Contagious

WHY THINGS CATCH ON

JONAH BERGER

Introduction: Why Things Catch On

By the time Howard Wein moved to Philadelphia in March 2004, he already had lots of experience in the hospitality industry. He had earned an MBA in hotel management, helped Starwood Hotels launch its W brand, and managed billions of dollars in revenue as Starwood's corporate director of food and beverage. But he was done with "big." He yearned for a smaller, more restaurant-focused environment. So he moved to Philly to help design and launch a new luxury boutique steakhouse called Barclay Prime.

The concept was simple. Barclay Prime was going to deliver the best steakhouse experience imaginable. The restaurant is located in the toniest part of downtown Philadelphia, its dimly lit entry paved with marble. Instead of traditional dining chairs, patrons rest on plush sofas clustered around small marble tables. They feast from an extensive raw bar, including East and West Coast oysters and Russian caviar. And the menu offers delicacies like truffle-whipped potatoes and line-caught halibut FedExed overnight directly from Alaska.

But Wein knew that good food and great atmosphere wouldn't be enough. After all, the thing restaurants are best at is going out of business. More than 25 percent fail within twelve months of opening their doors. Sixty percent are gone within the first three years.

Restaurants fail for any number of reasons. Expenses are high—everything from the food on the plates to the labor that goes into preparing and serving it. And the landscape is crowded with competitors. For every new American bistro that pops up in a major city, there are two more right around the corner.

Like most small businesses, restaurants also have a huge awareness problem. Just getting the word out that a new restaurant has opened its doors—much less that it's worth eating at—is an uphill battle. And unlike the large hotel chains Wein had previously worked for, most restaurants don't have the resources to spend on lots of advertising or marketing. They depend on people talking about them to be successful.

Wein knew he needed to generate buzz. Philadelphia already boasted dozens of expensive steakhouses, and Barclay Prime needed to stand out. Wein needed something to cut through the clutter and give people a sense of the uniqueness of the brand. But what? How could he get people talking?

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How about a hundred-dollar cheesesteak?

The standard Philly cheesesteak is available for four or five bucks at hundreds of sandwich shops, burger joints, and pizzerias throughout Philadelphia. It's not a difficult recipe. Chop some steak on a griddle, throw it on a hoagie (hero) roll, and melt some Provolone cheese or Cheez Whiz on top. It's delicious regional fast food, but definitely not haute cuisine.

Wein thought he could get some buzz by raising the humble cheesesteak to new culinary heights—and attaching a newsworthy price tag. So he started with a fresh, house-made brioche roll brushed with homemade mustard. He added thinly sliced Kobe beef, marbleized to perfection. Then he included caramelized onions, shaved heirloom tomatoes, and triple-cream Taleggio cheese. All this was topped off with shaved hand-harvested black truffles and butter-poached Maine lobster tail. And just to make it even more outrageous, he served it with a chilled split of Veuve Clicquot champagne.

The response was incredible.

People didn't just try the sandwich, they rushed to tell others. One person suggested that groups get it "as a starter . . . that way you all get the absurd story-telling rights." Another noted that the sandwich was "honestly indescribable. One does not throw all these fine ingredients together and get anything subpar. It was like eating gold." And given the sandwich's price, it was almost as expensive as eating gold, albeit far more delicious.

Wein didn't create just another cheesesteak, he created a conversation piece.

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It worked. The story of the hundred-dollar cheesesteak was contagious. Talk to anyone who's been to Barclay Prime. Even if people didn't order the cheesesteak, most will likely mention it. Even people who've never been to the restaurant love to talk about it. It was so newsworthy that *USA Today, The Wall Street Journal* , and other media outlets published pieces on the sandwich. The Discovery channel filmed a segment for its *Best Food Ever* show. David Beckham had one when he was in town. David Letterman invited Barclay's executive chef to New York to cook him one on the *Late Show*. All that buzz for what is still, at its heart, just a sandwich.

The buzz helped. Barclay Prime opened nearly a decade ago. Against the odds, the restaurant has not only survived but flourished. It has won various food awards and is listed among the best steakhouses in Philadelphia year after year. But more important, it built a following. Barclay Prime caught on.

WHY DO PRODUCTS, IDEAS, AND BEHAVIORS CATCH ON?

There are lots of examples of things that have caught on. Yellow Livestrong wristbands. Nonfat Greek yogurt. Six Sigma management strategy. Smoking bans. Low-fat diets. Then Atkins, South Beach, and the low-carb craze. The same dynamic happens on a smaller scale at the local level. A certain gym will be the trendy place to go. A new church or synagogue will be in vogue. Everyone will get behind a new school referendum.

These are all examples of social epidemics. Instances where products, ideas, and behaviors diffuse through a population. They start with a small set of individuals or organizations and spread, often from person to person, almost like a virus. Or in the case of the hundred-dollar cheesesteak, an over-the-top, wallet-busting virus.

But while it's easy to find examples of social contagion, it's much harder to actually get something to catch on. Even with all the money poured into marketing and advertising, few products become popular. Most restaurants bomb, most businesses go under, and most social movements fail to gain traction.

Why do some products, ideas, and behaviors succeed when others fail?

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One reason some products and ideas become popular is that they are just plain better. We tend to prefer websites that are easier to use, drugs that are more effective, and scientific theories that are true rather than false. So when something comes along that offers better functionality or does a better job, people tend to switch to it. Remember how bulky televisions or computer monitors used to be? They were so heavy and cumbersome that you had to ask a couple of friends (or risk a strained back) to carry one up a flight of stairs. One reason flat screens took off was that they were better. Not only

did they offer larger screens, but they weighed less. No wonder they became popular.

