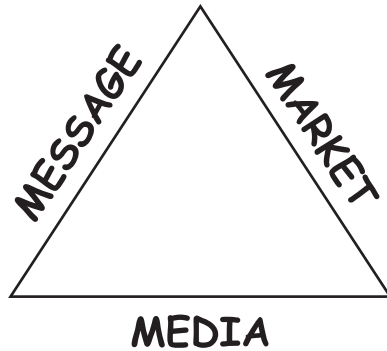


Fueling Word-of-Mouth Advertising



Let's begin by recognizing that there is no better new customer than a referral from a happy customer. I don't care what business you're in—this is true. The referred customer has less skepticism and is less price-resistant, more receptive, and more easily sold and satisfied.

Most businesses take referrals for granted. Whatever number of referrals they get, they gratefully accept, but they have no proactive plan for stimulating the maximum number of referrals.

How Many Referrals Can You Get?

Joe Girard, the author of *How to Sell Anything to Anybody* (and someone repeatedly recognized by the *Guinness Book of World Records*), has a “Rule of 52.” It is based on his discovery that the average number of attendees at both weddings and funerals is fifty-two. In marketing to consumers, his contention is that each customer has the potential of referring fifty-two other customers. Even if we cut his number in half, ask yourself: Is your business averaging twenty-six referrals per customer? Probably not—most average anywhere from less than one to three. There is room for improvement.

In business-to-business marketing, the numbers are different. I did some admittedly clumsy but, I think, instructive research: I had executives and business owners in a dozen different industries go through their trade association directories and count the number of people whom they knew (and who knew them) on a first-name basis. The average was thirty-seven. Thus, each business customer has the ability to refer thirty-seven others to a vendor.

The Way to Get Referrals Is with the “Ear” Formula

Listen, my friends, and I’ll tell you how to fuel your word-of-mouth advertising to new, unprecedented levels! All it takes is three simple letters.

E Stands for *Earn*

We have to *earn* our referrals. Walt Disney put it this way: “Do what you do so well that people can’t resist telling others about you.”

ULTIMATE MARKETING SECRET WEAPON #16
Excellence

If there is one “secret” to maximum referrals, it is that satisfied customers do not refer abundantly. Enthused, inspired, awed customers refer

in great abundance. If you are just good enough, that's not good enough. If customers get only what they expect and deserve, that's not enough.

Let me tell you about a dentist who multiplied his practice by ten in just one year without even a \$1.00 increase in his advertising budget. He caters to children and, after a seminar on creative thinking, he built up a list of 300 things to change in his practice. For example:

1. He redesigned his office to provide maximum comfort to the "short people" who came there. He lowered the reception staff into a pit behind the counter, so they were at eye level with the patients.
2. He hung giant photographs of each dentist and dental assistant along with descriptions of each person's hobbies and interests, so new patients could pick their dentists and dental assistants based on having something in common with them.
3. He gave away free bicycles! Every patient got a "home care follow-through Report Card" for his or her parents to fill out. If the Report Card came back to the dentist with all A's, the youngster got a bicycle. (Imagine—as little Johnny rides around the neighborhood on his new bike and people ask him who got it for him, he answers, "My dentist.")
4. He called each new patient at home the evening after treatment, just to see how the patient was feeling. He called each parent the day after the child's treatment.
5. Each new patient left the office the first time with an autographed 8" × 10" glossy of his dentist and dental assistant!

Guess what? At backyard barbecues, PTA meetings, office lunches—the number one topic of conversation was little Johnny's weird dentist! The dentist's practice multiplied itself by ten purely through word-of-mouth advertising (pardon the pun).

A Stands for Ask

I am amazed at the wimpiness of most businesspeople, salespeople, and professionals when it comes to the simple act of asking for referrals. I believe there is a Biblical instruction about this.

Here are the three best ways to ask for referrals:

1. Display and Convey Your Expectations

In doctors' offices, we encourage the use of some kind of "display board" listing the names of the patients who have referred that month. This list says to everyone who sees it: "Our patients refer—we expect you to refer also." It works. And it can be copied by an endless variety of retail businesses.

2. Conduct Referral Promotions

Give your customers cards, coupons, or certificates good for gifts or discounts that they can endorse, like a check, and give to their friends and colleagues. Then give away prizes to those who generate the most referrals within a certain period.

A clothing store that used this technique got more than 100 new customers in ninety days in exchange for the expense of one getaway weekend, six new suits as second prizes, and the cost of printing up the certificates.

3. Conduct Referral Events

An insurance agent I know throws himself a birthday party each year and invites all his clients and all the friends they care to bring to the bash. It's usually held in a huge tent, with live entertainment, a buffet, drinks, wandering magicians, belly dancers, and all sorts of other goings-on. Hundreds of clients bring hundreds of other people each year—and the birthday boy gets to meet and make friends with hundreds of prospects.

R Stands for *Recognize and Reward*

A favorite story: A guy rows his little boat out to the middle of the lake for a relaxing day of fishing. Up over the side of the boat comes a huge green snake, with a half-swallowed frog sticking out of its mouth. Feeling for the frog, the guy whacks the snake with the oar; the snake spits out the frog; the frog's life is saved—and that makes the guy feel good. But the guy also knows he has just deprived the snake of a meal—and that makes him feel bad. Having no food with him, he gives the snake a swig out of his bottle of bourbon, and the snake swims away happy.

Two minutes later the snake swims back with two frogs in its mouth.

When we recognize and reward a certain behavior, we inspire more of the same. It's true in parenting, in managing employees, and in “managing” customers. When you get a referral from a customer or client, the smartest thing you can do is to make a big, big deal out of it. Call with thanks or send a personal thank-you note or gift.

Not long ago, I got a nice referral from a client. I immediately called the Omaha Steaks company and had them Federal Express a box of steaks to the guy. He called and told me that I was the first person in thirty years to actually thank him for a referral. He's since sent me a small fortune in referral business.

ULTIMATE MARKETING SECRET WEAPON #17 A “Champion”

Earlier in this book I told you about the best car salesman I know, Bill Glazner. He has never yet asked me for a referral, but he is so darned good at what he does that I have sent him several dozen customers. And he has thanked me for every one of them.

In me, he has created a “champion”—a person who champions his cause, who tells everybody about him. A handful of cultivated, appreciated champions can make you rich.