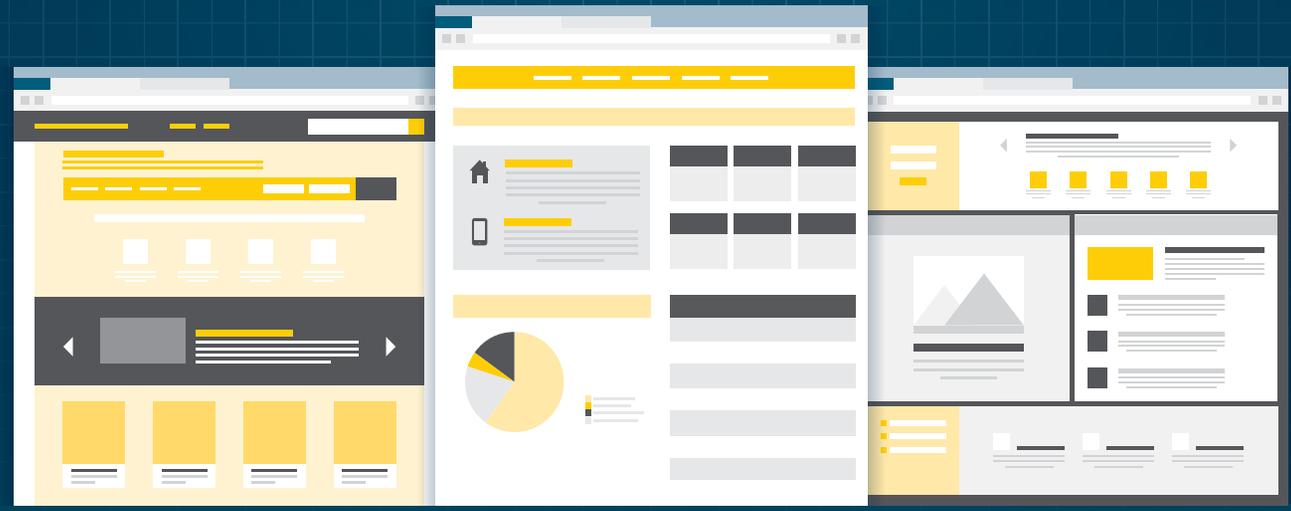


# A BLUEPRINT FOR INVESTING IN REFERRAL MARKETING

Keeping The User Experience In Mind When Choosing  
Technology & Building Programs



# INTRODUCTION

A dynamic shift is occurring in the B2B marketplace today. B2B buyers, like their consumer brethren, are relying heavily on trusted peers for advice before making decisions on technologies and services. According to Demand Gen Report's [2015 B2B Buyer's Survey](#), peers and colleagues ranked among the top three sources of information respondents cited.

That is backed up by recent research from Social@Ogilvy, which noted that 80% of reach from marketing campaigns now comes from amplification through advocacy.

Companies that take advantage of the advocacy market with referral marketing programs are bringing in more new customers and are able to keep their existing customers content. There has been a huge shift toward referral marketing, according to R "Ray" Wang, Principal Analyst and CEO, Constellation Research, a research and advisory firm. "Word of mouth and referrals now drive 73% of the B2B deals we encounter. The big change is the realization that funnels are dead and that the buyer journey is multifaceted and transcends ubiquitous channels."

Referral marketing is emerging as a powerful strategy based on the methods that buyers currently use to research solutions. "Our research shows that 74% of B2B buyers now conduct more than half of their research online before making an offline purchase,"

said Mary Shea, Principal Analyst with Forrester Research. "Many of the more traditional demand generation techniques have been exhausted, and therefore referral automation platforms enable sellers to engage with potential customers the way they want to engage." With this drastic change in demand generation, this Buyer's Guide will help start you on the right path to understanding referral automation and:

- ▶ The role of referral marketing as part of an overall advocacy marketing program
- ▶ The strong returns of referral marketing, including lower cost per lead
- ▶ The advantages of going beyond manual processes and home-grown systems to fully automate the referral marketing process

