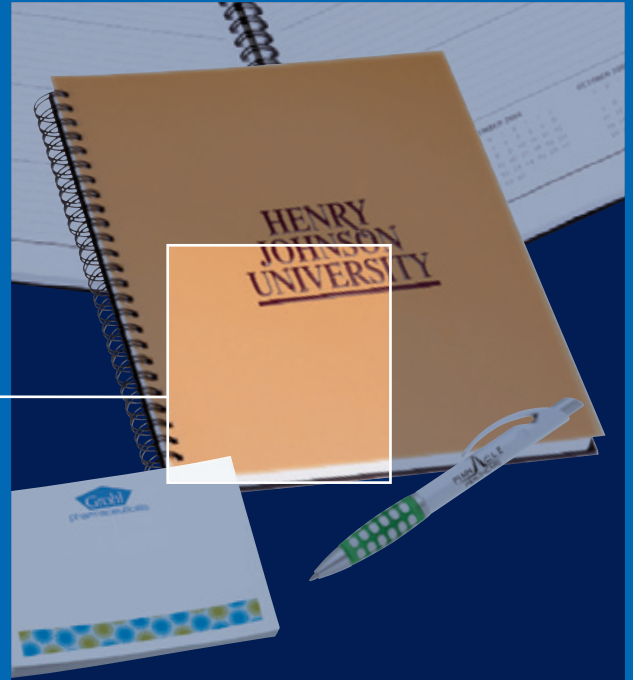


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# Getting Started with Word of Mouth Marketing

# Something to Talk About

Word of mouth marketing might sound pretty impressive, and indeed its effectiveness certainly can be. In fact though it's a natural process that has been around for as long as humans have been communicating with each other about what products they use, places they prefer to patronise and tradesmen they know will do a great job. When you tell someone about that new restaurant in town or spread the word about a stain remover that "really works," you're engaging in word of mouth marketing.

It's extremely powerful. If a friend tells you about a certain video game he likes, you're far more likely to buy it than if you just see an ad on TV. In fact, analysts from McKinsey & Co. estimate that two-thirds of our economy is influenced by personal recommendation.<sup>1</sup>

In the same way that we trust our friends' opinions, we are also inclined to trust other consumer reviews—from people we don't know—posted to blogs and sites like Amazon.com, and Epinions.com. According to the Nielsen "Global Trust in Advertising" Survey, online consumer reviews are the third most-trusted form of marketing worldwide with a 61% confidence rating. Newspaper advertising enjoys a 63% confidence rating and recommendations from other consumers an impressive 78%.<sup>2</sup>

For marketers then, the challenge is to foster those oh-so-valuable word of mouth recommendations. The goal is to get people talking about your business and, of course, saying good things.

Here's the rub: At its heart, word of mouth marketing is about more than being a good business. Good is, well—good. Word of mouth marketing is about being different, creative, and helping your customers spread the word about just how "great" you are.

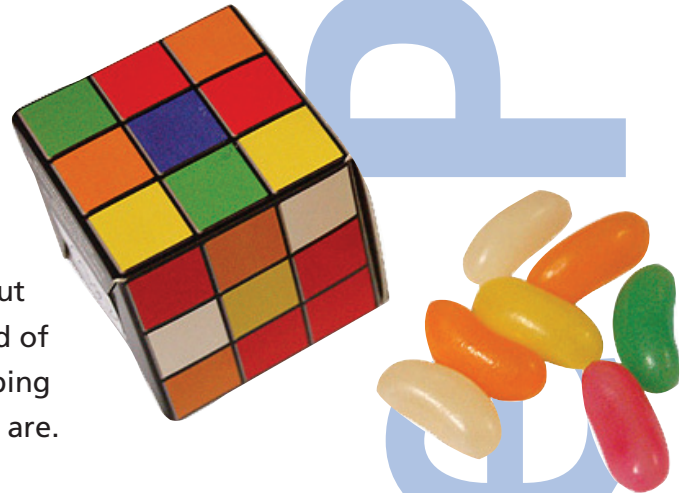
## Why it's important

For a long time, advertising was the biggest influence in consumer decision making. Companies pushed their message out to consumer's via the television, billboard posters, newspapers, magazines and other traditional media. Advertising was the consumers largest source of information about a company's products or services.

