THE PRESENCE ECONOMY

Becoming More Present in an Era of Engagement Erosion

TIM FRY

THE PRESENCE ECONOMY

> I fear the day technology will surpass our human interaction. The world will have a generation of idiots.
>
> *– Albert Einstein*

There's much debate as to whether Einstein actually said this. Most agree that he said something similar and that it represents his somewhat jaundiced view of technological innovation and the impact it can have on the human condition. Whether or not you subscribe to this view, the pace and ever-present reminders of technological change around us – usually in the form of a mobile device – force us to frequently consider its impact on the world.

Mobile technology has fundamentally changed how we live our lives – making the world more personal, more flexible, and more virtual. The developed world has quickly migrated from "a PC on every desktop" to a computer in every pocket. There now exist more mobile connections than there are people on the planet, which has led to profound changes in our daily habits, human interactions, and business practices. Countless industries have been disrupted. We've watched the rise of Amazon.com and Uber parallel the decline of Sears Roebuck and the yellow taxi. As technological innovation continues, the term "mobile" is even becoming passé, or at least is taking on a meaning different than it had just a few years ago. The emergence of "ambient computing," where all sorts of wearable technology – from the Apple Watch to Fitbit – is pushing devices and their constant pings into the background, continues to change how we think about – and act on – time and place.

As with any new technology and the disruption that follows, there are positive and negative outcomes. And the value one places on those outcomes depends on whether you benefit from or are disadvantaged by that disruption. There is general agreement on the positive impact of mobile technology. More people can now telecommute, resulting in less traffic, lower fuel consumption and (hopefully) more productive, happier employees. GPS combined with a smartphone combined with Google Maps means it is now virtually impossible to get lost. The list goes on, and there have been efforts to quantify, in dollar terms, these benefits to global society. The "mobile economy," by the most conservative estimates, is worth $2.4 trillion and growing rapidly (source: GSMA).

Engagement Erosion

The positive impacts above come with a just-as-lengthy list of social ills, which today find their way into any discussion about mobile. We're all too familiar with these scenarios. Texting while driving. Screens at the dinner table. The decline in childhood literacy. When every gap of time in our lives can be filled with some kind of digital experience, we risk suffering from attention deficit disorder on a global scale. The impact on society goes beyond hindering our ability to pay attention to our surroundings. More fundamentally, we are becoming less present in our interactions. Our engagement with the people and places around us is being eroded. In response, we have created a new set of social norms to govern our behavior in society. It's universally accepted to be rude to leave your phone on in a movie theater, and it's a high compliment when somebody deliberately puts down their phone to focus 100% on you. As new form factors emerge, social psychologists will continue to have a field day on the topic of engagement erosion.

What if we turn our attention to other, more quantifiable externalities related to the ubiquity of mobile technology and the erosion in engagement that usually accompanies it? There's been much discussion about the phenomenon known as "showrooming," which lets Amazon benefit from the investments that retailers have made in showcasing their goods in an actual store. Amazon's Price Check app, by eroding customer engagement in brick-and-mortar stores, siphons away sales that otherwise might have ensued from those retailers' investments. There are other, perhaps subtler, ways that the mobile-enabled virtual world affects businesses' relationships with their customers. The "mobile blinder" phenomenon (when people are so engrossed in their mobile phones they don't notice things around them – particularly in supermarket checkout lines) has led to a 5.5% decrease in gum sales and an 8.2% decrease in single-copy magazine sales in the U.S. Mobile device usage at sporting events continues to rise, while attendance and revenue from live sporting events is in decline. As an individual's engagement in a place – their presence – is eroded, so is their likelihood to purchase.

The Economics of Presence

The examples above point to a very real connection between "presence" and revenue. To address the business impact, we must think about presence in economic terms. Economics is fundamentally about the management of resources, and presence is currently in short supply. We only have 24 hours in the day, and very few of those hours are "disposable." The fact that somebody has chosen to visit a place and committed some portion of those precious hours is a signal of interest (if not intent) in a meaningful relationship (if not transaction) with the place. To squander that customer interest or intent is akin to burning cash.

The mobile industry has gone to great lengths to quantify the economic growth stemming from investments and innovation in mobile. We need a way to account for all the implications of a mobile world. What is the cost of not being present, both literally and figuratively? What is the return on investment of being more present? A non-present customer devalues the investment in an experience because it costs money and time to create and visit any place of business. If a customer pulls out of a present-state (to engage with Facebook, news feeds, mobile games, etc.) they are undermining the potential of the relationship between themselves and the business they are visiting. They might be costing themselves money. They are certainly costing places of business money.

