The graphic consists of four teal circles of different sizes. The largest circle is at the bottom right and contains the text 'How to Multiply Your Customers'. A medium-sized circle is at the top left and contains the word 'Smart'. A smaller circle is at the top right and contains the word 'Growth'. A small circle is at the bottom left and contains the text 'DOUBLE ISSUE'.

# Smart Growth

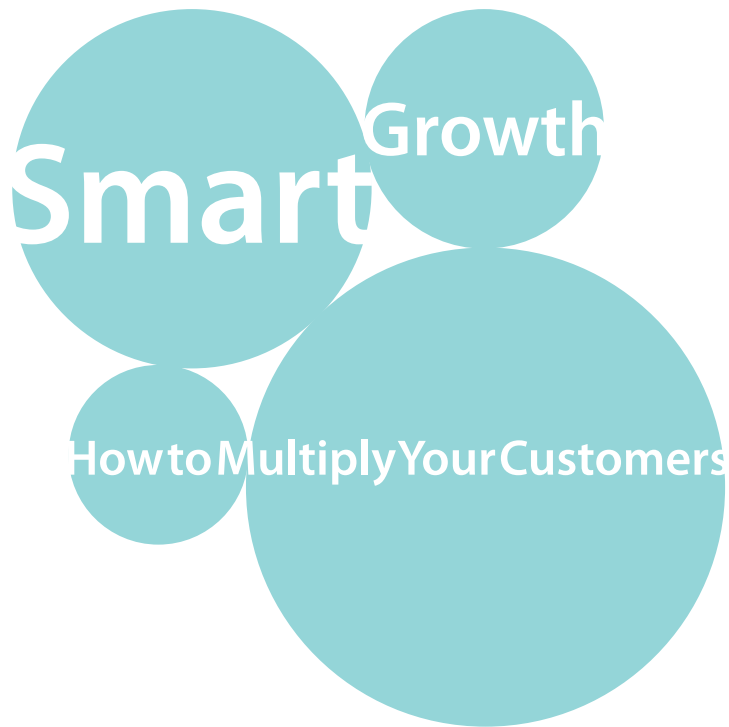
## How to Multiply Your Customers

DOUBLE ISSUE

Derived from both...

Adam L Penenberg, *Viral Loop* AND Andy Sernovitz, *Word of Mouth Marketing*

BOOK  
RAPPER



## THE BOOKS

Adam L Penenberg, *Viral Loop*

Andy Sernovitz, *Word of Mouth Marketing*

## SPEED RAP

The key to multiplying your customers is to enable them to spread your word further, faster and freely. You can create the product and then generate the buzz. However, you're likely to get better results by designing the means to spreading your virus into your product design, your business process and your business model. Add the internet and digital technology and you have a perfect platform for creating exponential growth through viral loops and networks.

## THE BIG IDEA

The way to Smart Growth and multiplying your customers is to design your marketing message, products, processes and systems to spread the word for you. Change your mind and operations from centralized promotion to decentralized marketing.

## YOUR CHALLENGE

Decentralize your marketing approach, design a pass-it-on strategy and let it loose... I bet you can't double your customer base inside six months! Prove me wrong...

**RESOURCES** : anything you use to generate wealth.

**ACTIONS** : an act of will, a deed completed.

**PROFITS** : to gain an advantage or benefit.

# Contents : Smart Growth

**Book Rapper** Issues are not direct summaries of the books we review. We take what we consider to be the most important ideas from the book. We then re-package these key ideas so you can easily digest them in about 30 minutes. We also make it clear how you can take decisive action to benefit from these insights. In some parts we follow the book closely and in others we add our own models and interpretations. Given the **Book Rapper** Issue is much smaller than the book we may not cover each chapter. If you want more details than what's in this issue then go buy the book.



**BR Review** : Viral Loop

**BR Review** : Word of Mouth Marketing

**RAP1** : Five Ways to Multiply Your Customers

**RAP2** : Decentralized Marketing

**RAP3** : Self-Promoting Products

**RAP4** : Word of Mouth Rules!

**RAP5** : Word of Mouth Steps

**RAP6** : Around the WOMM in 88 Actions

**RAP7** : Viral Loops

**RAP8** : Viral Networks

**RAP9** : Double Viral Loops

**RAP10** : Business Characteristics

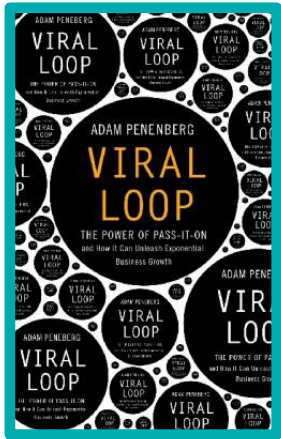
**BR Context** : Information Rules!

**Action Plan** : Your WOMM Strategy

**Companion Pieces**

# BR Review : Viral Loop

Adam L Penenberg, *Viral Loop: The Power of Pass-It-On*, Hodder and Stoughton, London, 2009.



## PRÉCIS

Business growth doesn't need to be linear anymore. Instead, it can be exponential. If you want to multiply the value and quantity of your customer base in a very short period of time create viral loops, networks and double viral loops.

## FEATURES

- Plenty of great stories and case studies about the formation of many of the current stars. Including: *Facebook*, *MySpace*, *Hotmail*, *Ning*, *PayPal*, *eBay* and *Flickr*.
- Interesting comments on the state of the net.
- Intriguing discussion of the pursuit of the next great advertising unit - a billion dollar idea!

## BENEFITS

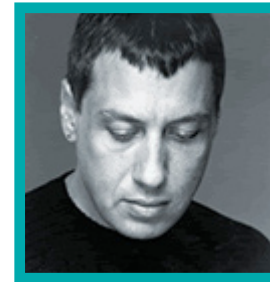
This book presents a new way of designing business for the digital era. It provides the clues for creating the next *eBay*, *Flickr* or *Facebook*. Are you up for it?

