

Building a Better Business: Using Social Currency to Grow in Today's Hyper-Connected World

BY ERICH JOACHIMSTHALER

The term “social currency” was pioneered in 2010 by Vivaldi Partners Group, a global growth strategy firm. Social Currency is the degree to which consumers share a brand or information about a brand with others. Its intent is to explain the challenges C-suite faces in today's digitally connected world.

Six consumer behaviors make up the concept of social currency. They are:

- **Utility.** Consumers derive value from engaging with brands
- **Information.** Consumers receive and share valuable information about brands with other people
- **Conversation.** Talking about a brand or business.
- **Advocacy.** Consumers promote or defend a business
- **Affiliation.** Consumers become a member of a community that is linked to a brand or business.
- **Identity.** Consumers express themselves, the brand, and their relationship with the brand to others

The 2012 study is based on a global survey of more than 5,000 consumers in three countries on over 60 brands across 19 industries. Brands covered in this report include Red Bull, Starbucks, American Express, Sony, Levi's, and State Farm, among many others. Vivaldi Partners Group also researched and developed an online tool—the SC100+, which explores the best and most successful applications of social, digital, and mobile technologies today. The SC100+ can be browsed online and is constantly fed with new initiatives.

In this report, we have come up with four main conclusions on the impact of Social Currency that can help brands be stronger and provide competitive advantage to companies.

A NEW PERSPECTIVE: The traditional perspectives have ignored the social behaviors of consumers. The new Social Currency perspective changes the

role of businesses in creating value to consumers by viewing consumers as empowered and enabled. Consumers are no longer being marketed to, but are now in control of their relationships with brands and businesses.

IMPACT ON INDUSTRIES AND CATEGORIES

We show how companies can adopt new technologies to challenge existing strategies and business models in their respective industries. For example, in the health-care industry, the goals from a traditional viewpoint would be to sell as many drugs as you can, as efficiently as possible. Perhaps the goal would be to get acute patients faster through the hospital. The Social Currency viewpoint changes these goals by looking at the business with a macro view of improving health care outcomes and changing how patients interact with the system of providers, payers, and other health care professionals.

CHANGING UP THE VALUE CHAIN Burberry has completely upended its business model by creating a new demand-first value chain. As part of its “Runway to Reality” campaign, Burberry created shoppable videos for the Fall/Winter collection. *Forbes* described it as: “Watch the video, click on the item you like, pick a size, add to cart, give your payment information and *voilà*, you've shopped the video.”

This innovation means that Burberry wins new Social Currency while getting closer toward reinventing the traditional value chain. MW

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