

Conversational Capital



How to create stuff people love to
talk about

Word-of-Mouth

- Word-of mouth predicted sales growth for retail banks, car manufacturers, mobile phone, networks, and supermarkets.
- It also revealed that companies with higher level of word-of-mouth advocacy grew faster than their competitors and generated greater sales.
- Word-of-mouth is valuable currency.
- Any currency, we believe that its value can be managed.
- Build it properly and you have an asset that increases the value of your brand.
- Ignore it or spend it unwisely and you have a liability — even if you've invested millions above the line.

We're Committing Suicide Here

- We have unearthed a truth about the branding process that boots the cornerstone of our business right out from under us.
- The discomfiting thing about Conversational Capital is this: When word-of-mouth works well, traditional advertising and design become much less important.
- When the engines of Conversational Capital are built into your consumption experience, positive word-of-mouth is like to follow.
- So we're stuck with a quandary: Do we spill the beans or shut our mouths and keep billing for the same old same old?

No, Never mind: We're too Lazy!

- Self-immolation requires too much energy.
- The truth is, advertising people are lazy by nature.
- Conversational Capital is that it makes our jobs easier because it turns consumer experiences into tight, compelling stories.
- Come up with a killer strategy, and produce award-winning creative.
- It may be against our essential nature, but we'll do the heavy lifting (promise).

Excuse me, But you're calling a little late

- We take your consumer experience and distill it into a narrative that's relevant to your target market.
- Most of the time, however, clients call us too late.
- By the time they do, they come to us with products and experiences that are already designed and with fully developed stories.
- Conversational Capital enables us to rework with you the narrative that informs your consumer experience, and it helps make that story one that people want to tell.
- We, don't have to spend a lot of time turning the sow's ears into silk purses.

Summing up

- When products and services become intense experiences, something powerful happens.
- They become fuel for conversations that consumers engage in to define who they are.
- That process turns brands into market leaders.
- More importantly, what we've observed about market leaders like Cirque du Soleil and others tell why and how it happens.
- Turning that process into something you can manage and control.

DEFINING CONVERSATIONAL CAPITAL



What is Conversational Capital?

- Rituals, Exclusive Product Offering, Myths, Relevant Sensory Oddity, Icons, Tribalism, Endorsement and Continuity.
- When some or all of these engines are incorporated into your experience, the result is Conversational Capital — fuel for stories consumers want to spread to others, the most valuable currency and marketer could hope for.
- Consumers are likely to become vocal, committed advocates of a consumer experience when it means something to them. If they find the story or brand is telling them something meaningful, they tend to make it part of their own personal narratives.
- Personal stories are currency in the modern world. Consumers rely on them to define themselves and project themselves to others.
- When a brand story becomes part of that currency, the brand's value increases exponentially. That's the “capital” part of Conversational Capital.

