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WHAT'S YOUR PURPLE GOLDFISH?

**How to Win Customers &
Influence Word of Mouth**

**Executive Summary
January, 2012**

"In business you do must do something that's above and beyond what's expected. Phelps shows the ingredients behind creating signature extras that are unconventional and innovative. Every business should be asking themselves, "What's our Purple Goldfish?"

-Tony Hsieh

NY Times bestselling author of "Delivering Happiness"
and CEO of Zappos.com

Foreword

Have you ever met someone and within minutes of your first contact, you knew that you were kindred spirits? That's how I felt when Stan first reached out to introduce himself.

We first met a few years back when he was a brand new blogger. But I knew in an instant that he wasn't brand new to marketing. He got it. Like most people will never get it – Stan got the secret to marketing success.

He understood that marketing is about being so remarkable that people can't help but talk about you. That if you absolutely delight someone – they will not only come back but they'll bring friends. They become your sales force.

Stan delivers this marketing truth over and over again in this book all wrapped in the idea of lagniappe. What's so awesome about the whole notion of marketing lagniappe is that it not only teaches us what to do but more importantly, it reminds us that it must be done from the heart.

True lagniappe can't be faked or forced. We banter the word authentic around too much these days. But for lagniappe to work, it must be just that -- real and offered without expectation of anything in return.

In other words – you do it because you want to, not because it's in a marketing plan document or because your ROI calculator told you it would generate a 42.36% return. (And no there's no such thing as an ROI calculator!)

As you read the stories that Stan has collected for this book, I think you're going to be amazed at the creativity and generosity that

many businesses have and in the end, I suspect you'll be inspired to let your inner spirit of lagniappe loose.

You'll probably fill up a notepad with ideas of how you could do a little something extra to enchant your customers. When you've turned that corner and are thinking about them rather than what's in it for you – you're truly ready to practice lagniappe.

I honestly believe that the guys in the white hats do win in the end. And companies that embrace the belief that if you give first and you give generously – you will earn customers for life are marketing's good guys. This book shows us time and time again how to make that happen.

In the end, this book is Stan's own lagniappe for all of us. A genuine gesture of sharing what he truly believes with the hope that it is of great value to us. I'm so happy for you that you've found Stan, his book and are about to receive a gift that could, if you let it, change how you do business forever.

Enjoy!
Drew

- Drew McLellan
Top Dog, McLellan Marketing Group
Author of *99.3 Random Acts of Marketing*

Introduction

“There is a place in the world for any business that takes care of its customers - after the sale.”

– Harvey Mackay

What’s Your Purple Goldfish? is not your ordinary business book. It aims to change the paradigm of how we fundamentally go about marketing our products and services.

Let’s face it... we’ve lost focus in our marketing. We’ve been so laser focused on prospective customers that we’ve forgotten to deliver an exceptional customer experience once they’ve walked through the door. Advertising is no longer the answer. Traditional media is fragmented and for the most part ineffective. Customer support is non-existent, we’re too busy outsourcing it to India. We’ve developed complex loyalty programs that confuse customers and only promise future benefits. What we really need is a concept that promotes retention and generates word of mouth at the time of purchase. That concept is called “marketing lagniappe.”

The Longest and Hardest 9” in Marketing

In 2008 I launched a blog called 9 INCH MARKETING. Nothing personal with the title I assure you. Nine inches is the average distance between the brain and the heart. I refer to those nine inches as the “*longest and hardest*” for any marketer, given the goal of winning the heart of your customer. My first dedicated post was about the concept of lagniappe. With each post I included a small section called “Today’s Lagniappe” with a fun extra bit of trivia, a joke or a story. My first guest post on another blog, Drew McLellan’s “*Drew’s Marketing Minute*,” was about the concept of lagniappe. My first Slideshare presentation was also about the concept of lagniappe. Can you see where I’m going here?

In September 2009 I wrote a post highlighting Wells Fargo and a concept called marketing lagniappe. That post would be the spark

plug that ignited my passion and became the impetus for starting the Purple Goldfish Project.