## WHO'S IT'S FOR

Business thinkers and entrepreneurs wanting to create and grow organization in new and spectacular ways.

## BOOK RAPPER THINKS...

An intriguing idea-sparker that cuts to the success drivers of today's business. Shhh! I need some reflection time to see how Book Rapper can profit from these ideas... Mmm... Verrrry interesting...



## ADAM L PENENBERG

Adam's previous two books are being made into movies! He was portrayed by Steve Zahn in the movie *Shattered Glass*. A story of a journalist's fraudulent articles.

And, Michael Douglas's production company is currently making his next book, *Tragic Indifference* into a movie. It's the story of one man's battle against the auto industry and the dangers of SUVs.

Penenberg is an assistant professor of journalism at *New York University*.

He continues to write for *Fast Company*.

**Book Website** : [www.viralloop.com](http://www.viralloop.com)

**Author's Website** : [www.penenberg.com](http://www.penenberg.com)

**Facebook Widget** : <http://apps.facebook.com/viralloop>  
Find out how much you are worth in dollars to *Facebook* - My value: \$83.40! LOL!

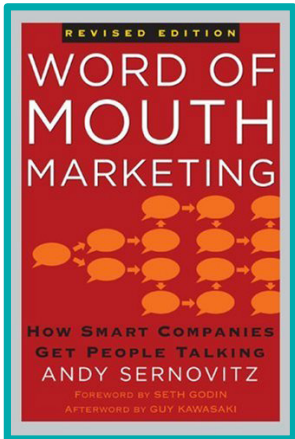
**The Book's iPhone App** : Trade in a predictive market to determine the possible value of today's Web 2.0 companies.

**Twitter** : <http://twitter.com/Penenberg>



# BR Review : Word of Mouth Marketing

Andy Sernovitz, *Word of Mouth Marketing: How Smart Companies Get People Talking*, Kaplan Publishing, New York, Revised Edition, 2009.



## PRÉCIS

Word of Mouth Marketing is a low-cost, simple way to build upon the things that people are already saying about you and your business.

## FEATURES

- Plenty of anecdotes, examples, case studies and lessons.
- A simple one-page action plan to get you started.
- A million and one practical things to do. Well, almost a million.

## BENEFITS

Ready to start a new career in word of mouth marketing? This book opens the door for you to start exploring, practicing, and implementing word of mouth marketing today.

## WHO'S IT'S FOR

Any business person wanting to generate practical, low-cost, easy to implement ideas to boost your marketing visibility and attract more customers. Ideal for solopreneurs and small operations.

RECOM  
MEND  
ATION

## BOOK RAPPER THINKS...

I love Andy's *Damn I Wish I'd Thought of That* newsletter. It's one of the few that I read every single time it arrives. It's short, sharp and damn useful. I wish I'd thought of that! His book is the same. Dig into it!



## ANDY SERNOVITZ

Andy's runs his own consulting firm, *Gas Pedal* assisting organizations with Word of Mouth Marketing.

He also teaches at *Northwestern* and previously at *Wharton*.

Andy is the founder of the Word of Mouth Marketing Association, has appeared on Ali G and testified to congress three times!

Is that interesting enough to get you talking about him? And, if you check out his *Twitter* picture you'll find...

**Book Website** : [www.WordOfMouthBook.com](http://www.WordOfMouthBook.com)

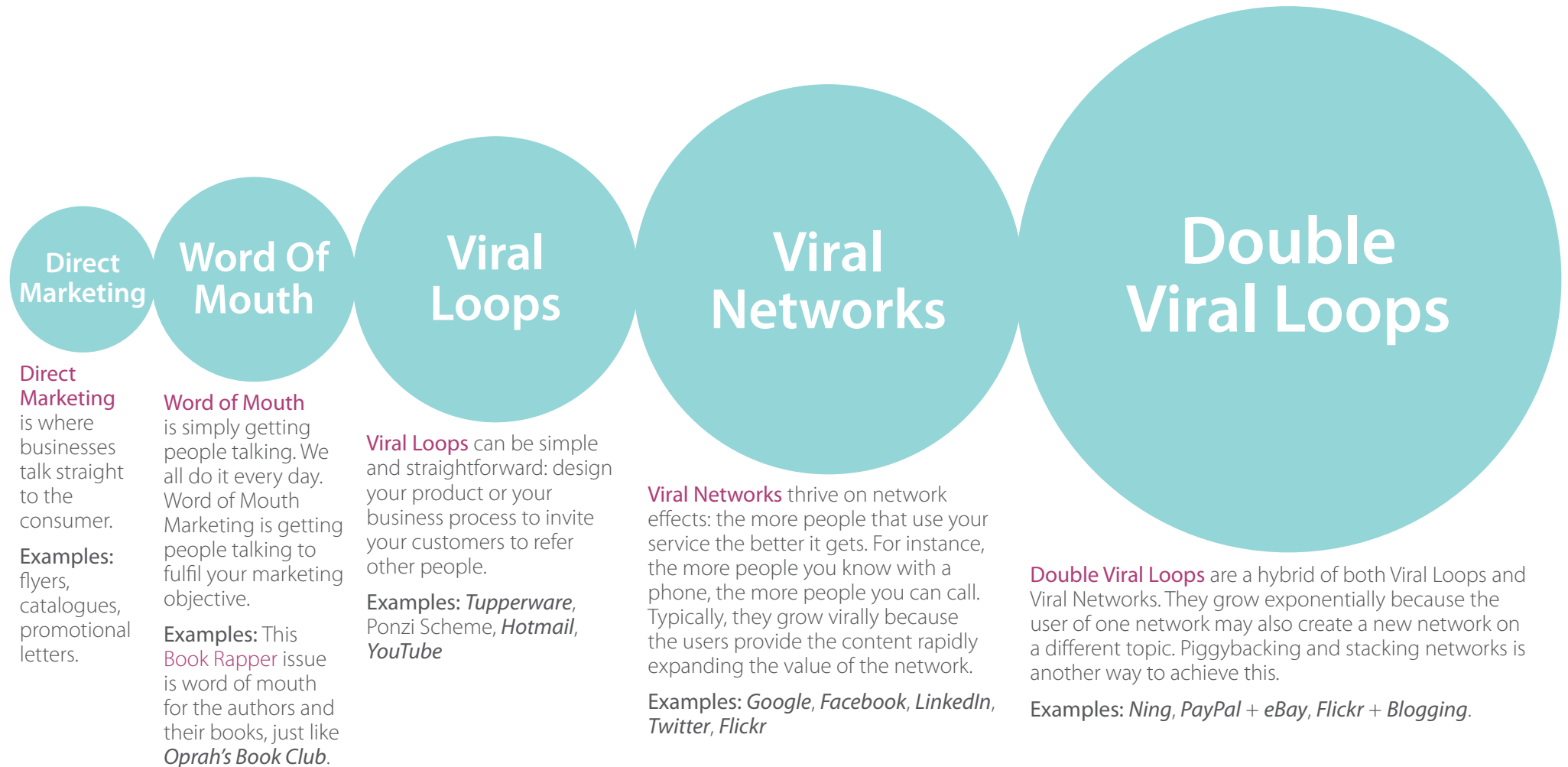
**Author's Website** : <http://GasPedal.com>

