

# Word-of-Mouth MARKETING

- *Launch new products, control disasters, and get new customers using the Word-of-Mouth Marketing Blitz*
- *Install an organized, systematic, proactive program for generating Word of Mouth*
- *Get your customers to sell for you*

 ***Jerry R. Wilson***



# *WORD-OF-MOUTH MARKETING*

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Jerry R. Wilson



JOHN WILEY & SONS, INC.

New York • Chichester • Brisbane • Toronto • Singapore

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Published by John Wiley & Sons, Inc.

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***Library of Congress Cataloging in Publication Data:***

Wilson, Jerry R.

Word-of-mouth marketing / by Jerry R. Wilson

p. cm.

Includes bibliographical references.

ISBN 0-471-52495-6 (cloth) ISBN 0-471-00858-3 (paper)

1. Customer service—United States—Public opinion. 2. Customer satisfaction—United States. 3. Customer behavior—United States. 4. Advertising—United States. 5. Public opinion—United States.

I. Title.

HF5415.5.W59 1991

90-39271

658.8'12—dc20

Printed in the United States of America

10 9 8 7 6 5 4

**Critical Acclaim for Jerry R. Wilson's  
*Word-of-Mouth Marketing*:**

"This action-oriented book relies on how-to, not theory. Writing in plain language and using stories, humor, and easy-to-understand diagrams, Wilson shows how businesses can harness and direct the powerful force of word-of-mouth marketing."

*Booklist*

"Every entrepreneur understands an effective marketing program is necessary . . . and expensive. . . . Jerry R. Wilson shows how to market your business for free by providing great service and spreading your business's reputation by word-of-mouth."

*Entrepreneur*

## *Dedication*

**T**o Dad and Mom, Roy and Ruth Wilson, who unknowingly introduced me to the basic principles of word-of-mouth marketing. They truly lived these rules in their business and personal lives, and witnessing the payoff encouraged me to explore their lessons in more depth.

To my wife Sherrie, who put up with my passion for research, helped with the book, and supported me in everything I've ever done. She has truly exceeded my expectations. And to Doug, Brian, and Angela, three kids who make me proud to be a father.

## *Preface*

**Y**ou say you don't advertise? *Wrong!*

You advertise in a thousand different ways in the hundreds of transactions you conduct every day. What you do and how well you do it either generates talk about you and your organization, or it doesn't. This results in positive advertising, neutral advertising, or negative advertising—in the form of word of mouth. And, as you're about to discover, word of mouth is the most powerful advertising of all.

Consultant Bob Levoy says, "The proof of the pudding is not in the tasting but in whether people return for a second helping." Failure to grasp that simple wisdom is one of the reasons most new businesses fail within five years. The majority of those who do survive still wallow in mediocrity. They make enough sales and profits to keep their doors open, yet fail to achieve the growth and momentum to become legendary.

To understand why so many businesses fail to succeed, you must understand the awesome power of word-of-mouth marketing. While

American businesses are the best in the world at getting the first sale, the awful truth is that they are horrible at getting customers and clients to take that second taste; to buy a second time.

We know how to do slick direct mail campaigns, television spots, and radio commercials. We choose expensive locations, spends millions on atmosphere and ambience, and yet fail to capture the customers' attention so they are motivated to buy again. Why? I suggest that the cause is negative word of mouth. Helping you to overcome that problem is the purpose of this book. On the other hand, if you motivate buyers to talk positively about you, you also win the word-of-mouth referral factor—the most powerful and profitable marketing tool available today.

As you read this book keep these thoughts in mind:

Word of mouth is rarely based on one thing you do . . . or don't do. Instead, it's the result of hundreds of little things you consistently do a little bit better than your competition.

Success at a pro-active word-of-mouth campaign requires a "top-down" obsession with managing what people are saying about you. Everyone in your organization must listen to *everyone*, from customers to employees, from suppliers to your landlord, from stockbrokers to the custodian.

Word-of-mouth marketing is not limited to businesses. Just as the butcher, baker, and candlestick maker can profit from these strategies, so can pastors, volunteer leaders, executive directors, and fund raisers. Businesses and organizations, both large and small, can use the tools of word-of-mouth marketing.

You may need to substitute your unique term for what we frequently refer to as customers. Doctors call them patients, attorneys call them clients, hotels call them guests, and associations call them members. For the purpose of this book, we'll call them customers.

Word-of-mouth marketing is not intended to replace the things you currently do well. Instead, use it to supplement and enhance your current efforts in all the other areas.

There is an order to word-of-mouth marketing. When you use the strategies in this book to capitalize on that order, what you will have is a word-of-mouth marketing plan that can supplement an existing marketing plan.

