

Risks And Stakes In Referral Networking

Most of the people use referrals as a major source of their business development and growth. Referrals use word of mouth to spread the image of a business. Word of mouth is a form of marketing which does not require as much investment in terms of money as other forms such as advertising and personal selling. It proves to be an effective way of marketing your business, but it involves as much risk as the benefits, however. There are many people who are not aware of the risks and negative outcomes of this form of marketing. They think that all they need to do is to know more and more people and referrals will simply spread the positive words about their business. But they must keep the trust factor in mind before blindly starting word of mouth marketing.

In word of mouth kind of marketing, your integrity, truthfulness and image is always at stake. You are standing on the edge, all the time. In this form of marketing, there is nothing fake like an ad or commercial. Everything and every action are visible and transparent in front of public. A little mistake can cause you big losses. You have got to stand by your words and promises. People keep an eye on your words and deeds and a small slip can lead to huge falls. You need to be professional in your words and actions. Your integrity is always at stake. Everyone involved in your dealings can see clearly all what you are doing. When you refer someone of your business or product, your name and reputation is also going with this referral. A good referral can be a good source of adding up to your good reputation, a bad referral source can harm it badly, however. Word of mouth and its benefit or harm depends a lot on the referral. If the person is motivated and honest, a single word of mouth can spread too many people to elevate the heights of your image. On the other hand, if the person is dishonest and disloyal, bad reputation spreads just like fire in jungle. A bad referral source can cause a severe hit on your relationships with the customers and prospects.

Companies invest millions and billions of dollars on advertising and marketing to cast a positive image in the minds of their customers. Reputation and positioning of a business is very delicate matter to be handled. A single and little mistake can hurt the investment and efforts of long years. That is why people must think before referring as it can lead to unexpected results.

The biggest risk in referral marketing is to the referral giver's image and position in market and his relationships. That is the reason word of mouth is risky and dangerous. So always take enough time to know about the person you are referring. Always make it sure they are trustworthy and honest. If they are not, your integrity is at stake.