Today, the dynamic of influence has changed. Thanks to the Internet, we can go online and find out what other people think about handymen, doctors, teachers, restaurants, repair

<sup>1</sup> Dye, Renee. "The Buzz on Buzz." *Harvard Business Review*. Nov. & Dec. 2000. 07 Feb. 2009 <<http://hbswk.hbs.edu/archive/1956.html>>.

<sup>2</sup> Dye, Renee. "The Buzz on Buzz." *Harvard Business Review*. Nov. & Dec. 2000. 07 Feb. 2009 <<http://hbswk.hbs.edu/archive/1956.html>>.



shops, cars, toys, electronics, movies—it's all online for us to examine and evaluate before we buy.

The company itself is no longer the sole source of buying information and nor should it want to be.

The beauty of word of mouth marketing is that it magnifies consumer interest and confidence in your product without your overt input. No other form of marketing is as powerful. It's that simple.

## A few caveats

Before we all go rushing off to get this 'word of mouth' marketing started we need to sound a note of caution. Part of the power of this form of promotion is that it is not controlled. And it is a fine line between uncontrolled and out of control. You cannot limit what people say about you—online or offline. One negative story can quickly skyrocket to the top of Google's™ page rankings.

You can, however, influence the conversation. You can, and usually should, respond to criticism. You can ask your fans to give you positive reviews and you can generate new, more positive stories that will push the negative ones lower down the Google rankings.

Word of mouth marketing can rightly be considered a part of reputation management and your reputation is your passport to a prosperous future.

## Getting started

Word of mouth is all about giving people a reason to talk about your company and helping them to spread the word. You don't have to start big. Try lots of easy, low-cost activities and see what you get. If they work, go bigger. If not, try something else. Here's how to get started, in four basic steps:

**Step 1: Be Interesting.** We all like to think that we're fascinating creatures and our businesses are really cool, but the fact of the matter is that there are lots and lots of really cool companies out there. So, "cool" isn't really enough. You want to be that kid who drove his tractor to school or the girl who wrote backwards. You want to be different, memorable and stand out from the crowd.

Take restaurants for example. Remember when you were younger and the waitress offered you crayons so you could colour in your placemat? It was great. It filled in the boring bit for you until the food arrived and gave your parents a chance to talk in peace without having to keep you entertained. But crayons are no longer a



differentiator. Nowadays, everyone has crayons.

What's new and interesting? Well it's a long way to go but it would be hard to beat the experience at American Girl café in New York, where dolls get their own treat seat, tea cups and menus. Isn't that the kind of thing you'd write home about? Or, at least tell your followers on Twitter about?

Or how about the dentist in Queensland, Australia who built a phenomenally successful dental practice that isn't listed in the telephone book and operates 'by invitation only'? Dr. Paddi Lund has built his entire business and developed as a sought after speaker and business guru through word of mouth marketing, selling over 60,000 books through his website, by referral alone.<sup>3</sup>

Founder of the Word of Mouth Marketing Association, Andy Sernovitz is the author of *Word-of-Mouth Marketing: How Smart Companies Get People Talking*, in which he tells companies to put their business decisions through a buzz-worthy filter.

"There is a poster I would put in every single office," Sernovitz said during a recent MarketingProfs Webinar. "A big sign on the wall should say, 'Will anybody tell a friend about this?'"<sup>4</sup>

And as Sernovitz points out, being good and being something worth talking about are two entirely different things. Certainly you don't want people saying negative things, but the whole point is that being good simply isn't good enough if you want to leverage the power of word of mouth marketing.

Even advertising, Sernovitz says, should be more than just a brand awareness activity. It should be something worth sharing:

"When you raise the bar, you want to say, 'If we pay money to put this ad in the magazine, is anybody going to tear out that ad and show it to a friend?' And if it's not worth tearing out and passing along, it's not worth paying for."<sup>5</sup>

## Step 2: Join the Conversation.

Remember that you don't have to start the conversation; you just have to join in. You don't need to publish your own blog or launch some extensive viral campaign to be a word of mouth marketer. You just need to have two-way

<sup>3</sup> <<http://www.paddilund.com>>

<sup>4</sup> *Make Word of Mouth Marketing Work for Your Company. Webinar. Narr. Andy Sernovitz.* <[www.marketingprofs.com](http://www.marketingprofs.com)>. 19 Dec. 2007.