**Author's Website 2** : [www.DamnIWish.com](http://www.DamnIWish.com)

**Twitter** : <http://twitter.com/sernovitz>

# RAP1 : Five Ways to Multiple Your Customers

**PROFIT :** If you really want to multiply your audience rather than increase it just a little, you'll need to think differently. Here's five ways to design your product, service and business to get people talking about you and add bottom-line value to your business.



# RAP2 : Decentralized Marketing

**PROFIT :** The old command and control mechanisms of the Industrial Age are being dismantled and replaced by decentralized, self-replicating viral loops and networks. It's the new dawn of decentralized marketing and here's some of the key elements for you to consider.

## DIRECT MARKETING

Repeatable

## WORD OF MOUTH

Repeatable

## VIRAL LOOPS

Repeatable

## VIRAL NETWORKS

Repeatable

## DOUBLE VIRAL LOOPS

Repeatable

The principle of mass marketing is that the same message can be copied and sent to many people. Any printed or electronic document can be replicated and sent to multiple people with the same message.

Spreadable

Spreadable

Spreadable

Spreadable

Being repeatable does not mean easily spread. For example, how many times do you pass on a shopping catalogue to a friend? In contrast, you may pass on a coupon to a colleague if you consider it to be of value to them.

Self Replicating

Self Replicating

Self Replicating

Being spreadable does not mean self-replicating - you might have to work it to pass it on. To self-replicate means the message is spread as you use it. Every *Hotmail* email promoted *Hotmail* to the email recipient.

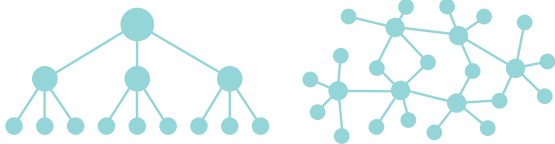
Multiple Nodes

Multiple Nodes

Where Viral Loops work through a single point of contact, networks work through multiple nodes. And, the more the merrier. If you spoke to 5 people who also spoke to 5 people then you'd soon have a small army working for you.

Multiple Networks

Where viral networks typically stand independently, Double Viral Loops employ multiple networks. As one network grows so do the others feeding off it. *PayPal's* network grew as *eBay's* network grew.



As discussed in our previous *BookRapper* issue *Leaderful*, the internet and digital technology is swinging the pendulum toward decentralization.

We are seeing changes in the design of organizations, shifts in where and how we work, changes in leadership styles and even, following Obama's lead, shifts in government.

This issue focuses on Word of Mouth Marketing, Viral Loops and Networks - all examples of Decentralized Marketing.

The new way to Smart Growth and multiplying your customers is to design your marketing message, products, processes and systems to spread the word for you.

# RAP3 : Self-Promoting Products

**PROFIT :** There are two distinct options when generating word of mouth, referrals and viral loops. You can create the product first and then generate the talk about it. Or, you can design the product so it spreads the conversation for you.

## AFTER THE PRODUCT

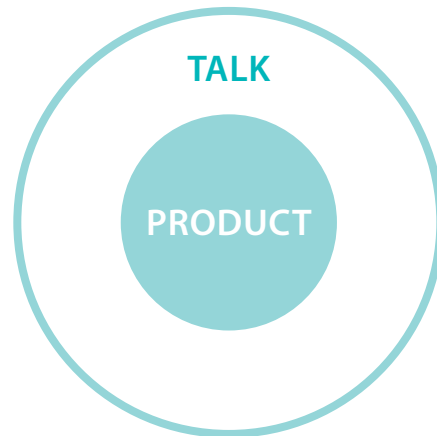
The classic example of fuelling the conversation after the product has been created is personal branding. Your reputation is what people say when you're not there. It's an example of word of mouth that you may want to pay careful attention to.

Some products can tinkered with and redesigned as you continually generate talk. For instance, your website. A website's design is never done!

Traditionally we think of referrals as one person recommending another. And, they can be a cornerstone of your lead-generating system.

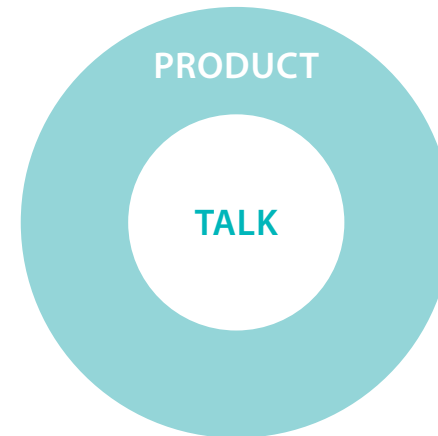
They can also be a vital element to a successful business model eliminating advertising costs.

