Running a Successful Referral Program

9 Best Practices
Your company spends time, money and resources executing your marketing and advertising plans. These efforts often yield indeterminate results that can be difficult to measure. It’s even harder to correlate those efforts directly to new customer acquisition and ROI.

Today, most enterprise companies know that the world has become a very social place, and customers and prospects are connected to their personal and professional networks in intricate ways that affect your business. And these people are developing intensely loyal relationships with their favorite brands as a result of being closer and more connected to them. This is creating an immediate need for companies to leverage their brand advocates.

The question is **HOW?**

The highest value that your advocates – your current customers, employees and partners – can deliver, is a new customer. And advocates are willing and happy to help brands they love, but research shows that most brands don’t ask. As demand generation continues to struggle with rising CPL and decreasing lead quality, brands are asking themselves how to adapt and stay in the lead. Referral marketing is becoming the #1 solution.

Brands that have made the decision to invest in referral advocacy are not only discovering the immediate benefits of increased customer engagement and measurable ROI, they are strengthening sales and marketing alignment.

A referred customer has a 16% higher life-time value.

- Wharton School of Business

92% of consumers trust peer recommendations versus only 40% who trust advertisements.

- Socialnomics

Referred customers require fewer marketing efforts than non-referred new customers, so they generate more revenue at a lower cost.

- Harvard Business Review
Often when a company thinks about a referral program, they think about a program for their current customers. And while it’s true that customers are an excellent channel for driving leads and new acquisition, employees and partners make very effective advocates too!

Consider whether a referral program for all three groups would drive even more success throughout your organization, and then brainstorm the unique needs of each. A few initial considerations:

- What touchpoints does our company leverage to communicate with each group?
- Internally, with whom do we need to collaborate in order to launch a referral program for each advocate group?
- Which of the three advocate groups could we activate most quickly, or how should we prioritize them in order to generate enthusiasm and create awareness that would subsequently assist in more easily launching the others?

Don’t overlook your employees and partners

While these three types of brand advocates are all highly valuable assets and, once engaged, can produce a steady increase in customer acquisition, each of the three must be leveraged, activated and nurtured differently for maximum benefit.

Finally, as your company vets referral automation software, make sure to ask if it is simple to run multiple programs simultaneously, with different user groups.

TAKEAWAY

Don’t forget that your current customers are just one group of advocates. Partners and employees all have high advocacy value. Determine the unique characteristics and needs of each, and then decide which programs will deliver success - often it is all three and they can be launched in stages or simultaneously!
ONCE ENGAGED, KEEP YOUR ADVOCATES’ EXPERIENCE SEAMLESS

The look and feel of every referral program should be seamless, and work in synergy with other brand advertising and marketing programs or campaigns. Your brand advocates don’t want to feel like they are doing business with a stranger when they are doing you a favor.

You’ll confuse and potentially even disappoint your customers if the referral process takes them from your company website to a registration or referral page that is clearly run by a 3rd party or disrupts the brand experience. Your advocates want to help the brand they trust and with which they are familiar, so make sure they are assured that’s what they are doing.

Make sure the referral software you choose to run your program can white label it for you. If they cannot, you’re running a high risk of decreasing your returns and missing out on valuable customer acquisition.

TAKEAWAY

White labeling your referral programs ensures continuity and reinforces advocates’ confidence. Even more, data consistently points to higher levels of engagement and increased ROI for white-labeled referral programs.
ENGAGE YOUR ADVOCATES AT EVERY AVAILABLE TOUCHPOINT

Often, a company looks for referral amplification software because their current referral program is not working as well as they anticipated. While there can be more than one reason for disappointing results, a common reason is due to limitations in engaging advocates. Successful referral programs empower advocates to make referrals using the channels your advocates are comfortable communicating in.

For example, the program registration should be accessible in person, via social media and through call center agents just to name a few. More visibility = more registrations!

An effective referral marketing platform will provide tracking through all the touchpoints at which you choose to engage advocates and collect engagement data so you can optimize your approach.

One thing holds true regardless of the industry: the more places at which you ask for referrals, and the more visibility the program has, the more closed referrals you’ll get. It just makes sense.