<sup>5</sup> *Ibid.*



dialogue and be timely in your responses to your customers. And, the best way to do that is to go to where your customers are, both on and offline.

Begin by reviewing and acting upon any internal customer feedback forms. Encourage and train front-line staff to seek customer feedback and empower them to make appropriate customer-driven changes. Search the Web for any mentions of your company name. If people are complaining, jump in, apologize and offer to do something about it. If people are singing your praises, post a thank you.

Next, start following a few of the blogs and forums that relate to your industry. Spend some time getting to know what's going on out there. If you aren't already an active blog reader, spend several weeks just lurking around. WhosTalkin.com social media search tool is a great place to start as you can set up alerts to topics that most interest you.

U.S domestic airline company Jet Blue staff use Twitter (among other tools) to monitor and respond to online chatter. Morgan Johnston, manager of corporate communications, tweets a few times each day, sometimes with travel tips or delay information, but also in response to customer comments.

Johnston says the company has always spent time tracking online mentions. "We monitor everything we can find about our brand and our industry. Micro-blogging sites like Twitter are great for timely information and feedback. Companies in the UK seem to have been slower to see the opportunities presented by Twitter with only 16 of the FTSE Top 100 Companies showing any particular presence. Of these British Airways is the largest user but, with just 14,363 followers <sup>6</sup>, compared to Starbucks Coffee with over 954,000 followers, it could hardly be considered a leader in the field.



### **Step 3: Connect with the Influencers.**

Influencers are the people talking about your products or your industry. These are the people whose opinions sway others. They are the people most engaged in their workplaces and communities; the people most likely to share their opinions, and the ones most likely to be heard. Mumsnet for example boasts 850,000 members who talk about everything related to parenting and their recent courtship from all three political parties shows just how influential its members are considered to be.

Food and family-product marketers hit upon these bloggers early, as an inexpensive way to reach a targeted consumer group. These bloggers are quick to spread the word about money saving coupons and special promotions and they regularly offer special

<sup>6</sup> [www.mdesavilles.net/storage](http://www.mdesavilles.net/storage) FTSE 100 companies and their use of Twitter.pdf

reader-only giveaways. Starbucks and Marks & Spencer regularly use Facebook to promote “free” or “special offer” products.

For businesses who operate more locally, connecting with influencers requires a dual online and offline strategy. On the one hand, you know your customers personally and can probably list at least 10 people you would already consider fans. On the other hand, there may be only a few bloggers—or even none at all—blogging about your community, so you don’t have as many options for online promotion.

If most of your customers live within a limited radius, chances are good that much of the conversation happens offline. That means you have little way of determining who the biggest talkers are. So instead of identifying the most influential bloggers, connect with your best customers and encourage them to spread the word. One common tactic is to give your customers extra business cards and simply ask for their referrals. You can also provide a discount or incentive when a customer sends someone else your way. If you have samples to distribute, give customers several and ask them to share with friends.

To foster positive online reviews: ask customers to post an online review for you at a site such as [www.reviewcentre.com](http://www.reviewcentre.com) or, if you run a restaurant, [www.toptable.com](http://www.toptable.com).

Other offline word of mouth tactics include offering insider-tours of your operation and in-store events. Or, invite your best customers to host a private event. Home party networks have been using this concept for years. But instead of asking a customer to organize a sales event in their home, invite them to have an exclusive friends-only reception in your business space. Couch it as a thank you event, not a sales pitch. By providing simple refreshments for a small gathering, offering a special “how-to demonstration”, co-ordinating a hands-on project, or simply providing the use of your space. You will have access to several potential new customers and advocates to boot.

#### **Step 4: Make it Easy to Share.**

The fourth task for online marketers is to make it easy for customers and influencers to tell others about your product.

Offline, this includes giving your customers extra brochures, discount cards and samples to share with their friends.