Another reason products catch on is attractive pricing. Not surprisingly, most people prefer paying less rather than more. So if two very similar products are competing, the cheaper one often wins out. Or if a company cuts its prices in half, that tends to help sales.

Advertising also plays a role. Consumers need to know about something before they can buy it. So people tend to think that the more they spend on advertising, the more likely something will become popular. Want to get people to eat more vegetables? Spending more on ads should increase the number of people who hear your message and buy broccoli.

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But although quality, price, and advertising contribute to products and ideas being successful, they don't explain the whole story.

Take the first names Olivia and Rosalie. Both are great names for girls. Olivia means "olive tree" in Latin and is associated with fruitfulness, beauty, and peace. Rosalie has Latin and French origins and is derived from the word for roses. Both are about the same length, end in vowels, and have handy, cute nicknames. Indeed, thousands of babies are named Olivia or Rosalie each year.

But think for a moment about how many people you know with each name. How many people you've met named Olivia and how many people you've met named Rosalie.

I'll bet you know at least one Olivia, but you probably don't know a Rosalie. In fact, if you do know a Rosalie, I'll bet you know *several* Olivias.

How did I know that? Olivia is a much more popular name. In 2010, for example, there were almost 17,000 Olivias born in the United States but only 492 Rosalies. In fact, while the name Rosalie was somewhat popular in the 1920s, it never reached the stratospheric popularity that Olivia recently achieved.

When trying to explain why Olivia became a more popular name than Rosalie, familiar explanations like quality, price, and advertising get stuck. It's not like one name is really "better" than the other, and both names are free, so there is no difference in price. There is also no advertising campaign to try to get everyone to name their kids Olivia, no company determined to make that name the hottest thing since Pokémon.

The same thing can be said for videos on YouTube. There's no difference in price (all are free to watch), and few videos receive any advertising or marketing push. And although some videos have higher production values, most that go viral are blurred and out of focus, shot by an amateur on an inexpensive camera or cell phone.[*]

So if quality, price, and advertising don't explain why one first name becomes more popular than another, or why one You-Tube video gets more views, what does?

SOCIAL TRANSMISSION

Social influence and word of mouth. People love to share stories, news, and information with those around them. We tell our friends about great vacation destinations, chat with our neighbors about good deals, and gossip with coworkers about potential layoffs. We write online reviews about movies, share rumors on Facebook, and tweet about recipes we just tried. People share more than 16,000 words per day and every hour there are more than 100 million conversations about brands.

But word of mouth is not just frequent, it's also important. The things others tell us, e-mail us, and text us have a significant impact on what we think, read, buy, and do. We try websites our neighbors

recommend, read books our relatives praise, and vote for candidates our friends endorse. Word of mouth is the primary factor behind 20 percent to 50 percent of all purchasing decisions.

Consequently, social influence has a huge impact on whether products, ideas, and behaviors catch on. A word-of-mouth conversation by a new customer leads to an almost $200 increase in restaurant sales. A five-star review on Amazon.com leads to approximately twenty more books sold than a one-star review. Doctors are more likely to prescribe a new drug if other doctors they know have prescribed it. People are more likely to quit smoking if their friends quit and get fatter if their friends become obese. In fact, while traditional advertising is still useful, word of mouth from everyday Joes and Janes is at least ten times more effective.

Word of mouth is more effective than traditional advertising for two key reasons. First, it's more persuasive. Advertisements usually tell us how great a product is. You've heard it all—how nine out of ten dentists recommend Crest or how no other detergent will get your clothes as clean as Tide.

But because ads will always argue that their products are the best, they're not really credible. Ever seen a Crest ad say that only one out of ten dentists prefers Crest? Or that four of the other nine think Crest will rot your teeth?

Our friends, however, tend to tell it to us straight. If they thought Crest did a good job, they'll say that. But they'd also tell us if Crest tasted bad or failed to whiten their teeth. Their objectivity, coupled with their candidness, make us much more likely to trust, listen to, and believe our friends.

Second, word of mouth is more targeted. Companies try to advertise in ways that allow them to reach the largest number of interested customers. Take a company that sells skis. Television ads during the nightly news probably wouldn't be very efficient because many of the viewers don't ski. So the company might advertise in a ski magazine, or on the back of lift tickets to a popular slope. But while this would ensure that most people who see the ad like skiing, the company would still end up wasting money because lots of those people don't need new skis.

Word of mouth, on the other hand, is naturally directed toward an interested audience. We don't share a news story or recommendation with everyone we know. Rather, we tend to select particular people who we think would find that given piece of information most relevant. We're not going to tell a friend about a new pair of skis if we know the friend hates skiing. And we're not going to tell a friend who doesn't have kids about the best way to change a diaper. Word of mouth tends to reach people who are actually interested in the thing being discussed. No wonder customers referred by their friends spend more, shop faster, and are more profitable overall.

A particularly nice example of how word of mouth improves targeting came to me in the mail a few years ago. Every so often publishers will send me free books. Usually they're related to marketing and the publisher hopes that if I'm given a free copy, I'll be more likely to assign the book to my students (and sell them a bunch of copies in the process).

But a few years ago, one company did something slightly different. It sent me two copies of the same book.

Now, unless I'm mistaken, there's no reason for me to read the second copy, once I've read the first. But these publishers had a different goal in mind. They sent a note explaining why they thought the book would be good for my students, but they also mentioned that they sent a second copy so that I could pass it along to a colleague who might be interested.

That's how word of mouth helps with targeting. Rather than sending books to everyone, the publishers got me, and others, to do the targeting for them. Just like a searchlight, each recipient of the double mailing would look through his or her personal social network, find the person that the book would be most relevant for, and pass it along.