.

Immediate profit

The target segment is based on Gerrard Street's most satisfied (chapter3.3) and similar customers. Furthermore the target segment represents the largest group of current customers. The group of men are most likely to extend their subscription, which is why they are currently creating the most revenue for Gerrard Street. (chapter3.3) They might however have higher costs, since they tend to use the headphone more often out of home and because they value the repairs more than other groups. (Chapter 3.3) Overall since they are the largest group and bring in the highest revenues, it is believed that this group is currently the most profitable.

Segment Size

The size of the potential target segment is assessed using data from the Dutch central bureau of statistics (statline.cbs.nl). A complete overview of the calculations can be found in appendix I The number of men are based on the following demographics:

- Men aged 20-30
- Highly educated or still studying
- Lives in an Urban area
- Votes progressive

In total there are 107 thousand men in the Netherlands that fit this description. In reality this should be somewhat lower since Gerard Street targets men also based on psychographics and behavior. For example the fact that they value self-fulfillment and are socially active about music.

Accessible

One of the requirements for the target segment is that the segment is accessible. Gerrard Streets promotion is currently mostly revolved around Facebook advertisement. (Chapter 1.2) A Facebook advertisement profile is therefore created to evaluate how large the group of young educated progressive Dutch men is on Facebook. Through a Facebook advertisement account it was possible to see how many men on Facebook fit the same requirements as used for assessing the segment size. The complete Facebook setup of the target group can be found in appendix I. The possible reach was 84 thousand men, which is 79% of the estimated total of men within the target group. This is a fairly high percentage, which indicates that the target group is accessible.

Future Potential

The target group consists mainly of early adopters of leasing models. Trends indicate the future potential of this leasing model. Traditional ownership implies a certain level of responsibility, cost and commitment. Consumers that are looking for convenience and collecting as many experiences as possible want none of these things. (Trendwatching 2011) If this trend continues, than this segment of early adopter will provide valuable first customers to build a strong brand which will help with crossing the chasm to the early majority (Rogers 1983).

Spending Power

Gerrard Street's model provides an opportunity for people that do not have the spending power to buy a premium headphone, to use a premium headphone. The spending power of the target group however is not homogeneous because of the age differences. There is a large gap between students and the males that already have a job.

Strategic Fit - Mission

Gerrard Street want to set the next step into the circular economy. This requires customers to have some understanding of the circular economy

and to hold the believe that this is the right thing to do. (Chapter 1.1) The progressiveness of the target segment fits perfectly with this statement.

Strategic Fit - Objectives

Gerrard Streets objectives are to serve 4000 customers near the end of 2017. (chapter 1.5) The strategy recommended was to aim at early adopters. From the survey was concluded that the target segment consists of the men that are most likely to value Gerrard Street's service. Therefore this segment should be used to build a strong brand. When the brand is established steps can be taken to start appealing to the early majority.



5. BRAND VISION

***GERRARD
STREET***

The AUDIO SERVICE

**For DOERS not talkers,
For USERS not owners,
That CONNECT through
MUSIC**

**And desire a GREAT
SOUND, CARE-FREE**

5.1 POSITIONING

Gerrard street should be repositioned to appeal to the newly formulated target segment. This positioning should be communicated in a clear and consistent manner, so that customers, potential customers and competitors are not in any doubt about what Gerrard Street stands for. (Dibb, S. 1998) Positioning is the strategy for a brand to establish a unique and credible position in the customer's mind, compared to competing brands.(van der Vorst 2013) Companies can emphasize certain unique features or create a unique image that differentiates them from competitors. Gerrard Street's positioning is based on insights from the analysis and the customer research. In the market analyses was concluded that the headphone market was highly saturated, which makes it difficult for brands to stand out. (Chapter 2.1) Therefore a strong positioning within the market is important. To establish this, a brand vision is created that serves a guideline for how the brand is positioned within the market and how this positioning should be communicated to the outside world. First the positioning in the market is discussed through the perceptual map in figure 7.1 after which the positioning statement will be explained.

Repositioning Gerrard Street

Figure 7.1 demonstrates Gerrard Street's positioning in the market compared to competitors and a direction for the future. The perceptual map shows competing brands based on their premium (+€150 per headphone) and Medium priced lines (€70-€150 euro per headphone), since Gerrard Street is mostly competing in those categories (Chapter 2.2). The Y-axis compares the brands based on the target segment; Does the brand provide premium headphones to people to elevate their status/materialistic purposes or does the brand target people that are less materialistic and just want to use a great headphone. Gerrard Street is specifically targeted at the latter of the two. The people that want a great headphone which they can use everywhere. This group currently is reluctant to order premium headphones, which is why Gerrard Street's offering might appeal to them. (Chapter 3.3). The X-axis describes if the brand focuses on a technical image or on lifestyle/fashion. As was concluded in chapter 2.2 the lifestyle brands fit a certain fashion style while the technical headphones have more general designs. Gerrard

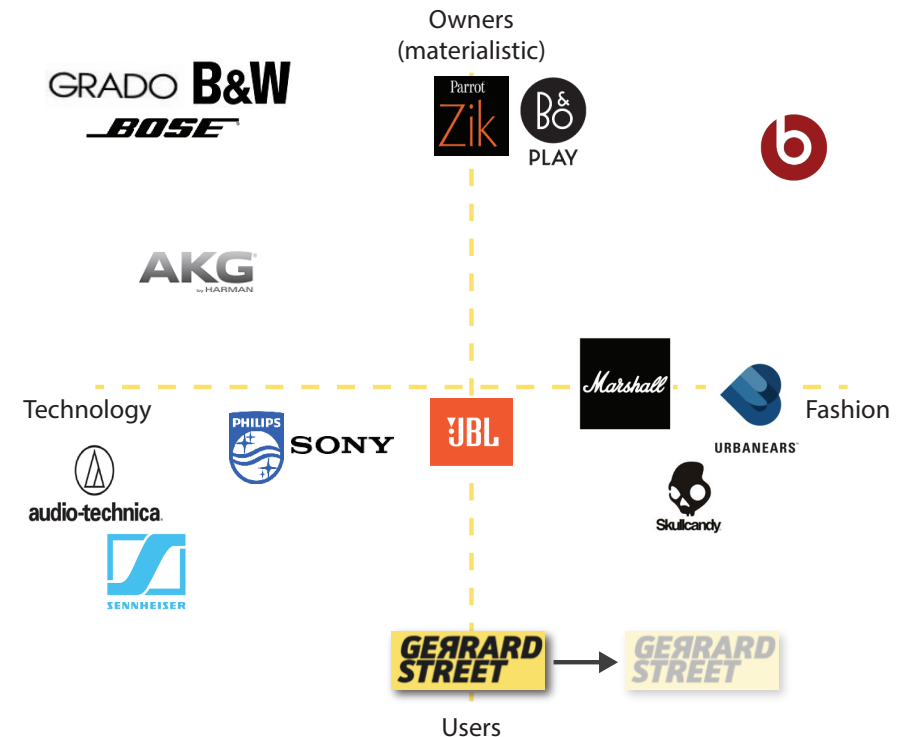


Figure 7.1: Repositioning Gerrard Street

Street currently fits somewhere in between because they use a specific design language, but do not brand the headphone as fashion item. Gerrard Street's lack of resources makes it difficult to compete on technological features. (Chapter 1.1). The interesting opportunity is to shift to the fashion side by offering the option to personalize the headphone through different modules. Since modularity was an important driver for customers to order a Gerrard Street headphone (chapter3.3). A customer that personalizes their headphone is also more likely to connect to the product, which stimulates retention. Furthermore Gerrard Street's service model and modular design enables them to keep providing "fashion upgrades" without having to change the entire product.

Positioning statement

The positioning statement sits at the core of the brand vision and is discussed in detail.

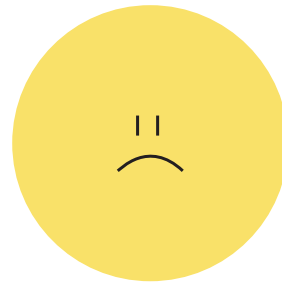
GERRARD STREET, THE AUDIO SERVICE FOR DOERS, NOT TALKERS, FOR USERS, NOT OWNERS, THAT CONNECT THROUGH MUSIC AND DESIRE A GREAT SOUND, CARE-FREE.

Gerrard Street, the audio service

This part describes the Company name the category. Gerrard Street positions itself as an audio service in the Dutch music earphones and headphones market. (Chapter 2.1) Their service is what makes them unique compared to competitors (chapter 1.3 & 2.1)



FOR DOERS
SELF-FULFILLMENT
POSITIVE
ACTIVE
SOLUTIONS



NOT TALKERS
ACTIVIST
NEGATIVE
COMPLAINING
PROBLEMS

For doers not talkers

Gerrard Street is for people that act instead of talk. The target segment are doers based on the fact that they value self-fulfillment. The target customer has a positive attitude and wants to develop himself. (Chapter 4.1) Furthermore it related to the Gerrard street's brand manifest (appendix J)

where they specifically state that they are not activist or a non-profit, "the talkers", but a Doer, that changes society. The idea that commerce is not necessarily something bad. This positions Gerrard Street as a brand for people that are positive about life and want to make something out of it themselves.



FOR USERS
FLEXIBLE
GOOD SERVICE
REAL MUSIC FANS



NOT OWNERS
MATERIALISTIC
FOR STATUS

For users not owners

The target segment's consumer is not materialistic (owner) since they do not need to own premium products to elevate their status. They do however want to use good products. (User) (chapter 3.2) This is why they believe in Gerrard Street's service model. This differentiates Gerrard Street from all other premium headphone companies such as Beats, Bose and B&O since those companies do position themselves as materialistic and elevating status.

That connect through music

Even though the target consumer is individualistic in goals, he does connect through music with friends. Gerrard Street should target the social music lover (chapter 4.1). Which are men that actively talk about and share music with friends. This group is most likely to be talkative about their headphone and to become natural advocates for the brand (chapter 3). To appeal to this target segment it is recommended that Gerrard Street incorporates social aspects to their service.



And desire a great sound, care-free

This describes the unique benefit Gerrard Street's service is delivering. With this statement Gerrard Street positions itself by bridging two contradictory elements. Bridging two contradictory elements is an effective way of standing out, because you can merge the best of both worlds. (van der Vorst, 2013)

A great sound, premium headphones are usually expensive, which is why people might worry about using the product (not care-free). Cheaper earplugs and headphones are care-free, because the investment is low, but they do not provide the best sound quality. Gerrard Street's service model brings the best of both worlds by providing a premium product that is meant to be used and repaired when broken. A finding from the qualitative exploration indicated that most customers were already appealed to the idea of buying a headphone, because they wanted to upgrade to a better sound. They showed however some reluctance to buy a premium headphone.

TOUCHPOINT STRATEGY

Gerrard Street has a rather unique positioning by focusing on users instead of owners. This sets their competitors as materialistic and gives Gerrard Street the image as for the real music listener.

