Transforming
Your Business
To Be The
Most Highly
Recommended
Brand In
Your Category

Highly
Recommended

Paul M. Rand

92% of consumers report that a recommendation from a friend, family member of someone they trust is the leading influence on their purchase behavior. Business-to-business buyers also rank recommendations at the top of their list.

Recommendations and word of mouth, of course, have always been important. But in the age of social media, they are essential. One-to-one communication has become one-to-millions. Word of mouth is now on steroids. Becoming, and staying, highly recommended has become *the make-or-break business imperative.*

> *A brand is no longer what we tell the consumers it is;*
> *it's what the consumers tell each other it is.*
> —SCOTT COOK, INTUIT

In the very recent past, companies could control the flow of communications and interactions with their customers. Those days are long gone. Consumers have far more influence on the conversation about brands than the brands do themselves; interestingly, 70 percent of brand content is now created by consumers. In fact, according to a 2012 study by Searchmetrics, seven of the top eight factors driving on-line search results today is social media content.

While nearly every business and organization has adopted some foundational social media platforms (Facebook, Twitter, maybe even Pinterest, Google+, or YouTube), even the most sophisticated brands know that even more is being demanded.

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Today's brands need a simple, sustainable, and scalable business approach that brings everything together. And not just marketing and communications. Social media and recommendations are reshaping all aspects of business, including human resources, innovation and R&D, and, of course, customer service.

Organize and Operate Your Business To Become the Most Highly Recommended Brand In Your Category

All businesses, no matter what their size, must be recommendable. However, the bigger the organization, the more its moving parts need to become aligned. Social media has uncovered the fact that, today, it's not just your product or service that gets feedback but, in fact, the whole organization is open to and vulnerable to the need to become recommended.

Now everyone, on every team, in every silo, is a "spokesperson" for the company, and each department has to look at itself and also its relationship to other departments in an organization as well as to the company as a whole. This world of interconnectedness has brought about a stronger need to model your process—or at least try to.

We all know by now the impact of a positive recommendation. However, it works the other way too: more than 80 percent of consumers report that a negative review or recommendation dissuades them from purchasing a product or sevice they are considering.

Beyond—Way Beyond—The Net Promoter Score

While there has always seemed to be universal agreement on the importance of recommen-
dations, no one has successfully found a way to meaningfully and simply quantify this impact
until 2003.

That year, a fellow by the name of Fred Reichheld of Bain & Company and Satmetrix introduced
the "Net Promoter Score," a concept that debuted in Reichheld's 2003 Harvard Business Review
article "One Number You Need to Grow."

Reichheld discovered that the real test of customer loyalty was whether customers would
recommend a product or service to a friend.

Reichheld's model is quite simple, actually. By asking customers the basic "Would you recom-
mend?" question and asking them to rank their score from 0 to 10, the customers can be
categorized as promoters, passives, or detractors.

By analyzing companies' NPSs and their revenue growth rates, Reichheld and Satmetrix uncovered
a clear connection between advocacy and revenue growth.

According to Reichheld in his book *The Ultimate Question: Driving Good Profits and True Growth*, "A 12 percent increase in Brand Advocacy, on average, generates a 2× increase in revenue growth rate plus boosts market share."

In another example, the London School of Economics (LSE) and the Listening Company found that word of mouth (WOM) advocacy and recommendations are powerful components in driving business growth.

They found that word of mouth advocacy (as measured by net promoter scores) and negative WOM were statistically significant predictors of annual sales growth:

➜ A 7 percent increase in word of mouth recommendations unlocks 1 percent additional company growth.

➜ A 2 percent reduction in negative word of mouth boosts sales growth by 1 percent.

➜ Companies with above average positive word of mouth and below average negative word of mouth grow four times as fast as those with below average positive word of mouth and above average negative word of mouth.

As compelling and effective as the NPS is at capturing the intention of advocacy, it was conceived well in advance of the social web, so naturally it does not measure actual advocacy or detractors that occur on social channels.

We now have the ability to ask and answer so much more, including these:

➔ Did you recommend?

➔ Where, how, and why did you recommend?

➔ Were those recommendations from someone of influence in the category?

➔ How did others recommend?

➔ How do these recommendations compare to competitors and the industry?

➔ Did those recommendations make an impact? If so, where and how?

The implications of this research are profound. If brands know where, how, and why recommendations are driven in their category, they can shape their products, offerings, and marketing messages to become the most recommended brands in their category.

Today we have the power to clearly understand where, how, and why brands get recommended (or criticized)—and then to proactively shape messages and directly connect with those who matter the most. The best part is that you can almost immediately see how people are engaging with you—and if that engagement is leading to a recommendation and ultimately a sale.

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Whether you are an independent professional (like an attorney or a real estate agent), a leading consumer brand (like Frito-Lay), an industrial manufacturer (like Caterpillar), or even a global not-for-profit (like Rotary International), how people talk about and recommend you is the most important key to your success in this new world of doing social business. To succeed, let alone thrive, you can't just be highly effective; you must come highly recommended as well.

Meanwhile, the marketing world is still primarily focused on "push" marketing—pushing various marketing activities to get brand messages in front of potential and existing customers, essentially interrupting target segments, very seldom with success. Add to this reality the fact that

a typical American is exposed to 30,000 advertising messages daily, the percentage of people even responding to direct mail, e-mail, telemarketing, and so on, in most organizations' target market segments are often under 1 percent.