We will then delve into a step-by-step blueprint of the considerations that marketers need to weigh in order to invest wisely in referral automation software based on the four user experiences:

- ▶ Advocates
- ▶ Prospects
- ▶ Sales Teams
- ▶ Marketing/Administrators

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— MARY SHEA,  
FORRESTER RESEARCH

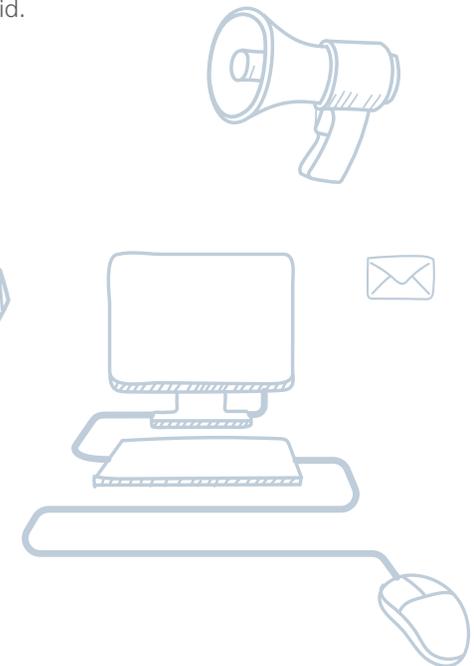
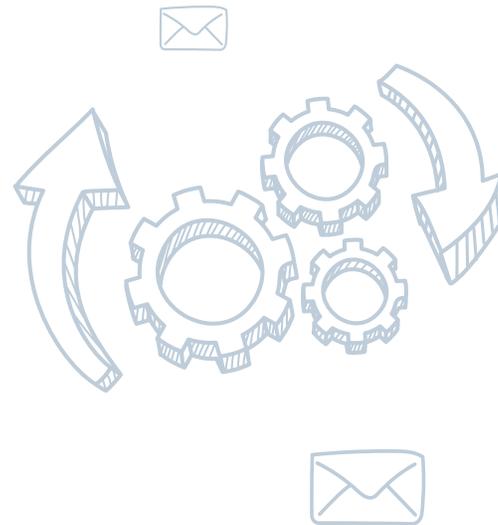


# DEFINING REFERRAL MARKETING



As a subset of advocacy marketing, referral marketing efforts focus on encouraging and rewarding customers who recommend your brand to their colleagues, associates, friends and family.

Referral marketing provides a direct line to revenue versus the broader topic of advocacy, which is tied to building brand awareness. It is also the highest level of activity that an advocate (a customer, partner or employee) can perform for your brand by amplifying their perception of your brand through their social contacts. "Referral marketing is about driving sales from trusted relationships," Wang said.



"Referral marketing is about driving sales from trusted relationships."

— R "RAY" WANG,  
CONSTELLATION  
RESEARCH



# HOW REFERRAL MARKETING AUTOMATION BOOSTS ROI

Infusing your business with referral marketing automation has been shown to boost ROI by:

- ▶ Increasing lead conversion
- ▶ Improving customer lifetime value
- ▶ Reducing churn

An automated and integrated referral marketing program ensures that your advocates and salespeople have the details of the program at their fingertips and can track the results of their recommendations.

According to Gigaom Research, referred customers convert at twice the rate of those who entered the sales funnel through traditional methods.

Referrals also generate a much higher quality of lead than a traditional marketing program, according to research. A study from eMarketer noted that leads from referrals convert at a rate four times that of leads generated by other marketing programs.

Once a referral lead becomes a customer, they are more likely to remain in the fold. “Not only is the cost of acquisition lower for referred customers, customers that come to us through referrals are stickier,” said Mark

B. Brier, Director of Marketing, Upsell for RingCentral, a telecom services provider. “Because they were referred by a trusted advisor, friend, IT consultant or other source, we find that they are higher-quality leads that become long-term customers.”

Wang noted that his firm has seen referral marketing increase cross-sell by 22%, drive up-sell revenue from 13% to 51%, and also increase order size from 5% to 85%.