Online, this can mean providing videos and photos for bloggers and setting up fan forums. International fabric designer Heather Bailey, for example, includes a link on her Web site that directs visitors to a Flickr® community where customers can post pictures



of the projects they've made using her designs.

## Rules of the road

Word of mouth marketing is pretty simple really, and you shouldn't feel intimidated. That said, there are a few guidelines to follow:

**Rule # 1. Listen and respond.** The most common mistake is to simply ignore online conversations. For your fans out there, when you acknowledge them and thank them for their comments, it makes them feel validated. For your detractors, the only chance you have of winning them back is by responding to their complaint. And even if you can't win the customer over, you may be able to diffuse any additional negativity.

As a best practice example, a large car manufacturer recently avoided a potential PR crisis after its legal department threatened a fan site that was selling unlicensed merchandise. Using Twitter and other online tools, the company's social media manager was onto the issue and had it diffused within less than a day.

Here's what happened:

The car manufacturer, Ford's legal team had sent the site selling the unlicensed merchandise a "cease and desist" letter. As part of the letter's outlined legal actions, it demanded the Web site's owner remove the URL and pay a £5000 fine.

Shortly after, the site's owner notified his site's online community, which unleashed a fury of criticism against the Ford.

Within hours, the social media manager was on Twitter, messaging irate fans to let them know he was looking into the issue. After all was said and done, he was able to negotiate a truce that left the fan site intact at its current URL, minus the trademarked goods.<sup>7</sup>

Less than 24 hours after the original complaint, the fan site's owner posted a fair explanation of what happened along with helpful tips so other fan sites could avoid making similar mistakes.<sup>8</sup>

**Rule # 2. Never fake online conversations or hide your identity.** Amazon shoppers

<sup>7</sup> Smith, Kimberly. "How Twitter Helped Save Ford from a PR Disaster." *MarketingProfs*. 03 Feb. 2009. 02 Mar. 2009 <<http://www.marketingprofs.com/casestudy/125>>.

<sup>8</sup> Oaks, Jim. "Our (my) Agreement With Ford (remedy)." *The Ranger Station*. 10 Dec. 2008. 02 Mar. 2009 <[http://74.125.95.132/search?q=cache:nV35\\_m7zKVEJ:www.therangerstation.com/forums/showthread.php%3Ft%3D32874+on+my+agreement+with+ford&hl=en&ct=clnk&cd=2&gl=us](http://74.125.95.132/search?q=cache:nV35_m7zKVEJ:www.therangerstation.com/forums/showthread.php%3Ft%3D32874+on+my+agreement+with+ford&hl=en&ct=clnk&cd=2&gl=us)>.



are now eyeing reviews for a tech company's products with a wary eye after the company was caught paying reviewers to give its product five stars and downgrade ratings for its competitors. Blogger Arlen Parse of The Daily Background broke the story after stumbling upon an online request for the fake reviews. The technology goods company's president apologized and claimed it was an isolated incident, but not before it had already been picked up by several influential tech news sites.

While some bloggers and commenters gave the company credit for responding "quickly and with sincerity," a significant number expressed doubt about the company's sincerity and pledged never to buy its products again.

In another infamous case, a large grocery chain's CEO was posting on Yahoo's financial message boards under a pseudonym, praising his company's performance and often criticizing competitors. His secret identity was revealed during a Securities and Exchange Commission investigation when the grocery chain attempted to buy one of the very companies it had been condemning. The CEO later apologized for his lack of judgement.<sup>9</sup>



**Rule # 3. Never spam blog comments with irrelevant content.** Instead, provide a relevant response to the author's post and include additional, helpful information when applicable. This is another reason it helps to have your own online tutorials and valuable content so you have a legitimate reason to direct readers back to your site.

## Tracking ROI

A word of mouth marketing campaign can provide clear financial returns in the form of increased sales or decreased customer support expenses. But measuring success isn't gauged by accounting alone.

Word of mouth marketing is also about building positive brand perceptions that grow over time, and these activities are an investment in your company's future. While this latent goodwill may be intangible, marketers are using a variety of metrics to measure reach and engagement.

