

## **Word of Mouth “Advertising”: Entirely Too Powerful To Leave Up to Chance**

By Pam Danziger, President Unity Marketing

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I first learned about Chicos, the women’s apparel chain that sells easy-fit, mix-and-match ultra-comfortable fashions at great prices, during a client meeting this summer. Brainstorming with members of this retailing client’s executive team about innovative branding concepts in different product categories, a couple of women around the table effused about Chicos and how Chicos has totally transformed the way they shop and buy casual and business clothes. Until then Chicos hadn’t even reached my radar screen. But since then I have become a passionate Chicos shopper, a member of their passport loyalty program and a regular shopper from their catalog. And guess what? I have told any number of my colleagues and friends about this great new clothing concept store I discovered: Chicos. Maybe not everyone of those I told will become as passionate as I, but I am sure that the majority will check it out and in the checking be inclined to like the store.

This first-hand lesson in the power of word-of-mouth advertising got me thinking in a more serious way about how brands can “recruit” unpaid brand ambassadors to spread the word and gain new recruits to the brand. As a marketing researcher and consultant, I regularly find that retailers rank word-of-mouth advertising among their top three advertising “venues” along with yellow page advertising and other paid advertising opportunities, such as newspaper, magazine, etc. Consumers, too, underscore the key role word-of-mouth plays in finding a store or trying out a brand. In the last two major client projects I worked on in two entirely different product retailing categories, we found that a key way consumers “found” the store where they made their last purchase was by asking their friends or coworkers about where they shopped for the same thing. And in Unity’s latest research among the luxury market conducted in association with *House & Garden* magazine we found that word-of-mouth ranked number three behind product brand and reputation and store brand or reputation in encouraging people in their last luxury purchase. In our survey of 866 affluent consumers that purchased luxuries in the past year, we found that 60% ranked “recommendations of friends/associates” as a very or somewhat important influence on their last luxury purchase. Company brand or reputation was ranked number one with 82% of luxury consumers saying it was important, and store or dealer reputation, rated number two, was important for 78% of those surveyed. Since these affluent luxury consumers are the ones we really want in our store and buying our company’s brands, we need to implement strategies that will predispose our customers to talk and share positive things about our brand.

How can we harness the power of word of mouth and use it as a meaningful marketing strategy and not leave it all up to chance? Here are the keys to implementing a word of mouth strategy:

### **Unique, innovative concept**

The first key to laying the groundwork for a word-of-mouth program is to have a new, innovative, truly different concept. If it isn’t new, it’s old and people don’t want to talk about last year’s news. They want to talk about what’s hot, what’s new, what’s innovative. That way they become part of a “in-group,” a select group that is in the know, and has some kind of secret, insiders’ information. When they chat up your concept, they share secret special

information and bring new members into the in-group. For example, Tuesday Morning, the off-price home retailer, is a totally unique retailing concept. They don't have regular business hours, rather they are open only during special "sales events" that start on Tuesday mornings. They stay open only as long as they have things to sell, then they close to get ready for the next sale. Or look at Chicos. They did away with traditional misses sizing in favor of their own unique four-sizes only concept. By translating misses sizes 6 through 14 into only four sizes (0-to-3), their easy-fit concept frees the customer from the domination of traditional sizes. It even gives the consumer a psychological lift, after all where else can you fit your size 12 body into a size 2 outfit?

What if yours isn't a new concept? Simple, you must keep reinventing your brand, your store, your concept. After all, your market is always changing, your competition is always evolving, so you must keep moving too.

### **Simple, immediately understood concept**

In my consulting work what we find even harder than discovering a truly unique and innovative concept is to make it simple, easy to explain, and easy to understand. Let's face it, you have only a fraction of a second to attract the attention of the consumer on the shelf, on the page or on the screen. Your only hope to lay the ground work for word-of-mouth is to dumb down the concept enough so that ordinary people with no special training can immediately understand and communicate your concept in a split-second. Let's look at Chicos again. Their 0-to-3 sizing plan is far easier to understand than regular misses sizes and that all their easy-sized separates are designed to match-up and give you the ultimate in personalized dressing is a simple to understand attention getter. Smith and Hawken offers a simple concept: the best of everything and anything you need for your garden from tools to decorative accents to clothes to garden in. Or Ikea, the store where you can buy literally anything for your home from furniture, kitchen cabinets, decorative accessories, linens and housewares on a budget and when you get it home, it is sure to look good.

### **Identify and cultivate passionate consumers**

So now you have a unique, innovative concept that is made simple so that anyone can understand and communicate it effectively, but there is one more factor that is critical to the success of a word-of-mouth strategy: you have to identify and develop a dialogue with the most likely prospects to be your brand's ambassadors. The secret is to find those that are the most passionate about your product and your brand. Let's face it, everyone has their hot buttons and a successful word-of-mouth program must find and cultivate those customers. It very unlikely that I will ever be a word-of-mouth spokesperson for an automobile brand, or a car dealership, an electronics or computer store, or a home furnishings store. These categories just don't excite me, but I am turned on by fashion so a store like Chicos has found in me a likely candidate to spread the word. Marketers and retailers must come into the 21st century and put information technology to work to learn as much as they can about their customers, their passions, their dreams, their desires. Next step is to create a meaningful dialogue with those best-of-the-best customers.

Some retailers are beginning to test these waters with membership loyalty programs that don't insult the customer like Barnes and Noble does by making them pay some kind of membership fee to join the club. Chicos has their free passport club which gives some

modest discount off every purchase and a bigger discount when you reach so many dollars spent. They also mail special sales offers regularly to their passport customers and a gift certificate on their birthday. The Ulta stores, an innovative but simple beauty store concept that sells all kinds of cosmetics, makeup, fragrances, and beauty accessories with a full-service hair and nail salon and beauty spa in the back, has their free Ulta club card that also offers discounts after so much is spent. These programs can help retailers identify their most passionate, i.e. biggest spending, customers who are most likely to chat up the store. But I think these stores need to do more than just collect data about their customers. They need to offer the best-of-the-best something very special, that makes them feel very honored and recognized, like trunk sales or other special events where wine and cheese is served and special beauty, fashion, or other insider information is shared.

In conclusion, brand marketers and retailers need to establish a foundation on which to build word-of-mouth programs. Word-of-mouth is entirely too powerful to leave up to chance. The key to getting word-of-mouth programs going are fairly straight forward and will ultimately help all of us build better businesses: create an innovative but simple to understand concept then identify, communicate and develop meaningful dialogue with the most passionate customers that are most likely to become your unpaid word-of-mouth ambassadors.

#### About Unity Marketing

Found in 1992, Unity Marketing is a marketing research and consulting firm that helps companies apply “emotional marketing” concepts to corporate branding initiatives. Using its proprietary “why people buy” research, company founder Pam Danziger and author of *Why People Buy Things They Don't Need* (Ithaca, NY: Paramount Market Publishing, 2002), Pam Danziger uncovers the motivations, desires and emotional needs that drive consumers to buy, an approach that turns consumer insights into actionable marketing and brand strategies.