Here is an excerpt from the original post:

9 INCH AXIOM – Little things

“Sometimes the littlest things can make a big difference”

Andrew was telling a story about how he was using the drive-thru at his local Wells Fargo bank. At the end of the transaction the teller asked him if he would like a sucker. Andrew was perplexed until he realized it was an offer for a lollipop. He drove away with a smile on his face. That lollipop was a small token or “marketing lagniappe” from Wells Fargo. It’s a practice that goes a long way towards increasing customer satisfaction, especially when it is unexpected.

80% Rule – Wells Fargo understands the importance of servicing the needs of their current customers to fuel growth. Here is a quote about cross-selling from their website:

The more you sell customers, the more you know about them. The more you know about them, the easier it is to sell them more products. The more products customers have with you, the better value they receive and the more loyal they are. The longer they stay with you, the more opportunities you have to meet even more of their financial needs. The more you sell them, the higher the profit because the added cost of selling another product to an existing customer is often only about ten percent of the cost of selling that same product to a new customer.

That last sentence deserves repeating. **IT COSTS 10 TIMES MORE TO ACQUIRE A NEW CUSTOMER THAN IT TAKES TO UP-SELL A CURRENT ONE.** Nearly eighty percent of Wells Fargo revenue growth comes from selling more products to existing customers. The average Wells Fargo customer carries over five products which is more than twice the industry average.

Their focus on serving existing customers has two tremendous benefits:

1. It reduces attrition. Well Fargo loses less customers each year compared to its competitors.
2. It provides a competitive advantage against companies that only offer one or a few products.

A Project is Born

In late 2009 I launched the Purple Goldfish Project and started the blog Marketing Lagniappe. The project was an ambitious attempt to crowd source 1,001 examples of marketing lagniappe. Early in 2010 I started a video podcast with Jack Campisi. The ball was rolling. My friend Doug Pirnie once told me that everyone has a book inside of them. If that is the case, this one has been bubbling inside of me for the last eight years. I'm glad to be finally letting it out. I hope you enjoy it and profit by it.

Prologue

“Real generosity toward the future lies in giving all to the present.”

- Albert Camus

TWO STORIES OF MARKETING LAGNIAPPE

The first is the story of a boy from upstate New York named David McConnell. {Endnote 9} At the age of 16 David started to sell books door-to-door. When his fare was not well received, McConnell resorted to a little lagniappe. David would promise a free gift in exchange for being allowed to make a sales pitch. The “*little something extra*” was a complimentary vial of perfume. It was a signature extra as David concocted his original scent with the aid of a local pharmacist. McConnell soon learned his customers adored his perfume, yet remained indifferent to his books. Soon he would concentrate solely on cosmetics, starting a company called the California Perfume Company that would soon become Avon Cosmetics in 1886. Who knew the first Avon Lady was actually a boy? Today, despite competition from hundreds of American and foreign brand name cosmetics, Avon is #1 in sales nationwide, with Avon Ladies ringing doorbells coast to coast.

The second story is about a company founded by a social worker and a psychologist with a passion for good food and a commitment to healthy living. {Endnote 10} Without the capital to open a restaurant, Stacy Madison and Mark Andrus began serving healthy pita bread roll-up sandwiches in Boston’s Financial District. Their lunch cart was popular and soon lines started to form around the block. To make waiting more palatable (literally), Stacy concocted a lagniappe for customers waiting in line. Each night they baked the leftover pita bread sprinkled with seasoning to create different flavored chips. The chips were a huge hit and soon Stacy’s Pita Chip Company was born. Stacy’s experienced rapid growth, doubling sales every year which led to a multimillion dollar acquisition by Frito Lay in 2005.

PART I:

WHAT IS A PURPLE GOLDFISH? TOP 10 KEY TAKEAWAYS

#1. What's the Biggest Myth in Marketing?

The biggest myth in marketing is the ideas of meeting expectations. There is no such thing as meeting expectations. You either exceed them or you fall short. In a world where 60-80% of customers describe themselves as satisfied or very satisfied before going on to defect to other brands, merely “meeting expectations” is no longer an option.

#2. Two Paths Diverge in the Corporate Woods

You can't be all things to all people. You only have two choices as a marketer: Create to spec and face being a commodity or set out to exceed expectations and become remark-able. Choose wisely...

#3. Shareholders vs. Customers?