Before you begin, determine how you will identify word of mouth success. Will you conduct customer surveys to determine how people heard about you? Will you

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<sup>9</sup> Skillman, Brad. "Whole Foods Backs Chief on Web Posting." *International Herald Tribune*. 08 Oct. 2007: 110



measure it by subscribers to your blog? Or, are you looking for a decrease in calls to your customer service line? In a study of how companies were measuring return on investment for their social media activities (social media being roughly equivalent to online word of mouth marketing), the Online Community Research Network found six most-common metrics that companies used to measure success. These were traffic patterns and statistics, community member engagement, unique number of visitors, new member registrations, member satisfaction, and product feedback / R&D idea generation.<sup>10</sup>

That same study asked practitioners how they made the case for social media activity when evangelizing to management and others. Prominent was the idea that online community forums became an ad-hoc resource for frequently asked questions. Populated with both user- and company-generated answers, these forums saved the company money in traditional support services.

Other common reasons companies participate in online exchanges are that social media:

- Increases organic site traffic
- Helps identify new ideas
- Identifies problem product features
- Generates leads and aids conversion
- Builds customer loyalty

If you do nothing else, keep a log of your word of mouth success stories. Numbers and reports are great, but real-life stories will help management to understand the benefits.

When it comes to tracking the numbers, hard-core word of mouth marketers are turning to specially designed intelligence tools that track brand reputation online, identify advocates, and measure influence. These social media monitors crawl the Web searching for mentions of your company and/or product names. They gather information from across the Internet including blogs, video sites, user forums, LinkedIn® and Twitter.

The best, can then segment out positive and negative sentiment through a combination of language algorithms and human evaluation. These tools help you identify which social media tools and users are most influencing your brand.



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<sup>10</sup> Johnston, Bill. "Online Community ROI." Weblog post. Red Plastic Monkey Blog. 28 Mar. 2008. 24 Feb. 2009 <<http://redplasticmonkey.wordpress.com>>.

Once you have that information, you can direct your efforts into targeting the communities and advocates that have the biggest impact on your brand.

For do-it-yourselfers, on the other hand, daily monitoring and spreadsheets are in order. You can quickly overwhelm yourself by tracking too many metrics, so start with just a few key indicators. Over time, you will begin to notice which individuals are the most vocal and which have the largest community of followers.

Here's a sample online tracking sheet using imaginary data for an imaginary coffee chain we've called Java Java Joe:

Jan 1 – Jan 31, 2009 Company: Java Java Joe

<b>Metric</b>	<b>Comments</b>	<b>% Change</b>
Positive Comments	18	Up 3%
Negative Comments	7	Down 2%
Neutral Comments	56	Up 5.5%
<b>Fans</b>	<b>Outlets</b>	<b>Notes</b>
JulieBean	BeanThereBlog.com	Over 1000 subscribers; says she buys our coffee several times a week; frequently posts short comments about her JJJ addiction; lives somewhere in Minnesota
<b>Hecklers</b>	<b>Outlets</b>	<b>Notes</b>
KinnaKid	Porlanders.com	Lives near our Portland outlet but isn't pleased with staff; three negative posts in last 6 months
<b>Industry Experts</b>	<b>Outlets</b>	<b>Notes</b>
James Therber	CoffeeCafe.com; Allthingscoffe.com; Jimscafe.com	Award-winning barista; writes for print occasionally; lives in Boston; no mentions of us yet

For help monitoring online conversations, try Google™ Alerts and Who's Talkin. As its name suggests, Google searches the Web, including blogs and social media tools, and alerts you to mentions of your specified search term. Set up daily, weekly, or "as it happens" updates and get notified by e-mail. WhosTalkin.com is a social media search tool that allows users to search for conversations. Its search and sorting algorithms combine data from over 60 of the Internet's most popular social media gateways.

## A few last words

Whatever you do, join the conversation, but do it in an ethical and honest manner. Don't pay people to talk you up or put others down. Be respectful and appreciative of people's opinions—their feedback shows you how to improve.

Remember, if you want word of mouth there has to be a fresh reason to have a conversation. That takes constant innovation, but even small ideas can have an impact. Savvy marketers know that it's not enough to be worthy of praise. You actually need to get people talking.

Ready? Then go forth and spread the good... no, make that great, word.



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