The Tipping Point
How Little Things Can Make a Big Difference

by
Malcolm Gladwell
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"A fascinating book that makes you see the world in a different way." — Fortune

We Share Ideas
The Tipping Point

I. Tipping Point
   A. That moment when an idea, trend, or social behavior crosses a threshold, tips and spreads like wildfire
   B. Ideas and products and messages and behaviors spread just like viruses do
      1. Fashion trends, crime waves, teenage smoking and word of mouth can best be thought of as epidemics
      2. Epidemics happen all at once -- not gradually
C. The interconnectivity of people using the Internet greatly facilitates the epidemic-like rise of new ideas
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II. Three Characteristics of Epidemics
A. Contagiousness
   1. We often think of viruses as being contagious, but there can often be other things such as crime waves and fashion trends that have the characteristics of contagiousness
   2. Yawning is contagious
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B. Little changes can have big effects
   1. In an epidemic, changes increase geometrically, not arithmetically

C. Changes occur suddenly (after some incubation)
   1. Fax machines were invented in the 1800’s
   2. Sharp introduced the first low-priced fax machine in 1984. 80,000 machines were sold
   3. For the next three years sales increased slowly and steadily
   4. In 1987, one million fax machines were sold, and in 1989 six million (~600 models)
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4. The first cell phone call was made in 1973. Yet, 1998 was the tipping point for cell phones in the U.S.
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III. The Three Rules of the Tipping Point

A. “The Law of the Few”
B. The stickiness factor
C. The power of context
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IV. The Law of the Few

A. In viral epidemics, a few people contribute more to the epidemic than other people

B. In word-of-mouth epidemics the same is true

C. Three kinds of people contribute to word-of-mouth epidemics
   1. Connectors
   2. Mavens
   3. Salesmen
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Connectors

A. It’s a small world

1. 160 people who lived in Omaha, Nebraska were mailed a packet that included the name of a stockbroker who worked in Boston and lived in Sharon, Massachusetts
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2. Each person was instructed to write his or her name on the packet and send it on to a friend or acquaintance who he or she thought would get the packet closer to the stockbroker.

3. Most of the letters reached the stockbroker in five or six steps.

4. Of the 24 letters that reached the stockbroker at his home, 16 were given to him by the same person, a clothing merchant.
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5. Of the balance of letters that reached the stockbroker at his office, the majority came from two men.

6. So, a very small number of people are linked to everyone else in a few steps, and the rest of us are linked to the world through those special few (the connectors).
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B. Characteristics of a Connector

1. They know a lot of people
2. They move in many different worlds, subcultures and niches
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VI. Mavens

A. Comes from the Yiddish word meaning “one who accumulates knowledge”

B. Economists call people who study and know a lot about products and services “market mavens”

C. The information easily available on the Internet greatly increases the number of market mavens
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D. Market mavens frequently get good deals on products and services and they have a passion to share information on their good deals.

E. A maven is not a persuader. His motivation is to educate and to help.

F. Mavens are data banks; they provide the information.

G. Connectors are the social glue; they spread the word.
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VII. Salesmen

A. Salesmen are wildly optimistic

B. Salesmen create “interactional synchrony”
   1. They get the listener in sync with their movements, their nods and their stillness in moments of attention
   2. When shown pictures of smiling or frowning faces, people will smile or frown in response
   3. Emotions are contagious
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VIII. Rule 2 -- The Stickiness Factor

A. A message has “stickiness” if it is memorable

B. When Winston filter-tip cigarettes were introduced in the spring of 1954, the company came up with the slogan “Winston tastes good like a cigarette should”
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1. A catchy jingle was used repeatedly in early TV advertising
2. Within months of its introduction, on the strength of the jingle and propagation through TV, Winston tipped and within a few years became the best selling cigarette in America
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IX. Rule 3 -- The Power of Context

A. Epidemics are sensitive to the conditions and circumstances of the times and places in which they occur

B. In the 1980’s, New York City was in the grasp of one of the worst crime epidemics in its history. Starting in 1990, the crime rate went into a precipitous decline

1. The reason for the decline was not a sudden change in the attitude of criminals, but rather a change in the context of New York City
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C. The Broken Window Theory

1. Crime is the inevitable result of disorder
2. If a window is broken and left unrepaired, people will conclude that no one cares and no one is in charge. Soon more windows will be broken
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3. New York City officials decided to change the context in which crime was occurring by cracking down on minor problems such as graffiti, public disorder and aggressive panhandling
   a. The result was a significant reduction in major crimes
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X. How a Religious Movement Got Started
A. We usually think of religious movements being started by highly charismatic evangelists
B. John Wesley, the Founder of Methodism, was neither charismatic nor a great theologian
C. After preaching at a church, Wesley would remain long enough to organize his most enthusiastic converts into religious societies, which in turn, he subdivided into smaller classes of a dozen or so people
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1. Converts were required to attend weekly meetings and to adhere to a strict code of conduct. Those who did not adhere were expelled.

