



The Destructive Impact of **NEGATIVE WORD OF MOUTH**



Christopher Roberts
BRAND INTERVENTIONIST
*Author of "10 Reasons Why
CX/NPS® Programs Fail & Your
Surefire Solutions to Succeed"*

Why It's a Threat & How to Counter It

In a world where customer feedback can travel faster than ever, negative word of mouth has become one of the most significant threats to a brand's reputation and growth. While companies invest in building strong brands via advertising, sponsorships, innovation, cutting-edge technology and high-performing teams, the impact of negative word of mouth can destroy the biggest brands. Once your reputation is damaged, the financial impacts are massive and brand recovery can take several years. A single negative customer experience, amplified through social media, can ripple out to hundreds or even thousands of potential customers, eroding trust and loyalty.

To understand the seriousness of this issue, let us explore its impact & more importantly, how businesses can turn it around.

How Negative Word of Mouth Spreads

Negative word of mouth is like a snowball rolling downhill. It starts small but grows exponentially as it gathers momentum. Studies show that bad news travels much faster than good news. According to *MarketingProfs*, **75% of consumers share negative experiences with friends & family**, while only 42% recommend products they like.

Imagine a scenario where a customer has a bad experience and 10 other people find out about it. In the age of social media with platforms like Twitter, Facebook, Google Reviews, Trustpilot and Instagram this is probably a conservative estimate.

The High Cost of Negative Feedback

What makes negative feedback so damaging is that it takes significant effort to counteract it. According to Engaged Strategy's research, **if a consumer hears a negative comment, it takes on average 5 positive comments before a prospect will even consider the brand in question.** In the above example, if 10 people are influenced by a single negative comment, your business would need an average of 50 positive comments to repair the damage to a certain degree.



In an environment where customers increasingly rely on reviews and word of mouth to make purchasing decisions, this imbalance can be devastating. The cost isn't just reputational. It is also financial. Poor customer experiences result in customer churn, reduced sales and increased acquisition costs to replace lost customers. Worse still, a tarnished reputation can make it harder to attract new customers, thus creating a vicious cycle.



Why Negative Experiences Happen

Despite investing in innovation, product development and technology, brands often fall short in one critical area: Customer Experience. Customers expect more than just functional products or services; they demand seamless, empathetic interactions at every touchpoint.

Some common causes of poor customer experiences include:

- Unresolved issues or complaints
- Lack of communication or unclear policies
- Employees who are disengaged or poorly trained
- And the most important one, which is misalignment between what a brand promises & the actual service delivery

Even if you have a great product, it cannot compensate for a poor interaction with your company. And when customers feel let down, they are more likely to voice their dissatisfaction, leading to the snowball effect described earlier.





So How Can You Counter This Negative Word of Mouth?

The good news is that businesses can take proactive steps to mitigate the impact of negative feedback. Below are proven strategies from my personal experience that has helped me rejuvenate dying brands and even brands that were once termed as the Worst in their category, making them the BEST! What I share below are supported by insights from Engaged Strategy's work across 20+ industry segments.



1. Crystallise Your Strategic Elements By Aligning Your Brand, CX & Internal Culture

The key to preventing negative word of mouth is ensuring that your customer experience exceeds expectations. Engaged Strategy's *Total Engagement Model*® (TEM®) ensures that the promises you make in your advertising match or exceed the product or service experience and the value you deliver. Finally, it should be supported by a strong internal culture where staff have a clear line of sight that shows them how they can contribute to the organisation's strategy. This is a model that I designed based on real world experience.

Here is how it works:

- **Set realistic brand promises:** Avoid overpromising & underdelivering. Your CX should consistently meet or exceed the expectations set by your brand messaging.
- **Empower employees:** Provide your team with the tools, training and support they need to deliver exceptional service. Zappos is a glowing example of this practice. This quote by **Tony Hsieh** says it best, "Zappos is a customer experience company... that happens to sell shoes."
- **Planned Customer Outcomes:** Develop a unique value proposition that clearly outlines your points of difference and provides a competitive advantage. Develop a planned and succinct CX statement that includes functional elements such propositions you use, tools like Net Promoter Score® (NPS®) to gauge customer satisfaction and identify areas for improvement. Also, incorporate both transactional and relationship surveys to ensure you get quick feedback as well as detailed responses that can direct your business strategy.
- **Take Action:** Identify the key pain points and drivers and engage the entire organisation to make improvements and deliver experiences worthy of recommendation.

Brands that implement our Total Engagement Model® traditionally report higher retention rates, stronger word-of-mouth referrals and a more resilient reputation.

2. Measure & Monitor Everything

Remember the old adage - What gets measured gets managed. It is one thing to establish your strategic intentions. However, if you do not measure and monitor them, then it is a useless exercise. The metrics you need to measure are:

- **Customer Satisfaction:** Gauge overall satisfaction after key interactions, products, services and key touchpoints, and take immediate steps where customers have a poor experience. Implementing systems to gather real-time feedback at each touchpoint enables you to act swiftly, preventing negative experiences from festering.



- **Net Promoter Score® (NPS®):** Identify Promoters, Passives and Detractors to understand your brand's strengths and weaknesses. Develop processes to contact Detractors to understand the issues and take corrective action.

- **Employee engagement scores:** Since employee behaviour directly impacts customer experience, measuring employee engagement is critical. Equipping staff & providing them with a clear line of sight makes them more aligned to delivering on your business goals.

By regularly tracking these metrics, businesses can pinpoint problem areas & take corrective action before they escalate.

3. Proactive Detractor Call-Back Management

One of the most effective ways to address negative word of mouth is to engage directly with dissatisfied customers via strategic surveys that measure the entire customer journey with a focus on key touchpoints or interactions. A good system will identify dissatisfied customers so they can be contacted & their issue resolved before they make a decision to leave or spread negative word of mouth. A structured detractor call-back program can help businesses:

- **Acknowledge the issue:** Start by listening to the customer's concerns without being defensive.
- **Apologise sincerely:** A heartfelt apology can go a long way in rebuilding trust.
- **Provide solutions:** Offer a resolution that not only addresses the immediate issue but also exceeds the customer's expectations.
- **Make Improvements:** Customers are in the best position to tell you what aspects of your product, process, service or touchpoints have issues. Detractor conversations help you identify these & make improvements such as improved efficiency, reduced costs & reduced complaints.



Engaged Strategy's work with clients has shown that reaching out to Detractors is one of the best opportunities to turn unhappy customers into loyal advocates. In fact, customers who experience successful resolutions are often more loyal than those who never had an issue in the first place. In order to understand this in greater detail through a live case study, I would recommend that you watch *Episode 4 of Season 2 of my podcast Strategy Edge on YouTube or Spotify*, where my guest **Tony Chamberlain and I** discuss this topic extensively.

The Ripple Effect of Positive Experiences

While negative word of mouth can be destructive, the opposite is also true: positive experiences create a powerful ripple effect that can take your business to heights. When customers are delighted by your service, they are more likely to share their experiences, recommend your brand and become loyal advocates.

Engaged Strategy's research shows that 30% to 50% of sales for our clients come primarily from word-of-mouth referrals. Our research also shows that recommendations from a peer are 4-times more powerful than TV advertising. This underscores the importance of creating memorable experiences that inspire customers to spread the word.



Hence, remember that the journey to creating exceptional customer experiences begins with recognising the importance of every interaction. With a proactive approach, businesses can transform Detractors into Promoters, ensuring that their brand not only survives but thrives in today's competitive landscape.

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