

MANAGEMENT: A MODERN PERSPECTIVE · МЕНЕДЖМЕНТ: СОВРЕМЕННЫЙ РАКУРС

Vestnik MIRBIS. 2022; 1(29): 121–125.

Вестник МИРБИС. 2022. № 1 (29). С. 121–125.

Original article

DOI: 10.25634/MIRBIS.2022.1.14

Disruptive Business Models: Strategic Storytelling in the Experience Economy

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Abstract. The experience economy is not just about meeting a need for the consumers, it delivers what the customer really wants in terms of value and doing so requires the ability to assess the level of interaction with these customers at any particular time, it is ideally selling of experiences rather than products. Attaining this level of customer experience is linked proportionately to the ability to make technology feel a bit more human starting by empowering employees to deliver authentic, contextual, real, and personal experiences. Business storytelling helps improve engagement and credibility through a well-developed message that reaches and moves people. On this foundation, this article deals with the use of storytelling as a strategy that would be crucial for entrepreneurs to implement for their innovative business models.

Keywords: behavioral economics, innovation, neuroeconomics, decision-making, disruptive entrepreneurship

For citation: Gitonga B. N. Disruptive Business Models: Strategic Storytelling in the Experience Economy.

By B. N. Gitonga, S. Yu. Murtuzalieva. DOI: 10.25634/MIRBIS.2022.1.14. *Vestnik MIRBIS*. 2022; 1: 121–125.

JEL: M11, M15

Научная статья

УДК 659.443/446

Подрывные бизнес-модели: стратегическое повествование в экономике впечатлений

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Аннотация. Особенность экономики впечатлений заключается не только в направленности на удовлетворение потребностей потребителей, но она и обеспечивает клиентов тем, что они действительно хотят получить с точки зрения ценности. Для этого требуется взаимодействие с клиентами в любой конкретный момент времени. Экономика впечатлений — это больше торговля впечатлениями, чем товарами. Достижение такого уровня качества обслуживания клиентов прямо пропорционально способности сделать управление персоналом в компании более «человечным», обеспечивая возможность самореализации сотрудников. сторителлинг в бизнесе помогает повысить вовлеченность и доверие персонала. Исходя из этого, в этой статье рассматривается использование сторителлинга в качестве стратегии, которая будет иметь решающее значение для реализации предпринимателями своих инновационных бизнес-моделей.

Ключевые слова: поведенческая экономика, инновации, нейроэкономика, принятие решений, подрывное предпринимательство.

Для цитирования: Gitonga B. N. Disruptive Business Models: Strategic Storytelling in the Experience Economy /

B. N. Gitonga, S. Yu. Murtuzalieva. DOI: 10.25634/MIRBIS.2022.1.14 // *Vestnik MIRBIS*. 2022; 1: 121–125.

JEL: M11, M15

Introduction

Borrowing from the timeless quote: 'time is money', time is the currency of experiences. In the

current time, we as consumer value to forms of this currency: our time well spent and our time well saved.

Like all theories, the experience economy has been evolving over the several revolutions, but one

item remains constant and has persisted: businesses consistently try to shift from just producing and purchasing goods and services and are more concerned with consuming as well as creating experiential value.

Initially the concept was rooted on the idea that for companies to woo customers and keep them they had 'wow' them with service or goods that go above and beyond. As a result, a lot of innovative activity was built around the creativity to 'delight'. The current environment requires engagement with consumers to deliver authentic moments that build lasting and real relationships and are simultaneously effortless.

Technology has democratized the power to share stories making it an important issue for consideration in collaborative commerce. The attention is now making storytelling a business competency that creates emotional engagement that contributes to enhanced business performance. People are storytellers and relate to anecdotes. Actually, storytelling is a natural and important part of daily life which this dates 2000 years back to Aristotles three modes of persuasion.