Gerrard Street is positioned as a brand with a rather technical image, which is why they compete with the large legacy brands. They should put more emphasis on their service, Shifting more toward lifestyle will provide an opportunity to leverage this through the personalization of their headphone.

Gerrard Streets service enables them to create lasting relations with their customers and therefore also provides the opportunity to create a social experience around their service.

To implement the position Gerrard Street touchpoint strategy should be: Adding value through the service by delivering a personal and social experience.

5.2 DESIGN PRINCIPLES

Establishing the positioning in the consumer's mind relies on consistently repeating the message over all consumer interactions with the brand. These design principles are created to translate Gerrard Street's Brand to a concrete list of rules that can guide Gerrard Street with conveying their message consistently across all touch-points with current and potential consumers. The design principles establish Gerrard Street's the voice and personality, as well as who the public will see.

BE BOLD

Confidence - Outspoken - Direct - Unapologetic - Doers - Honest about taste

WHY SO SERIOUS?

Surprising - Fun - Professionally avoiding Seriousness - Don't speak your parents language

QUALITY IS USABILITY

Making sure that you can always enjoy great sound experience

Here to serve - All grown up - Keeping you online

CIRCULAR PRODUCTS ARE BETTER

For everyone, but especially for our customers

Smarter choice - No brainer - Modularity - Repair instead of waste

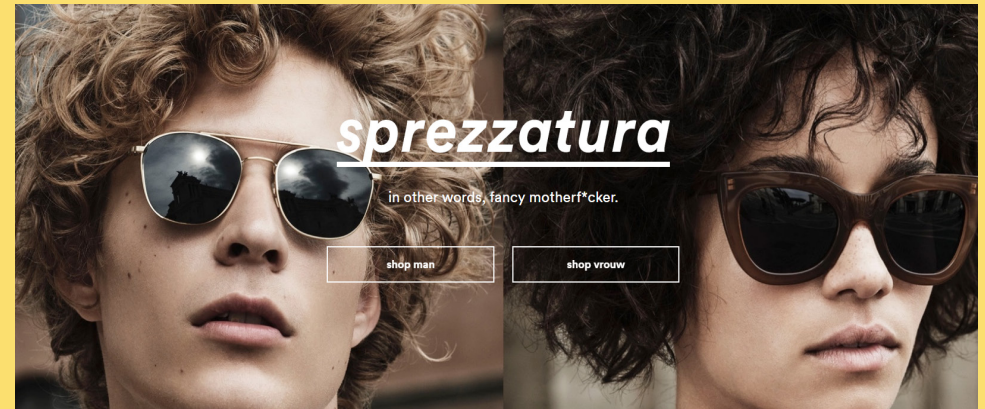
ENGAGING

A relationship - Join the gang - Steer towards conversation instead of statements - Customer community

BE BOLD

Confidence - Outspoken - Direct - Unapologetic - Doers - Honest about taste

Gerrard Street is a brand for the doers, the people that are looking for self-fulfillment. They admire brands that are outspoken and direct. Gerrard Street is doing something new which is why they should be Bold and convey confidence. For communication this means making strong statements that resonate with their audience. Gerrard Street is not in the business of convincing septics, but in the business of creating fans. Visually this translates in Bold typefaces and images or content that stands out.



WHY SO SERIOUS?

Surprising - Fun - Professionally avoiding Seriousness - Don't speak your parents language

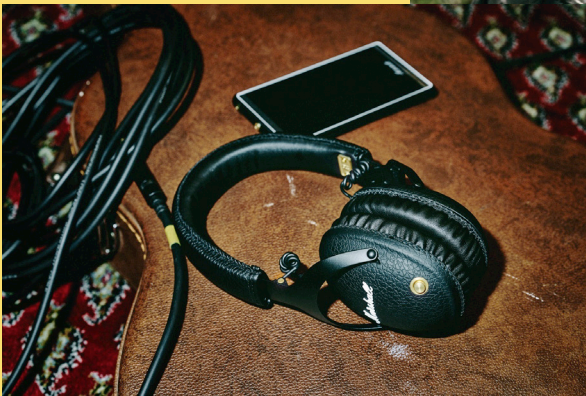
Gerrard Street is a company pursuing a serious mission in a serious world, which is seriously exciting, we want to enjoy every moment of it, which starts with not taking ourselves too seriously. This is what differentiates Gerrard Street with the boldness of Nike, which is very serious. The language used should therefore be informal, as friends speak to one another. Superlatives can be used but only if completely overdone, such as the Ace&Tate example. Gerrard Street already demonstrates this in their Facebook posts.

QUALITY IS USABILITY

making sure that you can always enjoy great sound experience

Here to serve - All grown up - keeping you online

Gerrard street is for the users, not the owners. Their customers desire great products because they use them and not because they elevate their status. Gerrard Streets headphone is a very useful solution for users consistently desire a great experience. From the competitors analysis was concluded that designer headphone companies use clean zoomed in product images in an almost arty manner. A style which has been popularized by Apple (chapter 2.4). Gerrard Street could differentiate from this tactic focusing more on the moments that people use the headphone or are experiencing music together. The lifestyle brands provide good examples of putting their products into the right context. Below are the examples of Marshall headphones.



CIRCULAR PRODUCTS ARE BETTER

For everyone, but especially for our customers

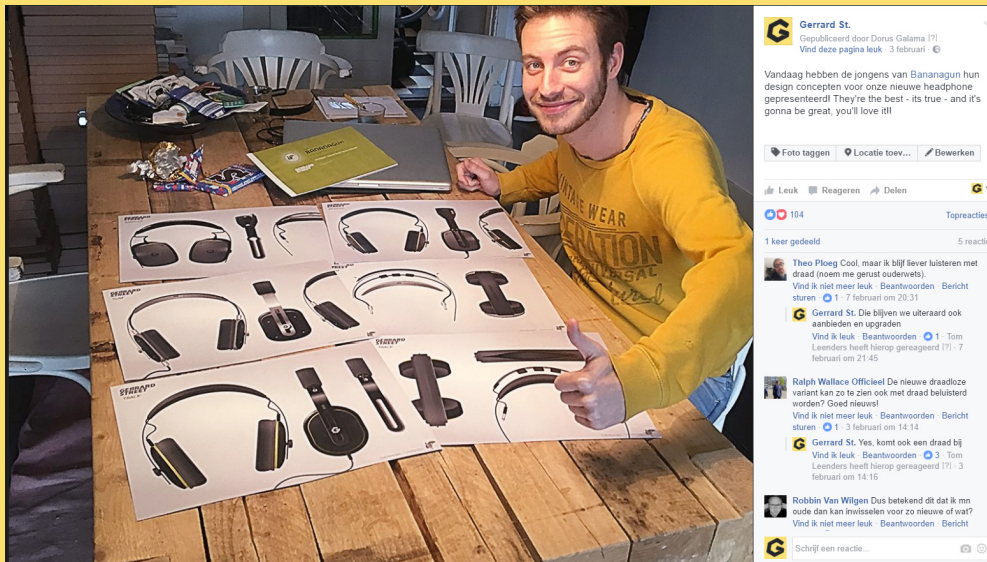
Smarter choice - No brainer - Modularity - Repair instead of waste

Gerrard Street's mission of building circular electronics gives the company a green image. The brand however does not emphasize this green image, because the focus should be on a great service, instead of a "responsible" choice. The mission should therefore be communicated to customers as a no brainer: Gerrard Street leases modular headphones instead of selling them, because this system delivers more value for customers and it is better for the environment. Gerrard Street is about a smarter way of letting people enjoy their music with friends. Visually this means not using natural colors or imagery to establish a green image. Instead focus the company image on premium service. Gerrard Street can do this by focusing on the advantages of their modular design. Aiaiai a Gerrard Street competitor is focused on selling modular headphones for customization has a nice way of presenting the modularity. Gerrard Street should use this modularity to promote the repairs.

ENGAGING

A relationship - Join the gang - Steer towards conversation instead of statements - Customer community

The service provides that Gerrard Street is in a constant relationship with its customers. Openness and transparency are key to this relationship. This connection to their customers differentiates them from large corporate headphone companies. In their communication they should always end it in an open manner. Letting people take part in your journey. Gerrard Street has been doing this with sharing posts about the development of their new headphone.



5.3 MOODBOARD



EVERYONE LOSES GAMES.
FEW CHANGE THEM.

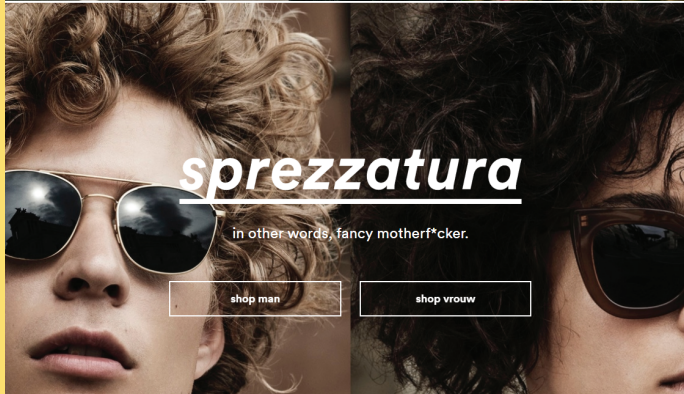
JUST DO IT.



GERRARD STREET

binnenkort met
NOISE CANCELLING

PRE-ORDER NU



sprezzatura

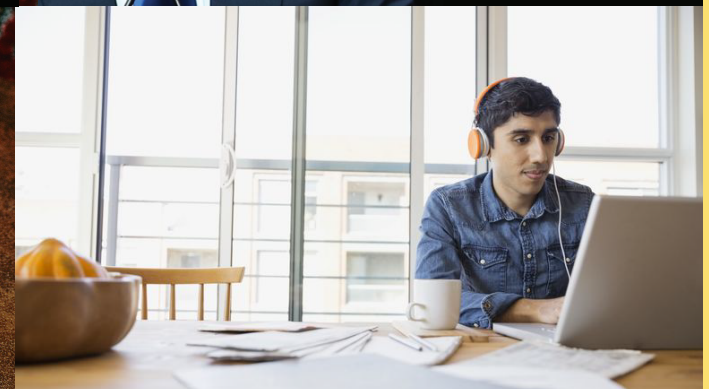
in other words, fancy motherf*cker.

shop man

shop vrouw



G
GERRARD
St.



5.4 BENEFITS COMMUNICATED

WHY PAY 300 QUID FOR A HEADPHONE?



TREAT YOUR EARS WITH AWESOME SOUND!

Current benefits communicated



ACCIDENT? ALL DAMAGES ARE COVERED!



RELAX, THERE ARE NO ATTACHMENTS



FREE UPGRADES THROUGH SMART RE-USE



BECAUSE GREAT HEADPHONES SHOULD BE USED!



TREAT YOUR EARS WITH AWESOME SOUND!

Proposed benefits, based on the new brand vision



ACCIDENT? ALL DAMAGES ARE COVERED!



GIVE GREAT QUALITY A TRY!



DESIGNED TO USE!

