



# Let's talk

By Brian A. Johnson and Paul F. Nunes

Commerce is once again becoming conversational as technology enables companies better understanding of the mechanics of good conversation can help businesses



to interact intelligently with individual customers across time. Gaining a become more than good companies—they can also become good company.



**B**efore the age of mass communications, transactions large and small were conducted face-to-face, often ending with a simple handshake. Marketing consisted largely of the goodwill created over the course of a number of dialogues—sometimes spanning years—between the buyer and seller. Business, in other words, was conversational.

With the advent of radio and television, dialogues with customers were replaced by series of monologues, messages presented not to individual customers but broadcast to millions grouped into “target segments.”

Today, however, technology is bringing back dialogue between companies and customers by enabling message-and-response interactions on a mass scale. By using call centers and direct mail (both print and electronic), companies are once again conversing with their customers and getting to know them individually.

More important, technology is helping companies make use of the knowledge gained during these interactions to customize future contact with individual customers. Although consumers have always integrated their past experiences into commercial transactions, companies have not. How often, for example, do companies try to sell customers credit cards they already hold?

#### **Gingerbread and pears**

Business once again has become conversational: Each interaction, dialogue, monologue or discussion with a customer is being recognized and managed as part of a larger discourse.

The quality of a company’s conversation with a customer is therefore measured not simply by its ability to have a discussion (through a call center, for example) or a dialogue

(as in an integrated direct-marketing campaign) but by its ability to integrate these customer contacts and use the knowledge gained to proactively set the direction of future interactions. For companies, conversations are the mechanics of relationships. More broadly, this means moving the core marketing process away from the *target marketing* of the mass communication era toward *conversational marketing*.

Some companies already excel at conversational marketing. Casino owner Harrah’s, for example, maintains an ongoing dialogue with its gaming customers through an opt-in loyalty card program; the company determines the exact timing and value of its offers to individual customers through data mining.

Inter-Continental Hotels and Resorts records the insights it gains from customer interactions with its staff, and it uses those insights to improve future customer encounters. For example, one guest always finds a plate of his daughter’s favorite gingerbread cookies in the room when he arrives with her, no matter which Inter-Continental location they visit.

But many companies are not ready for the changes conversational marketing brings. They face three critical issues.

- What types of dialogues and other customer interactions must be created to support true customer conversations?
- How can the company determine and implement a conversational style that is aligned with the customer’s needs and based on a cost-effective set of new technologies?
- Who inside and outside the company must participate in customer

conversations to sustain them, and how can these participants be included?

At their core, these are the same questions people face every day in their attempts to be good conversationalists. Companies can use what linguists know about these attempts to improve their own conversations (see sidebar, page 64).

Most companies talk to customers for just two reasons: to sell something or to fix a problem. The result is that while many companies think of themselves as conversational, they are capable of engaging customers in dialogue at only two points in the selling cycle—at the time of purchase (through cashiers and salespeople) and while providing post-purchase support (through customer response centers).

But valuable conversations require a lot of seemingly pointless small talk—snippets of dialogue that jump back and forth across various topics. Scholars in the field recognize that this exploratory banter is critical to identifying commonalities and building the foundation from which deeper discussions can emerge. The French have long known that the best time to approach difficult business topics is over dinner, but near the end (*“entre la poire et le fromage,”* as they say, or “between the pear and the cheese”); such forbearance ensures that there is time for small talk to have its effect on relationship building.

In a commercial setting, this requires developing the ability—and the patience—to talk to customers about things that might appear unrelated to pushing products, and to do so in a seemingly spontaneous manner. It means being able to engage customers in the selling process on their terms and according to their timetables—engaging them at the points

where they become aware of offerings, consider alternatives and determine preferences.

Take General Motors, for example, which recently announced that it was developing a low-energy radar system that sounds an alarm if children are left alone in the backseat of an automobile—even though the option won’t be available until 2004. In the past, car companies were reluctant to unveil such projects while they were still in the R&D stage, but now they carry on open and public conversations as a way to gain feedback and respond to customer concerns early in the selling cycle. According to Lawrence D. Burns, vice president in charge of research, development and planning for GM, “By exposing customers to what might be possible early on, we have a chance to learn faster what might be the best solution longer term.”

Home Depot has trained its associates to engage customers consistently in dialogues about their project needs—not to simply fulfill sales transactions—and has supplemented selling activities with free in-store home repair classes. Recently Home Depot has been focusing on increasing the time its associates spend face-to-face with customers: Store stocking activities now take place after hours, and call centers are being created to help take customer phone calls off the selling floor.

