



Word of Mouth: The Best Advertising Money Can't Buy

NO MATTER HOW MUCH MONEY YOUR COMPANY SPENDS ON ADVERTISING (THAT INCLUDES YOUR WEBSITE, TIME SPENT BLOGGING, DIRECT MAIL, COLD CALLS, PUBLIC SPEAKING, AND PRINT ADS), SOME OF IT IS WASTED. WORD-OF-MOUTH, ON THE OTHER HAND, HAS NO ASSOCIATED DIRECT COSTS. IF IT DID, IT WOULD BE THE ONLY ADVERTISING MEDIUM WITH A 100 PERCENT SUCCESS RATE.

Advertising is unpredictable and many think of it a black art. John Wanamaker, who was born in 1838 and is considered by many to be the father of modern advertising, is reputed to have said “Half the money I spend on advertising is wasted; the trouble is I don’t know which half.”

Most of us like to say that ads don’t affect our buying decisions, but it’s clear that no matter how much we deny it, ads that are well designed and properly placed do work. Even so, we still talk to our friends about cameras, cars, movies, and vacation destinations. And they listen.

Developing Word-of-Mouth

GRANTED, SOME BUSINESS CATEGORIES DEPEND MORE ON WORD-OF-MOUTH RECOMMENDATIONS THAN OTHERS. FINDING A DOCTOR, FOR EXAMPLE, OR A MECHANIC. SELECTING A PROVIDER FOR COMMODITIES SUCH AS GASOLINE WOULD BE LESS LIKELY TO DEPEND ON RECOMMENDATIONS FROM FRIENDS.

The more complex your product or service is, the more difficult it is to evaluate your brand against your competitors’ brands — and that’s exactly when word-of-mouth is most important.

Any lead that comes to you based on the recommendation from a friend is valuable. They’re much easier to close and the clients are generally of higher value, both in terms of loyalty and in terms of profitability. Research by General Elec-



tric suggests that oral recommendations from acquaintances are twice as effective as advertising.

Today, though, word-of-mouth marketing is evolving to *word-of-mouse* advertising. Facebook, Twitter, and a gaggle of other options for sharing information and opinions make it even easier for consumers to share what they know about your business—good or bad—in an instant, and with everyone they know.

If you’re looking for positive recommendations, refine your brand’s story. This is the story that you provide to your customers or clients so that they

can tell others. You can pay others to tell your story, but it won’t be effective. It’s a collaborative effort between you and your clients.

When you and your brand solve a problem for a client, the event becomes a part of their life story. When something remarkable happens (you solved a problem for the customer or you created a problem for the customer), it’s like a bookmark in their life story. Maybe it’s a big deal. Maybe it’s a little deal. But it’s something that’s now stuck in their memory.

It’s at this intersection where word-of-mouth begins.

Control Your Story

SO YOU HAVE TO CONTROL YOUR STORY. IT’S THE ONLY THING YOU CAN CONTROL.

Fred Reichheld, an author and business strategist best known for his research on customer loyalty wrote *The Ultimate Question: Driving Good Profits and True Growth* in 2006. “Companies can buy growth,” Reichheld writes, describing how America Online chose to spend the money from its 1992 initial public offering to flood the nation with free software disks instead of improving the quality of service and the hardware. “AOL’s membership grew rapidly—but the flood of new users began to strain the capacity of the company’s network.” About that time, the company began to be called “America on Hold” and within a decade

customers were fleeing in droves and nearly 50% of the remaining customers had nothing good to say about AOL.

Were you a customer of AOL back then? Are you one now?

To avoid making an AOL-size error, you need to know what your customers think of you. How? Ask.

Reichheld's *Ultimate Question Survey* consists of just 1 question: *Using a scale of 1 to 10, would you recommend us to your friends and colleagues (10 is "definitely would")?* Those who select 9 or 10 are your promoters. They are satisfied and will trumpet your product or service any chance they get. Those who score your brand 7 or 8 are passively satisfied and won't be involved in actively promoting you or your brand. Those who answer with any other number (0 through 6) are **detrac-**

the premise on which LinkedIn is founded, you're right.

Be social: Use social media yourself. Don't assign someone to do it for you. Facebook can be surprisingly helpful but you have to be there consistently. Make yourself highly approachable. Help with real answers to questions. In other words, be yourself and use social media to build brand awareness.

Be top-of-mind with your customers: What can you do to keep yourself and your brand in the customer's mind? How about sending birthday cards? Anniversary cards? Spend a few bucks and buy a good promotional item. Consider placing the customer's name on the item instead of your advertising. Trust me: Every time they pick up that engraved item with their name on it, they'll think of you even if it doesn't have *your* name on it.

A score of 9 or 10 identifies your promoters, while a score of 7 or 8 places individuals in a group of passive supporters. Anyone with a score lower than 7 must be considered a detractor.

tors. They are unsatisfied with you and your brand and they are likely to select a competing product or service.

The obvious goal is to move those in the 7-8 range into the 9-10 range and the methodology is as simple to explain as it is difficult to execute: *Do more of what your customers like and stop doing those things that annoy them.*

Some Suggestions

Provide memorable service: This is not a single event. Instead, memorable service is based on everything you do. People often remember outstanding customer service. Research conducted by a well-known bank reveals that customers who have reported a problem that was resolved to their satisfaction are actually more loyal than those who have never had a problem.

Keep in touch: Let customers know how important referrals are to your business and how much you appreciate them.

Reciprocate: Remember those who have sent you referrals when you are asked for the name of someone who can help. If this sounds a lot like

The Customer Comes Second

IF YOUR GOAL IS TO CREATE SATISFIED CUSTOMERS, YOU SHOULD CONCENTRATE ON CREATING SATISFIED EMPLOYEES.

The Customer Comes Second is the name of a book in which author Hal Rosenbluth explains that having satisfied employees is essential if you want to have satisfied customers.

First impressions are important and unhappy employees can derail those first impressions. When people are happy (or at least satisfied), they're far more likely to treat their fellow employees and the company's customers with respect.

Easy? Not at All!

THE PROBLEM WITH DEPENDING ON WORD-OF-MOUTH, PARTICULARLY FOR NEW BUSINESSES, IS THAT YOU NEED MORE THAN A FEW PEOPLE WHO KNOW AND TRUST YOU TO CREATE A GOOD PROGRAM.

Your promoters need to be real customers, not skills—people who have really used your product or service. That rules out uncle Fred. It eliminates vendors (people you buy from but who have not



bought from you). Don't call on your pastor, your doctor or people who are in the same business.


And you can't just wait for your customers to create their own word-of-mouth campaign in your interest. That would be as bad as cold calls placed by an inexperienced sales person.

Develop a campaign to recruit, train, and deploy an active sales force of promoters.

Identify word-of-mouth prospects by watching for people who are actively looking for information about your product or service. These people are already sending buying signals and are good candidates for conversion from suspects to prospects, to customers, and then to promoters.

The best source of a new word-of-mouth promoter is from those who have been referred to you by word-of-mouth promoters. In all likelihood, yours is the only company they considered.

The process does become easier over time. As you approach, reach, and then exceed a critical mass of promoters, you'll begin to observe that "gravity" is pulling more and more suspects into your orbit. Ω



n-Lighten.us
Division of William Blinn Communications

179 Caren Ave., Worthington, Ohio 43085
614/859.9359 • www.n-lighten.us