Gerrard Street currently promotes the unique benefits as can be seen in the picture on the left. These have been changed to support the new positioning.

“Why pay 300 quid for a headphone?” has been changed to “Because great headphones should be used!”. Two changes were important here: The financial benefit of ordering a Gerrard Street headphone is no longer communicated since it diminishes the value of the service to a money saver. Furthermore the question has been transformed into a statement that explains the unique benefit of the service: A great sound carefree. A statement instead of a question is used to show boldness instead of persuasiveness.

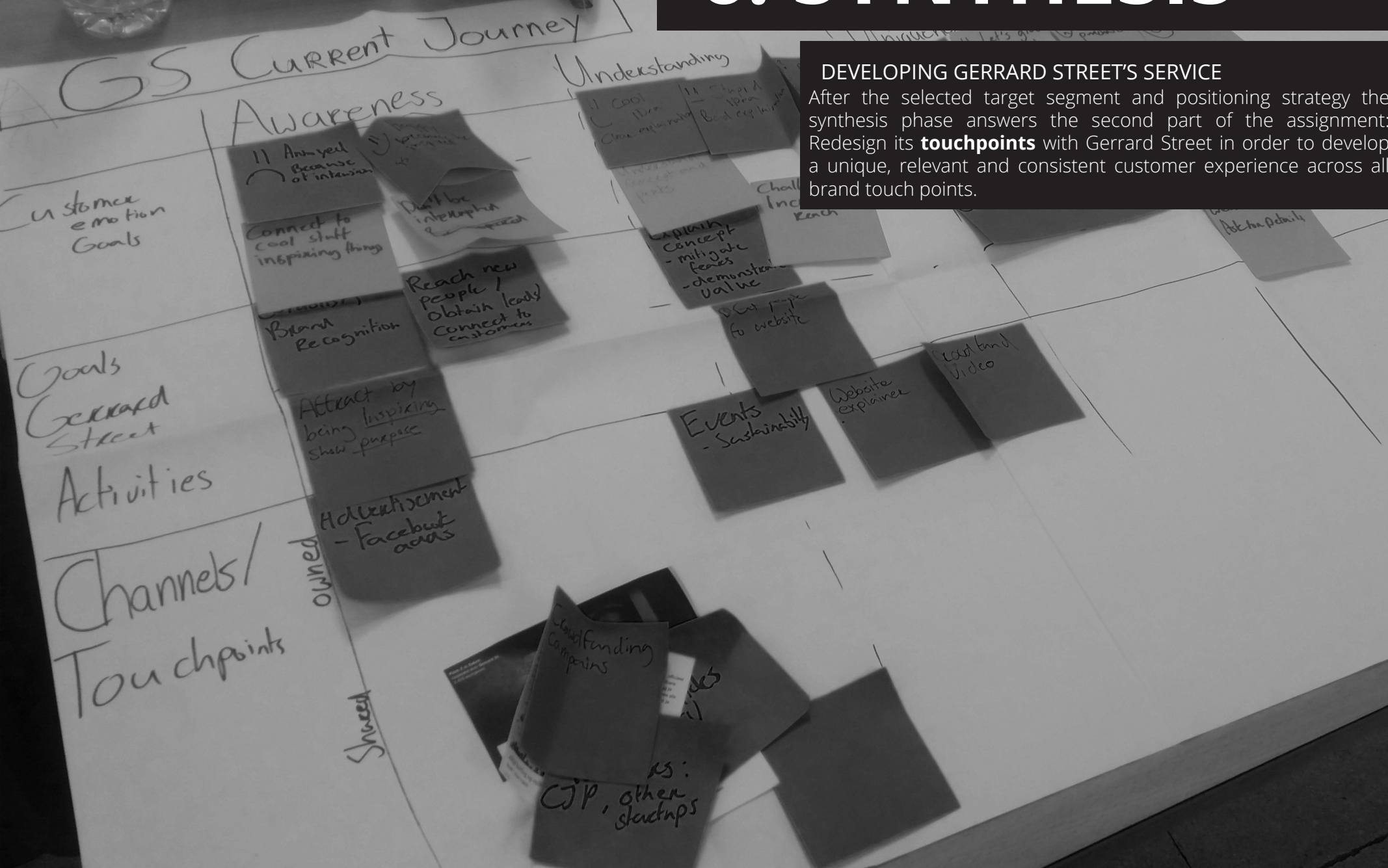
The four statements are now used to explain how Gerrard Street delivers on their brand promise:

- The first two statements remain the same since they are both already in line with the brand promise and the desired tone of voice.
- “Relax, there are no attachments” has been changed to “Give great quality a try” to be more in line with Gerrard Street’s boldness instead of persuasiveness and to be more actionable.
- “Free upgrades through smart re-use” is something Gerrard Street is not yet doing. Therefore it is changed to “Designed to use”, which supports the main statement and is used to explain the circular business model. Furthermore it fits the design principle of circular products are better.

6. SYNTHESIS

DEVELOPING GERRARD STREET'S SERVICE

After the selected target segment and positioning strategy the synthesis phase answers the second part of the assignment: Redesign its **touchpoints** with Gerrard Street in order to develop a unique, relevant and consistent customer experience across all brand touch points.



6.1 DESIGN BRIEF

This brief elaborates on the objectives and the direction for Gerrard Street's service. After which it will explain the process for arriving at the desired journey and the selected moment of truth.

Objectives

The objective of the synthesis was to create a desired customer journey that establishes a tangible direction for Gerrard Street on how to develop their service. The Journey provides a collection of the most important touchpoints for the target segment and the overall customer experience provided at these moments. The journey is created for the defined target segment in chapter 6; The social Music Lover. One moment of truth in this desired journey was selected to be designed to demonstrate how the brand vision is implemented to develop a touchpoint.

Touchpoint strategy

The insights from the analysis and the brand vision were used to formulate a touchpoint strategy for Gerrard Street's service (Chapter 5):

ADDING VALUE THROUGH THE SERVICE BY DELIVERING A PERSONAL AND SOCIAL EXPERIENCE.

Focus on adding value through service instead of product

The customer base is one of Gerrard Street's most valuable resources as was discussed in the company analysis 1.1. Their service model enables them to create long-lasting relationships. It is also what differentiates Gerrard Street from other headphone brands. (Chapter 2.2) Gerrard Street's service provides a good opportunity for differentiating from other headphone manufacturers, because services provide the opportunity to bundle individual brand touch points into a meaningful brand experience that resonate with users' needs, wishes and aspirations. (Abbing, van Gessel, 2008) Gerrard Street is positioned for the doers and the users that desire a flexibility that traditional headphone manufacturers cannot deliver. Their service is their unique selling point which is why the service should be enhanced to keep

their customers engaged and satisfied.

Personal experience

Gerrard Street's new positioning proposes to shift towards the lifestyle brands by offering a personalized experience (chapter 5). This is further substantiated by the insight from the customer interviews (Appendix D3) that customers had different preferences on music taste, contact preferences, fashion style. Currently Gerrard Street is offering a one size fits all service and product, which is conflicting with the high quality service they want to offer. A great sound carefree should stand for a service that is perfectly tailored to the doers and users by providing a personal and engaging experience.

Social experience

The social music lover talks about music and his headphone, let him share the Gerrard Street experience with his friends. This social aspect stands somewhat in contrast with the image of headphones, since headphones close you off from your surroundings. Gerrard Streets service however does provide opportunities for leveraging the social music lover. Therefore one of the design directions is to tailor Gerrard Street's service towards the social music lover.

Process

The steps for improving the customer experience through customer journeying described by Rawson et al (2013) are used: First the current journey is mapped. Then the performance per step is evaluated after which the experience is redesigned.

Current Journey

The customer journey map in chapter 7.2 provides insights in the service Gerrard Street is delivering at the different stages: Pre-subscribing experience, subscribing experience and the service experience. The experiences are divided in phases and the customer's goals and emotions and Gerrard Street's goals and touchpoints are mapped onto each phase.

Evaluation current journey and challenges

Each phase in the customer journey is evaluated based on:

- Insights from the analysis phase (The customer research in chapter 3 has lead to some insights on preferred interactions with the Gerrard Street brand. These insights which are summarized in appendix D3),
- Insights from case studies other companies Beats by dre, Boldking, Parrot Zik (Appendix K)
- The fit with the brand vision. The insights from the evaluation were translated into challenges that were used for the ideation.

The insights are mapped on the different journey phases in chapter 6.3

Desired Journey

Two ideation sessions were held focusing on the challenges that emerged from the evaluation of the current journey. For evaluating ideas on suitability for Gerrard Street's desired journey it was necessary to set up some criteria . The criteria were based on what was feasible for Gerrard Street to do if they reach their objective of acquiring 4000 customers near the end of 2017. Furthermore the idea should fit Gerrard Street's branding strategy and be aligned with the design direction:

1. Does the idea fit in the brand vision (Evaluate based on design principles)
2. Does the idea address one of the design objectives
3. Is the idea feasible enough for Gerrard Street to implement in the upcoming years

With the remaining ideas several potentially desired journeys were mapped until a satisfactory desired journey was created, which is presented in chapter 6.4.