TAKEAWAY

Every advocate demographic is unique, for every option a brand offers its advocates to make referrals, the higher the participation, enthusiasm and ROI the program will deliver.
You’d be surprised how many companies launch a referral program, announce it once to their brand advocates, and then leave the rest of the program to chance. Your customers, employees and partners are just as busy as you are. They may hear about your new program and have every intention of registering and making referrals, but inadvertently forget.

A dedicated referral program is a long-term program for business generation. It should include an easy way for your brand to spread the word. Every company has a myriad of opportunities to amplify their referral program.

If you want your brand advocates to help you out, you’ve got to ask and ask consistently. How?

- Company newsletters
- Company events and user group meetings
- User communities
- Banner ads on your website
- Simple and unobtrusive advertising campaign add-ons
- Call center, retail and customer success “asks”
- POS signage
- Leave-behinds for sales reps
- Company social pages

Like any good marketing or advertising, the more ubiquitous your message becomes, the more successful the results.

**TAKEAWAY**

Every marketer knows that new programs must be consistently promoted, tested and optimized. Referral programs are no different, and your referral software should make it simple to keep program awareness and engagement growing by offering quick ways to test results, change rewards and nurture advocates to sustain and increase results.
We grow up learning the importance of good manners and that usually starts with saying “thank you” – same goes for your brand advocates. They already appreciate you. They like your products. They pay attention to what you’re doing. And if they register for your referral program or refer someone from their personal networks to try your products/services, you’ve got to make it clear you appreciate their help.

Most companies know how much it costs to acquire a new customer. If one of your current customers makes a referral and it results in a new customer, you just saved a lot of dough. That customer deserves some props!

Nurturing your brand advocates is a determining factor in referral program success. One important aspect of nurturing is conveying gratitude. Data shows a clear and consistent positive relationship between incentives and program ROI.

Incentives do not have to break the bank. While the incentive is definitely a motivator for your advocates, your acknowledgement of their work keeps them active in the program.

“Incentives work.

Some ideas that work well:

- A coupon for future purchases
- A bill reduction or credit
- A donation to a charity of choice
- A prepaid VISA or Tango card
- Exclusive access to new product samples
- Company swag
- Increased access to your brand “experts” or an invitation to join an “exclusive advocacy community”

TAKEAWAY

The biggest and most successful referral programs use incentives to reward advocates and new customers. Human nature is the strongest argument for incentivizing - people appreciate it when they are recognized and rewarded for helping others. It’s no different for a referral program!

“If an incentive motivates your advocates to make a referral, then it’s your job to offer one as a way of thanking them. It’s pretty simple.”

- SVP of Sales, Business Services
IT HAS TO BE EASY. FOR YOU.

A referral program should not impede workflow, nor should it require excessive hours to manage on your end. A referral platform should integrate seamlessly into your existing systems, allowing for ease of use and minimal training.

When vetting referral software providers, make sure you get an unequivocal “yes!” to these basic questions. A YES will ensure a more efficient and painless implementation, and reduce the hours spent managing your referral program:

1. Does the software integrate with your CRM system?
2. Can we change the creative/design on our own, without IT support?
3. If the incentive we choose for launch isn’t working as well as we’d like, can we change it on our own with little-to-no effort?

“It has to be easy. For you.

TAKEAWAY

Implementing one or multiple referral programs should not result in excessive time needed to manage it. Referral amplification software should make it simple, quick and measurable without adding more resources.

“We were internally running and managing a large-scale referral program. The paperwork, program tracking and management and resulting escalations were making the entire initiative counter-productive.

We made the decision to move our program to a referral software provider that knew the ins-and-outs of referral program optimization. Today, this referral program generates over 80% of our new leads. Cold calling has become just a small part of our lead-gen efforts thanks to the simplicity of this software.”

- VP of Marketing, Telecommunications
The ‘Keep it Simple, Stupid’ mantra rarely fails when it comes to marketing. How many times have you abandoned a website, failed to complete a survey or online program registration because the process was too tedious? Required too much information? Too much time? Even your brand advocates won’t jump through hoops to register for your program or make a referral (no matter how much they like you).