Business is about creating and keeping customers. Customer experience should be Priority #1 in your marketing. Stop focusing on the “two in the bush” (prospects) and take care of the one in your hand (customers).

#4. Value is the New Black

Don't compete on price. Cater to the 70% that buy based on value. Price is only relative to the value received.

#5. Phelps Corollary to the Pareto Principle

Traditional marketing is flawed. Eighty percent of your efforts will net 20% of your results. Focus on existing customers instead of the funnel by finding little extras that are tangible, valuable and talkable.

#6. Growth is Determined by 5 Factors

The growth of your product or service is similar to that of a goldfish. Growth is determined by 5 factors:

1. Size of the bowl = Market
2. # of other goldfish in the bowl = Competition
3. Quality of the water in the bowl = Business Environment / Economy
4. First 120 Days of Life = Start-up
5. Genetic make-up = Differentiation

Assuming you've already been in business for four months, the only thing you can control is how you differentiate yourself. How you stand out in a "sea of sameness."

#7. Blue Ocean Strategy vs. Purple Goldfish Pond Strategy

Purple Goldfish Pond Strategy is "differentiation via added value." Finding signature extras that help you stand out, improve customer experience, reduce attrition and drive positive word of mouth.

RED OCEAN STRATEGY	PURPLE GOLDFISH STRATEGY	BLUE OCEAN STRATEGY
Compete in existing market space	Compete in existing market space, but stand out by G.L.U.E 'giving little unexpected extras'	Create uncontested market space
Beat the competition	Differentiate yourself from the competition	Make the competition irrelevant
Exploit existing demand	Exploit current customer base to reduce attrition, drive loyalty and promote word of mouth	Create and capture new demand
Make the value-cost trade-off	Break the transactional market economy mindset and add value to exceed expectations	Break the value-cost trade-off
Align the whole system of a company's activities with its strategic choice of differentiation or low cost	Align the whole system of a company's activities in pursuit of differentiation via added value	Align the whole system of a company's activities with its pursuit of differentiation and low cost

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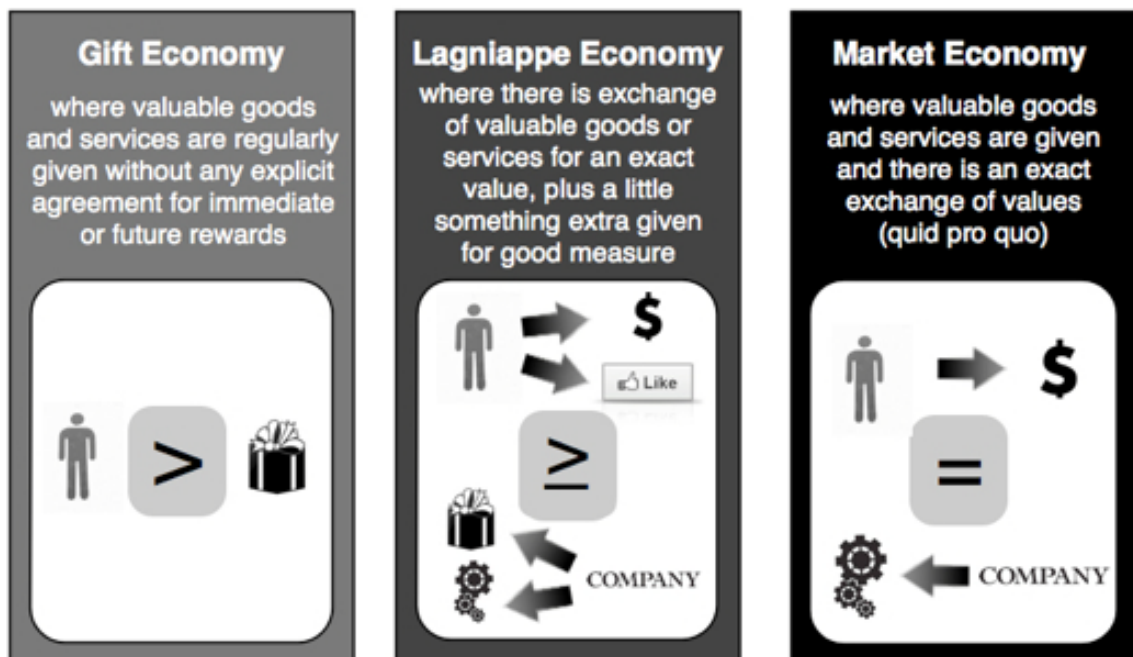
#8. Acts of Kindness

Think of lagniappe as an added branded act of kindness. A beacon or sign that shows you care. Marketing via G.L.U.E (giving little unexpected extras). A little something thrown in for good measure.