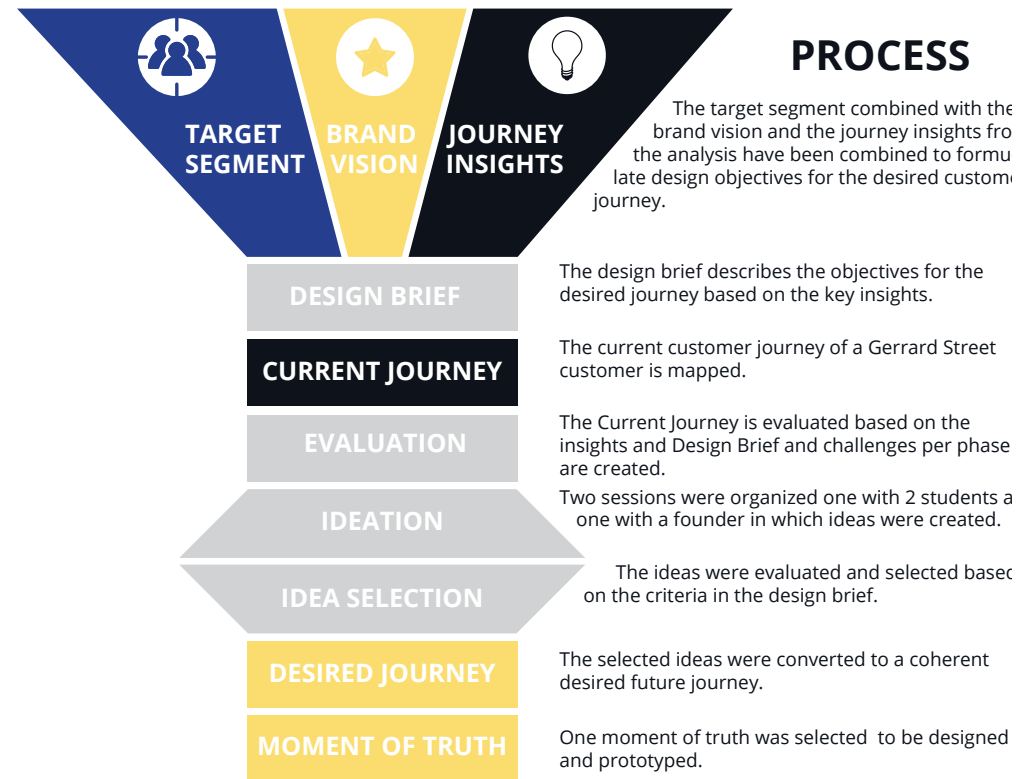











Figure 7.1: Process Synthesis

6.2 CURRENT JOURNEY

PR-SUBSCRIBING EXPERIENCE

SUBSCRIBING EXPERIENCE

	DISCOVER 	CONSIDER 	SUBSCRIBING MOMENT 	ON-BOARDING 
Customer Experience	+  Inspired by the brand and clearly sees value in the concept	-  I am not sure if its for me, but let's give it a shot!	+  Seaming-less purchase experience, excited for delivery -  Frustrating purchase process - To much info required - Few payment options	+  Received new product and is excited to use it for the first time
Customer Goals	- Connect to cool stuff and get inspired - Wants to upgrade his sound experience	- Understand why he should rent a head-phone - Understand why he should order a Gerrard Street	- Take a leap of faith - Order headphone	- Start using the headphone - Understand the service - Show to friends
Gerrard Street Goals	- Reach potential customers - Build brand recognition - Explain the concept - Inspire to connect - Show purpose - Be present in customers lives	- Mitigate potential fears - Demonstrate the value and benefits of circular system/service - Explain uniqueness of offering - Build differentiating brand - Get people to the website - Trigger with promotions/advertisement	- Provide easy experience - Excite customer after purchase - Welcome them - Aim for yearly subscription - Receive all info - Evaluate motives	- Engage with Gerrard Street Brand - Excite customers - Push for sharable experience

Touchpoints

- Advertisements: Facebook
- Crowd-funding campaigns
- Speaking Events
- Partnerships (CJP, other startups)
- PR, news outlets and TV



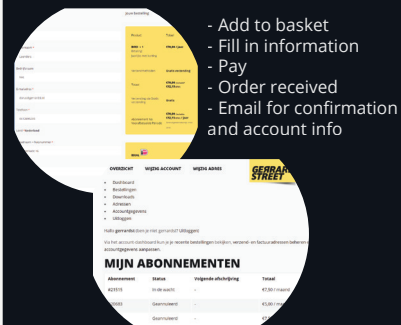
A mobile silent disco was used to promote Gerrard Street at festivals. They did not really stand out because of the many acts



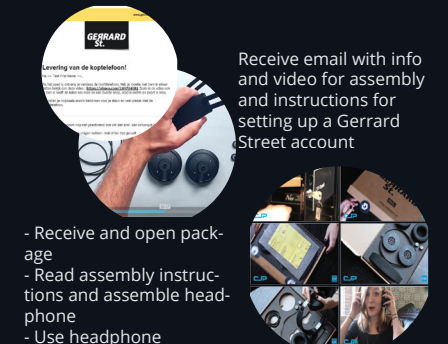
- Explainer on website
- Explaining via crowd-funding
- Provide customers with a story they can share
- Video

















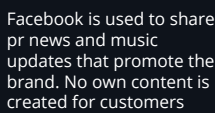

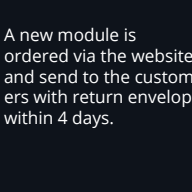


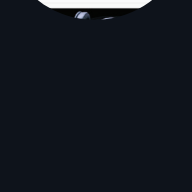


All purchases are via the website







- Package (flyer, instruction, etc)
- Website for account
- Welcome email
- Assembly video
- The headphone




SERVICE EXPERIENCE

 <p>USE</p>	 <p>EVALUATE</p>	 <p>ADVOCATE</p>	 <p>END SUBSCRIPTION</p>
 Listen to music Positive news Gerrard Street Positive feedback people	 Broken part was fixed easily	 Let's tell all my friends!	 Excited by unexpected perks Yes definitely prolong
Friends don't understand monthly fee Friends question sound quality 	 Headphone beaks down	Stop bothering me with requests I don't want everyone to own one 	I'll try for some more months I expected upgrades 
<ul style="list-style-type: none"> - Enjoy headphone - Brand part of image - Show to friends 	<ul style="list-style-type: none"> - Product beaks down (Not sure how to order New module) - Mistakes (forgotten collections) - Easily obtain new modules - Don't get annoyed 	<ul style="list-style-type: none"> - Share enthusiasm for brand with other people 	Evaluate subscription <ul style="list-style-type: none"> - Is it worth it - Quality/price - Do I use it - Have I paid to much
<ul style="list-style-type: none"> - Learn from customers - Promote new products - Offer partnership deals 	<ul style="list-style-type: none"> - Provide great customer experience - Easily handle repairs - Lock in customers 	<ul style="list-style-type: none"> - Grow with customer base - Build a strong brand 	<ul style="list-style-type: none"> - Keep customers interested - Avoid evaluation moment - Respect decision to stop (no negative connotation with brand) - Seemingly prolong plan to monthly
<ul style="list-style-type: none"> - Engagement with relevant content - Provide great customer service - Email updates Newsletter - Facebook posts: Music Monday, funny posts, links to PR - Promotions partners - Surveys  <p>During use phase, customers are updated via updates and newsletters, which update customer, shares promotions, all customers receive all emails and promotions</p>  	<ul style="list-style-type: none"> - Service website - Send new module - Email confirmation/apology - Website process - Emails - Phone if necessary - Package with module  <p>Example of negative experience. After forgetting to deduct money, customers were reminded that they had to pay a double fee for a couple of months</p>  <p>A new module is ordered via the website and send to the customers with return envelope within 4 days.</p> 	<ul style="list-style-type: none"> - Create conversations about Gerrard Street - Incentives to invite people - Promotion to invite friends (email, post card) - Naturally promoting through friends - Lead by example  <p>Gerrard Street shares a discount code with customers, that they use to invite friends to join Gerrard Street.</p> 	<ul style="list-style-type: none"> - Provide perks when customers stay - Give free upgrades - Let customers personalize product - Offer partnership deals  <p>The new wireless version is promoted to existing customers with an option to up-sell their subscription instead of canceling</p> 

6.3 EVALUATION JOURNEY

	PRE-SUBSCRIBING EXPERIENCE		SUBSCRIBING EXPERIENCE	
	 DISCOVER	 CONSIDER	 SUBSCRIBING MOMENT	 ONBOARDING
INSIGHTS ANALYSIS	<ul style="list-style-type: none"> - Facebook/Friends/PR are most important first contact points. Gerrard street is currently mostly focused on Facebook and PR (Appendix D2) - Lifestyle brands take an effort to be present at events that speak to their target group. (Chapter 2.2) - Gerrard Street stands for different this for different customers and often needs some explanation before understanding the concept at first sight. 	<ul style="list-style-type: none"> - Most customers were not convinced at once, they need more touchpoints. Especially being able to try the headphone from a friend was an important trigger for most customers. (Appendix D3) - Minimize the doubts by stressing that they can give it a shot. Lower barrier - Stress that they don't need to be at home. Easy delivery Care-free! (Appendix D3) 	<ul style="list-style-type: none"> - The process of becoming a customer feels like ordering a product instead of signing up for a service. This should be the other way around. - Leads are lost when someone stops during the order process 	<ul style="list-style-type: none"> - Customers like to be acknowledge for choosing Gerrard street. (Appendix D3) Acknowledge that they made a great decision choosing for using instead of owning and for joining the Gerrard Street. - The service should be personalized to maximize the perceived value and personal attachment of the customer
INSIGHTS POSITIONING	<ul style="list-style-type: none"> - The brand stands for people that connect through music, however most activities in the discover phase are aimed at individuals (PR, Advertisement, Social media). 	<ul style="list-style-type: none"> - Focus on explaining that the brand is care-free, that there is no catch when signing up for Gerrard Streets service. - Leverage social networks in the consider stage - Let customers be part of Gerrard Street 	<ul style="list-style-type: none"> - The process of becoming a customer feels like ordering a product instead of signing up for a service. This should be the other way around. - Customers are not welcomed to the brand after they have signed up 	<p>On-boarding is an important moment where customers join the brand. Make sure that they know what Gerrard Street stands for.</p>
CHALLENGE	<p>Gerrard Street should engage potential customers by physically being present at events in their lives. This enables them to show the usability of their products and that they are with the doers and the users, without taking themselves too seriously.</p>	<ul style="list-style-type: none"> - Gerrard Street targets the social music lover; Men that share their thoughts about music. They should incorporate this group feeling for triggering customers to try the headphone. - Provide people with the means to connect with Gerrard Street without having to be a customer. 	<p>Signing up should feel like signing up to a service instead of buying a product. Provide customers with the feeling that they become part of the brand. (Design principle 5) Collect the customer's preferences.</p>	<p>Monthly plans make on-boarding a very important satisfier for new customers. By creating a memorable personalized experience at this point Gerrard Street will boost customers to prolong their plan after a month.</p>

