

How to Get Your Best Customers to Refer Their Friends

When marketers think about why they value their best customers, they often think in terms of direct profitability. That is, your best customers tend to be worth a lot to your business simply because they spend a lot of money with you. That's why you treat your customers so well, use onboarding sequences, and focus on retention strategies.

Now here's something else: your best customers are also your best business advocates.

It's true, right? A really happy customer is likely to tell their friends about you, especially if their friends ask for recommendations. This is among the most valuable "advertising," because people who come to you via recommendations from a trusted friend are really warm and presold on doing business with you.

So, the question is, how do you get your customers to recommend your business to their friends?

Answer: you create a referral program, which rewards your best customers for telling their friends about you.

Sure, some of your customers will be happy to tell their friends if you simply ask them to. But you'll get a whole lot of enthusiastic referrals if you reward your customers for their recommendations.

Check out these tips and tricks for starting your referral program...

Create a Two-Way Referral Program

A one-way referral program is where you reward your customer for referring their friends. A two-way referral is where you reward both your customer and the referral. As you might suspect, the two-way referral tends to be more effective.

Some of the biggest companies in the world have used referral programs (and two-way referral programs specifically) to build their business.

For example, the bank ING offered \$25 to new customers and the person who referred them when the referral opened up a new savings account.

DropBox, which is the cloud storage service, did something similar. They offered both referrals and the people who referred them extra storage space when the referral created an account.

The ride-sharing service Uber is another company with a two-way referral program. Both new customers and the person who referred them earn ride credits.

Here's one more example from a company you know: Airbnb has a two-way referral program where both parties earn travel credits for the referral.

Which brings us to the next point...

Offer Valuable Rewards

When you set up your referral program, you need to consider what your audience really wants.

Sure, everyone wants cash, but if you're offering cash then you're basically setting up an affiliate program. Instead, you want to offer discounts, credits, products or similar.

Now here's the key: if your referral program gets people involved in your business even more, that's a good thing.

Take the examples I gave you a few moments ago. Uber offers ride credits. Airbnb offers travel credits. DropBox offers extra space. In all cases, using the referral reward involves using the business' product or service.

The existing customer is happy to get a product or service for free (or at a deep discount). Meanwhile, the referral gets a chance to sample your products or services for free or at a deep discount. And when the new

referral starts using your products and getting good benefits, they too will become loyal customers.

Let's suppose you run a membership site. You might set up a referral program where both parties get one month free inside the membership site.

Another way to do it is to offer the reward conditional on becoming a customer. So, in continuing with the membership site example, you'd give each party a free month AFTER the referral has paid for their first month.

Now the next tip...

Create an Onboarding Sequence

When the new referral first arrives on your site, they're going to be naturally enthusiastic because a trusted friend referred them. However, this enthusiasm may quickly fade. Indeed, the referral may claim the reward (such as a free month inside a membership site), but never use it. When their free trial expires, the person who never looked at your content is unlikely to sign up as a fully paying member.

That's why you need to create an onboarding sequence for your new referrals. This sequence of emails should touch base every two to three days to do the following:

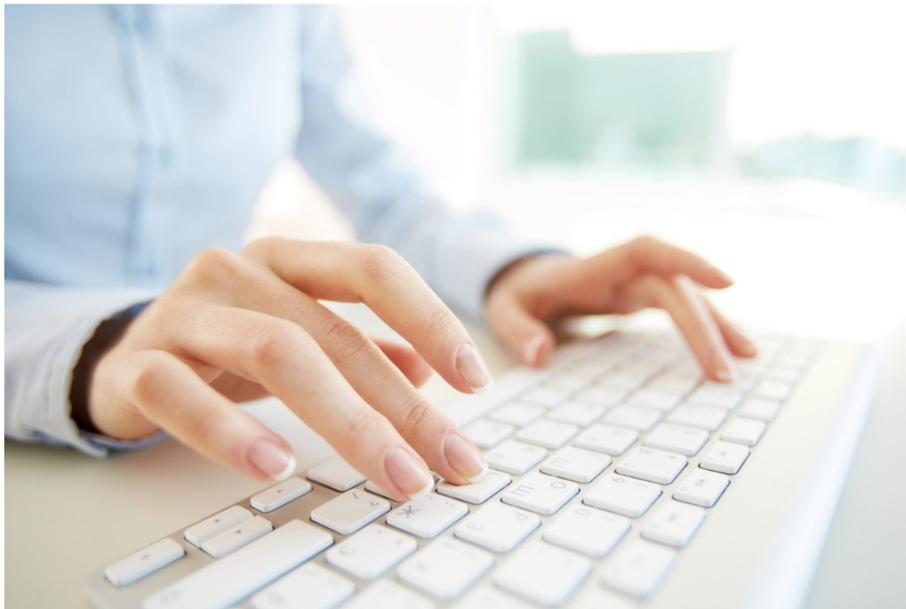
- Remind referrals of the benefits of the offer.
- Encourage them to use the product or service (by pointing to specific parts of it).
- Share new tips and strategies to provide even more value.

If you can get the referral to use the product, then you're one step closer to creating a new or repeat buyer.

Conclusion

Starting a referral program is a great way to generate warm leads. For best results, you'll want to start a two-way program that rewards both parties with credits, discounts or products. If the biggest companies in the world use

referral programs to grow, then you'll definitely want to consider using them too.



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