2. Wesley wasn’t one person with ties to many other people. He was one person with ties to many groups.

3. He realized that if you want people to adopt a new set of beliefs you must develop a community of people to help support the beliefs.
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XI. The Spread of the Use of Hybrid Seed Corn

A. A new corn seed was introduced in Iowa in 1928
   1. The seed was clearly superior to the seed in current use

B. By 1933, only a handful of farmers were using the new seed
   1. The number increased steadily until all but two of the 259 farmers in Greene County were using the seed by 1941
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C. The progression of the types of people who adopted the new seed

1. Innovators – the adventurous ones
2. Early adopters – they were infected by the innovators
3. Early majority – the most respected farmers
4. Late majority – the skeptical mass who would never try anything until the most respected of farmers had tried it first
5. Laggards – those who see no urgent reason to change
Adoption Cycles

Internet Adoption

<table>
<thead>
<tr>
<th>Year</th>
<th># Hosts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969</td>
<td>4</td>
</tr>
<tr>
<td>1971</td>
<td>23</td>
</tr>
<tr>
<td>1981</td>
<td>213</td>
</tr>
<tr>
<td>1984</td>
<td>1,000+</td>
</tr>
<tr>
<td>1987</td>
<td>10,000+</td>
</tr>
<tr>
<td>1988</td>
<td>60,000+</td>
</tr>
<tr>
<td>1989</td>
<td>100,000+</td>
</tr>
<tr>
<td>1992</td>
<td>1 Million+</td>
</tr>
</tbody>
</table>

- **1992-1993**: CompuServe Email, Windows 3.1, AOL for Windows
- **Late Majority**
- **Laggards**

Penetration / % usage

Number of Internet Hosts

Source: ISC

Year

- 1981
- 1982
- 1983
- 1984
- 1985
- 1986
- 1987
- 1988
- 1989
- 1990
- 1991
- 1992
- 1993
- 1994
- 1995
- 1996
- 1997
- 1998
- 1999
- 2000
- 2001
- 2002
- 2003
- 2004

# Hosts

- 1988: 23
- 1989: 213
- 1990: 1,000+
- 1991: 10,000+
- 1992: 60,000+
- 1993: 100,000+
- 1994: 1 Million+
Adoption Cycles – Next Phases

- Early Adopters
- Early Majority
- Late Majority
- Laggards
- Decline

Product “Renewal”
Enhancement/Innovation

Penetration / % usage vs. Time

Innovators
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XII. The Rise of Immunity
   A. The effectiveness of e-mail
      1. E-mail would seem to increase the ease of connectedness
      2. There is such a thing as too much of a good thing
   B. After many people become infected in an epidemic, they develop an immunity to the infection and the epidemic comes to a halt
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3. Remember how excited you were when you first started getting e-mails?
   a) They were from friends and of great interest

4. Now we try to avoid
   a) Spam – e-mail we didn’t ask for
   b) Forwarded stories and jokes we have no interest in
   c) People who try to gain our support of causes they have an interest in
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C. Earlier, the use of the telephone became very prevalent in business

1. Over the past twenty-five years, the effectiveness of telemarketing has dropped by about 50%

2. We avoid talking to telemarketers and go to great lengths (e.g., Caller ID, Do Not Call lists) to protect ourselves against unwanted phone calls
Strategic Questions

1. Where are my current Products Services Strategies in terms of their Adoption Cycle or a Tipping Point?
Where am I?

- Innovators
- Early Adopters
- Early Majority
- Late Majority
- Laggards

Penetration / % usage vs. Time

Tipping Point
Strategic Questions

2. Who are the Connectors Mavens & Salesmen of my marketplace? and

3. How can I engage (infect) them in “tipping” my new ideas, products or services?
Strategic Questions

4. How can I make my products or services “Stickier”?

5. Can I “renew” my offering(s) with an enhancement or innovation?
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We Share Ideas