Instead of the mobile economy, we should be focusing on the presence economy.

pres·ence + e·con·o·my

/ʼprezəns/

- *noun* the state of existing or being present in a place.

/əʼkänəmē/

- *noun* careful management of available resources.
- *adjective* offering the best value for the money.

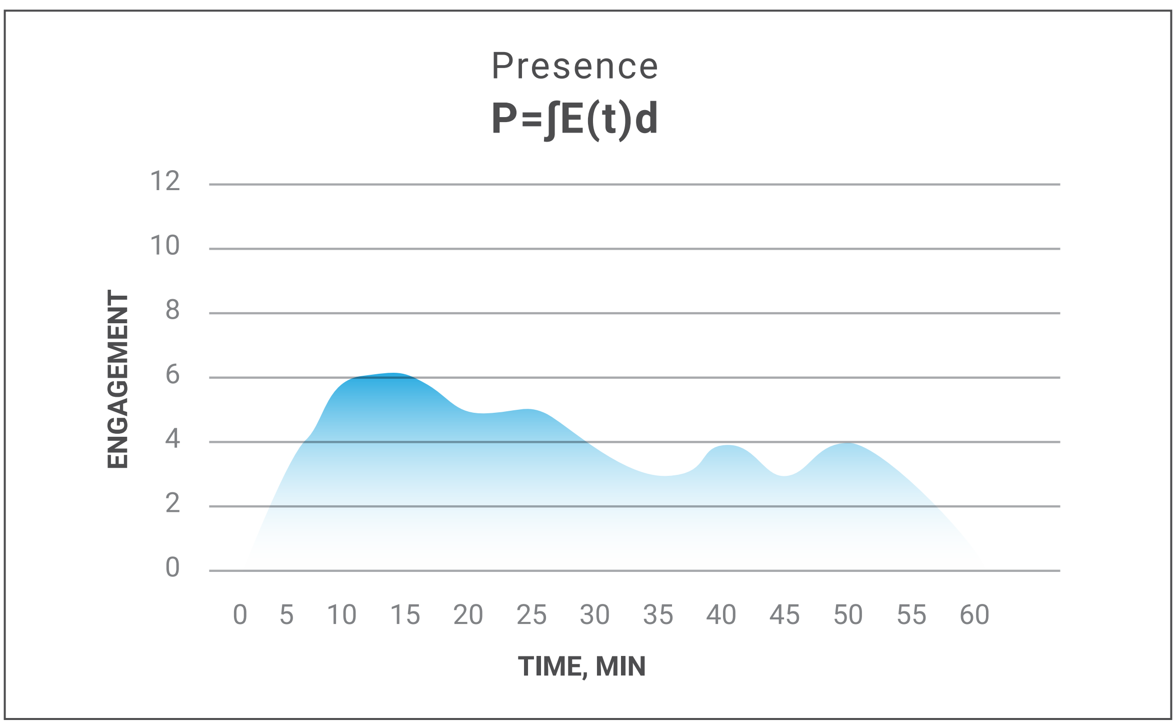
Measuring Presence

As economics teaches us, life is full of trade-offs. With any disruptive technology or change in social behavior, it's critical we are aware of and can measure the trade-offs those changes imply. What is the value of presence? Having a way to answer that question will better inform our decisions on a number of fronts. As consumers, we should know whether it's really worth it to satiate our desire to "check in" to our digital world when we enter a place. As business place owners, we need to understand the implications of not capturing patrons' attention, so that they will grant us their presence and be more "in the moment." And, as innovators, we should have awareness of the impact that new technology – whether that be a new device, service or some yet-to-be invented digital experience – will have on presence writ large.