However, understanding why and how consumers talk about and recommend a product is a new concept to the marketing world. More importantly, these efforts require a very different skill set than a one-way message push.

This change, of course, is profoundly affecting the marketing world. How a product or service is talked about and recommended is becoming recognized as one of the most essential, if not the most essential, part of the marketing mix.

Some of the most brilliant minds in business can argue incessantly about marketing strategy. But ask them how they want their product to be talked about and they get focused very quickly. That clear purpose should drive all marketing strategies. It most certainly drives search. It drives product differentiation. It drives people to buy, or not to buy. And it is extraordinarily measurable.

I can tell you that from working with some of the world's leading brands that word of mouth success doesn't happen by accident. It's the result of a deliberate strategy and consistent day-to-day—and year-to-year—execution.

Implict or Explicit: What is Considered a Recommendation— and Where They Occur—Is a Whole New Ball Game

According to the Zócalo 2013 Recommendation Study, there's been a fundamental shift into what consumers consider a recommendation, where and when customers recommend, and who and what is trusted in today's digital and social media-rich world.

91% of consumers make a recommendation after having a positive experience with a brand. In addition, consumers also express their altruistic sensibilities, with 49% saying that they made a recommendation because they "wanted to help the person [they] made a recommendation to."

When consumers were asked what they thought of most often as an online recommendation, the top answers for consumers were YouTube video reviews (46.5 percent), friends "liking" brand pages on Facebook (46.1 percent) and online positive brand reviews (45.5 percent).

As for offline recommendations, the top three answers for consumers were the most direct expression: someone they know expressing their love for the brand (64.5 percent), closely followed by a friend or coworker (64.3 percent). It's important for brands to understand what consumers consider a recommendation because as companies focus on how best to engage consumers, those consumers' actions online and offline are impacting purchase decisions for other consumers.

As for what sources consumer trust for recommendations, the study found differences between the perceived trustworthiness of different sources of recommendations. Direct, in-person recommendations lead, with 63.1 percent of respondents saying they are the most trustworthy. The channels most used for recommendations are similar to those that were named the most credible–in-person encounters (68.9 percent) and Facebook posts (37.1 percent) are two of the top places people make recommendations. In terms of who they listen to, respondents said friends (79.5 percent) and family members (73.4 percent) the most, with celebrity spokespeople (4.1 percent) on the low end.

Although engaging celebrities will continue to have a place in building awareness for brands, we now know that when it comes to consumers purchase decisions, they are recognizing the difference between a celebrity endorsement and a genuine recommendation.

After many years of learning how influence, recommendations, and word of mouth work, I'd like to offer six key lessons.

1. Develop a clear and purposeful story of how you want people to talk about and recommend your brand.

- Buyers have a staggering amount of choices. Why would someone recommend your product or service over another?

- Be sure to understand where and how you and your competitors are being recommended today—or not.

2. Live your brand.

- If you want your brand to be recommended for having the most advanced features and design, make sure your energy and focus goes into owning that role and not ceding it to competitors.

- Identify and engage your leading influencers and advocates to proactively share and recommend your brand.

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3. Be human, transparent, and live up to mistakes quickly.

- We need to live our brands, but we are human beings. And our brands and organizations are run by human beings. So, we and our brands will occasionally veer off course and make mistakes.

- In this era of social media, consumer journalism and always-on news, years of well managed brands can be undone in astonishingly short order. Own it when you or your brand goofs up. Fix what you can and ask forgiveness when needed.

4. Stay engaging and interesting.

- Marketing success used to be defined by how well we could interrupt consumers and compel them to give us their attention. Success today, on the other hand, is based on how well we engage our audiences before, during, and after the sale.

- Follow the 80/20 Rule—engage your customers on things that are of interest to them— not just about your business.

**5. Regularly evaluate and evolve—but stay true to your core.**

- Take time to be introspective and ensure that your brand is being recommended—in the ways that you want to be. It's good—actually it's essential—to evolve, change and grow. But don't let these changes happen by accident or get forced into them. Then it's often too late. Take ownership of your brands.

6. Structure and manage your organization to be recommendable from the ground up: HR, Marketing, Operations, Customer Service and Innovations.

- Becoming a Highly Recommended brand must be the mandate for every department in the organization.

Social media has supercharged the power and impact of recommendations. Today's businesses can't just use social media; they have to become social businesses, inside and out and from top to bottom. **Ultimately, that is the goal: to harness the power of being a social business to become the most highly recommended organization in your industry, category, and/or niche.** ⬚

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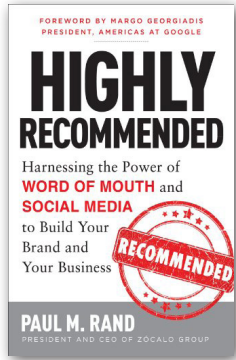
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ABOUT THE AUTHOR | Paul M. Rand is the President and CEO of Zócalo Group and Chief Digital Officer of Ketchum. He is regularly quoted in leading business outlets and is a frequent speaker at industry conferences. Paul is the past president and board member of the Word of Mouth Marketing Association, and he currently serves on the board of the national Council of Better Business Bureaus (BBB). He is an adjunct faculty member and Vice Chairman of the Dean's Advisory Board of DePaul University's Driehaus College of Business and The Charles H. Kellstadt Graduate School of Business. See more at highlyrecommendedbook.com.

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