

# creating **customer** evangelists



How Loyal Customers Become a Volunteer Sales Force

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Foreword by Guy Kawasaki

# Creating Customer Evangelists: How Loyal Customers Become a Volunteer Sales Force

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# CUSTOMER EVANGELISM

## a manifesto

*“We are encouraging our clients to fly Southwest Airlines. We are buying more stock . . . and we stand ready to do anything else to help. Count on our continuing support.”<sup>1</sup>*

—SOUTHWEST AIRLINES CUSTOMER ANN MCGEE-COOPER,  
in an October 2001 letter to Southwest President Colleen Barrett

You are an evangelist.

You tell others what movie to see, which computer to purchase, what restaurant to visit, which dentist you prefer, which cell phone to buy, which books to read, which clubs to join. Your recommendations are sincere. Passionate, perhaps.

Perhaps you didn’t realize that you are an evangelist—a bringer of glad tidings—but your sphere of influence, made up of friends, family, colleagues, and professional communities, realizes it.

As our opening quote indicates, Ann McGee-Cooper is a Southwest Airlines customer who stands by a company she loves. After the September 11, 2001, attacks, which crippled and jeopardized airlines for months, McGee-Cooper wrote the company, informing it that she was persuading clients, friends, and family members to fly Southwest Airlines and was purchasing tickets on their behalf. She bought the company’s stock. Perhaps most tellingly, she included a \$500 check with her letter, saying that the airline needed the money “more than I do.”<sup>2</sup>

She is more than a loyal customer; she is a *customer evangelist*.

A loyal customer is often defined as one who buys from you on a regular basis. If you're an airline, loyal customers are usually defined as those who accumulate the most frequent-flyer miles. If you're a grocery store, a flower shop, or a café, perhaps your loyal customers are those who live within walking or easy driving distance. Their loyalty to you may be driven by convenience or low prices. In effect, they are repeat customers, not necessarily loyal customers.

A repeat customer who purchases on the basis of convenience or low cost can easily morph into a vigilante customer, one who spreads the word about your deplorable service to all who will listen. Once this begins, your share of customers' wallets begins to decline along with their goodwill.

Customer evangelism spreads by word of mouth. It spreads by word of mouse via e-mail and the Internet. This is known as buzz, a potent and cyclical phenomenon. Buzz lives and dies in a predictable, bell curve model that helps to create new customers or turn off potential ones. A customer evangelist is like a friend you've known for years whose relationship helps support your organization through good times and bad.

What does a customer evangelist look like? How do you know if someone is extolling your virtues? These are the attributes of customer evangelists:

- They purchase and *believe in* your product and or service.
- They are loyal and passionately recommend you to friends, neighbors, and colleagues.
- They purchase your products as gifts for others.
- They provide unsolicited feedback or praise.
- They forgive occasional dips in service and quality but let you know when quality slips.
- They are not bought; customer evangelists extol your virtues freely.
- As your evangelist, they feel connected to something bigger than themselves.

The lessons from the original evangelists—the religious believers who roamed the backstreets of the world to spread the word of their faith—teach us that beliefs are based on emotional connection, deep-seated convictions, and the promise of a better way. Strongly held beliefs compel many of us to tell others. The root of the word *evangelist* is based on “a bringer of glad tidings.”

But this book is not about religion. It's about how the traditional rules of marketing are changing. It describes how traditional marketing and advertising tactics are declining in their effectiveness and how customer-driven referrals are the valuable new currency in a company's success. This book is about how future customers often first hear about you from a

trusted friend or family member. It describes how evangelists are key influencers on future customers and how customers may have been enlisted on your behalf well before you knew what was happening.

Think about the last time one of your friends gushed about a product. Perhaps it was about a movie, a restaurant, a new toothpaste, or even an attorney. For the purpose of demonstration, let's say the product was a new hair-straightening iron. You and your friend would rather have straight hair than the curly locks you were born with, so you must resort to mechanical means.