“Not only is the cost of acquisition lower for referred customers, customers that come to us through referrals are stickier.”

— MARK B. BRIER,  
RINGCENTRAL



# WHY AUTOMATE YOUR REFERRAL MARKETING?

While referral marketing can still yield results with these more manual monitoring methods such as paper, spreadsheets and home-grown systems, the benefits are amplified with automation.

The value of referral marketing automation can be measured by increased participation in the program, said Brier. “At previous companies, we tracked our advocates’ contributions once a month and sent out gift cards. That didn’t really inspire as much participation as we wanted. People want quick feedback so that they know their efforts are making a difference.”

Often, brands that do run referral programs are not getting the sales lift that they hoped to achieve due to manual tracking processes. When referral marketing is not performing as expected, automation can help pinpoint ways to optimize the program.

Some of the main challenges with home-grown referral marketing systems are that:

- ▶ They are not always as accurate and up-to-date because they rely on human updates
- ▶ They are not necessarily tied to the marketer’s other technologies, such as marketing automation and CRM

- ▶ They can leave the advocates in the dark as to where their referrals stand
- ▶ They can’t track referrals, advocate contributions or automate rewards
- ▶ Without automation they won’t prompt an advocate to follow through on referrals
- ▶ They leave salespeople or support teams spending a lot of time fielding phone calls.
- ▶ The process often breaks down without a formal mechanism to make referrals
- ▶ They can’t extend to additional referral methods like social media

For some sectors, such as financial services, expanding into social media can be risky. Automation can help provide structure to the process. “This can be dealt with through listening and monitoring, controls, and proper terms and disclosures,” said Marissa Ellstein, Senior Product Manager for American Express.

However, Ellstein noted that investing in referral automation is important, but requires proof that the company is gaining incremental customers and scalability potential to surpass the investment.

“Advocates want quick feedback so that they know their efforts are making a difference.”

— LARRY ANGELI,  
AMPLIFINITY



# 5 NON-CASH WAYS TO REWARD REFERRALS

While cash is king, money or gift cards are not the only way that you can reward your advocates. Here are a few non-cash referral rewards to consider:

1. Create a prize or sweepstakes for submitting referrals during a specific period. Upgraded products or services are particularly effective in corporate environments where individuals can't accept cash or gift cards.
2. A charitable contribution around a particular theme or cause that is chosen by the recipient's company.
3. Participation in a roundtable or a special event to provide a sneak peek of a new product or service and ask for their feedback. Advocates want to feel they are part of the company's success.
4. Additional training or education. While there is some cost involved, this can help the advocate move ahead at their company and in their career, which will inspire long-term loyalty if they move to another organization.
5. A thank you email. It makes your advocates feel special and automation makes it simple to execute.

“We offered a chance to win a drone to anyone who submitted a referral during a specific period, and we saw a big jump in the number of closed deals from those leads. Choose a hot toy or product, and you're likely to get some visibility.”

— MARK B. BRIER,  
RINGCENTRAL



# REFERRAL MARKETING ACROSS USER EXPERIENCES

While there are features and functions that are specific to the various users of referral marketing — advocates, prospects, salespeople and marketing/administrators — common themes that resonate for all groups are ease-of-use and seamless integration with existing technology.

“If it is not easy to use, you can be offering great rewards to your advocates, but they won’t bother if it is too difficult to make a referral or collect their rewards,” said Megan Heuer, VP and Group Director for SiriusDecisions, a global research and advisory firm.

Integration with existing technology, such as CRM and marketing automation, is also essential for success, Heuer noted.

Along with the features that span user experiences, we’ve delivered you a breakdown of the features and capabilities vital to each group of referral marketing users.

“If it is not easy to use, you can be offering great rewards to your advocates, but they won’t bother if it is too difficult to make a referral or collect their rewards.”