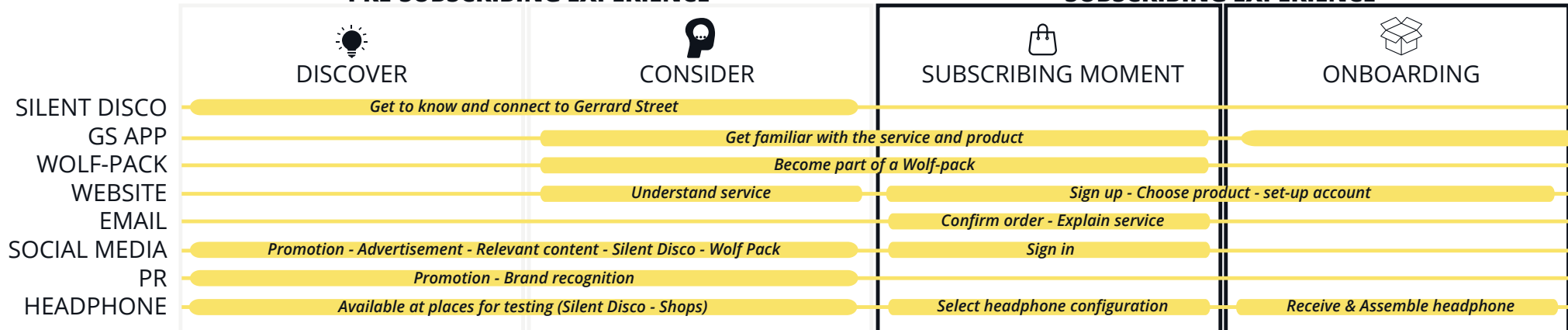
SERVICE EXPERIENCE

 USE	 EVALUATE	 ADVOCATE	 END SUBSCRIPTION
<ul style="list-style-type: none"> - Not all customer like to receive emails about update and promotions, while some enjoy being updated about the company. These different customers need personalized communication. (Appendix D3) - Gerrard Street currently has no means for satisfying current customers with perks or upgrades - Customers are not always aware of how to use Gerrard Streets service. (Appendix D2) 	<ul style="list-style-type: none"> - Customers evaluate their service whenever something goes wrong. For Gerrard Street it is therefore important to deliver a great service whenever there is a problem and to address customers personally. - The repair moment was a very convincing moment for some customers. D3 - Some customers were not satisfied with Gerrard Streets communication after they made a mistake with charging money 	<ul style="list-style-type: none"> - Current advocacy promotions did not really work that well, despite of that more than 30% of the target segment has advocated the headphone to friends. (Chapter 3.2) This should be leveraged since social music lovers are targeted. - A potential problem for inviting friends is that your headphone is no longer unique. Personalization of the headphone could provide an opportunity for that. 	<ul style="list-style-type: none"> - It is difficult to assess when are people about to cancel their monthly plan. Customers should be locked in before the end of their yearly plan. It is important to learn from customers why they end their subscription.
<p>Provide engaging content via your social media channels and personalize the content send via email.</p>	<p>- The first repair is an important moment where Gerrard Street delivers on their brand promise. It is a differentiating moment where Gerrard street demonstrates the value of the service and provide a great brand experience. Customers will evaluate their service after the repairs.</p>	<p>Gerrard Street's current efforts of creating advocates for the brand are based on offering discounts for inviting people. The challenge is to intrinsically motivate customers to become advocates for the brand.</p>	<ul style="list-style-type: none"> - Ending subscriptions should be avoided, however if someone chooses to end it should be frictionless, because that is part of the brand promise to be carefree. - The returning moment is important for demonstrating how the circular business model works
<p>Find ways to add extra value for the customer through the service to differentiate from competitors. It should be engaging and preferably updatable, so that it stays relevant for long-lasting customers.</p>	<p>Try to control the moments at which customers evaluate Gerrard Street's service. Examples are the repair moment, mistakes, updates etc.</p>	<p>- Gerrard Street should find a cool way to create customer communities withing Gerrard Street that in their turn to be advocates for their brand.</p>	<p>Make ending your subscription a positive experience that highlights what the Gerrard Street brand stands for and learn why people stop their subscription.</p>

6.4 DESIRED JOURNEY

PRE-SUBSCRIBING EXPERIENCE

SUBSCRIBING EXPERIENCE



SILENT DISCO ON DEMAND

Discover - Consider

People can get a nice break from work/studying by Gerrard Streets silent promotion. There are physical events and places where they let people use their headphone at a silent disco. The Gerrard Street bakfiets tours around the country to let young adults get familiar with the concept and provide a fun experience. They should do this at places where the "doers" are. This could be done at places such as Spaces or other flex-work spots, Universities etc.

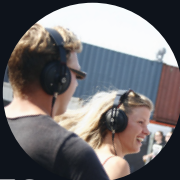
At these silent parties people get to use the headphone. Photos are put on Facebook and they are tagged. To provide a connection and to promote Gerrard Street among their friends. This promotes the idea of targeting social music listeners/ the wolf pack. Something people want to be a part of. Current customers can also invite Gerrard Street to host an event at their work spot. Potentially partner with other services such as Uber on demand and Kollekt.fm. Uber already did this with partners such as Amsterdam Dance Event and Red Bull.

Goal on the promotion is to let people use/test the headphone. to get them familiar with the brand. To create new leads. To have a sharable event.



Notify current customers about possibility of silent disco at their job/study site.

Select a customer and organize an facebook event for which her collegues/friends are invited



Get to the site to let everyone that passes try the headphone and enjoy a break from work.

Let people do a sound-check/ party. Generate leads, take pictures ask for email and let people download the

WOLF PACK

Consider - Advocacy

Gerrard Street is aimed at the social music lover which is why a group plan is promoted. The so called wolf-pack is for a group of friends that all love to listen to music at every moment and should feel for the customers as being part of something great.

Similar to spotify family it enables a pack of music lovers to enjoy their headphone. The idea is to create the feeling of joining a movement. People that support new forms of consumption.

The Wolf pack will be promoted for current customers to invite their friends to also give it a try. They receive an email to start their own wolf-pack. The plans are promoted in combination with the silent disco. At these events it is also possible to start a Wolf pack.



WEBSITE

Consider - Subscribing

After getting acquainted with Gerrard Street via the physical events they go to the website in order to see what Gerrard Street is about. Here a transparent explanation of the concept is offered and people are asked to connect with the brand. They receive targeted advertising via Facebook which triggers to give it a try for a month.

Subscribing

The first step is to create an account via Facebook or email. It immediately shows who of your friends are also using Gerrard Street. The flow should be as easy as possible. A plan is proposed with payment options.



At purchase customers can either select the composition that they like or choose to buy a try-out package with different set-ups, that need to be returned within two weeks. More on this at personalization.



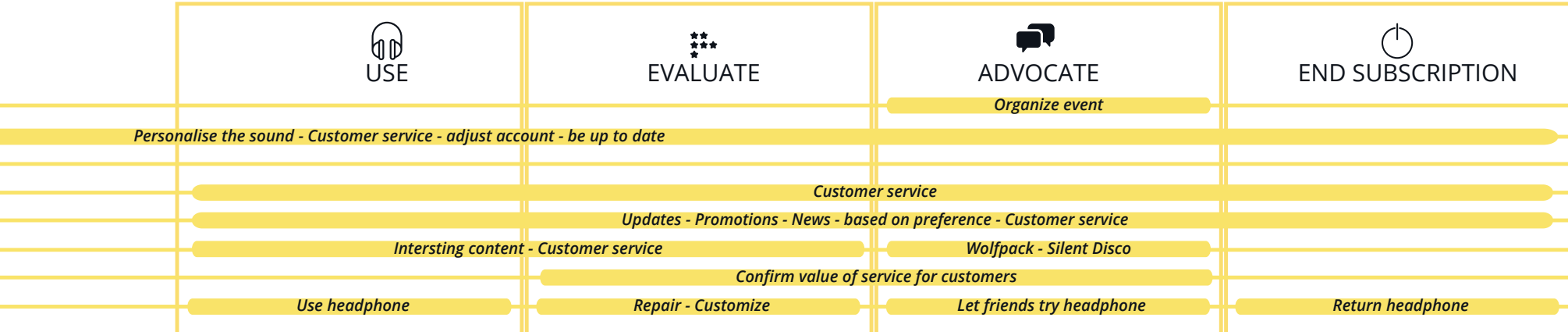
After purchase the landing page provides a funny welcome video teasing customers about what they are going to get. Customers can also share their purchase via facebook. After that they can setup their account with preferred communications. A confirmation email is send which is also meant create enthusiasm for the purchase.



DESIRED EXPERIENCES

MOMENT OF TRUTH I

SERVICE EXPERIENCE



PERSONALIZATION

Subscribing - On-boarding - Use

Gerrard Street should provide people with the feeling of ownership and a tailored service. Key tactic to achieve this is letting customers personalize their headphone. The headphone comes in different colored headbands and knobs. Customers can choose their set-up on the website, in the app or at the moment of delivery.



If customers choose the personalize at delivery option they receive a package with their headphone containing different colored knobs and headbands. The customer can choose to assemble the version he likes by combining different parts. After this they have to return the parts that they do not want, within a week.



Customers can always change their headphone by ordering new personalized parts for a small fee and Gerrard Street will provide customers with the option to replace paddings/ headband as rewards after they have been a customer for a while.

MOMENT OF TRUTH II

CONTACT PREFERENCES

Service

A second tactic for providing a personalized experience is personalized content for customers based on their preferences. Provide some partner discounts (Very important that these are relevant for the customer). Preferences can be adjusted at all times.



CUSTOMER SERVICE

Service

Customer service should be available directly across all channels. From now on all customer service is possible via whatsapp and facebook, email. If you want something we'll send it immediately.



GERRARD STREET APP

Consider - Subscribe - Use - Evaluate

The Gerrard Street app is an addition that provides the user with extra services. It works for customers and non-customer. For non customers the app is important in the consider and subscribe stage, while customers can use it in the for their headphone and service.

For non-customers the goal of the app is to get an introduction to what Gerrard Street offers and to convince them to order a headphone. The app offers the option to subscribe, to take a tour around the app and to order a headphone. Ordering a headphone works with a snapchat-like selfie filter where customers can try on their own Gerrard Street headphone in different styles. They can take a picture to share with their friends and order the model that they like. There is also an option to order an assembly package with different colors so that these can be tried.

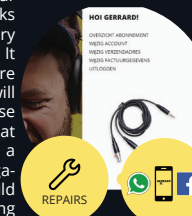
Customers have extra functions which are adapted to their headphone. Customers can personalize the sound of their headphone with an equalizer. Furthermore they can choose a connection sound, so that each time they connect they hear a personalized sound or message. There is also a customer service part in the app and the option to change their account settings.



REPAIR

Use - Evaluate

The moment your headphone breaks down is usually a very negative experience. It is however where Gerrard Street will deliver on its promise to provide a great sound care-free. This a moment where negative energy should become something great and sharable. Most important is the ease of replacing a part. A new module for personalization or repairs can be ordered via all communication channels. Customers should be aware of this from the moment that they receive their headphone.



The module will be send with a return envelope for the replaced part. In addition customers will receive info on what will happen with the replaced part.

Gerrard Street's attitude towards is should be that they like making sure that you can listen to your headphone! It should demonstrate the benefits of circularity in a funny way. The customer should feel that he is doing something great by fixing their headphone instead of throwing it away. Because this is where Gerrard Street service delivers value, customer's will be asked to evaluate Gerrard Street's service on the website or on facebook.

MOMENT OF TRUTH III

END SUBSCRIPTION

Evaluate

If a customer decides to end the subscription, they should have an easy process to do so, because Gerrard Street needs to stay true to the brand promise to be care-free. Gerrard Street should use the moment to learn from customers and to establish a positive feeling with the brand. The experience of ending a subscription should be something humble but funny (Without being to serious as is stated in the design principles).

To achieve this, information is given about what will happen with the headphone after it is returned. Explained whether it will be refurbished or recycled, to demonstrate the advantages of circularity. Furthermore customers will be asked why they left in a small survey or via the channel that they ended their subscription. Let people know that it is part of the model that people can quit whenever they like.



GERRARD St.

6.5 MOMENT OF TRUTH

One touchpoint is selected and designed to demonstrate how Gerrard Street's brand should be implemented within their service. The touchpoint to be designed is selected based on the moment of truth. Moments of truth are interactions between the brand and customer that are critical for the customer perception of the brand. It is often the moment where the brand delivers on the brand promise. Several moments of truth can be assigned at different phases of the customer journey. Based on the three challenges described in the design brief; Focus on service, Make Gerrard Street a social experience, Personalize Gerrard Streets service, three moments of truth were allocated, of which one is selected to be designed and prototyped.