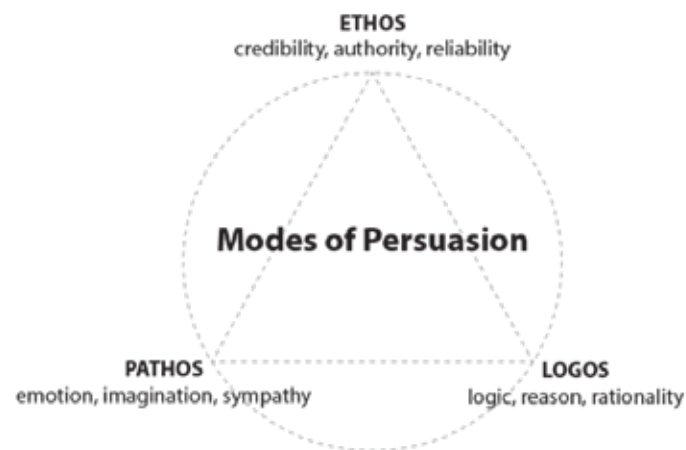


Figure 1. Aristotle's modes of persuasion. *Source: [Porter 2014]*

In the "The Art of Rhetoric", he proposed three modes of persuasion:

Ethos-the credibility of a storyteller is dependent on his good will, moral character and sense

Pathos – the emotion used to create a bond with the audience through values, identity or call to action by stirring emotions

Logos – the logic based on deductive and inductive reasoning to demonstrate evidence with support of facts or testimony to support the conclusion.

Neuroeconomics research supports that storytelling that is character-driven with emotional content are more persuasive and memorable. This is because it evokes strong neurological responses:

Cortisol, a stress hormone produced at tense moments helps the audience to maintain focus.

Oxytocin, a feel-good chemical happens in trust and kindness inspiring cooperation with others.

Dopamine released gives the feeling of hope and optimism when triggered by a happy story end. (the "feel-good" chemical) is produced

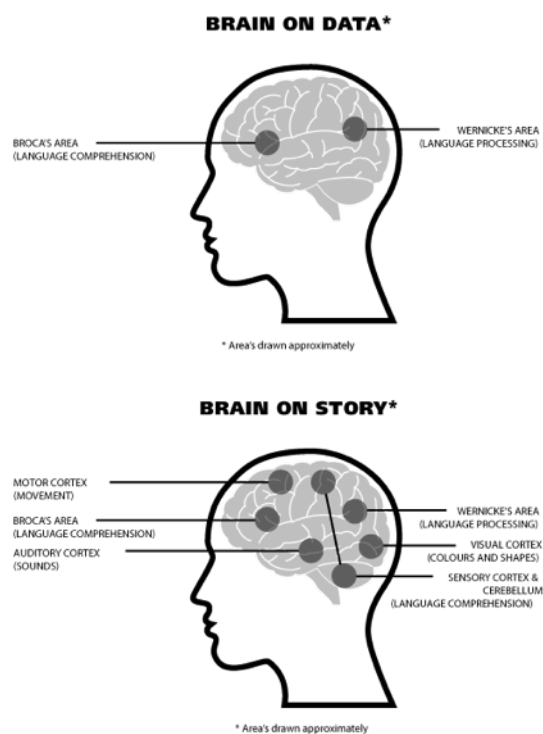


Figure 2. Stimulation points of the human brain. *Source: [Zak 2014]*

Analysis of 1400 marketing campaigns on the foundation of profit gains analyzed by the Institute of Practitioners in Advertising (IPA), concludes that, when based on logic are 16% effective compared to 31% when based on emotion only and 26% when logic and emotion are combined.

Generation Y and Generation Z base their relationships with companies and brands on emotional attachments. Individuals are more focused on understanding what they do. Business storytellers can engage their customers with the right balance of emotion and logic or fact.

In addition to external gains, storytelling can be used internally by the company leadership to pass on knowledge, shape identity, vision, and organizational culture. A clear corporate narrative helps employees

understand the vision and empowers them to use their creativity to achieve that, thus creating the framework for getting everyone on the same page.

Storytelling Methods and Strategies

“People will forget what you said and did but will remember how you made them feel” – Maya Angelou

In telling the story, business owners and companies must prepare and align certain things to ensure it works for them. These being:

1. Know the audience. Stories are crafted to represent the audience way of thinking so that the story can be adapted accordingly.

2. Define the right message. What the company is trying to communicate should be the guideline to the story and in a way that will evoke emotion and empathy [Denning 2004].