Conversational Capital for Business

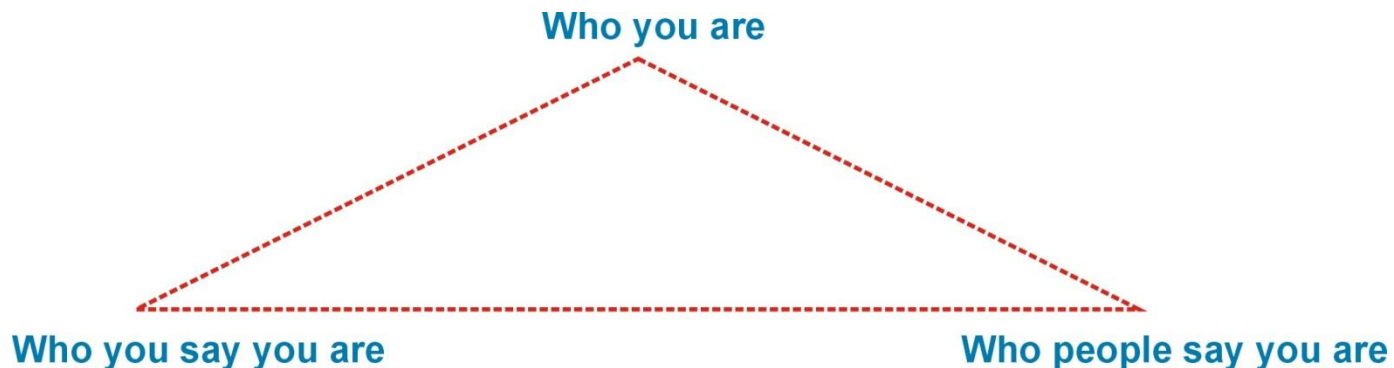
- It provides insight into what makes brands have more of an impact and what makes them more memorable across every field of business activity.
- Following is a helpful list of terms :
 - **Salience:** It is indicating that which is “the most noticeable or important”.
 - **Resonance:** Resonance occurs when sound vibrates more deeply. Resonant experiences are those that strike a deeper chord with consumers because they provoke us to explore, think, act and talk.
 - **Residual Value:** Interactions typical of conversational capital demonstrate residual value — that is, a quality of being at the forefront of thought even after the immediate encounter ends.

The 8 Engines of Conversational Capital

1. **Rituals** : Are an essential part of how human beings create and formalize meaning. These small rituals give the experience of discount shopping and drinking beer a slightly more exalted feeling.
2. **Exclusive Product Offering (EPO)**: It defines an aspect of the experience that goes beyond consumer expectations and industry norms, making the experience unique.
3. **Myths**: Myths are the narratives that become part of the very fabric of a consumption experience because they provide important clues as to what that experience is supposed to mean to us.
4. **Relevant Sensory Oddity (RSO)**: When our senses are presented with something extra-ordinary, we recognize an experience as special, and we are more likely to talk about that special experience.

The 8 Engines of Conversational Capital (cont...)

5. **Icons:** Icons are signs and symbols that clearly demarcate a consumption experience from any other.
6. **Tribalism:** It has helped to create one of the most loyal and vocally supportive user groups on the planet.
7. **Endorsement:** Endorsement is not just about a celebrity lending his or her name to your product or experience, although, under the right circumstances, it can be.
8. **Continuity:** Your reputation is the result of the relative proximity of three factors to one another, as follows:



How Conversational Capital Works

- Conversational Capital can and should be analyzed intellectually, it is something a consumer lives.
- It is processed existentially to create tropes of meaning that help to shape and confirm one's evolving sense of identity.
- Whenever, we present a new project, we demonstrate how those engines can stoke the emotions and imaginations of consumers as they travel through a brand experience.
- Conversational Capital at work because it is one of a few consumption experiences that we can think of that encapsulates all eight engines of Conversational Capital.

8 Engines of Conversational Capital

- Rituals
- Exclusive Product Offering (EPO)
- Myths
- Relevant Sensory Oddity (RSO)
- Icons
- Tribalism
- Endorsement
- Continuity

IKEA

- IKEA was founded in Sweden in 1943 by Ingvar Kamprad, then 17.
- Its mission was to sell anything people had a need for that could be moved for a better price.
- IKEA represents a completely holistic and integrated approach that sets a standard in retail: *continuity*.
- IKEA products are famously displayed in model bed-rooms, living rooms, kitchens, and offices.
- This makes it easy for customers to imagine how a purchased item or items will fit together in their own living or working spaces.
- IKEA constantly seeks to over-deliver on various aspects of the retail experience.

IKEA

(cont...)

- On average, its stores stock 12,000 products, and those products are constantly tweaked by IKEA's own cadre of noteworthy industrial designers.
- The IKEA catalogue reaches 175 million households around the world, translated in 17 languages.
- And now, IKEA lets you stay in its stores overnight!
- There will be the regular dormitory with lots of beds stacked up together.
- Family rooms will also be available for parents and children to join into the IKEA fun.
- None of the guests will be charged for their stay.

