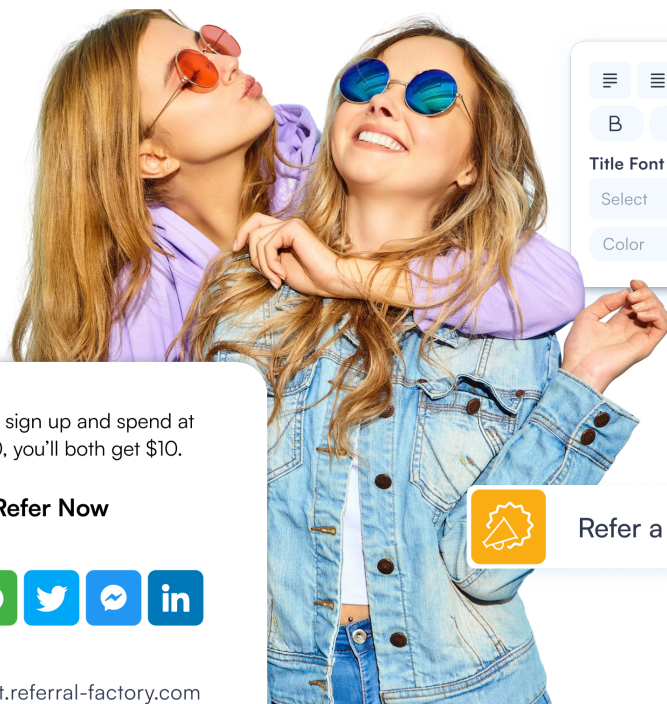




Referral Factory

Ride The Referral Marketing Wave On Its Way Up



Once they sign up and spend at least \$50, you'll both get \$10.

Refer Now



<https://test.referral-factory.com>

Copy Link



Refer a Friend



Written By:
Kirsty Sharman
Founder @ Referral Factory

Findings From 2000+ Referral Programs And 100 000+ Referrals Generated For Our Customers.



If we told you 10 years from now every business would have a referral program, wouldn't you want to be the brand that gets there first and wins the most? The fastest-growing marketing channel - statistically proven to get you customers who buy sooner, spend more and stay longer. Referral programs put your customer at the center of your marketing by encouraging them to actively spread the word about your business

But you needn't take my word for it...

This report aims to highlight referral marketing trends that my team and I have had our eye on while running more than 2 000 referral programs and helping our customers generate over 100 000+ referrals... and counting. See our research findings that will help you ride the referral marketing wave on its way up and why running a referral program is the best way to get qualified leads and grow your business.



Why referral programs are a total win-win:

- ➔ You win because your current customers bring you new customers
- ➔ They win because they get rewarded for doing so

Examining data takes much of the mystery out of predicting the future. Combine this with a decade of experience, a knack for spotting trends and tracking customer behavior, my money's on referral marketing and here's why...

So much more than just a marketing channel

I am certain that 2022 will see referral marketing become so much more than just another customer acquisition channel. My confidence in this is primarily placed on the distinct advantages that positions referral marketing in a league of its own.

Credibility Is The New King

Customer referrals start with a relationship built on trust. And credibility is everything. Customers that are already your advocates (more than 20% of them are already talking to their friends about your brand), that are then rewarded for referring their friends is word of mouth on steroids.

“ Every day, more than 20% of your customers are talking about your business to their friends, and of those friends, 88% are more likely to trust you after being referred, resulting in up to 40% of marketing leads being generated through customer referrals.



Consumers find word-of-mouth to be 2 to 10 more reliable than paid advertisements.

■ Anyone, Anywhere Can Run A Referral Program

Making referral marketing easier than ever before, with the right referral software anyone can get their referral program up and running in a matter of minutes without writing a line of code or having to hire a developer to help.

“ 86% of businesses with structured referral programs have experienced revenue growth within a two-year period.

■ Referrals Result In High Quality Leads

Generating quality leads that buy sooner, spend more and stay longer is, by today's standards, pure marketing gold. Referral marketing is not only a great way to generate a high volume of leads, but also 54% of businesses say that referral programs significantly lower their cost per lead and that these referrals drive the highest conversion rates compared to any other customer acquisition channel.

“ Referred customers are 18% more loyal. They have a 16% higher lifetime value and spend 13.2% more.

■ Paid Advertising Is Getting Very Expensive To Pay For

Although paid marketing channels continue to increase their price, the value and return on investment is not exactly reflective of the cost or what you get out from playing in this very competitive space. What's more, and perhaps even worse than the added expense is that the quality of leads generated on these channels are also on a steady decline.

“ 92% of people trust recommendations from people they know, compared to 37% of people who trust search engine ads and 24% that trust online banner ads.

Leads from referrals have a 30% higher conversion rate than the leads generated from any other paid for channel.

Referral Marketing Has And Is Evolving Rapidly

Facebook and Google have always been the go to advertising platform for acquiring new customers. However, Facebook, Instagram, and Google all reported their CPC is up an average of at least 23%. Even though the CPC is up, it has not brought the same ROI on that spend with it.