Telling the right story for the company is just as important as choosing the product or service because it evokes a sense of purpose to be relatable by your audience making it easy for them to be empathetic and the company difficult to forget. The narrative archetypes as told by C. Booker that a business can choose or combine to build a story and evoke desired responses depend on the objectives as:

1. Voyage and Return, as Sharing Knowledge: Outline mistakes made and how they were rectified. Explain the reasons why that solution worked and solicit possible solutions.
2. Overcoming the Monster as, inspire action:

Describe directly how a change was implemented successfully in a way that your audience can visualize it may also work for them. Avoid detail that draws audience from its own challenge.

3. Tragedy, as Spread values: Create a situation that prompts a discussion about issues related to the value being promoted. A story that feels familiar but believable using characters to eventually trigger an exchange.
4. Rags to Riches, as Defining character: Talk about who you are by revealing strength and/or vulnerability from the past. What you have done, think based on a life event with meaningful details.
5. The Quest, as Inspiring collaboration: Tell a story that is a shared or common experience to invite others to share their own stories. This requires an action plan to tap the energy released.
6. Comedy, as Communicate the brand; This story needs to address a rumor that is unlikely in a gently humorous way while focusing on the company product and services and the promise as it is delivered and perceived
7. Rebirth, as Leading to the future: The story should describe the future intended by the company or brand without excessive detail [Booker 2006].

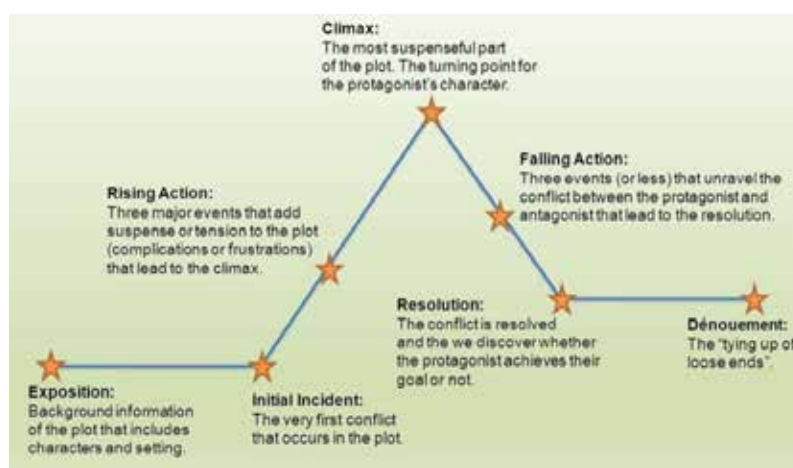


Figure 3. Freytag's Pyramid. *Source: [Freytag 2008]*

3. Be authentic Authenticity is key to gaining audience trust and creates an emotional connection, without fear, to show your own challenges and failures
4. Keep it simple and visual Most of the successful and memorable stories are relatively

- simple, straightforward and can be enhanced by a limited number of well-chosen visuals
5. Involve the audience Stories must be built and delivered so that the audience can feel involved as being a character of the story [Simmons 2006].

Freytag's pyramid is a 5 part system that guides a story plot. The climax represents the highest point as the apex rising and falling actions. Structuring stories by using Freytag's Pyramid will help to raise attention and create an emotional connection that is likely to change opinion and behavior.

Discussion & Results

The Tinkoff Bank Case: The story of the founder Oleg Tinkov and how it came to be is one that inspired action. The story is a 'what if' kind of story that allows the consumer to imagine what they could do. The experience that Tinkoff provides as an internet bank is valuable.

As part of their innovative growth, they recently launched a free service 'Tinkoff stories' that gives themes collections and tips for any situation. That as wells as the invite a friend feature to earn bonuses have been a great tool to expand their customer base and inspire loyalty.