RSO Features

- The smell of meatballs and lingonberries.
- The children's playroom.
- The lifestyle pod meets warehouse design of the store.
- The aforementioned product names, such as label from a dream in which you recognize a language but can't quite make it out.
- The instructions in their generic, confounding, text-free glory.

Why Conversational Capital Works

- Consumers are presented with more choices than they have ever had. One could argue that they are presented with too many choices.
- In the presence of time constraints, consumers are now more sophisticated and discriminating than they have ever been.
- As they become more sophisticated, consumers naturally turn to experiences that are richer in meaning and cohesion.
- These rich experiences are what get talked about most.
- Incorporating the engines of Conversational Capital into consumer offerings increases meaning and cohesion.

Why Conversational Capital Works (Cont...)

- Consumers today are more sophisticated than ever and have more choice. Faced with a barrage of options, they tend to gravitate to experiences rich in meaning and saliency.
- These experiences get talked about because they provide fuel for stories that consumers use to define themselves. These stories are a new form of social currency. When a brand becomes currency by providing Conversational Capital, it leads.
- The challenge for marketers in the post mass-media age is to remain salient throughout the product design and marketing processes because consumers increasingly demand it.

Conversational Capital is not Buzz

- This is a fundamental mistake and is an artifact of the outdated, mass-market paradigm.
- It assumes word-of-mouth and experiential marketing are directed toward the same goal as traditional 30-second television spots: generating awareness.
- A situation in which consumers expect products, communications, and marketing campaigns to dazzle their senses, touch their hearts, and stimulate their minds.
- Experimental marketing should enhance (the consumer's) experience with the brand and product message.

Difference between Buzz and Conversational Capital

Buzz	Conversational Capital
Is often manufactured, and depends on media for its impact.	Is embedded in the experience itself and relies on peer-to-peer conversations.
Is high impact, but it often has a short lifespan	Has legs because it is an identity shaper that has a meaningful and enduring place in the mind of consumers.
Is about getting attention at all costs.	is about meaning, integrity and interaction.

Conversational Capital and Advocacy

- Conversational Capital should not be mistaken for buzz, neither should it confused with advocacy.
- Advocacy — the vocal support of consumers to their peers — is an excellent thing.
- Advocacy is the most authoritative form of marketing communication because it is sincere and generally unsolicited.
- Conversational Capital doesn't just create advocates. In many cases, it creates *converts*.
- Conversational Capital occurs when consumer experiences become a key lifestyle component.
- Conversational Capital raises the stakes of advocacy even higher, by creating true converts or fans.

Conversational Capital is for Everyone

- It might work for high-end, live entertainment, or certain retailers.
- It is true that premium, experience-rich products and services lend themselves well to Conversational Capital.
- They are targeted to sophisticated consumers who are exacting and who demand innovation, differentiation, and customization.
- Conversational Capital is observable through a complete range of consumer experiences, not just high margin products and services.
- While Conversational Capital certainly sings in high-margin, experience-rich categories, it can be discerned across the consumer goods spectrum — from commodity foods to notebooks to disposable footwear.

THE ENGINES OF CONVERSATIONAL CAPITAL



Rituals

- Rituals are important to identity formation for both individuals and groups.
- Rituals are behaviors or rites we engage in to mark certain activities as exalted.
- When ritual behavior becomes associated with a consumer experience, it is marked out as more resonant.
- Conversational Capital suggests that when rituals become part of your experience, it makes them more memorable and worthy of conversation.
- Rituals are comforting, but too much comfort robs rituals of their power.
- Some companies have reinvested the same rituals with new power by slightly altering them and giving them a new face.
- Ritualized behavior is well rooted in the service and clothing industries, but they don't have to be limited to them.