Environment can have a significant impact on whether conversation does, in fact, flow freely. For the most part, cavernous “big-box” retail outlet formats have not been conducive to undirected dialogue with customers. Then there’s outdoor gear retailer REI, which has been particularly innovative with its store environment. The company’s Seattle flagship store features

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a mountain-biking trail and a climbing wall where customers can test equipment. Unlike traditional retail formats, the environment encourages much longer interactions between employees and customers. This leads to deeper conversations and increased sales, as conversations help customers become aware of additional needs while still in the store.

The key to the success of all these examples is the sharing of resources across traditional marketing silos. Sales, product development and marketing, particularly promotions, all contribute to the conversation, and they work together to deliver new interactions with the customer.

#### A matter of style

Human conversation ultimately involves overcoming an inherent contradiction: People need to be connected to other people, yet they also want their independence and privacy. Few people can exist happily alone, but the more they bump up against the needs and desires of others, the more their independence and privacy are threatened.

Successful conversationalists balance these opposing considerations by adapting their conversational styles to be compatible with those of others. One of the key reasons conversations break down is the mismatch between styles.

Likewise, companies must seek harmony with their customers by adopting an appropriate conversational style—an insight that flies in the face of conventional wisdom. It has been argued that companies should be as attentive as possible to customers, asking questions and reaching out. Yet every day, thousands of people bristle as cashiers, for example, ask for their phone numbers. In these cases, the cus-

tomers' need for privacy outweighs their need to feel connected through an unsolicited telemarketing call.

Adapting models from interpersonal communications studies, we see a set of conversational styles that emerges from two key elements (see chart, opposite). The amount of information a company solicits from a customer expresses how familiar it thinks its relationship with the customer should be. Similarly, the amount of information a company volunteers about itself—from its mission to save the rain forest, for example, to its internal production costs—expresses the level of intimacy it hopes to create with the customer.

The automatic use of a single style in a heterogeneous society is a recipe for conversational disaster, linguists tell us. This is because good communication is based on *reciprocity*. Many customers recognize that information translates into power in a relationship, and they resent being given too much information for free because of the quid pro quo expectation it creates. They may feel they are being drawn deeper into a relationship than they want to be.

For that reason, conversational styles, when taken to extremes, are almost certain to mismatch and be counterproductive. Even being too open to listening can be risky. Consider Nike iD, a Web-based offering that allows customers to order shoes emblazoned with their personal messages. This offering exposed the company to the risk that customers would request messages that might embarrass Nike. And indeed, when one customer decided to order a shoe that made a political statement about the company, Nike found itself involved in a national conversation it would certainly have preferred to avoid.