Your friend's story probably followed these steps:

1. A description of what she bought
2. How she bought it
3. Why she bought it
4. How she has used it
5. How it has affected her and what it means to her

If she's a potent evangelist, her eyes light up and her voice is tinged with emotion. You may say, "Wow, this sounds pretty good. I'll have to try it." Because you know her and trust her, you're connected to her and her story. You remember her story the next day and can repeat it almost verbatim.

When you see your friend a few weeks later, she asks if you've had a chance to try the product she'd mentioned. "Not yet," you say. Her reply: "We are going to make a date this weekend, and I am going to show it to you myself." She is instinctively leading you through the sales process, generating enthusiasm, overcoming objections, and perhaps closing the deal.

Your friend is a customer evangelist, a volunteer salesperson. Customers like her help companies because they love to help other people by using a great experience of their own. Often, they may also want to help you and your company succeed. You have helped them, so they want to return the favor. They feel an intrinsic human desire to repay you.

In this book we examine large, medium, and small companies in different industries to find how they have created customer evangelists. Our research shows that customer evangelism exists beyond demographic and ethnographic groups, product categories, or types of services. Using an in-depth case story approach, we introduce you to the customer evangelism that's happening with:

- Southwest Airlines
- Krispy Kreme Doughnuts
- Build-A-Bear Workshop
- Dallas Mavericks
- O'Reilly & Associates

- SolutionPeople
- IBM

You'll discover how customer evangelists want others to benefit as they have. You'll discover how evangelists influence and, in some cases, become part of a company's volunteer salesforce. Perhaps most important, we discuss the ways you can create evangelists for your company.

The impetus to write this book grew from our experiences in evangelizing products and services. Both of us are avid readers, and we found ourselves impulsively telling others about our new favorite books. For two years in the late 1990s, we interviewed hundreds of applicants for our fast-growing company. We evangelized *Customers.com*, by Patricia Seybold, and *Futurize Your Enterprise*, by David Siegel, to many of the applicants as well as to our colleagues. Because those books had an impact on us, we wanted others to share in that knowledge. We helped Seybold and Siegel sell several hundred copies of their books; and, in fact, a colleague who took our recommendation bought 50 copies of Siegel's book as presents for prospective clients. Witnessing that act codified the power of everyday evangelism.

Our book seeks to shed light on this marketing phenomenon. During times of recession, one of the first departments usually cut in a business is marketing. The recession of 2000–2002 was no different. Two million people were laid off in the United States.<sup>3</sup> A record 257 publicly traded companies filed for bankruptcy in 2001, representing a 46 percent increase over the prior year's record of 176 filings.<sup>4</sup>

Yet some businesses rode out the recession without layoffs (or with only minimal furloughs), steady profitability, and minimal budget cuts, if any. These standout companies were successful despite economic turmoil. In researching this phenomenon, we discovered similarities in the customer base of seven separate companies: Each had spent previous years maniacally focusing on delighting customers and building loyal, passionate fans who would continue to support the business through times of economic distress.

In studying these companies, we discovered a series of common approaches they shared, which we have distilled into six tenets. These are the six tenets of customer evangelism:

1. Customer Plus-Delta: Continuously gather customer feedback.
2. Napsterized knowledge: Make it a point to share knowledge freely.
3. Build the buzz: Expertly build word-of-mouth networks.
4. Create community: Encourage communities of customers to meet and share.

5. Make bite-size chunks: Devise specialized, smaller offerings to get customers to bite.
6. Create a cause: Focus on making the world, or an industry, better.

These tenets can be applied across small, medium, and large businesses in any industry.

The seven companies we studied are leading their industry's efforts in creating customer evangelists. We interviewed their customer evangelists, their CEOs, and their marketing executives. Many told inspiring stories about their dedication to customers and how their efforts are often driven by "just doing the right thing." Our case stories look at the people behind the company and their approach to customers as well as the lessons they can teach all of us.

A note: Although many in business today consider the job of acquiring and retaining customers to be one for the marketing department, we found that the companies we studied assign that responsibility to the entire organization. That philosophy emanates consistently from the top down, not the bottom up or somewhere in between. If we examine a growing movement in software technology—the open source community where developers from multiple companies and countries collaborate to create software standards and products—we discover a key lesson. Author Eric S. Raymond describes the breakthrough for open source as happening because "a strategic decision-maker got the clue and then imposed that vision on the people below him."<sup>5</sup>

As such, this book is more than a resource for marketing leaders; it is a guide for all leaders to make their organizations more customercentric, no matter whether the customer is a consumer, a client, another business, or a citizen.

