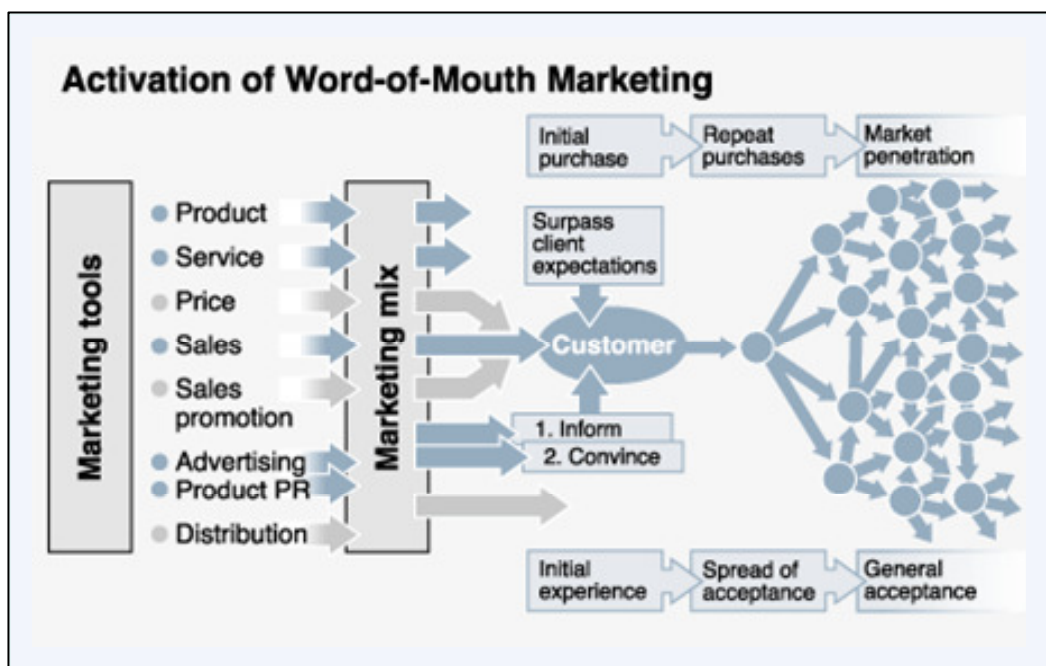


## The Power of Word-of-Mouth Marketing

by Arnold Kappler, Dr. oec. HSG, Hedingen/Switzerland

Many corporate executives tend to give too little consideration to the type and effect of word-of-mouth advertising although this supplementary marketing instrument is invaluable in today's market, not to mention the fact that it is a fringe benefit and free of charge.

**Keywords:** Word-of-mouth marketing, word-of-mouth-advertising, advertising, communication



### What is Word-of-Mouth Marketing?

Haven't you ever experienced your friends raving about a charming little hotel in Italy, or about that new restaurant in town, or about the excellent service offered at some bank, or about some great new car?

### The Most Effective Form of Advertising There Is

Promotion is a vital of a company's marketing efforts. What a company does, and more importantly, how it does it results in people talking or not talking about its products. The result is positive advertising, non-committal advertising, or negative advertising, which are all forms of word-of-mouth advertising. As we are all well aware, word-of-mouth advertising is the most effective form of advertising there is.

## **The Whole Is Greater Than the Sum of the Parts**

Word-of-mouth marketing is very seldom based on doing any one thing grand and glorious. On the contrary, it is the result of a myriad of small things which one company does better than its competitors.

Success, when it comes to an active word-of-mouth marketing campaign, requires that the entire company, from the executive level to entry level employees, be convinced of the idea of being able to influence what is being said about it. Each and every employee should listen carefully to everyone, whether it be a customer or an employee, a supplier or the landlord, a stock broker or the janitor.