For example, *Landmark Education* have built sharing into the conversation of their training courses. With no advertising, they rely on participants to personally refer their courses to friends and colleagues. And it works! They are one of the most successful training organizations on the planet.



**AFTER**  
**Word of Mouth**  
**Referrals**

**Action :** Make it easier for people to talk about you. And, turn your one-off referrals into a repeatable lead-generation system.



**BEFORE**  
**Viral Loop**  
**Viral Network**  
**Double Viral Loop**

**Action :** Explore ways to design your message into your product so that every time it is used, others see it and spread the word.

## BEFORE THE PRODUCT

Referrals aren't just for people sharing with each other. Your product can be designed to be self-promoting as they are used.

Some products have this built in without the need to think about it. For instance:

- Driving your new car around the streets automatically displays it to other drivers.
- Using a leaf blower makes enough noise to alert your neighbours to the fact that you have one.
- And, have you ever asked, 'What's that perfume you're wearing?'

Seth Godin suggests we create a *Purple Cow*, a product so remarkable we'll naturally want to talk about it. This is one strategy for creating talk into the design of your product.

*Hotmail* created a spreadable product by adding a signature to their emails. Every time someone used the product they promoted it to who ever received it. This acted as a personal endorsement and a referral. 'If it's good enough for Michelle, then I'll give it a go too!'

The key is to identify all the touchpoints of your product. You're looking for:

- 1 Any transactions that take place. For instance, receiving email or drivers sharing the road with other users.
- 2 Any trails left behind when you have completed the transaction. For example, a trainer leaving behind course materials or even a business card at the end of a presentation.

# RAP4 : Word of Mouth Rules!

**PROFIT :** If word of mouth rules then what the keys to success? Firstly, you'll need something worth talking about. And, it's true power lies in the person making the recommendation. Here's some basic guidelines for you to discuss with others.



## WHO DO YOU TRUST?

Do you trust your friends? Of course you do, that's why they're your friends. And that's why word of mouth marketing can be so potent and powerful.

Most of us no longer trust advertisers or spin doctors. As a result, traditional marketing approaches are losing their punch.

And therefore, other sources of recommendations for products and service suppliers have become more important.

Word of mouth marketing is:

- Low Cost
- Works for any size business and it
- Works both online and offline.

And, what's even more interesting... people are already talking about you.

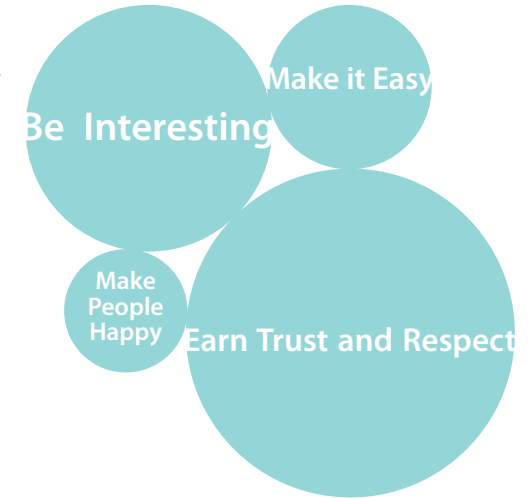
**Action :** To test this out go online and do a Google search for your name, product and business name.

You now have a choice to let people talk freely about you, possibly with rumour and misinformation. Or, you can join in the conversation and keep in touch with what's being said.

## WOM MARKETING RULES

Here's 4 basic rules for word of mouth marketing.

- 1** As Seth Godin might have said, black and white cows are fairly common. However, a *Purple Cow*, now that's **interesting**. You need to create a reason for people to talk about you. Are you worthy of being talked about?
- 2** If it takes me 10 minutes to explain what you do, then it's all too hard and I won't bother. **Make it easy** for people to talk about you by creating a super-simple message. And, help people share it.
- 3** We're emotional beings. And if you want people to talk about you then you'll need to excite them. The goal is clearly not to upset them. It's to make them satisfied, thrilled and **happy**.
- 4** What do you say to others about your bank? Do you **trust and respect** them? When a fan recommends you they are putting **their** name on the line. And, they'll only be proud to tell your story if they truly trust and respect you.



# RAP5 : Word of Mouth Steps

**PROFIT:** The difference between word of mouth and word of mouth marketing is that one is random and the other is structured, organized and planned with a marketing objective to fulfil. Here's six steps to help you design your WOMM campaign.

## Trigger

*Why will people talk about you?*

What's the trigger? What's going to motivate, tease and prompt people to talk about you?

**It's about YOU!** It's about your stuff. Your audience love you, hate you or find you interesting.

**It's about THEM!** It feels good for the talker to talk about you. It makes them feel smart, important, lets them help others or express themselves.

**It's about US!** They feel connected, part of the brand family, part of a community/team or they feel like insiders.

## Talkers

*Who will talk about you?*

Some people are more likely to talk about you than others. They're your influencers, evangelists and advocates.

These are typically people close to you. They're friends, colleagues, neighbours, volunteers, employees, customers, fans, bloggers...

Think of the people you come into contact with on a regular basis.

Ideally, they want to talk about you because they 'love ya work!'

## Topics

*What will they talk about?*

This is where you need to give them something to talk about.

Rather than spark random conversations, design a clear message that can be spread.

It might be an anecdote, a spectacular result, a strange fact, an event, a story, something funny, a uniqueness.

The idea needs to be portable, simple and easy for someone to repeat.

## Tools

*How can you help pass on the message?*

Now to give your talkers and your message a helping hand... Create the means for the idea to spread.

Online this might be a 'Forward to a Friend' button or an RSS feed on your blog. You might also present your info in a pdf so it can easily be copied and passed on.