These are the most basic ways to keep the process simple:

- Make sure your referral software can accommodate SSO – Single Sign-on.

- Consider social login - studies have found that social login improves registration conversion rates by 10 to as much as 50 percent.

- Don’t make a referral contingent on entering long ID or account numbers.

- Don’t require your advocates to fill out an exhaustive number of fields; chances are good that they won’t.

- Just because a prospect receives a referral offer from a friend online, doesn’t mean he or she is going to buy or accept online. S/he may prefer talking to a customer service rep or visiting a retail location. Make the process trackable and quick, no matter how or where the prospect accepts.

**TAKEAWAY**

Simplicity is the key to driving advocate engagement and program success; Make it easy, quick and painless to register for your referral program and even easier to make referrals.
IF YOU’VE GOT A SALES TEAM, MAKE THEM INTEGRAL TO THE PROGRAM

The more areas of your business that are knowledgeable about the referral program, the more successful it will be. The most critical group to involve is sales.

Sales people typically work to create solid relationships with their customers and partners, so they’ve got the “in” to ask them to register and refer. It’s important that you choose a referral platform that makes it easy for sales to get involved. Detailed reporting on referral statuses and closed sales, and the ability to invite contacts into the program should be available within their existing CRM. This keeps the program visible and relevant for them.

A sales rep’s role in the referral program is vital to its success. Reps should:
- Communicate the value of the program to their best customers;
- Track who among their customers and partners are registering and encourage those who haven’t to do so;
- And empower and nurture the advocates who make referrals using the tools provided by your referral software. Advocates produce more and higher-quality referrals when sales is involved to define targets and enable advocates.

TAKEAWAY

Get sales involved by:
- Choosing referral software that integrates seamlessly with your existing CRM
- Introducing the referral program with enthusiasm, making it easy to understand its benefits and the role sales should play
- Engaging early & often with the sales management team in the program so that they can serve as program “cheerleaders”
Many companies that launch a referral program have a limited plan for nurturing their advocates. For example, a company may decide that offering an incentive is all that is needed to keep advocates engaged and satisfied. As shown in Best Practice #5, data strongly correlates incentives with higher advocate engagement. But, data also shows that nurturing advocates is most effective when it includes more than just an incentive.

A referral program is not simply a “one-off” campaign that is automated and impersonal. A well-run and highly successful referral program will actually transform your customers, employees and partners into a sales and marketing channel. But unlike some sales and marketing channels, this one depends on personal relationships between brand and advocates. Programs that do well at creating these channels nurture their advocates in at least one or all of the following ways:

• Keep your Advocates “in the loop” at all times with a “My Account” page where they can see the status of their referrals and rewards.

• Thank them at specific milestones, such as when they’ve made 5 referrals or when a referral becomes a customer. This can easily be done with an automated, personalized email, but some marketers will send fun gifts or recognition. Some sales people will also personally thank their most active advocates.

• Communicate with advocates throughout the referral process beginning when an advocate registers; makes a referral; while the referral is pending (“You’re almost there!”); and when the advocate’s referral becomes a customer.

Advocates feel appreciated when they know the brand cares about them and appreciates their business. Nurturing those advocates as an integral part of your referral program will not only create advocate trust; it will motivate repeat referrals.

**TAKEAWAY**

Nurturing your advocates means giving them what they need at every stage of the referral process, and narrowing the gap between the advocate and the brand. This is your chance to not only increase ROI, but also customer engagement and loyalty!
Referrals have been around as long as there have been products and services to sell. But a lot has changed since the early days of door-to-door sales and in-person requests for referred business. Today, sales and marketing departments are rushing to leverage new software that makes brand advocacy and referral marketing easier, and provides the flexibility and scalability big brands need to grow the program and test what works along the way.

Software that automates the referral process, tracking and managing every stage of the referral journey, is key to your program’s success. But not all software is created with the most pressing needs of both the brand and the advocate in mind. That’s why it’s imperative to understand the best practices for running a referral program and to feel confident you selected the best platform to enable them.
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.

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