1.0 RANDOM	2.0 BRANDED	3.0 LAGNIAPPE
Unpromoted	Promoted	Unexpected / expected
Untargeted	Prospect + Customers	Customer focused
One off	Campaign	Everyday
Opportunistic	Planned	Ingrained
Relevant to the recipient	Relevant to the brand	Relevant to the brand + recipient
In the field	Near point of purchase	At point of purchase
PR focused	PR + Brand	PR + Brand + CX + WOM

#9. Lagniappe Economy

There is a middle ground between a Market Economy (quid pro quo) and a Gift Economy (free). A lagniappe economy is where there is an exchange of good and services for an exact value (market economy), plus a little unexpected extra that is given for good measure (gift economy).



#10. v4 Principle

v4 is when a consumer becomes a PROsumer. They stand up for a product or service and vouch for it, giving personal assurances to its value. As a marketer you need to figure out a way to make your product or service remark-able. Are you giving your customers something to talk, tweet, blog and post to Facebook about?

PART II:

THE 5 INGREDIENTS OR R.U.L.E.S OF A PURPLE GOLDFISH

Five Ingredients

There are 5 ingredients or R.U.L.E.S when creating a purple goldfish:

Relevant - the extra should be of value to the recipient

Unexpected - it should "surprise and delight"

Limited - the extra should be something rare, hard to find or signature to your business

Expression - it should be a sign that you care

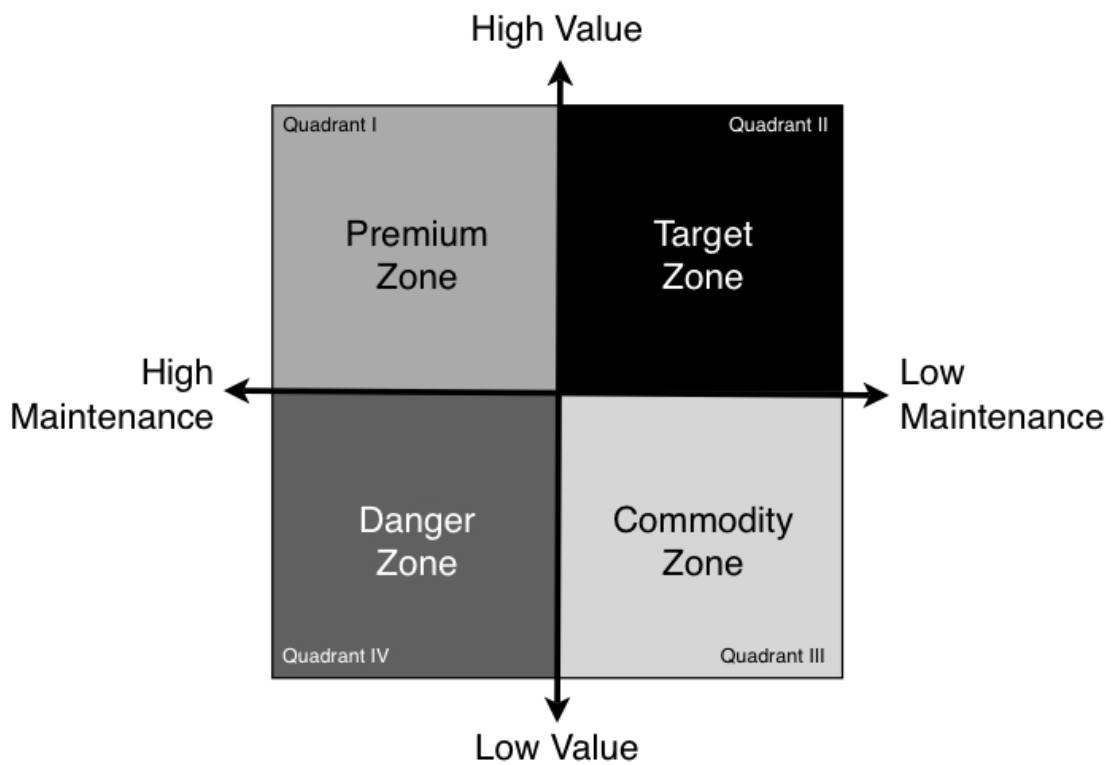
Sticky - it should be memorable and talkable