Most of all, remember that word of mouth can be managed. You are not merely at the mercy of those who talk. You can take control and use these ideas to put together your own word-of-mouth marketing program. What are we waiting for? Let's get going!

JERRY R. WILSON

*Indianapolis, Indiana*

For a live interpretation of the principles of word-of-mouth marketing at a convention, conference or sales meeting, call Jerry Wilson at 1 (800) 428-5666 or (317) 257-6876; or write to Jerry Wilson and Associates, 5335 N. Tacoma Avenue, Suite 1, P.O. Box 55182, Indianapolis, IN 46205.



# Acknowledgments

**M**any people have helped me with *Word-of-Mouth Marketing*. If I've learned just one thing from writing it, it's that I could not have done it alone.

My very special thanks go to James V. Smith, Jr. Without his tireless efforts as sounding board and researcher this book would probably have remained only a dream. You will hear more about Jim, a truly gifted organizer and writer.

Long before I could prove these principles would work, Dave Ellison trusted me to spend money we didn't have to try ideas I couldn't prove would work in our stores. Special thanks also go to Roger, Jim, Harry, Mike, Mae, and Larry for putting up with me while I tried to do everything a little better.

To Cindy Elliott, our National Coordinator, who willingly handled hundreds of tasks, from manuscript to mailings, with professionalism and dedication. Her help is appreciated.

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To George Spelman of Murray Corporation and Mark Saunders of MCI Communications, who helped me sort out the principles of word-of-mouth marketing. Their testing in the real world validated that the ideas work, and their friendship is a real treasure.

To Jeff Herman, our agent, who believed in the book and handled details with the publisher, and to Gwen Jones at John Wiley & Sons, for making it a pleasure to work through tons of details, go my sincere compliments.

Finally, to the thousands who have read my articles, hired me as a speaker, attended my seminars, or purchased our products, I want you to know your support was appreciated. Your ongoing input, feedback, and support are what keep me going.

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*SECTION* ***I***

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*The Dynamics of  
the Talk Factor*



**"You can be just as organized, thoughtful, and systematic about 'word-of-mouth advertising' as about media buys."**

**—Tom Peters in *Thriving on Chaos***

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## *What Word-of-Mouth Marketing Is and What It Can Do for You*

**T**he *talk factor* is a term I coined to describe the dynamics of word of mouth, but it's a concept you're completely familiar with in practice. I'll bet I could name a dozen cases where you have lived the *talk factor*. Let me describe one of your most common experiences, the dining experience. I know you'll remember it because of what Samuel Johnson said: "A man seldom thinks with more earnestness of anything than he does his dinner."

You've just finished eating at the Hungry Heifer Restaurant where the food hasn't been bad, but the service has been slow. The waiter has



#### 4 THE DYNAMICS OF THE TALK FACTOR

had to be reminded to bring your side order, and you had to use your napkin to wipe water spots off the silverware. It hasn't been really terrible, but you've had a bad day, so instead of enjoying the dining out experience, you get annoyed. The waiter brings your check and asks, "Has everything been all right?" You say, "Fine." Outside, walking to your car, you turn to your spouse and grumble, "We're never going back to that place." The next day, one of your friends says, "I'm looking for a good place to take my friend for dinner—anybody have a suggestion?" You say, "Yes, if you're looking for a *good* place, stay away from the Hungry Heifer. I had dinner there last night. The food's not bad, but the service was one little disaster after another." Your friend says, "Glad you told me that before we wasted our money. We've always gone to Charlie's. The food's great and the service is consistent. We'll probably go back there." Your friend turns back to work putting screws in screen doors on the assembly line. A third party says, "Heard about that new restaurant, the Hungry Heifer?" The friend says, "Yes. I hear bad things about it. In fact, the joint is terrible. Don't go unless you want ptomaine poisoning!" The third party later goes to the barber shop, where the conversation turns to the Hungry Heifer. "The health department ought to shut the place down," says the third party. "I hear a couple of people nearly died of food poisoning." Later, you see the place *has* shut down. The reason? Competition? Location? Maybe. But I always wonder just how much can be attributed to negative word of mouth.

Although the story is obviously fictional, I'm positive you have experienced something like it. In a nutshell, it's a portrayal of the *talk factor* dynamics that make up what is commonly called word of mouth. This book focuses a microscope on the *talk factor* and word of mouth. The larger point of this story is that word of mouth is eating up thousands of organizations across America, one bite at a time—and the people inside don't even know what's happening until it's too late. If you're the owner of your own Hungry Heifer—or a department manager in a company, or a volunteer coordinator, or even a pastor of a congregation—you'll want to know the strategies that put word of mouth to work *for* you instead of *against* you.

You could trace the history of word of mouth back to the Bible's creation story, when the serpent tempted Eve to sample the forbidden fruit. Then Eve talked Adam into the same offense, whereupon they