Offline this might be a coupon, a free sample or a postcard.

## Taking Part

*How should you join the conversation?*

Traditional marketing focussed merely on getting the message out there.

That's no longer enough. To keep the conversation fresh, alive and moving you'll want to join in.

Online you can update your status, comment on blogs, reply to email and join discussion groups.

Offline you can also phone, do coffee and txt people.

## Tracking

*What are people saying about you?*

Following what people are saying about you is even easier online - the conversation is captured for you.

Creating ways to measure your word of mouth marketing is important to know if it's working.

It's also critical to know when people are saying less favourable things about you.

# RAP6 : Around the WOMM in 88 Actions

**PROFIT : Now, you have the steps of your word of mouth marketing campaign, here's some actions to grab, mould and test to see what works best for you. The key is to experiment with lots of little ones. What will you test this week?**

- 1 Have a product launch party
- 2 Share a PDF white paper
- 3 Give away a free sample
- 4 Create video interviews to share
- 5 Solve a problem in your blog post
- 6 Provide fantasmagorical service
- 7 Post on social media
- 8 Provide a community scholarship
- 9 Call a long lost friend
- 10 Have a meetup for fans
- 11 Give away your book
- 12 Do something outrageous
- 13 Hold a special event
- 14 Use a special email signature
- 15 Share how your business began
- 16 Write an unusual 'About You' page
- 17 Ask for feedback
- 18 Write about yourself in a case study
- 19 Join an industry group
- 20 Design a remarkable product
- 21 Build a *Ning* community
- 22 Create a *Facebook* fan page
- 23 Design a meme to share
- 24 Add a 'Tell a Friend' button
- 25 Help someone get what they want
- 26 Start an online discussion
- 27 Comment on other blogs
- 28 Send a birthday card
- 29 Create desktop tools to trigger talk
- 30 Post a book review on *Amazon*
- 31 Recommend others on *LinkedIn*
- 32 Retweet a post on *Twitter*
- 33 Refer people to your customers
- 34 Add a new product line
- 35 Fill your website with testimonials
- 36 Join a community group
- 37 Go to a networking event
- 38 Add a time-sensitive special offer
- 39 Create a loyalty program
- 40 Make exclusive offers to loyal fans
- 41 Serve customers via *Twitter*
- 42 Create a private club for top clients
- 43 Give away your bumper stickers
- 44 Reward with branded t-shirts
- 45 Gift temporary brand tattoos
- 46 Refer others to your friends
- 47 Create a funny product name
- 48 Redesign your packaging
- 49 Send sneak previews
- 50 Add photos from events
- 51 Provide soft-copy handouts
- 52 Offer 'Bring a Friend' for events
- 53 Give 2 biz cards: extra one to share
- 54 Highlight your popular blog posts
- 55 Talk to your customers - novel?
- 56 Add 'Forward this' to your emails
- 57 Share a memorable story
- 58 Have a handout to give away
- 59 Use coupons for special offers
- 60 Send a 'snail mail' postcard
- 61 Use *Google Alerts* to listen
- 62 Deliberately make a spelling error
- 63 Survey customers opinions
- 64 Collect video testimonials
- 65 Add *Share This* to your blog
- 66 Invite reviews on your website
- 67 Offer a useful service for free
- 68 Reward repeat customers
- 69 Share photos on *Flickr*
- 70 Write a catchy PR release
- 71 Add a gift to every sale
- 72 Have an invite-only newsletter
- 73 Solve problems superfast
- 74 Partner with a not-for-profit
- 75 Link to comments about you
- 76 Reward people for feedback
- 77 Segment your database
- 78 Respond calmly to negative WOM
- 79 Resolve complaints quickly
- 80 Use crowdsourcing
- 81 Run a competition
- 82 Make it easy to contact you
- 83 Put an offer on your business card
- 84 Ask for product reviews
- 85 Answer online questions
- 86 Say and send thank you's
- 87 Check your *Google* ranking
- 88 Do something SuRpRiSiNg

# RAP7 : Viral Loops

**PROFIT** : The key to multiplying your customers is to have positive feedback loops. It starts with someone liking you or your product and telling someone else. Referring one-by-one is useful, however opening up a decentralized referral system has the potential to explode and go viral.

## FEEDBACK LOOPS



### Vicious Circle    Virtuous Circle

A negative feedback loop or a vicious circle occurs when one one undesirable thing leads to another and then another.

In contrast, with a positive feedback loop or virtuous circle things get better and more desirable with each iteration. A classic example is compound interest. If you leave your money in an account you'll get paid some interest. Leave the interest there and soon you'll get interest on your interest.

Take a dollar and double it every day for 30 days and you'll have over \$536 million! Now that's viral growth!

Compare that to the traditional way of seeking referrals one at a time... Effective, albeit a little slow.

## VIRAL LOOPS

The word 'viral' has been borrowed from epidemiology. It explains how things *spread*.

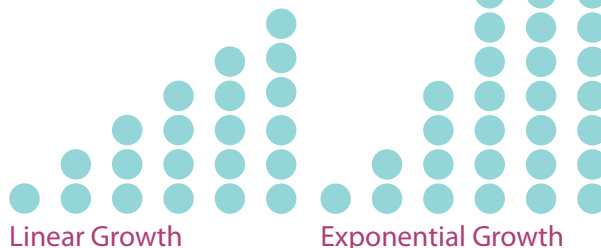
When it's applied intentionally it can bring exponential results both negatively (a computer virus) and positively (Susan Boyle on *YouTube*).

The key to building a viral loop referral system is to design *replication* into your business model.

This is a shift from 'what will happen' to 'how it will happen'.

**Action** : Ask yourself these three important questions...

- 1 How is your business going to grow?
- 2 How are your customers going to spread the word?
- 3 And, the big one... What is *built-in* to your business model that enables your business to grow *by itself*?