## WHAT'S WRONG WITH MARKETING TODAY?

*"Who's to blame/for this state of distress?"*

*It's the Marketing Director! We all confessed."*<sup>6</sup>

—FROM THE SONG "LET'S ALL BLAME THE MARKETING DIRECTOR,"  
by Harpell

If it's not the messenger that companies shoot first, then it's the marketing director. In 2001, Harpell, a Massachusetts ad agency, surveyed prospective technology marketing managers to discover their pains. Respondents said, "My budget's been cut but I have to produce more"; "I'm

on my way out the door”; “My staff’s been cut.” It was a bleak report. As part of a marketing campaign to promote its services, Harpell produced an old-timey, saloon-style song accompanied by a plunky piano about the trials and tribulations of a marketing director who is continually blamed for lack-luster sales. Harpell reminds us that whether it’s the marketing director’s fault or not, that person usually takes the bullet for disappointing sales.

Why? Let’s examine today’s marketing environment. How can marketers create successful, innovative programs in a business environment that punishes risk and makes the marketing department the scapegoat for any stupid decision ever made? Let’s explore what’s wrong with marketing.

Marketing in 2002 is based on 1960’s principles. What’s taught in a college marketing class? The four Ps: Product, Place, Price, and Promotion—a concept introduced by E. Jerome McCarthy in 1960. In 2002, most marketing education programs are still based on the four Ps. Promotion, the fourth of the four, is all about advertising, sales promotion, public relations, and personal selling. Most college marketing textbooks cover very little, if anything, about word-of-mouth and customer evangelism.

**Marketing is advertising.** The next time you’re at cocktail party, ask someone for the definition of *marketing*. Chances are he or she will say it’s advertising. Worse yet, your imbibing test subject may define marketing as telemarketing, which is really caveman marketing in our view.

Unfortunately, the common definition of marketing is what we are bombarded with everyday: advertisements. In his book *Data Smog*, author David Shenk surmised that the average person is exposed to more than 3,000 advertising messages per day.<sup>7</sup> Our senses are under continual assault, much of it by bad or useless information.

There are other subtle instances of how marketing has been co-opted by advertising. For example, Jim Kirk’s thrice-weekly column, “On Marketing, Etc.,” in the *Chicago Tribune* is mostly about the extensive Chicago advertising industry. Because he focuses almost exclusively on mass media ad campaigns developed by Chicago shops and the high level of turnover in those agencies, the column is really “On Advertising, Etc.”

Which marketing professionals are glamorized in the media? Ad executives. Remember the devious ad agency owner played by Heather Locklear on the television show *Melrose Place*? How about the lead characters on the show *thirtysomething*? Dustin Hoffman was the beleaguered father and ad agency executive in the Oscar-winning film *Kramer vs. Kramer*. The Darrin Stevens character from the popular *Bewitched* TV sitcom was an ad man. Ad execs, all of them! When was the last time a customer service manager was the hero of a blockbuster film? Don’t answer that.



**Power goes to those with the biggest budgets.** How do some marketing managers measure their success in the corporate hierarchy? By the size of their marketing budgets. A former brand manager for a large consumer packaged goods company told us that a big marketing budget is about coalescing internal power; helping customers solve problems is not necessarily at the top of the list. At some large companies, you had better spend all of your annual budget or you'll receive less money next year.

What's the fastest way to spend money? Mass advertising. What incentive does an ambitious marketer have for creating customer evangelists and word-of-mouth programs that cost dramatically less? None, unless you enjoy being passed over for promotions. Unfortunately, many marketers are promoted and hired on the basis of the budget they grew and managed, not on the results they delivered.