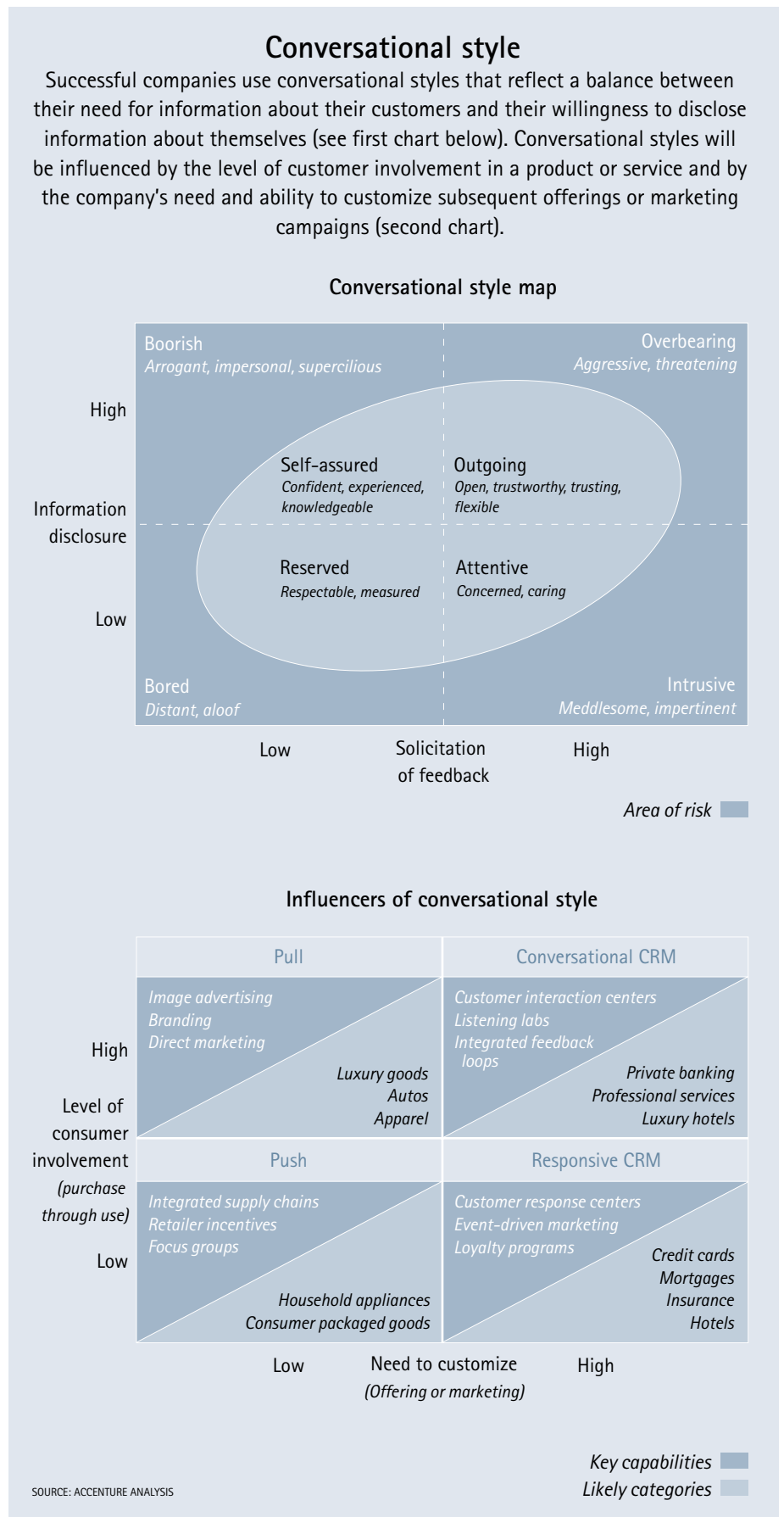
How can a company select and adopt an appropriate conversational style? By aligning the amount of information it discloses with the level of customer involvement in the product—and by aligning the amount of customer feedback solicited with the company’s need and ability to customize subsequent offerings or marketing campaigns (see chart). Each approach relies on certain core technologies and marketing tactics, and each is likely to be more appropriate for customers in certain product and service categories than for others. It is essential that companies make the right investments in the technologies that best support the conversational styles they need with their customers.

**Using feedback**

For example, although technology is making it cheaper for companies to invite feedback, not every company will see great returns from this. When products and services cannot be customized profitably, soliciting greater feedback can imply a promise to change that the company may not be able to keep.

Customizing toothpaste for individual customers, for example, is possible but probably not economical. So a toothpaste maker stands to gain as much from a statistically significant sample of customer preferences as it does from expensive technologies that can test and capture each customer’s individual preferences. Using such technologies can even be detrimental if they inappropriately raise expectations—asking customers for preferences that can’t or won’t be delivered.

Similarly, the level of customer involvement in the purchase will dramatically affect that customer’s willingness to converse. Involvement is usually a function of price, com-



plexity and affinity, and it is therefore quite low for many of the goods and services consumed every day. Yet companies spend millions of dollars in failed attempts to engage low-involvement customers in deep conversations; this was particularly popular in the dot-com era, when it was broadly assumed that online customers would return to a site frequently to chat about products like pet food.

Credit-card banker Capital One, on the other hand, uses sophisticated technologies to predict the nature of a customer's call, anticipate customer reaction to new product

and service offerings, then route the call accordingly. The company has achieved such success that it sells its services—predicting real-time customer interest in certain products and categories—to other companies interested in having their pitches delivered at just the right moment.

Implementing an appropriate conversational style is difficult because it requires consistent behavior over time. With numerous autonomous marketing groups each taking responsibility for creating their own customer contacts, this consistency is hard to create and even harder to maintain. It can only be created

by broad ownership of the topic, at the brand or chief marketing officer level.

### Opening the discussion

Successful conversational marketers certainly value one-to-one dialogues with their customers. But they also recognize that all product discussions with customers are in the end “polylogues”—complex sequences of monologues and dialogues among numerous relevant parties. Customers discuss products and brands with countless friends, salespeople and trusted advisors before they actually purchase, often relying on “buzz” to build their preferences.

## Why courtesy counts

Each of us has heard it—or said it—a thousand times:  
Be polite.

But what does that mean exactly, especially in terms of conversations with customers? According to linguists, there is a “logic of politeness” that influences our behavior in all conversations. Three rules govern our attempts to be polite: don't impose; give options; be friendly.