Initiation

- Initiation is a Conversational Capital engine with a power all its own.
- Important passages in life are often marked by initiation of one kind or another.
- It may sound odd in a book about experience design and marketing to talk about pain and discomfort.
- Consumption is supposed to provide us a way out of discomfort.
- It is about making an experience more challenging, and therefore more meaningful.
- When consumers feel they have worked a little harder to acquire special knowledge of or access to a consumer experience, they feel set apart.

Exclusive Product Offering (EPO)

- Consumers demand customization and differentiation.
- Given the chance to take advantage of these, no two people express themselves in the same way.
- Decades of mass production and mass marketing might have temporarily blinded us to this essential truth.
- EPO should not be confused with the notion of the Unique Selling Proposition (USP).
- EPO is about experiences that stand out because they remind us we are individuals.
- EPO works because it leverages the Hawthorne Effect by empowering consumers to become agents of co-creation in the experience.
- When you feel something has been designed just for you, or in a distinctly personal way, you can claim an experience as your own, it becomes more salient.
- EPO sings in high-end experiences, but we've also observed it in simple products such as Cracker Jack or the Kinder Egg.

Over Delivery

- An experience can stand out as unique through a phenomenon we call over-delivery.
- It's what happens when brands make an experience feel special by going much further than they have to in terms of customer satisfaction.
- Over delivery occurs when consumer experiences include features that anticipate needs and desires consumers haven't even thought they would want but end up loving.
- It can be understood as an attitude: the desire to be the best and keep improving, just for the sake of it.
- The success of over-delivery depends on knowing how to listen and how to truly discern “white spaces” of opportunity.

Myths

- Myths are foundation stories; the meta-narratives that shape and inform our culture.
- Myth is one of the most important engines of Conversational Capital, because it embodies a brand story.
- Essentially, stories set brands apart because they are so important in the identity-forming and affirmation process.
- We are the sum of our stories and we look to myth to provide them.
- If your brand is powered by myth, it might be all you need.

Relevant Sensory Oddity (RSO)

- RSO is a factor in consumer experience often extends, not just to the experience itself, but to how that experience is promoted — which is find by us, as we firmly believe the two should be part of an integrated and continuous whole.
- Marketing communications would simply not exist without an element of RSO.
- It can be observed when a consumer experience surprises and delights a full range of senses.
- It recognize that human beings see, touch, hear, taste, and feel and communicates with them on that level.
- Doing so in a manner that is relevant, and resonates with the consumer experience in a meaningful way, is key.
- Changes in 3-D media and interactive media are providing new opportunities to create RSO without necessitating an investment in dramatic structural overhauls.

Icons

- An icon is still tied to its origins in religious art: it's a symbol or sign of something deeper, larger and more complex.
- Icons are signs and symbols that are rich in evocative power and associations.
- Icons are more complex than mere signs. Signs have clear, undisputed meanings.
- Where signs are triggers for action, icons encourage thought and reflection.
- Almost anything can take on the shorthand power of an icon: places, buildings, people, logos, labels and more.
- The key is that these icons have to evoke a compelling brand story.

Tribalism

- Conversational Capital occurs when brand stories become part of the identity formation and affirmation process.
- Determining which tribe you belong to is a bedrock component of that process.
- Tribalism takes place when consumer experiences draw the like-minded together in a quest for mutual discovery.
- Tribalism leverages the power of connectors to spread the word about your experience widely and rapidly.
- Tribes naturally form around shared feelings, interests, and needs. The best brands piggyback on these when they already exist.
- Tribes have formed organically where an experience that appeals to their shared interests has been created.
- Tribes form when people relate to one another, and consumer tribes form when a brand becomes part of that interaction.

Tribalism (cont...)

- The long-term viability of a tribe can be challenged by changing tastes, the evolution of fashion, and the simple march of time.
- What niche consumers feel they absolutely need today, they might rapidly grow out of tomorrow.
- Marketers who pander slavishly to their tribe might find that the tribe has moved on and no longer needs them—and sooner than anyone expected.
- By increasingly narrowing the focus to cater to tribes, we might help tribes become too small to be sustainable.

