

How to encourage word of mouth

What's the first thing we do when we want to find a good doctor, accountant, a hotel, a restaurant, or a movie? We ask others for a recommendation - friends, relatives, business associates. If we trust the person making the recommendation, we often act upon the referral. And the business we were referred to gets one more customer without having to spend a cent on advertising or promotion. Keeping in touch with satisfied customers and encouraging them to talk up your business is the most cost effective form of promotion you will ever get. Here are six word-of-mouth marketing tips that can help you build a network of referral sources.

1. Know your key factors for customer satisfaction

These are the things that your customers either consciously or unconsciously judge your product or service by. For example for an accountant they probably are communication, understands clients needs, realistic fees, accessibility, personal service, knowledge. For a car dealer they might be location, price, trust, after sales service, warranty, finance terms. Find out your key factors for customer satisfaction by asking your customers in a survey, then concentrate very hard on delivering on these key factors.

2. Reward referrers

Offer the referrer a gift, commission or a discount price. Ideally you want to offer them your product or service because it doesn't cost you the full retail amount.

3. Reciprocate referrals

If your business receives referrals from another business, refer business to the referrer whenever you can.

4. Tell stories

Stories illustrate a specific idea or selling point. They are an effective vehicle for spreading reputations because they communicate on an emotional level. If you have a company newsletter or brochure, include a story or two about your company that readers can pass along. For Example Dick Hubbard, the CEO of Hubbard Foods includes a newsletter in every box of his cereal. The newsletter always contains at least one story like this:

"We've had some lovely letters and comments about our new "Currantly Bran" product. However first prize must go to the customer who talked to me at a moderately "posh" cocktail party recently. "Dick", she said , as I munched delicately on a nibble. "Your "Currantly Bran" is marvellous for me - I'm now producing the most regular fluffy floaters!" Well, what do you say to that one?

5. Teach your customers

Companies have found that by educating their customers, they can boost their reputation and customer loyalty. Pick a topic relevant to your best customers and make yourself the source of credible, current information about that topic. For example a mountain bike clothing manufacturer called Ground Effect puts out a bi monthly newsletter with stories, product information and technical tips. Research discovered the stories and technical tips are the most-often read portion of the newsletter. It is a great way for their customers to remain current, and a great way to keep the company's name in front of their best customers.

6. Fix problems fast

Nothing grates more than the slow resolution of a problem. Speedy response is vital to prevent negative word-of-mouth from spreading. Negative feelings about a product or service may linger for years. Think about a restaurant where the food was awful, or you received exceptionally poor service. You probably wouldn't recommend the place to friends. More likely, you might tell them to avoid it, even years later, because of the problems you had. Research shows that for every bad experience, we tell four friends. While for every good experience, we tell, on average, just two and a half. When faced with a complaint, the response of your employees should be, "How can I send this person away happy?"

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