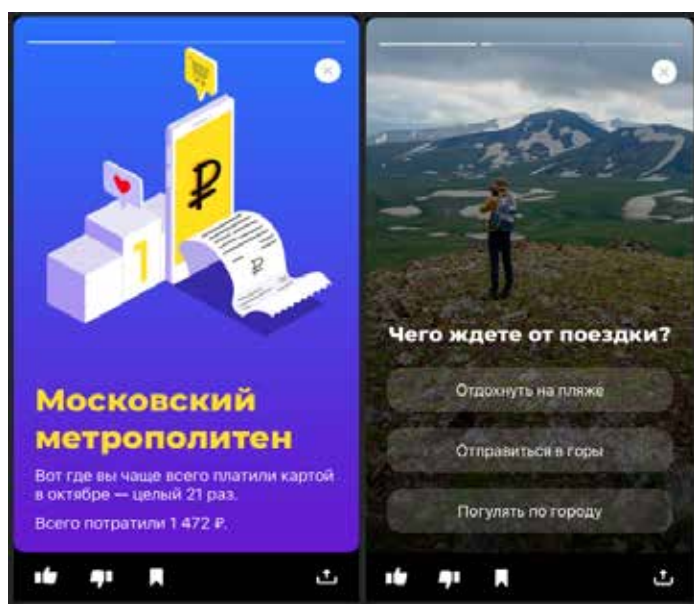


Figure 4. Tinkoff Stories platform. Source: [Pine and Gilmore 2019]

Tinkoff stories not only creates relatable platform to give awareness on new products, but it also teaches on some functionality of the app and other users sharing how they are using the app in their businesses and everyday life finance tracking [Pine and Gilmore 2019].

The Airbnb Case: Airbnb has built its brand through storytelling, by focusing on people, who tell the stories of people who are Airbnb hosts from around the globe. They show how brands can make it possible for people to connect with each other and how specifically Airbnb does it. This as a very human approach makes a clear statement about the importance of stories to the Airbnb brand.

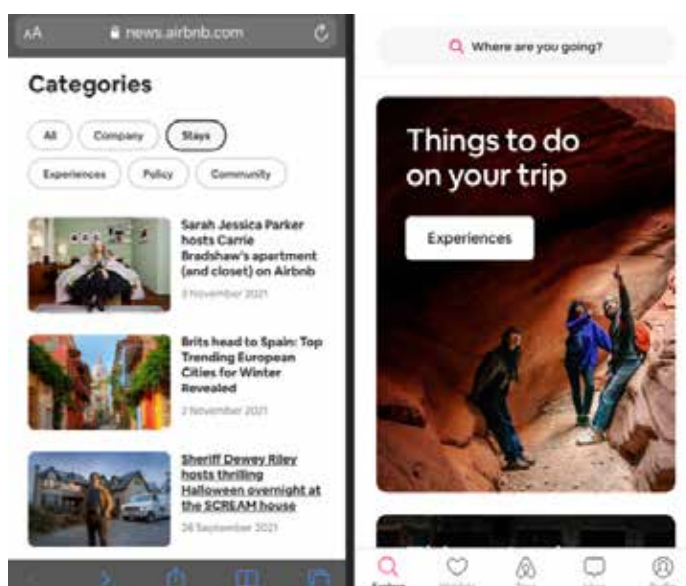


Figure 5. Airbnb Interface. Source: [McDonald 2016]

Besides several forums, the company has a page dedicated to biographies and videos of hosts. This aligns with Airbnb approach which focuses on stories and people, which is the language by which humans communicate and have really transformed this space and definitely attracted more customers and users.

Conclusion

When it comes to building businesses and entrepreneurship, there is a great focus on the need to be innovative in order to be disruptive. Even though the term has been around for decades now, there is still bias to interpret this as technological progression. Technology is great because it is an enabler, a useful tool, however, disruptive innovations are human-centered.

Storytelling is instrumental to business because they help connect with their audience and build a long-lasting relationship of loyalty with their customers. Beyond that, they work to increase employee motivation internally.

As an emotional tool, it creates purpose and drives action. Using imagination, stories help customers visualize the context of a company, awareness to challenges and comprehend its strategy [Monarth 2014].

The strategy of the story is important depending on the objective, The craft should endure impact by first analyzing the audience to understand perceptions, concerns, and priorities. When companies can share great stories, they can leverage the full potential of the brand and set themselves apart from competition.

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The article was submitted 12/27/2021; approved after reviewing 01/19/2022; accepted for publication 03/05/2022

Статья поступила в редакцию 27.12.2021; одобрена после рецензирования 19.01.2022; принята к публикации 05.03.2022.