PART III:

12 TYPES OF PURPLE GOLDFISH

There are no traffic jams on the extra mile – Roger Staubach.

The VM matrix calculates how a brand measures up on two important criteria: value and maintenance. The goal is to be seen as “high value” and “low maintenance” by your customers.



There are 12 types of Purple Goldfish based on value and maintenance:

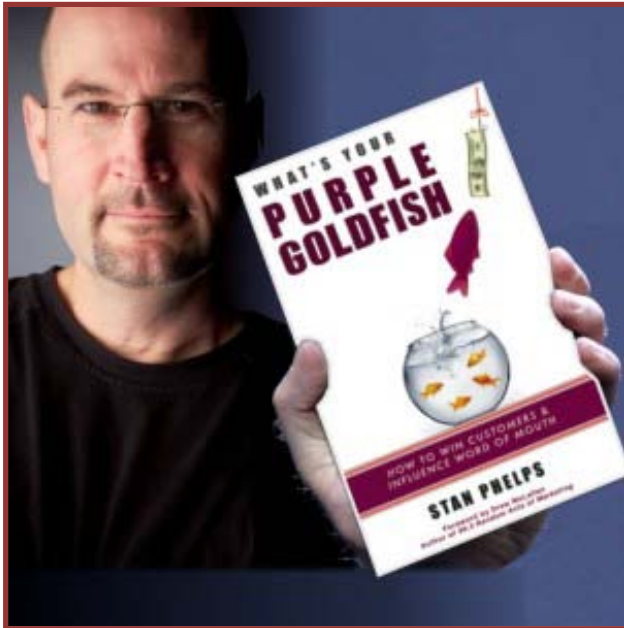
- #1. **Throw-ins** (value)
- #2. **In the Bag / Out of the Box** (value)
- #3. **Sampling** (value)
- #4. **First & Last Impressions** (value)
- #5. **Guarantees** (value)
- #6. **Pay it Forward** (value)
- #7. **Follow-up / Thank You's** (maintenance)
- #8. **Added Service** (maintenance)
- #9. **Convenience** (maintenance)
- #10. **Waiting** (maintenance)
- #11. **Special Needs** (maintenance)
- #12. **Handling Mistakes** (maintenance)

Here is a link to my [most viewed post on CustomerThink](#) featuring examples from each category.

Lagniappe Takeaway: Creating Sales Lift

This is probably the most exciting takeaway. Giving a purple goldfish can increase your sales. A [recent article in the International Journal of Marketing Studies](#) has revealed that giving a gift before purchase could increase consumer spending by over 40%.

About the Author



Stan Phelps is Chief Solutions Officer at Synergy Events [synergievents.com]. Founded in 1992, Synergy is an award winning experiential marketing agency. At Synergy Stan takes a wide look at marketing with the premise of finding unique ways to engage customers. He creates signature experiences that accelerate business results.

Stan believes the longest and hardest nine inches in marketing is the distance between the brain and the heart of a customer. He's committed to exploring the concept of marketing lagniappe. *What's Your Purple Goldfish?* is the first book in a trilogy on the subject.

The second book, *What's Your Green Goldfish?* will take a look at the signature extras a business provides to their employees to improve morale, reduce attrition and create a dynamic culture. The final installment will be *What's Your Golden Goldfish?* It will focus on the extras you provide for both your top 20% of customers and top 20% of employees.

Stan received a BS in marketing from Marist College and a JD/MBA from Villanova University. He lives in Norwalk, Connecticut with his wife Jennifer, their two boys Thomas & James and a Glen of Imaal Terrier named MacMurphy.

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