— MEGAN HEUER,  
SIRIUSDECISIONS

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# ADVOCATES WANT EASE OF USE



**Advocates want a seamless process for making referrals and tracking their progress.**

**Here are some of the questions to think about when considering referral marketing technology for advocates.**

- 1 Does the system use a single sign-on that uses the advocate's existing credentials or social registration? This will save time and encourage participation.
- 2 Is registration verified so that advocates know they have successfully signed up for the program? Immediate feedback is important.
- 3 Is the referral coming from a brand they're familiar with? Keeping the interface branded makes the advocate feel comfortable enough to refer.
- 4 Is it easy to make a referral? Making the process less complicated with simple lead suggestion forms will encourage advocates to follow through.
- 5 Is there an easy way to make referrals through posts on social media? This provides advocates with a simple way to reach their networks.
- 6 Does the advocate have a personal URL for referrals? This can lend an air of exclusivity.
- 7 Can the advocate use off-line methods to make referrals? Printed cards are an effective way to refer during personal meetings.
- 8 Can advocates quickly and easily track the status of their referrals and rewards through a dashboard?
- 9 Are they notified via email when a prospect takes action on the referral? When advocates can see that their referrals are turning into sales they will be more inclined to make additional recommendations.

“It is important to have a referral marketing system that enables advocates to share their experiences with your product on their own timeframe.”

— JEFF PALMER,  
JIVE



# PROSPECTS WANT TO QUICKLY PROCESS THEIR PURCHASES



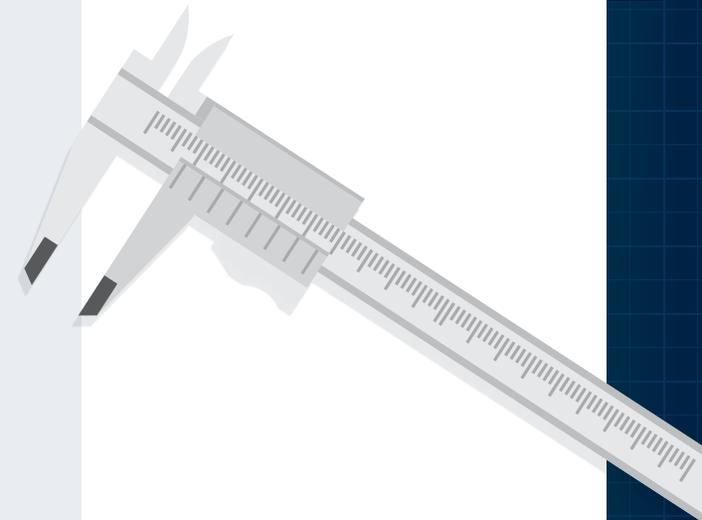
For the prospect, the experience is all about being able to easily make a purchase and have it linked back to the person who referred them.

Questions of importance for a positive prospect experience include:

- 1 Does the system easily share the prospect's contact information with the brand's current technology to facilitate a quick call-back from the sales team? The faster a vendor can contact a prospect, the more likely they will be to close a deal.
- 2 Is the prospect entered directly into an online ordering flow once they accept a referral? In a B2C scenario, prospects who are directed immediately into the buying process are less likely to hesitate.
- 3 Does the system reinforce personalization and the reason for referral as they engage with the brand's buying or sales process? If a prospect knows who made the referral, they will be more likely to move forward.
- 4 Is there support for purchase through multiple touchpoints (such as brick-and-mortar visit, phone and online)? Purchasing should be a hassle-free experience regardless of the outlet.

“A referral marketing system should make the buying process seamless for the prospect.”

— LARRY ANGELI,  
AMPLIFINITY



# THE SALES TEAM WANTS DEEP CRM INTEGRATION



If you want your sales team to be successful, referrals need to integrate seamlessly with the CRM system so that they can quickly see referral leads and begin to work them.