**Marketing must produce results now, damnit.** We are an instant gratification society. We want our food fast and our Internet connections blazing. Why pay cash when credit is easier? So it goes for marketing. The stock market rewards companies for growing revenues and profits quarter by quarter. Wall Street shows little interest in long-term investment. Wall Street doesn't want to hear about money spent on customer evangelism programs. Investment bankers care about one thing only: how many new customers you will generate in the next 12 weeks.

Revenues down? The Street wants to know what actions you are going to take now. Layoffs? Good, they'll say. Wall Street rewards layoffs with a stock price bump. Sales are slipping? Hey you, marketing director, forget that customer satisfaction study. Just get those print materials for the field salesforce—and while you're at it, start a new and more aggressive telemarketing campaign!

**Marketing is desperate.** The globalization of commerce has produced an economy rich with choices. How do we decide, really, between 165 cereal products and 85 different breakfast bars? Right now, there are ads for a multitude of products on television and buses, under computer browser windows, in the waiting rooms of physicians and dentists, on phone cards, on the backs of lottery tickets, and on banners towed by noisy planes circling around crowded beaches, annoying people trying to get away from it all. At 3,000 advertisement exposures per day, *that's 188 messages per hour, three per minute every minute of every day.*

With so much competition, mass media ads must scream louder and more often just to squeeze through the clutter. In 1980, ad agency pioneer David Ogilvy argued that ads must run at least nine times before a future customer grasps your message. Of course he would! He was an ad executive

who made money from the size of your ad budget and the number of times you ran your ad. Some call this interruption marketing, but it's really desperation marketing. The mass advertiser pleads with you to please, please, please . . . nine or more times, actually . . . buy! Continuous repetition of mass media ads signals desperation, a sign that nothing else is working.

If a company cannot differentiate its products or focus on a specific target audience, then it usually settles for advertising the lowest price, the last refuge of a company that has lost its way.

**Marketing to new customers is sexy.** Evidence shows that acquiring a new customer is five times more expensive than keeping a current customer happy. Moreover, customer profitability tends to grow the longer a customer stays with you; it costs less to keep a customer coming back for more. Yet we see many otherwise bright, college-educated marketers spend millions of dollars on advertising, direct mail, and a black hole from outer space known as “branding”—all in the name of acquiring new customers. Why?

It's the thrill of the chase. The opening scene in *Kramer vs. Kramer* shows Dustin Hoffman accepting congratulations from his ad agency peers; he happily says that landing the coveted \$2 million Revlon account was “one of the five best days of my whole life.” Landing new customers is sexy, like cavemen slaying a gazelle on the grasslands. Keeping current customers, like gathering nuts and berries or growing a garden, is hard work.

**Mass marketing is dying.** Response rates for several campaign tactics continue their inevitable decline. Measures of the average Internet banner click-through range from 0.005 to 1 percent. The average direct mail response rate is 1 to 2 percent. Response rates for television and print advertising remain unclear; and measures such as “brand awareness” and “purchase intent” are vacuous at best.

Consider the results of a study released in 2001 by Euro RSCG Worldwide, one of the largest advertising agencies in the world, regarding the influences on buyers of consumer technology products. It found how consumers get most of their information about technology products:

- 13 percent from advertising
- 20 percent from Web sites
- 34 percent from word of mouth

What “generated excitement” about a tech product or service?

- 0 percent from radio
- 1 percent from billboards

- 4 percent from TV ads
- 4 percent from print ads
- 15 percent from magazines
- 40 percent from referrals by colleagues or family<sup>8</sup>

Times change, and it's time for marketing tactics that worked for past generations to evolve from a model predicated on advertising and direct mail to one based on building customer goodwill. The continuous, mind-numbing marketing repetition that clogs the arteries of our attention every day is like one of the common definitions of insanity: doing the same thing over and over again and expecting different results.

\* \* \*

What we have learned so far is that traditional message platforms are so crowded as to be ineffective. We have learned that marketing principles in 2002 are based on ideas that are at least 40 years old. Their effectiveness has been diluted by exponential growth of a media-driven culture, the ubiquity of information sources, and since 1994, the advent of the World Wide Web.

How do we evolve from the primordial ocean of advertising? How do we help our best customers become our best salespeople? By developing an understanding of when customers believe.