Moment I: Making Gerrard Street a social experience

Both the Wolf-Pack and the pop-up silent disco are ideas that should make Gerrard Street a more social experience. The pop-up silent disco is a concept that could be used to express the social aspect of Gerrard Street's service to the outside world. It is however mostly a marketing stunt, while the Wolf-pack has the potential to actually develop the service into a more social experience. Therefore the Wolf-Pack has been selected as the moment of truth, because it is stimulating social behavior within the service in order to grow the business and to drive engagement. The idea behind building customer communities that take pride in being Gerrard Street customers together, could if executed in the right way, become a great source of brand equity. Important to note is that the focus should be on groups of customers that join Gerrard Street together, because they want to be part of the next step towards circular electronics. This stands in contrast to for example Spotify family where people join as groups to receive a discount.

Moment II: Personal experience

The personal experience has been addressed in the desired journey in two ways: The application that enables customers to control their subscription and to personalize the sound of their headphone. The personalized headphone parts that enable customers to customize their headphone. The moment of truth for creating a personalized experience is during the on-boarding

process. People receive the package that contains the headphone that they will have to assemble. The customer should feel that he receives a headphone that is tailored to him, even though it stays in possession of Gerrard Street. The personalization of the headphone when ordering online, or by receiving the tryout package, should give the customer this tailored feeling. This first connection with Gerrard Street's service is especially important for monthly users that are testing the service, since personalization will create a deeper connection to the product. Personalization provides a large opportunity for leveraging their modular headphone and their service.

Moment III: Focus on service:

Gerrard Street differentiates their brand by being a service provider instead of a headphone manufacturer. Therefore service interactions, where

	THE WOLF PACK	PERSONALIZATION	REPAIR MOMENT
Unique to brand	The Wolf Pack could become a unique asset. Where the service also becomes a community for the users. It is also for a unique target segment: the social music lover.	Most headphone brands offer different colors and types. Selecting personal combinations would be unique though.	The free repair with there-turing of the part is unique to Gerrard Street's service and directly delivers on its brand promise to provide a care-free service
Potential	If it catches on, the Wolf Pack could have great potential for reinforcing Gerrard Streets brand. If it does not work it could be a failed promotional campaign.	Personalization provides large opportunities for Gerrard Street's service, since it gives Gerrard Street something to renew and innovate on.	The repair moment is currently not leveraged as a moment that really sets the brand apart. It could potentially be an important satisfier for the service.
Implementable	The Wolf Pack is the most challenging for implementation, since it relies on the enthusiasm of current customers to succeed.	Personalizing the headphone is something that could be implemented in different stages, starting for example with the knobs.	The repair moment could be an example of how all other customer interactions should be orchestrated.

Figure 8.2: Selecting a moment of truth

customers experience the benefits of the service are unique to Gerrard Street and important differentiating moments for the brand. For this reason The first repair is allocated as the moment of truth. It is where Gerrard Street will deliver on its promise to provide a great sound care-free. This is a moment where negative energy should become something great and sharable. People that own a headphone would get very frustrated, because they have to throw away their headphone. For Gerrard Street customers it is a good moment because they are doing the right thing: Repairing their headphone instead of throwing it away. The ease of replacing a part is the most important aspect of the experience. Any channel should be fine and it should be seen as something nice. We like making sure that you can listen to your headphone! It should demonstrate circularity and in a funny way.

Selection moment of truth

The repair moment has been selected as the moment of truth that will be developed and tested. The repair moment is truly unique for the Gerrard Street brand, since it is the moment where they deliver on their brand promise. It is at the core of their service and therefore a touchpoint that can be used as an example for how the customer experience at all other service touchpoints should be developed. The Wolf-Pack and the Personalization are both also valuable moments of truth, but both are adjustments to the current service in order to get more value out of the brand. These adjustments are not directly implementable for Gerrard Street, since they lack the recourses as a startup. Therefore it is decided that the repair moment is the most relevant and will therefore be designed.

7.1 THE REPAIR EXPERIENCE

DESIGN DETAILING

PROCESS

The customer experience for the repair moment has been redesigned.

The desired experience has been mapped on a service blueprint.

The touchpoints were designed and a service prototype was created based on the service blue print.

The service prototype was tested with 10 males, which resulted in recommendations and a final iteration

The final design has been worked out in greater detail and an implementation plan was created

MOMENT OF TRUTH

BLUEPRINT

TOUCHPOINTS

TESTS & ITERATIONS

FINAL DESIGN

The moment of truth has been redesigned to implement Gerrard Street's newly formulated brand vision. The repair experience is a demonstration of how the design principles and brand vision should be implemented to create the desired experience at a Gerrard Street touchpoint. Learnings from this design can be translated to other touchpoints and moments.

The moment someone's headphone breaks down is usually considered as a very negative experience. The repair experience has been designed to radically change the perception of this moment by providing a moment where negative energy becomes something great and sharable. The customer should feel empowered by fixing their headphone, since they do not have to throw it away. The repair experience aims at letting the customer consciously experience this moment, providing positive feedback and adding extra satisfiers.

The story starts with a customer noticing that their headphone is not functioning properly. Together with Gerrard Street they will find out what the problem is and fix it within a few days. During the process the customer should feel that it is okay to break your headphone, because Gerrard Street wants their customers to use their products. This is also the moment where Gerrard Street will explain that their mission is to save as many headphones as possible from becoming landfill. There are always smarter options than to throw away product. This is why all the items in the package Gerrard Street sends to the customer, are used or have a second life: The envelope is also used as return envelope for the broken part and the flyer with instructions can be folded into a headphone standard. Finally the way Gerrard Street presents the repairs on their website has been redesigned so that the repairs are a more prominent part of the benefits communicated. Furthermore adjustments to the website are made to demonstrate the impact Gerrard Street and its customers have already had. The following pages explain the repair experience in more detail.



- What should I do?
- Which part is broken?
- How can I get a replacement part?
- Will this cost me anything?

HEADPHONE BREAKS

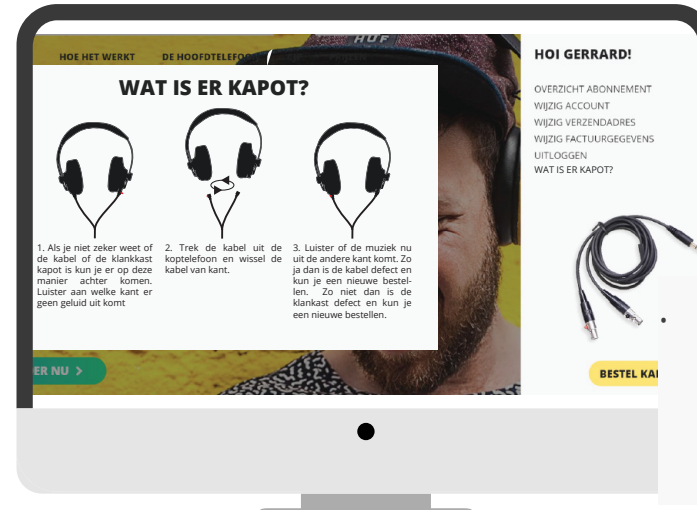
The customer notices that the headphone is not functioning properly anymore. They realize that they have a subscription to the headphone and that Gerrard Street promised to repair it.

- Uncertainty about which part is broken
- How do I get it fixed?



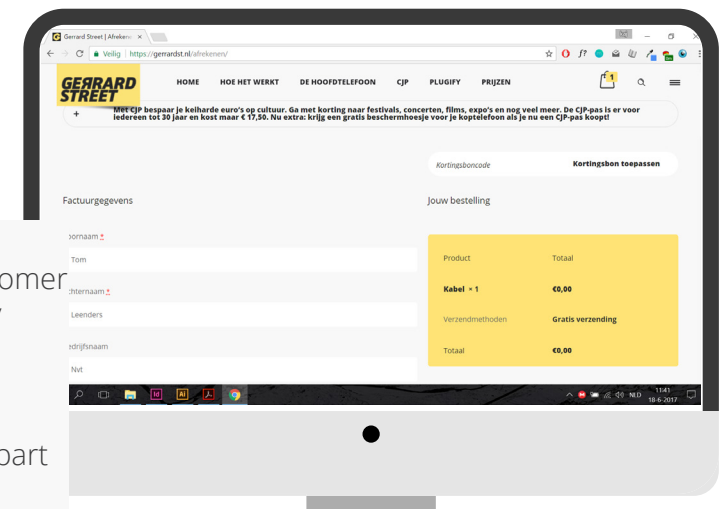
WHAT IS WRONG?

The customer will have to find out what is wrong with the headphone. The service prototype demonstrated that some customers were not sure if the cable did not function or if one of the speakers was defect. This resulted in insecure feelings on what to do next. To minimize these feelings the customer is provided with several options:
 Option 1: Visit the website. There are instructions on how to test which part is broken and a new part can be ordered directly.
 Option 2 : Customer service via Facebook messenger or Whatsapp Ideally customers are already aware about what they should do if their headphone breaks down. Which is why the process will be explained with a video on the website.(See about the repair)



- The website offers instructions to find out which module is defect.

OPTION 1: VISIT WEBSITE



- After the customer knows exactly which part is defect, he can request a replacement part

HEADPHONE
BREAKS

WHAT IS
WRONG?

REQUEST A
NEW PART

RECEIVE
PACKAGE

REPLACE
PART

CLOSURE

ABOUT THE
REPAIR

- Gerrard Street should be approachable by the channels customers use
- Gerrard Street will help with finding out what is wrong
- Gerrard Street will order a new part for the customer directly.

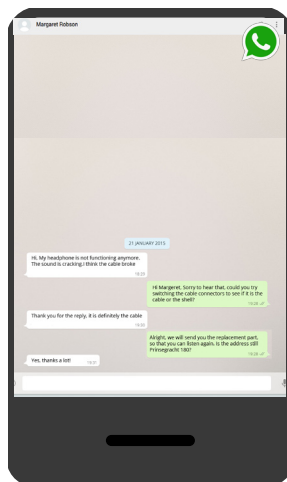
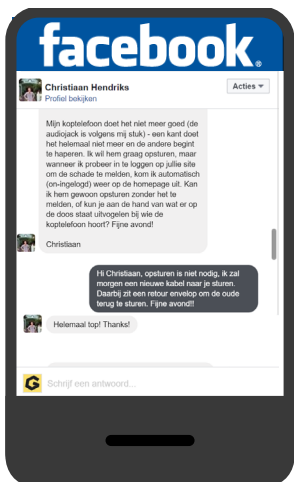


OPTION 2: CUSTOMER SERVICE VIA FACEBOOK OR WHATSAPP



- Confirmation email that the replacement part has been send
- Informal tone of voice
- Confirm that Gerrard Street is wants you to use the headphone

CONFIRMATION OF ORDER



- Facebook messenger and Whatsapp are used as communication channels
- Both channels are highly adopted by the target segment



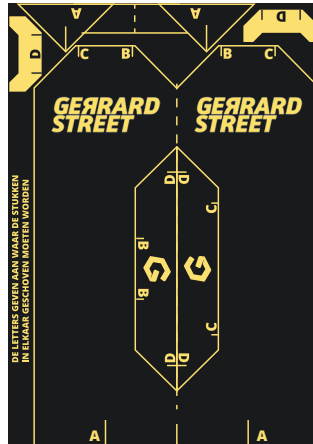
RETURN LABEL



NEW MODULE



STRING-TIE ENVELOPE



FLYER (back)

RECEIVING THE PACKAGE

Gerrard Street sends customers a string-tie envelope consisting of a replacement part, a return label and a flyer. The complete package is designed to eliminate waste and to provide the customer with easy to follow instructions. The flyer explains to customers what they should do and affirms them that they are doing something great.