## **Not a Substitute for Existing Promotional Activities, But Rather a Welcome Enhancement**

Word-of-mouth marketing is by no means designed to supplant whatever promotional mix a company might already successfully implement. However, it is designed to supplement and reinforce ongoing efforts in all major areas. As already indicated, word-of-mouth advertising can be influenced. A successful word-of-mouth advertising campaign is always based on a systematic approach and a long-term basic concept. A company is by no means at the mercy of the people who talk about it.

## **How Does Word-of-Mouth Marketing Work?**

Word-of-mouth advertising, word-of-mouth marketing: how do they work? They are based on the following principles:

### **Principle 1:**

Word-of-mouth marketing is always based on an excellent product or service

You can spend all the money in the world on advertising and developing catchy slogans and jingles, or put the accent on aggressive selling techniques, yet there is no substitute for a good product or service.

### **Principle 2:**

Word-of-mouth marketing depends on the quality of your after-sales support and customer service.

Focusing on the customer and his well-being is the essential prerequisite of any marketing strategy. If customer service is exemplary, then word-of-mouth will carry this to the four corners of the earth! The customer frequently remembers the service more than the actual product (take hardware, for example). Positive word-of-mouth advertising coupled with excellent service induces repurchasing.

### **Principle 3:**

Always go one better than customer expectations

The easiest way to launch a negative word-of-mouth marketing campaign is to conduct business in the worst possible manner! - A top-quality product without expert, reliable customer service will not suffice in order to set a positive word-of-mouth advertising campaign rolling. However, if a company succeeds in constantly exceeding the expectations of its customers (with respect to both its products and services), then optimal conditions are created for non-stop positive interpersonal communication.

**Principle 4:**

Word-of-mouth marketing begins with company employees

Everyone is called upon here. Customer responsiveness and orientation as related to word-of-mouth marketing are not strictly the job of a special department. Everyone throughout the company is called upon to transform their support willingness and ability into a personal creed and constant action. The word-of-mouth marketing practiced in the process is a concrete opportunity to create a positive image in the marketplace and among customers. This will not be successful unless all the members of the organization dedicate themselves to customer responsiveness and satisfaction in an intelligent manner. Experience shows that motors and mentors are required for word-of-mouth marketing. These motors and mentors have to be management level personnel. Top management assumes the role of the super-motor and super-mentor. The management task is called "continuous coaching".

**Where Is Word-of-Mouth Marketing Useful?**

The activities and processes of word-of-mouth marketing are beneficial primarily in the following areas:

- Effective Sales Support
- Enhancing Marketing Efficiency
- Continuous PR Support
- Valuable Impulses in Personal Marketing

**Perception of Word-of-Mouth Marketing**

In today's competitor marketplace, competitive advantages can be maintained and enhanced by way of excellence in quality and first-class service. Creative management techniques, a customer-oriented corporate structure, an innovative approach to service and maintenance of a high service standard have a substantial impact on a company's success.

A marketing concept that is right on target can initially provide a company with competitive advantages, although long-lasting success is not achieved by concepts alone. The long-term focus has to be on excellence in service that goes one better than customer expectations. The result of this is that customers repeatedly recommend the company, always react positively to the products and services it offers and thus purchase and repurchase these products and services.

Word-of-mouth marketing offers a broad, systematic approach to influence what customers or purchasers say about individual products and services. To be sure, methods and techniques do exist which can easily be integrated in short and long-term marketing plans. - Whoever employs the instruments offered by word-of-mouth advertising systematically is in a position to develop a dynamic marketing and sales tool, which motivates customers, both internal and external and increases their loyalty to the company.

---

October 2002

© Arnold Kappler, Dr. oec. HSG CMC  
Kappler Management AG, Hedingen/Switzerland

---

Author's address: Arnold Kappler, Dr. oec. HSG  
Kappler Management AG  
Haldenstrasse 58  
CH-8908 Hedingen ZH  
Mail: [info@kappler-management.ch](mailto:info@kappler-management.ch)  
[www.kappler-management.ch](http://www.kappler-management.ch)

---