## TUPPERWARE

*Tupperware* is best known for its plastic homewares and it's direct selling party plans. The sales consultant enrolls a host to offer a party and invite guests to attend. The host earns commission on what is sold and the guests get to buy some household goodies. Then, one of the guests hosts the next party inviting a different group of people and the word spreads.

**Action** : Who can you ask to hold an event and invite their friends, colleagues and customers to attend?

## PONZI SCHEMES

Whilst Ponzi schemes are illegal, they're a great example of word of mouth referrals. Here's how they work... A leader starts with a small group of investors guaranteeing very high returns. The early investors receive an initial payment at that high return. Most re-invest their funds and are so excited about their gains they tell their friends. As the fund grows the payments stop because the founder is illegally pocketing all the money.

**Action** : What exciting result can you produce and share that will get people talking about you? What results have your clients produced? Testimonials are potent referral devices.

## HOT MAIL

The key to *Hotmail's* success was the signature note that read: *Get Your Free Mail at Hotmail*. It cost the company nothing to do this and every time an email was sent via *Hotmail* their service was promoted.

**Action** : What's your email signature say? How could you use it to spread your word? What message could you embed in your product/service?

## YOUTUBE

*YouTube* grew virally because they allowed users to embed your video or someone else's into your website or blog.

**Action** : How can you share your content? How will you help others to pass it on for you? At *Book Rapper* we package our issues as pdfs so you can easily pass them on.

# RAP8 : Viral Networks

**PROFIT** : It's likely you're a member of one or more viral networks. They're clusters of people congregating together to share things they create themselves. Many, such as Facebook and Twitter, are growing at exponential rates. Here's some clues as to what's driving them.

## NETWORK EFFECTS

Cars and Freeways are examples of negative network effects. The more people use them the less useful they are due to traffic jams and roadblocks. Telephones are an example of positive network effects. The more people that have one, the more people you can call with your phone. The *Yellow Pages* is reliant on network effects too. The more people that advertise the more valuable the book becomes and the more enticing it becomes to advertise.

**Action** : Discuss how you can tap into network effects.

## BUILDING AN ECOSYSTEM

To build a viral network you'll need to think of it as creating a complete ecosystem. For instance, *eBay* needed buyers, sellers, a payment system and a way to manage trust. Without any of these key ingredients their business would not have flourished.

**Action** : Define the entire list of things a person needs to use your product or service. Unite them to make it easier for your clients.

## SOCIAL NETWORKS

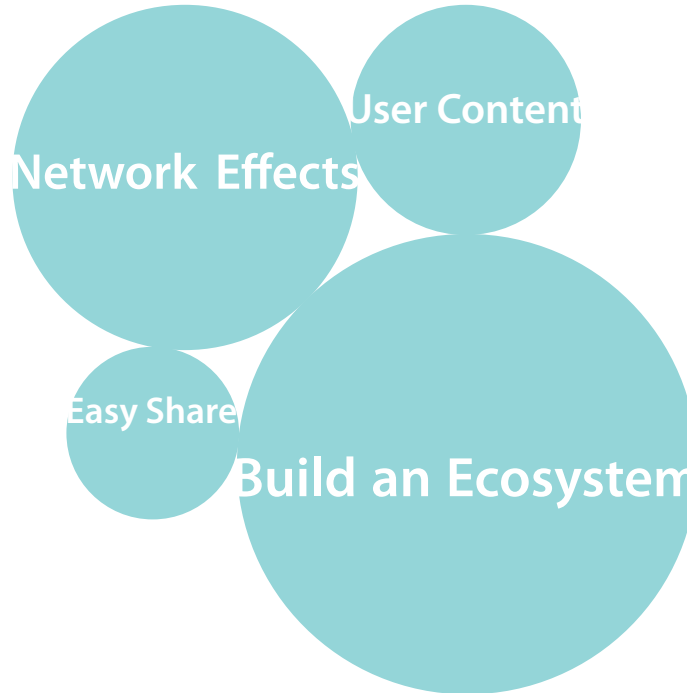
To grow exponentially you're going to need a lot of content to keep your audiences engaged. And, the content that is most interesting to us is the stuff we've created ourselves. Even better on a social media site like *Twitter* and *LinkedIn*, the content is created for free.

**Action** : What tools can you provide your customers to create and connect with you and others?

## STREAMLINE

How easy it is to do business with you? Each extra step could make the difference between your business going viral or not. For example, it was *Google's* detailed focus on the user experience and minimalist home page that helped fuel its rise to the top of search.

**Action** : How can you make it easier for customers to do business with you? How many steps are in your sign-up process?



## EBAY

*eBay* was one of the first internet networks to create its own ecosystem. Now, more than a million people worldwide earn their sole income as *eBay* sellers. Add to this the millions of buyers and the forest of other suppliers offering products, postage and packaging. As the range of goods increases, this attracts more potential buyers to the network.

**Action** : Instead of merely selling one thing, *eBay* created the vehicle to sell anything and everything to anybody. How can you automate or turn your service into DIY or self-service? How can you create the market rather than just the goods for sale?