Affirm that the customer is doing something good: repairing their headphone instead of throwing it away.

Repeat brand promise of being carefree: In no time you can rock again!

Logistics: The replaced part should be returned by using the same envelope by using the return label

Demonstrate mission of Circularity: We make sure everything will be recycled or repaired

Create a second life for flyer. Instead of throwing it away you can build a headphone standard

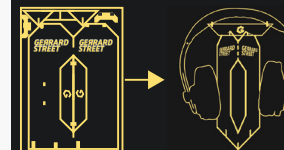
TOP DAT JIJ JOUW KOPTELEFOON REPAREERT IN PLAATS VAN WEGGOOIT!

**1. VERVANG DE
MODULE EN JE BENT
WEER KLAAR OM TE
ROCKEN!**



**2. DE KAPOTTE MODULE KAN
WORDEN TERUGGESTUURD IN
DEZELFDE ENVELOP. PLAK
ALLEEN EVEN DE RETOUR
STICKER OVER JOUW ADRES
HEEN**

**3. WIJ ZORGEN
ERVOOR DAT DE
MODULE WORDT
GEREPAREED OF
GERECYCLED**



**4. OMDAT WE WEGGOOIEN
ZONDE VINDEN, KUN JE VAN
DEZE FLYER EEN STANDAARD
VOUWEN VOOR JOUW
KOPTELEFOON. NU HOEF JE
HEM NOOIT MEER LATEN
SLINGEREN**

FLYER (front)

- Customers know how to replace a module
- Gerrard Street has never been contacted to instruct customers about the repair
- Participants all thought that replacing the part was easy



REPLACING THE PART

Replacing the part consists of three steps:

- Actually replacing the part, so that the headphone works again.
- The option to build a headphone standard from the flyer.
- Returning the broken module to Gerrard Street.

- Extra satisfier
- Nothing goes to waste
- Visible Gerrard Street object for at home or at the office



BUILDING THE STANDARD

After the part has been repaired, customers can choose to create a headphone standard from the cardboard flyer. The flyer is made out of 1mm thick cardboard. The parts for the standard have been partly punched into the cardboard, so that after reading the instructions, customers can press the pieces for the standard from the cardboard. The headphone standard is assembled by putting the pieces together. Letters on the different pieces serve as instructions on where each piece belongs.



HEADPHONE
BREAKS

WHAT IS
WRONG?

REQUEST A
NEW PART

RECEIVE
PACKAGE

REPLACE
PART

CLOSURE

ABOUT THE
REPAIR

- The part should be returned in the string-tie envelop as instructed on the flyer.
- The return label should be placed over the addressee's address



RETURNING THE PART

Gerrard Street asks customers to return the broken parts to them. This is part of Gerrard Street fulfilling their mission to be a circular company. Participants during the test did not quite understand the reason behind returning the parts. They felt that there was a financial incentive for Gerrard Street. Currently there is no financial incentive and Gerrard Street is not doing anything yet with the returned parts. They do have a vision of what they want to do in the future. It is recommended to be transparent about this and explain their vision on their website.

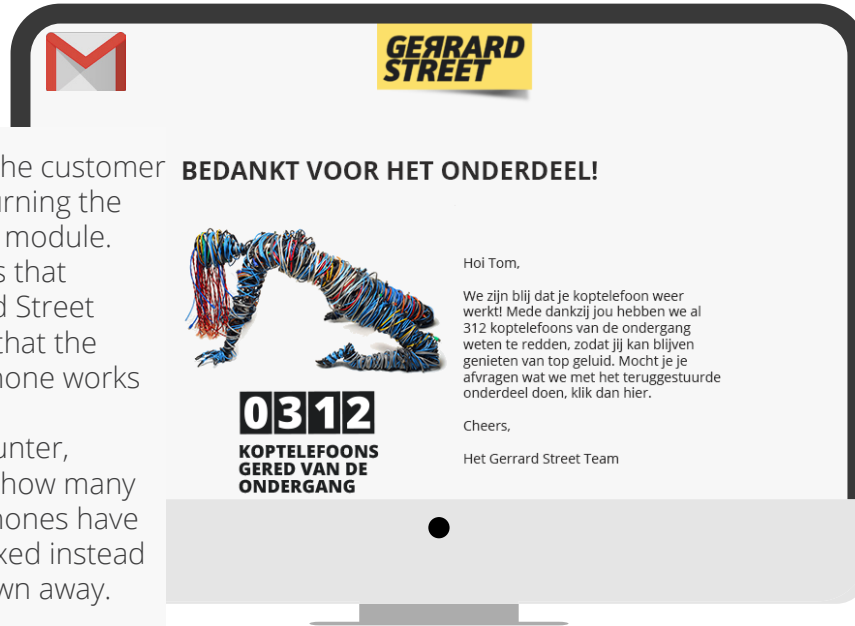


- I can enjoy my headphone again!
- That was easy
- I did the repair myself
- I did not have to throw anything away

CLOSURE

The most important moment for the customer is when they are ready to use their headphone again. At this moment Gerrard Street has fulfilled its brand promise and the customer can continue to listen to a great sound without any worries!

- Thank the customer for returning the broken module.
- Express that Gerrard Street is glad that the headphone works again.
- The counter, counts how many headphones have been fixed instead of thrown away.



CONFIRMATION EMAIL

The confirmation email is the last part of the repair experience. Customers should be acknowledged for returned the broken module. This provides closure to the experience and gives the customers a moment to evaluate the service. Lastly it is also a medium where Gerrard Street can promote their mission with the counter (which is further explained in about the repair) and by providing information on why they want people to return the broken parts.



ABOUT THE REPAIR

The repair moment is currently the most essential part of Gerrard Streets service, because it is the moment where they deliver on their mission and on their brand promise of providing a carefree experience. Due to its importance it is decided to redesign how this benefit is presented on the Gerrard Street website. The following aspects were taking into consideration:

- New customers should be aware of the easy repair process
- They should also understand why Gerrard Street offers free repairs (explain mission)
- The redesigned benefits from chapter 5.4



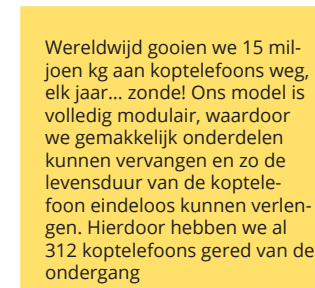
OLD BENEFIT

Gerrard street used to promote free upgrades through smart reuse. This has been changed because there is no real link between the upgrades and recycling.



THE COUNTER

The counter counts how many headphones have been fixed to demonstrate the impact Gerrard Street customers have already had.



EXTRA INFO

The counter provides a logical link to Gerrard Streets mission and an argument for why the subscription service is better than buying a headphone.



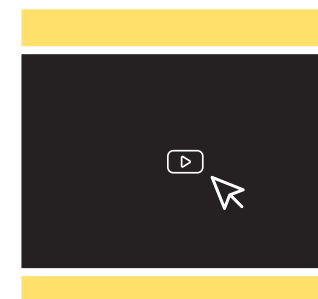
BENEFIT REPAIR

The repairs are currently the most important benefit. This is why it should be central to their service



EXTRA INFO

Headphones break if you use them a lot. We want our customers to use the headphone and therefore we will always fix it.



PROMO VIDEO

The video demonstrates the process if anything breaks, to support the feeling of a stress free experience.

7.2 CONCEPT DETAILING

The different steps of the repair experience have been evaluated using a service prototype. A summary of the evaluation, design decision and goals per step is given in figure 7.1. The insights concerning the implementation of the brand vision and goals for the customer journey will be discussed in the evaluation and implementation.

Evaluation and implementation touchpoints

For the implementation of the different parts of the design, it is evaluated if Gerrard Street should implement it straight away or if there is some further validation that needs to happen.

Website:

Three changes for the website have been proposed: Adding the instructions for checking which part is broken, presenting the repair process on the website and the counter that demonstrates the impact of Gerrard Street. The instruction visual can be implemented right away. Having this information available on the website will help customers that like to solve these problems themselves and it reduces the amount of people contacting customer service. The visual can also be send via Whatsapp or Facebook messenger at customer service interactions.










									
CUSTOMER ACTIONS	HEADPHONE BREAKS	WHAT IS WRONG?	REQUEST A NEW PART	RECEIVE PACKAGE	FIX HEADPHONE	BUILDING THE STANDARD	RETURN PART	CLOSURE	ABOUT THE REPAIR
GOALS	Create awareness that about the easy repair process.	Provide customers with the knowledge to understand which part is defect.	Gerrard Street should be easy to reach by all of their communication channels.	The package should limit waste for the customer and clarify the process.	Let customers fix the headphone.	The flyer with instructions should have a second purpose.	Provide customers with the information on how to return the broken part and give them positive feedback about it.	Provide feedback about the process.	Repairs are an integral part of Gerrard Streets service and should therefore be promoted.
DESIGN DECISIONS	The repair is explained in more detail on Gerrard Street's website. See about the repair	Instructions on how to test your headphone can be found online or via customer service channels.	Customer only need to contact one channel to order a new part: Website, Facebook or Whatsapp	All parts of the package are reused.	Customers know how to replace the part.	The customer can give a second life to the flyer as a headphone standard. Instructions are printed on the flyer.	The flyer explains how and why customers should return the part to Gerrard Street	Customers receive an email that thanks them for returning the part and explains what will happen	The amount of repaired headphones is something that is shared publicly on the website.
CUSTOMER EVALUATION		<ul style="list-style-type: none"> - Difficult to know which part is broken. Instructions were needed by some participants . - Omni-channel service was appreciated, however it should be fast. 	<ul style="list-style-type: none"> - Via whatsapp was very clear. - Website was unclear. Could not find account and process was not transparent - Uncertainty about if they needed to order a new part or if it was for free (website states order) 	<ul style="list-style-type: none"> - Participants appreciated the return envelope - The instructions were clear - Informal tone and complements were appreciated. 	<ul style="list-style-type: none"> - Participants loved how easy it was to repair the headphone 	<ul style="list-style-type: none"> - Considered a fun extra - The reason why should be explained on the flyer - What happens at the second repair - Probably won't use it that much 	<ul style="list-style-type: none"> - Easy instructions - Some participants forgot to put the sticker on top of their own address - Is it obligated - What if someone does not return the part Questions about safety 	<ul style="list-style-type: none"> - Participants liked the feedback they got from the email - It explained why they were returning the part - Some would not open the email. - Some wanted to know what happened with the returned part. 	<ul style="list-style-type: none"> - The counter was well received - Transparency was important for some people

Figure 7.1: Design decisions per step

Adapting the benefits communicated and showing the video explaining the repair process can be implemented right away. The participant reacted positive about this. They felt that it did explain the value of the service. Making the repair process more prominent on the website however is a strategic decision. To make the repairs the unique benefit Gerrard Street is offering is something that might require more validation.