Endorsement

- Endorsement works when credible members of a tribe put their reputations on the line to stand behind an experience.
- Peer endorsement is as different from celebrity product endorsement as buzz is from Conversational Capital.
- Endorsement by these part owners, who routinely showed up at glitzy, red-carpet restaurant openings, drew a log of attention and interest.
- Endorsement is not a matter of well-known people speaking for your consumer experience.
- Endorsement comes with a build-in caveat.
- If you are endorsed, you need to live up to consumer support.

Continuity

- Positive word-of-mouth is the result of continuity between promise, image and experience.
- Conventional marketing has always been preoccupied with the former.
- It is about creating consistent brand stories, it works best when there is no disconnect between how a product is designed, marketed and perceived.
- The best brands are the result of a united, strategy and they walk the talk.
- Continuity is the one engine of Conversational Capital whose presence is absolutely necessary.

IMPLEMENTING CONVERSATIONAL CAPITAL



Getting Started

- Conversational Capital will drive growth through 3-step process:
 1. Conversational Capital positively augments consumer satisfaction by increasing the resonance of brand experiences.
 2. Resonant consumer experiences fuel positive word-of-mouth.
 3. Positive word-of-mouth enables you to reduce marketing and promotional costs while driving growth.

Assemble the Right Team

- Implementation extends to the roots of who you are and how you work.
- Assemble a team that is completely dedicated to the task at hand.
- Implementation must be a group effort because diversity of talent and viewpoint, analytical ability, perspective, and debate are required.
- The ultimate goal is to create conditions within which creativity will thrive.
- By assembling a multidisciplinary team, you can ensure a diversity of perspective that is essential to creative thinking.

Carry out a Conversational Capital Audit

- What drives the consumer to interact with your brand experience?
- How does your experience affect the full range of our senses, both positively and negatively?
- Where and how do guest interact with you experience?
- Where does the experience break down, if at all?
- What story are you trying to tell through your experience?
- What are consumers getting out of your story? Is it identity-shaping?

Designing a Solution

- Know yourself and your story.
- Know what people want.
- Assemble a multidisciplinary team.
- Multiply your cultural references.
- Dare to be different.
- Think like an entrepreneur.
- Use the engines of Conversational Capital.



At the top of the Pyramid

- **The Sweet Spot:** You are rich in Conversational Capital. People love you and have made you part of their lifestyle.
- **Advocacy:** People speak well of you. Congratulations!
- **Passive Endorsement:** Customers are satisfied but not vocal.
- **Silence:** No one talks about you.
- **Negative Word-of-Mouth:** Houston, we've got trouble.

Examining

- **Your brand's D.N.A.:** What is this brand supposed to be about? Where is it going? Why?
- **Consumer needs:** What are your consumers looking for? What do they want?
- **Reinvention:** How could your brand be reworked and optimized in the best way possible?



Insight

- Creativity thinking and analysis
- Intensity
- Intuition
- Knowledge
- Data
- Imagination



Exercise Creativity

- Get your story straight.
- Use the engines of conversational capital as your guide.
- Multiply your cultural references.
- Ask yourself where you can create the most market discontinuity.
- Challenge the status quo
- Manipulate time
- Ride the engines of conversational capital like a team of horses from hell
- Borrow from other categories
- Spot the unfulfilled need
- When in doubt, improvise

Implementation

- The final stage of implementing Conversational Capital involves taking the following steps:
 1. Package your idea.
 2. Prototype your project.
 3. Monitor the feedback it generates.
 4. Roll you project out to market.
 5. Improve that product by taking into account consumer feedback
- Before you roll out your product, you must maximize sensory impact to unite players around a common brief and vision.
- At key moments, you must listen closely to consumer feedback in terms of saliency and satisfaction to see how you can take Conversational Capital to even higher level.

And 2 more Questions

- Does Conversational Capital make Economic Sense?
- Does Conversational Capital apply to Consumer Experience alone?