All three are good ideas. But in defining the actual mechanics of conversation, speakers must focus on observing just one. Each rule creates a different effect—distance, deference or camaraderie, respectively—and thereby communicates a different level of perceived relationship. The choice of rules employed sets the tone for the discourse—the degree of formality and the directness of the messages.

To understand these effects, consider the familiar conversation opener, “Would you like something to drink?” One can respond with a simple yes, but that feels somehow too abrupt and incomplete to be polite. So we answer, “That would be nice,” a response that isn't an imposing request and that adds distance to the question through its indirectness. Or we might answer, “Only if you're having something,” which gives options and shows deference. Or we could say, “That would be great; do you have any juice?” in an attempt to be friendly (a common American choice). Politeness fails when circumstances cause speakers to

choose an unexpected or inappropriate approach. A person who is more accustomed to a “don't impose” approach, for example, might be shocked at the *demand* for juice. There would be misunderstanding, miscommunication and, ultimately, a sense that somebody hadn't been polite.

Now that communications and responses can be customized down to individual customers, companies must give new thought to politeness, which can occur only when communications are aligned with customer expectations.

For example, stating, “I understand what you are going through” to a disgruntled customer can create a minefield for a service rep whose attempt to be friendly implies a camaraderie that might not fit the customer's expectation. Yet other customers may find “I am sorry for the inconvenience” too distant and insincere to be considered polite. While sensitive employees can often make adjustments for politeness, it is far more difficult with computers increasingly generating automated voice responses, scripts and marketing copy.

If companies are truly going to make polite conversation with their customers, they must document their customers' politeness logic and incorporate this understanding into the behaviors of all customer touch points, such as direct-marketing campaigns and call-center responses. A company that fails to do so risks forever being considered rude.

Effective marketing conversations must therefore include not just the buyer but also those who influence the buyer's decision. These are typically identified in marketing textbooks as trusted advisors, end users, the media and what are known as gatekeepers—people whose duty it is to keep marketers away from the customer.

Missing from the list are competitors, who, it must be remembered, are also attempting to have conversations with your customers. But discussing your products with customers in the presence of competitors in an open and uncontrolled way can be risky.

Lexus took that risk with its new IS 300 sport sedan. Most automakers simply invite potential customers to test-drive their cars at a dealership. Lexus instead set up test tracks in major cities, and invited prospects and members of the automotive press to test the IS 300 head-to-head against the two leading competitors' cars. By immediately injecting competitors into the conversation, Lexus risked suffering by comparison. It was an acceptable risk, however, because it conveyed the confidence and openness necessary to win sales in a polylogue.

Also forgotten in many polylogues are business partners. The best marketers make these participants perfectly at home in the conversation, partly by sharing information but often by tightly integrating operations. For example, the glass replacement company Safelite is so completely integrated with Liberty Mutual Insurance that when the customer calls Liberty Mutual with an auto glass claim, Safelite answers the phone.

### **Educating employees**

In the end, a company's closest business partners are its employees,

which makes their performance in conversations critical. In an age in which one employee's ill-advised interaction with one customer has the potential to make the evening news, companies must educate their employees on the role they play in conversational marketing.

The complexity involved in managing polylogues—the number of participants, the risks to both sales and brand, the difficulty of calculating a return on investment—suggests that it is a critical task demanding the attention of the CMO if it is going to be done right.

Good customer conversations pay dividends. They enable better recommendations to be made to customers, which leads to increased sales—whether on a showroom floor, in a supermarket aisle or through an online recommendation engine. They also enhance a company's ability to make innovative improvements to its offerings.

When companies mismanage conversations, however, they suffer. By failing to capture and apply knowledge gained in previous interactions, companies fall prey to fatal inaccuracy—getting facts about customers wrong, like addresses, and losing those customers' trust. They also become irrelevant—attempting to talk about extraneous topics, like undesired travel locations, which causes a loss of respect. Finally, they become incoherent—not knowing enough about previous interactions, like past related purchases, to be consistent in their dealings with the customer, which destroys intimacy.

Yet being conversant with customers requires a certain level of risk taking. In any conversation, there's a chance that we will be perceived as boring, uninformed or uncouth. Though

companies can mitigate these risks through attention to conversational style, real conversational marketing is too complex and too perpetual to be constantly under control. If they are to have real conversations with real customers, companies must accept that there will be a slipup every once in a while, and then be willing to apologize for their mistake.

Taking the chance, however, can lead to a world of deeply engaging and profitable conversation. ■

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