Questions from the sales team's perspective include:

- 1 Does the referral platform allow sales to see that a lead came from a referral and the advocate that made the referral? Qualification is quick when sales can call up the advocate to learn more about the prospect before making contact.
- 2 Can sales and service representatives recruit advocates directly, enroll customers in the referral program and make referrals on those customers' behalf? The more instantaneous the process, the greater the chance of obtaining an advocate for your brand.
- 3 Does the referral technology send automated emails to sales? Salespeople want to know who is making referrals so that they can thank their advocates and keep those referred leads coming.
- 4 Is there a leaderboard to spark some friendly rivalry among the sales team? This taps into the competitive nature of many salespeople and ramps up advocacy efforts.
- 5 Does the referral marketing system provide an automated process for tracking advocate activity, showing which contacts are currently advocates and identifying potential advocates among their contacts? When salespeople can see that the process is working and contributing to the bottom line, they are more likely to participate.

“Salespeople have to know that they need to treat referral leads like gold.”

— MEGAN HEUER,  
SIRIUSDECISIONS



# MARKETING/ADMINISTRATORS WANT AUTOMATION



Fully automating communication with advocates and providing them with easy access to the information that they need are key elements of a referral automation solution.

Key questions for the marketing/administration team include:

- 1 Are all advocate-facing and prospect-facing web pages and emails fully white-labeled to the brand's specifications? Advocates and prospects will participate more readily if they know the program is an authentic brand experience.
- 2 Does the system enable marketers/administrators to make changes, verify, and publish referral program content without involving IT? An easily managed program is essential to make quick changes and updates.
- 3 Is there an ability to A/B test referral content to maximize its effectiveness? Continuous evaluation of best practices can boost performance.
- 4 Does the system provide reporting capabilities to monitor the health of the referral program? Referral activity, advocate profile dashboards and reports provide insight into which processes, tools, and advocates generate the most successful referrals.
- 5 Does the referral marketing solution generate a unique referral ID that associates the prospect to the referring advocate? This creates a "closed loop" referral-to-reward process.

"From the point of view of the administrator, referral marketing has to be automated and closed loop."

— MARK B. BRIER,  
RINGCENTRAL



# CONCLUSION

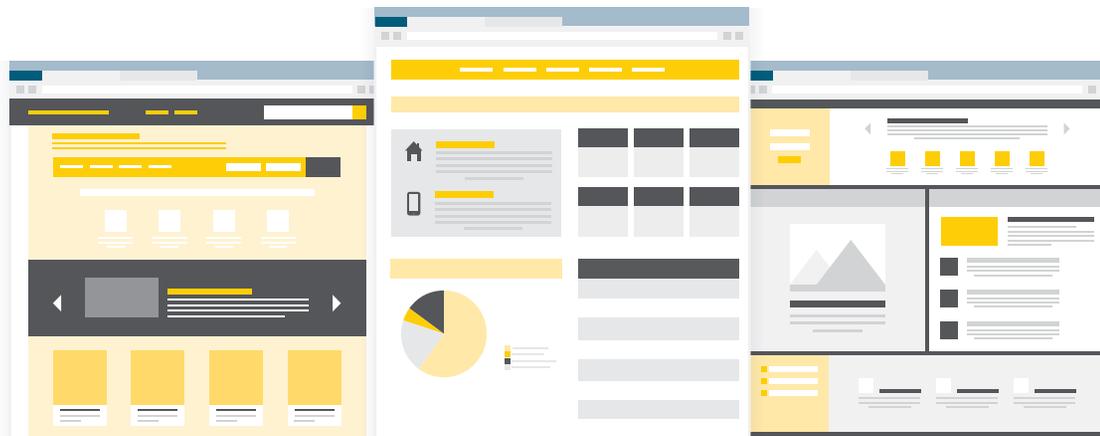
Advocates can be a marketer's most valuable source of leads. Traditional tactics, such as email marketing and webinars, may not generate as many quality leads as they did in the past. That's where referral marketing can help keep the pipeline filled with high converting leads.

Referral marketing is a powerful tool that can motivate all users in a variety of ways:

- ▶ With the help of a seamless process, happy customers are willing to tell their colleagues and friends about a great solution to their problem, and it strengthens their loyalty to the brand.
- ▶ Prospects are confident that they are making the right decision, because the referral comes from a trusted advisor.