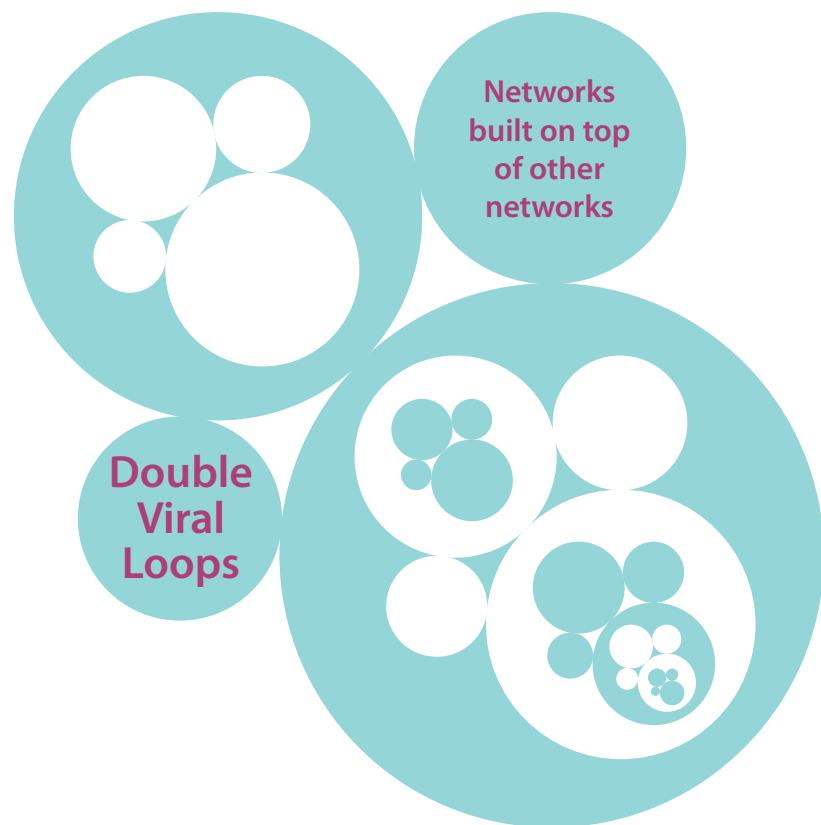
## GOOGLE

*Google* takes advantage of network effects in multiple ways. The more you search the better your search results. The more people that search, the more people that advertise. And, the more people that advertise, the higher the price per ad. Thus for *Google*, the more people who use their service the more money they make.

**Action** : How can you apply network effects in your organization? The key question to ask is: What happens when we scale this up? Does the system get better or reach breaking point? Using technology, explore ways to break through the limit in scale.

# RAP9 : Double Viral Loops

**PROFIT :** Double Viral Loops occur when one network is linked, stacked or piggybacked onto another. As one grows, so does the other. The key is the partnership fit. You need to be offering something highly desirable for the other network. And, ideally something they can't easily create for themselves. Here's three online examples of double viral loops for you to consider.



## NING

Ning is another brainchild of Netscape Navigator creator and billionaire Marc Andreessen. You can sign up for your own account to create your very own network. That's right, DIY tools to build your own personalized network, just like **Facebook**. As one person joins a community group based on **Ning**, they're likely to invite others to join too. And, some of these people will then create their own networks. Effectively, a network of networks is created, or a double viral loop.

**Action :** What networks are you already part of? What networks have you started yourself? Is it time to create your own Ning network?

## PAYPAL + EBAY

Whilst **eBay** created its own network independently from others, **PayPal**'s success was based on its ability to piggyback the spiralling growth of **eBay**. Traders needed an easy and secure way to transact and **PayPal** became the preferred supplier. They became such a linchpin that **eBay** eventually bought the entire company. **PayPal** is an example of a stackable network where one network is built upon another.

**Action :** Who can you piggyback on and stack your network on top of? Your challenge is to find groups that need what you're offering. For example, rather than assemble your own crowd, ask organizations filled with your target audience to gather people for you by offering a presentation.

## FLICKR + BLOGGING

**Flickr** started out as an online gaming network and became a photo sharing site that rode the rise of blogging to its eventual success. The key move **Flickr** made was to enable users to tag photos so they could be easily sorted, searched and found. This became a boon for bloggers seeking visual content to add to their written words. **Flickr** is another example of stacking their network onto others. Whereas **PayPal** rode the single network of **eBay** traders and **YouTube** grew with **MySpace**, **Flickr** piggybacked the much wider and diverse community of bloggers.

**Action :** Which individual bloggers could you partner with? By tapping into their network you can leverage your expertise further. Also, which phenomena or trends can you piggyback? For instance, who's going green in your industry?

# RAP10 : Business Characteristics

**PROFIT :** How do you create a business that reaches new customers quickly, scales up rapidly and has the potential to earn a huge amount of money in a short period of time? Here's 13 business characteristics you'll need to consider to make this happen.

## FREE

Adding a fee to your offer will slow down the adoption rate. Build a massive audience at no charge before looking to monetize. Model *Google*, *Facebook*, *Twitter*.

## WEB BASED

It's much easier to adopt these characteristics online.

## STACKABILITY

Look for opportunities to lay your network over other expanding networks. *YouTube* rode *MySpace*. *PayPal* piggybacked *eBay*.

## PREDICTABLE GROWTH

Products designed correctly will grow virally at predictable rates. This makes it way easier to forecast, plan and keep up with demand.

## EXPONENTIAL GROWTH

Multiply your growth speed by allowing users to share with each other. Each one drawing in other new users.

## ULTIMATE SATURATION

Your network will mature and growth will slow when your market is saturated. By this point you'll have a huge user base.

## CONTENT ORGANIZERS

Let your users create the content. Be the one that organizes it. Provide a means to sort, search and access it. Mimic *eBay*, *Flickr*. Become the marketplace!

## EASY 2 USE

The simpler the better! Visit *Google's* home page.

## VIRAL BUILT-IN

Design the means to pass on your message in to your product. *Hotmail* added an email signature. *LinkedIn* asks you to invite your colleagues.

## NETWORK EFFECTS

The more users play the more they will want to. *Google* search results get better the more people search. Design this into your business model.

## NONDISPLACEMENT

The point of nondisplacement is when competitors can no longer take your number one position. Think *Amazon* for books and *Google* for search.

## RAPID ADOPTION

Go big fast. The quicker you grow the less chance your competitors have of catching you. *Skype* had 12 million users in 13 months. *Hotmail* 30 million in 30 months.

## VIRAL CO-EFFICIENT

To grow exponentially, you need a viral co-efficient greater than 1. Anything less won't be enough.

# BR Context : Information Rules!

What are the common threads linking decentralized marketing, word of mouth marketing, viral loops and viral networks?