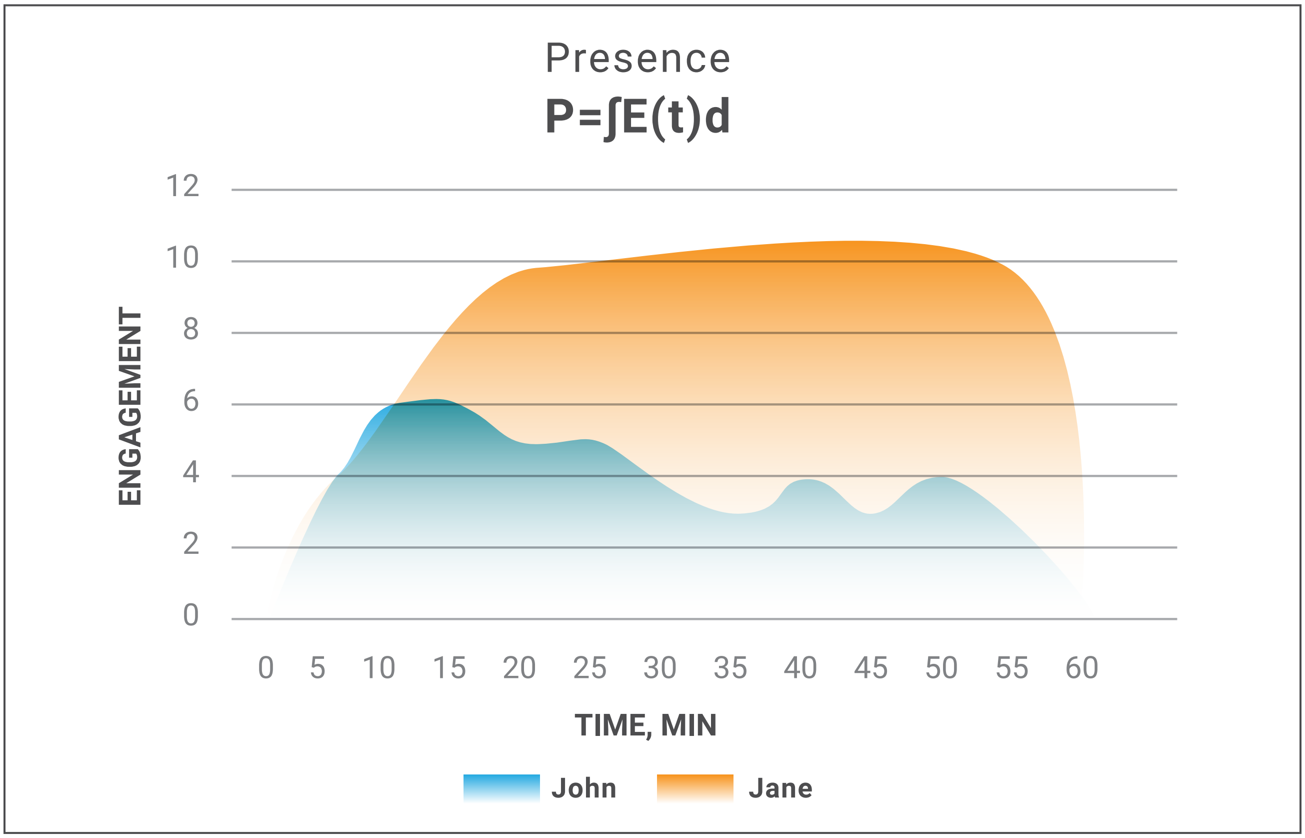
We must have a way to measure the value of presence if we are to stem engagement erosion. The two most important variables in this equation are level of engagement (how much one's attention is occupied in the moment) and length of engagement. The latter is easy to measure – time. The former will depend on the definition of engagement. If we define engagement as "occupying one's interest," level of engagement could be determined by whether someone is paying attention or answering a call-to-action. In the digital world, marketers have come up with a variety of schemes to quantify engagement – from clicks on a web page to more complex "engagement indices." We need a way to evaluate presence as it pertains to interplay between the digital and physical world.

For purposes of this exercise, we'll assume a simple unit to measure engagement. The graph below represents the changes in engagement over time, allowing us to visualize an individual's presence and determine the impact various stimuli – such as mobile devices and services – have on presence.

If we represent engagement as a function of time, as shown in the graph, then we can quantify an individual's presence by calculating the area under the curve. Presence is the total engagement over the total length of time at an event. Quantifying an individual's presence under different scenarios will allow us to compare experiences and determine the impact various stimuli – such as mobile devices and services – have on presence.



The graph below illustrates overall presence across two scenarios.



Scenario 1:

John walks into a museum after paying money for the experience. Upon entering, his interest is piqued by the lobby video screens showing highlights of the exhibits within. He proceeds to an exhibit area he thinks will be interesting. Once there, he views what's on display but wants to know more than the printed placard tells him. John pulls out his phone to search online for more information. He spends the rest of his time wandering through the museum looking down at his phone screen. His Google search yielded not only more information than he was presented at the exhibit; it also returned links to where he could buy a book on the subject online. John leaves questioning why he paid to go to the museum, while planning to purchase one of those books online.