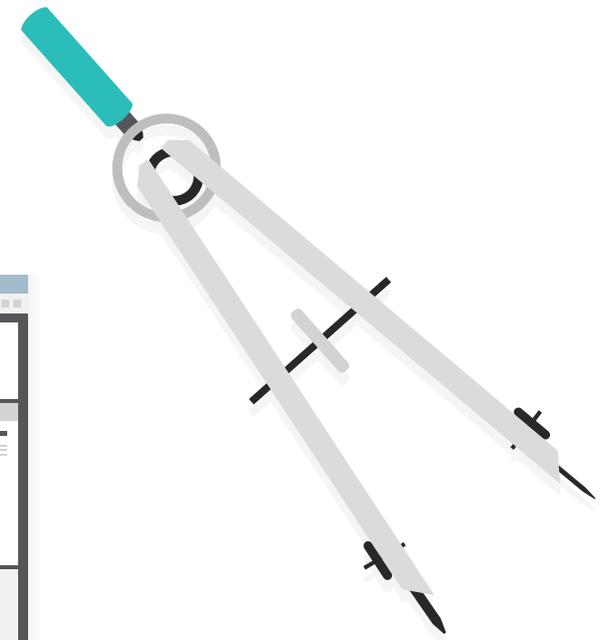
- ▶ Salespeople can focus on the leads that are most likely to convert — those that are referred by a current satisfied client — so that they can exceed their goals.
- ▶ Marketing has a powerful tool in their arsenal to generate quality leads and a better brand experience.

As marketers are charged with driving more quality leads through the pipeline at lower cost, those facts are hard to ignore.



“Referral marketing is a powerful tool to motivate all users in a variety of ways.”

— LARRY ANGELI,  
AMPLIFINITY



# WORKSHEET FOR EVALUATING REFERRAL SOFTWARE



## Advocate Checklist

- Single sign-on
- Registration verification
- Branding consistency
- Simple lead suggestion forms
- Seamless social media posts
- Personal URL for referrals
- Off-line referral capabilities
- Reward status tracking
- Notification when prospect takes action



## Prospect Checklist

- Personalization of the referral for the prospect
- Integration with marketing and sales technology for prospect data
- Smooth transition to online buy flow (B2C)
- Printed and verbal referrals easily brought into system for attribution



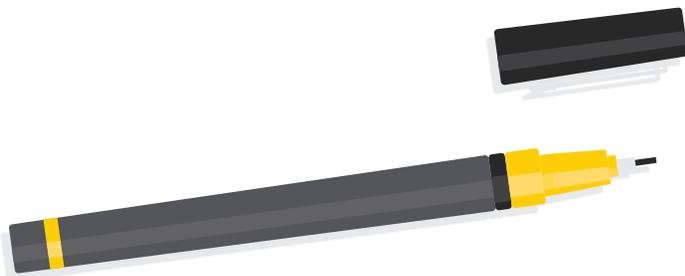
## Sales Checklist

- Identify lead source
- Recruit advocates directly
- Automated notifications of referrals
- Tracking progress against other team members
- Automated process for tracking advocate activity



## Marketing/Administrator Checklist

- Consistent branding for advocate- and prospect-facing web pages
- Ability to make changes, verify and publish referral program content
- A/B test referral content
- Monitor the health of the referral program
- Unique referral ID for a “closed loop” referral-to-reward process



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## ABOUT AMPLIFINITY

Amplifinity's referral amplification software turns customer, employee and partner advocacy into revenue. Our platform provides complete tracking and management of referrals with 100% accuracy so no referral is missed. Enterprises like ADP and DIRECTV trust Amplifinity to enable high-quality acquisition while providing an engaging, fully-branded experience for their advocates. [www.Amplifinity.com](http://www.Amplifinity.com)



## ABOUT DEMAND GEN REPORT

Demand Gen Report is a targeted e-media publication spotlighting the strategies and solutions that help companies better align their sales and marketing organizations, and ultimately, drive growth. A key component of the publication's editorial coverage focuses on the sales and marketing automation tools that enable companies to better measure and manage their multi-channel demand generation efforts.