The counter on the website and in the email that demonstrates the impact Gerard Street and its customers have, can be implemented right away. Currently Gerrard Street is struggling to communicate their mission of circular electronics. By showing how many headphones Gerrard Street has saved, they are demonstrating in a tangible way what they are doing. Feedback from customers was that they would like to know the story behind it. It is recommended that to develop a about Gerrard Street page where they explain the circular story for whoever is interested.

Email

The emails as confirmation for sending and receiving the parts should be implemented right away. The participants appreciated the feedback and generally liked the tone of voice and imagery.

Customer service

The omni-channel communication via whatsapp and facebook can be implemented right away. It fits perfectly with the Gerrard Street's promise to be care-free and is easily implementable. It does require Gerrard Street to provide the back-end service themselves instead of letting customers do it. When Gerrard Street grows they should look at automating the process. They could look at a chatbot for handling the first questions. Furthermore developing a mobile application that includes the option to order replacement parts will also relieve the customer service required.

The flyer (and standard)

Participants liked the idea of being able to create a headphone standard from the instructions flyer. It was a nice extra and they all enjoyed building it.

A grounded comment however was that a cardboard flyer is less sustainable than a normal flyer and that some participants admitted that they would probably not use it after assembly. The standard could be implemented at this point. The price for the cardboard flyer (€0,51) is a lot higher than the price of a normal flyer(€0,03). This does not have to be a problem, if the flyer delivers extra value to the customers. The value it creates is currently mostly a fun satisfier and for some customers a nice headphone standard.

A recommendation is to give the standard an extra purpose. One of the participants said that he would love to have the standard made of wood. In that case the paper standard could be used in combination with a referral plan. The paper standard would be a teaser for earning a wooden version of the standard, when the customer refers a friend to Gerrard Street.

A second recommendation for the flyer is that it could also be folded into a paper mobile phone amplifier (figure 7.2). Participants asked what they would get at their second repair, since receiving two headphone standards seems unnecessary. This could also be used to leverage the social aspect of the brand.



Figure 7.2 Design decisions per step

The string-tie envelopes

The envelopes can be implemented fairly fast. The envelopes can be supplied for €0,09 per printed envelope. A pilot before implementation is recommended however, since there are some concerns about the safety and understandability for customers. The recommendation is to do a trial with 20 string-tie envelopes with real customers. This will validate if parts get stolen or lost during delivery and if consequently a sealing sticker might be required. Furthermore it can be evaluated if customers understand the placement of the return label over their own address and if the broken part is returned properly.

Evaluation overall experience

The overall repair experience has been evaluated based on how well the brand vision is implemented within the experience and if the experience is coherent with the objective to enhance the service by delivering a personal and social experience.

Implementation of the brand

Participants of the prototype sessions were asked to describe what Gerrard Street stands for. This was used to assess if the newly designed process successfully implemented the Gerrard Street brand. After the service prototype session the participants were asked to describe how they viewed Gerrard Street. The following words were most associated with the experience:

HIGH QUALITY PRODUCT, QUICK AND EASY, GOOD SERVICE, SUSTAINABILITY, YOUNG, RELAXED, CHILL, BOLD, PROFESSIONAL, PERSONAL CONTACT, NO-NONSENSE, INFORMAL, FREE REPAIRS

The words used by the participants were closely related to the words used to describe the design principles such as Bold and engaging. There were some contradictions, such as professional and informal, but overall the described experience came close to the intended experience.

Evaluation design principles

The design principles from chapter 5 were used to ensure that the experience represents the Gerrard Street brand correctly. The principles provided direction for the communication style and the imagery.

Quality is usability: making sure that you can always enjoy great sound experience. The experience has been developed to be frictionless to support the brand promise of being completely carefree.

Circular products are better: The repair moment is used to demonstrate the benefit of their circular model to their customers: Thank you for repairing your product instead of throwing it away.

Why so serious: This design principle was mostly visible through the tone of voice used in the communication. Furthermore the participants appreciated the funny images provided in the emails.

Engage: Making it a sharable moment where the customer evaluates the service. The current experience is not yet very sharable. Participants did say that if the process was as frictionless as real life it would be a reason to recommend Gerrard Street to friends. Direct incentives to do so were not included. Using the cardboard standard as a teaser for a wooden standard could be used to make the experience more social. A pilot is necessary to test if such a referral would work.

Conclusion

The designed experience is a clear representation of how Gerrard Street could implement the newly formed brand vision. From the service prototype could be concluded that the participants were very pleased with the easy process and that they connected to the intended experience.

8. EVALUATION

Gerrard Street's problem was that they needed to grow faster in order to reach a scale at which they could run a sustainable business. This thesis aimed at solving the customer and branding part this problem. The assignment was to Refine and validate Gerrard Street's target customer segment and redesign its touchpoints with Gerrard Street.

Since Street is still developing their brand and target customer it is decided to focus on targeting early adopters. Starting with a small and refined segment offers the opportunity to build a strong brand that will last when trying to cross the chasm to the early majority. This thesis explored who these early adopters were by conducting extensive customer research through which the social music lover has been formulated as the target segment. The customer research showed that Gerrard Streets customers were fairly similar on general aspects such as educational level and progressiveness. There were however many differences in lifestyle, music preferences and opinions. This limited the opportunity to target Gerrard Street at a specific lifestyle. Therefore the segment of the social music lover is still rather abstract. The three target audiences were used to further specify the target segment. These findings are currently being used by Gerrard Street as foundation for refining and validating their target segment, which they are pursuing through a series of online tests as proposed by the lean startup method. This demonstrated how design research methods can be used in addition to the lean startup method. The research served as starting point by creating an initial understanding of the customers. This is similar to the findings Müller, R. M., & Thoring, K. (2012). They propose that design thinking as process is valuable for creating a holistic understanding of the situation by using qualitative research methods. This understanding combined with the metric tests proposed by the lean startup method provide the opportunity to better develop their customers and their respective needs and problems.

A strategic direction for Gerrard Streets brand and service was formed in the brand vision. This direction was based on the target segment together with the findings from the internal and external analysis. Gerrard Street needs a

positioning with which they can grow their service. The proposed positioning describes what Gerrard Street stands for: A great sound carefree. This is the essence of their service which is delivered through the free repairs and the fact that customers can cancel their subscription at any time. The target segment is describes as the doers and the users. People that act instead of talk and want great products to use not to own. (People that already see value in the owner-less service concepts) Lastly they connect through music; the customer research demonstrated that Gerrard Street's customers talk a lot about music and explore new song with friends. To implement this strategy five design principles were formulated accompanied with examples. The final design also incorporated the design principles and serve as an demonstration for how to use the principles. Limitations of the research are that due the abstract nature of building a brand, it is difficult for a startup to validate the proposed direction for the brand. This lack of validation makes it difficult for Gerrard Street to fully commit to certain positioning even though consistently delivering the same brand experience is necessary to build a strong brand.

Gerrard Street's service is where they can get the most value, because It is what separates them from their competitors. Leveraging the service is therefore at the core of the objectives for the touchpoint analysis. Combined with the target segment and to growth opportunity for personalization the following touchpoint strategy for Gerrard Street is formulated: Add value through the service by delivering a personal and social experience. The journey analysis and the creation of the desired journey, provides Gerrard Street with a direction on how to develop their service so that it delivers more value to their customers. Gerrard Street is currently competing as a traditional product company, focusing mostly on the acquisition of new customers and less on developing their service. This is understandable since they are a startup that needs to scale. Developing the service however might be necessary for building a stronger brand, customer retention and for natural growth.

The repair experience represents a unique moment to Gerrard Street's service. The moment incorporates many important touchpoints such as the website, email, mail, Facebook and Whatsapp, the headphone. The design and tests of these touchpoints have not only lead to recommendations for the repair moment, but also for the design of touchpoints for Gerrard Street in general. Overall it serves as a demonstration of how Gerrard street should develop their customer interactions, while keeping in mind the principles.

This thesis provided Gerrard Street with new marketing insights that they can use to further develop their service and brand. Many findings of this thesis were things that Gerrard Street was already doing, but were made tangible by developing the brand vision. Lastly the vision for Gerrard Street's service might help with changing the perception from being a product focused brand to a more service oriented brand.

8.1 PERSONAL REFLECTION

I had the ambition to do a project in an environment that I had not yet experienced on a subject that I was not yet too familiar with: This became a deep dive into marketing for startups. I would like to thank Tom and Dorus for giving me this opportunity since both the environment and the subject did not disappoint.

It was very inspiring to work directly with three entrepreneurs that are trying to build a company. It thought me a lot about entrepreneurship and the difficult decisions they have to make on a daily basis. The environment changed fast: Strategy and objectives pivot often with new developments and learnings. This required some flexibility throughout the project, but also helped with external insights. An example is a branding workshop with Gerrard Street and the branding agency 72andSunny, which provided valuable input on the founders perception of the brand.

I also had pivot the direction of my project by focusing more on the strategic development of the service instead of the acquisition of new customers. In my opinion this created a more valuable end results since it provided many new perspectives that would have otherwise would have stayed untouched.

One thing that I have found difficult about the Implementation of findings as external researcher. It was difficult to translate research findings into opportunities that Gerrard Street could implement right away. Being a startup the horizon of Gerrard Street is rather short, which stresses the need for insights that can be acted upon right away.

During a mit-term evaluation with Tom, he asked me to think about three questions: What are we doing great, What do you think we should do and what should we stop doing immediately. I would like to answer these questions again but then at the end of the project.

The company is founded by two designers, which is visible in many respects. It is one of Gerrard Street's strengths that they are able to do a lot of the

design work themselves, which makes them very flexible. Gerrard Street's visual style and materials are really good. There was no need for redesigning Gerrard Street's style in this thesis. Furthermore is makes them very flexible in trying new things.

What Gerrard Street should do right away is start thinking about how to enhance their service. Currently the service stands for free repairs and the option to quit your plan whenever you like. Both are very practical reasons for needing a Gerrard Street subscription.

Gerrard Street should become more transparent about what they are doing. The returned parts are currently stored until they know what to do with it. This is fine, because they can easily explain their vision on what they want to with those parts when they reach a certain scale. Many customers consider Gerrard Streets model environmentally friendly and find it an important reason for having a Gerrard Street subscription. These customers should get some validation that Gerrard Street is acting upon this.

Finally I would like to thank my mentor and chair for being very supportive during the entire process and for the great feedback during the meetings.

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Icons thanks to The Noun Project

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