Scenario 2:

Jane walks into the same museum as John. The lobby video screens prompt Jane to download an app from the museum that promises to give her a better museum experience, so she downloads the app before proceeding to the same exhibit as John. As she approaches the exhibit, she receives a notification on her phone telling her what display she's near and the story about that particular subject – including photos and even a video. She's presented with similarly useful information as she walks from display to display. Feeling educated and inspired by the end of her museum experience, she clicks on the "shop" button within the museum's app, which gives her a message that she's earned a coupon to purchase a book about the subject at 20% off if she buys it that day in the museum bookshop.

Both John and Jane spent the same amount of time at the museum. Their engagement over that time in what the museum had to offer – their presence at the museum – varied dramatically.

Intuitively, we know that the more somebody is present – at a museum, at a job, or within a community – the more value can be gained from that presence. This is especially true from the standpoint of the place owner or host, who has a vested interest in (and usually revenue to be gained by) that presence – through the sale or production of goods or other value they are looking to extract from the relationship they want to create with individuals at their place. The two simple scenarios above show how presence is increased or diminished and how mobile technology can contribute to that. Having a way to quantify that value highlights the impact (financial or otherwise) of being less or more present – to individuals and place owners.

When an individual is connected to a place via their app or platform, with every click they make (every content choice, content contribution, content share, etc.) they are revealing their interest, if not purchase intent. This data can help the place better serve a customized experience to, and form a meaningful relationship with, each visitor. This not only increases presence at a location, it can extend engagement beyond the location.

Investing in Presence

Location technology is now built into virtually every mobile device. GPS is standard on smartphones. Every iPhone shipped is also an iBeacon. Location is a core consideration for almost any new service. Facebook is using location to target ads at people as they pass businesses, opening opportunities for business owners to drive more customers through their doors. Amazon's Price Check app drives them back out the door. Platforms such as Mixby™ from Artifact Technologies have the potential to keep people more present at a place by immersing them in that place.

In today's ultra-mobile, virtual world, where place is permeated and often displaced by a new digital reality, presence is scarce. Understanding and being able to account for the value of presence will lead to more informed decisions by individuals and businesses and renew our sense of – and investment in – place. By creating a presence economy, we can enhance engagement, to the point of immersion and investment, which then influences purchase intent and revenue.

To be clear, the path to a more present world won't be via less technology. History has shown us that attempts to stem the tide of technological development invariably fail. Instead of competing with mobile technology, we must find a way to embrace it with more awareness of its impact on the presence economy. Perhaps then we can avoid a generation of idiots that Dr. Einstein feared.

I have been partnering with Artifact Technologies for the past year on several projects involving the use of their Mixby platform – including everything from the deployment of Mixby on Lopez Island to drive more meaningful tourist engagement with that community, to the creation of a game to inspire more kids to read.

One day around a conference room table, the Artifact leadership team (Brent Friedman, Sam Teplitsky and Greg Heuss), one of their advisors (Hanson Hosein) and I had a lengthy discussion about how to describe the value of the Mixby platform. This started with Brent's description of the problem increasingly faced by society: "engagement erosion." That led to Hanson's coining the term "presence economy." Which eventually led to my attempt here to articulate what that means – for consumers, businesses and society overall.

Tim Fry
President
468 Communications
206.660.4321
tim@468communications.com

Tim has more than twenty years of experience in storytelling coaching, opinion research, brand campaigns and product launches for clients big and small – from small communities to the world's biggest brands. Tim created 468 Communications based on the belief that understanding and being able to account for the value of presence will lead to more informed decisions by individuals and businesses and renew our sense of – and investment in – place.

Prior to founding 468 Communications, Tim spent nearly two decades at Weber Shandwick, where he was Chair of the agency's Global Technology Practice, led the agency's Client Relationship Leader program, and was General Manager for the firm's Seattle office. Over the course of his career, he has led the charge on collaboration, best practices and ideas for clients in key markets around the world. Tim has worked with some of the most respected global brands, including Getty Images, Microsoft, Motorola, Samsung, and Verizon.

Tim has created and launched several communications products and services. His storytelling curriculum has been taught around the world – helping clients become media organizations in their own right. While at Weber Shandwick, Tim launched Media Intelligence, which provided in-depth media research and analysis for clients that need to track campaign results and keep their finger on the pulse of the media. He was also the architect for the agency's global, social intranet.

Tim has authored several articles on integrated marketing and has been recognized with many industry awards, including *Ad Age's* "40 under 40" and *PR News'* "15 to Watch." He sits on the advisory board for the University of Washington's Master's in Communications Digital Media program. Tim graduated from Georgetown University with a bachelor of science degree in foreign service and spent a year at Sophia University in Tokyo, where he studied comparative culture and Japanese business and politics.