The short answer is it's the same question we've been asking in all of our [Book Rapper](#) issues:

*What does it mean to be living in the Information/Knowledge/Digital Age?*

Typically, it shows itself as the old way and the new way.

In this case, the old way is mass media. A few people sent out the same message to everyone and we happily took notice via our newspapers, TVs and radios.

That's doesn't seem to be working anymore. We're spending less time passively reading, watching and listening.

And, we're now spending more time on social media actively creating our own content.

So what's driving this change?

The simple answer is on this page and the next one. The fundamental building block of our time is *information*.

And, as we review the properties of information we can begin to grasp the strange new world in which we now live. A land where information rules...

## Properties of Information Part 1



Goods disappear through use. Information does not disappear. It remains unchanged however much it is used. Read this. Read it again. And again and again and again... You can have your cake and eat it too!



Goods can be divided and used. Like fruit in salad. Chop it up, use some now, some later. Information can only be used when it constitutes a set. Half a book will only tell half the story. Half a sentence will not



Transfer a physical good from A to B. It is moved completely from A to B. Transfer information and the original information remains at A. Do you copy?



To accumulate goods don't use them. Information cannot be consumed or transferred. Use it again and again, it accumulates anyway. Information quality can be improved by adding new information.

**All information, whether in the form of a physical drawing/letter or digitally in a computer, has these four properties. However, the acceleration of information interchange through the use of digital technology has added four more properties...**

# BR Context : Information Rules! (2)

## Properties of Information Part 2

### Circulation

Send a letter. One for each person, physically copied and sent. Send electronic mail. Send once and received by as many people as desired. Easier circulation, circulates more information.

### Concentration

Information can be concentrated. Store an entire set of encyclopaedia on one CD. More information can be condensed into greater concentrations. Concentration promotes portability. Portability changes the user's relationship to it. New tasks in new places.

### Dispersion

Information circulated and retrieved very quickly, updates quickly. The new quickly displaces the old. The time is now... The time is now... Feedback loops maintain usefulness through the continual updating of the ever changing display of current information.

### Feedback

Send information. Each receiver can re-send it in a new form and context. Blogs, Twitter, Facebook and Digg. Scatter and multiply the original message. Easy circulation spreads the original information further.

Can you get a glimmer of insight into how all this fits together? Let's explore some examples...

The old mode of one-way advertising relies on control. I don't see that any where on this list of information properties! It attempts to control, coerce and contain the information. On the web in particular, this doesn't work.

Instead, the opposite seems to flourish. Word of Mouth marketing is the active circulation, dispersion and feedback of information. It's an idea that's reused, recycled and passed on. And it works because information cannot be consumed, doesn't need to be transferred and is easily accumulated.

That sounds a lot like the internet, blogging and social media to me! A million and one people all feeding off each other, sharing content, recommending stuff, adding comments and making the total pie a whole lot bigger.

And the key piece to remember here is that social media is media created socially - by you and by me.

With access to the tools of production, we can now create and distribute our wares instantly and globally.

And, via our own online networks of friends, followers and connections we can create our own viral loops. And, with the help of **Ning** we can start our own viral networks.

Marketing just changed because **Information Rules!**

*Previously published* : Geoff McDonald, *Beyond the Electronic Drawing Board*, Archiquar, Melbourne, 1996.

*Direct Source* : Jones, Barry; *Sleepers Wake! Technology and the future of work*; Oxford University Press; Melbourne; 1982.

*Original source* : Dr. Yoneji Masuda.

# Action Plan : Your WOMM Strategy

**PROFIT** : It's time to stop talking and start thinking so we and others can more effectively talk... It's time to develop your Word of Mouth Marketing Strategy... Follow our seven steps to profit.

## Trigger

*Why will people talk about you?*

Explore the three reasons people might be talking about you. Discuss ways to enhance each of these. Is it about YOU?

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

Is it about THEM?

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

Is it about US?

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

## Talkers

*Who will talk about you?*

Define the people who will talk about you because they want to. Start with those who are already talking about you.

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

And, define the people who have a self-interest in talking about you. For instance, your employees.

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

## Topics

*What will they talk about?*

Identify at least five topics you can quickly and easily seed for others to talk about. Select one and start creating the conversation.

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

5 \_\_\_\_\_

## Tools

*How can you help pass on the message?*

Identify at least five tools you can quickly and easily use for others to talk about you. Select one and implement it.

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

5 \_\_\_\_\_

## Taking Part

*How should you join the conversation?*

Identify at least five ways you can join in the conversation. Select one, listen for a bit and then join in the fun.

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

5 \_\_\_\_\_

## Tracking

*What are people saying about you?*

Identify at least five ways to track the things people are saying about. Select one and open your ears to hear what's being said.

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

5 \_\_\_\_\_

Take

Action

Implement  
to find out  
what works

# Companion Pieces

**PROFIT :** If you want more, here's four other Book Rapper issues to further your learning.

## TALK WITH ME

Digest the shift from one-way advertising and PR communication to two-way interactions with your customers. Learn how to activate, join and contribute to conversations.

Derived from Joseph Jaffe's *Join the Conversation*.



## LEADERFUL

Revel in the shift from Centralized command and control type organizations to Decentralized ones. Viral Loops and Network require letting go and building starfish-type networks.

Derived from Ari Brafman and Rod Beckstrom's *The Spider and the Starfish*.

## WEB LINE

Trust is the key to developing your online success strategy. It includes various strategies for creating and listening to online conversations.

Derived from Chris Brogan and Julien Smith's *Trust Agents*.



## THE GREAT BUSINESS GESTALT

Explore the elements that make up the powerhouse Web 2.0 companies. Including a detailed section on the power of network effects and how *Apple* built an eco-system around the *iPod*.

Derived from Amy Shuen's *Web 2.0: A Strategy Guide*.

Want  
More?



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Aka: [The Ideas Architect](#)

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