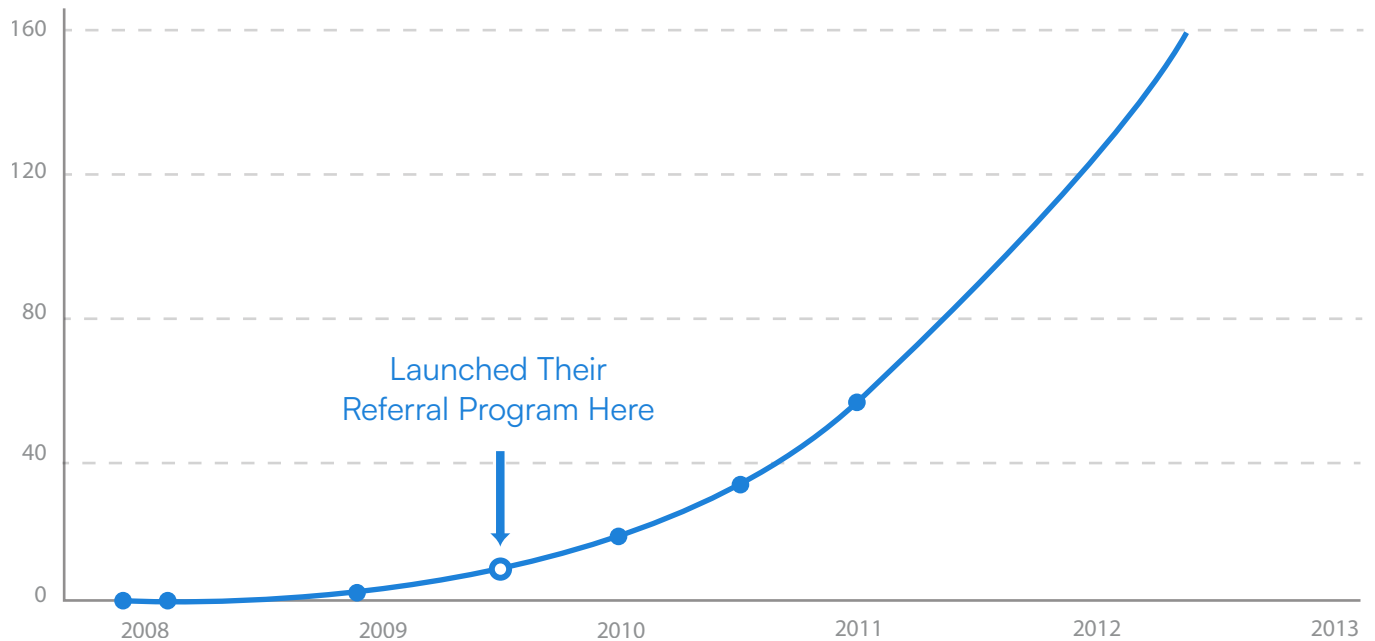


Look what referral marketing did for Dropbox, AirBnB, and Uber.

And with companies like Dropbox, AirBnB and Uber using referral marketing to grow exponentially and at a low cost, many other companies are starting to pay attention to the apparent results achieved from referral marketing.



Million Users



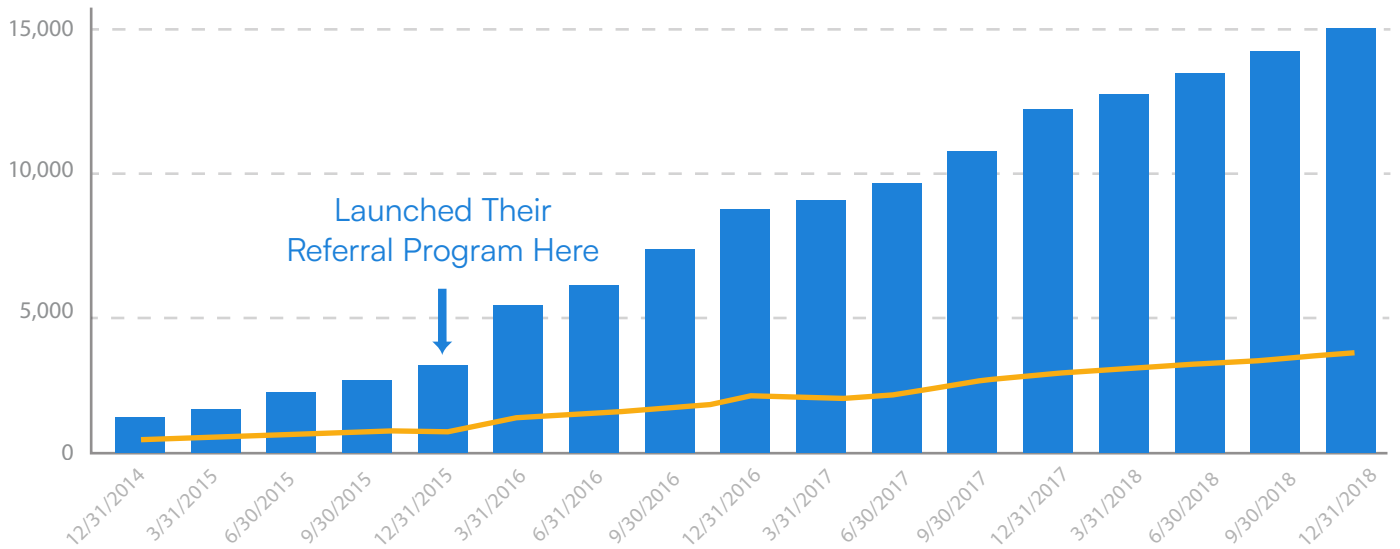
Million Quests





Est: Uber Quarterly Gross Bookings and Net Revenues (\$USD, millions)

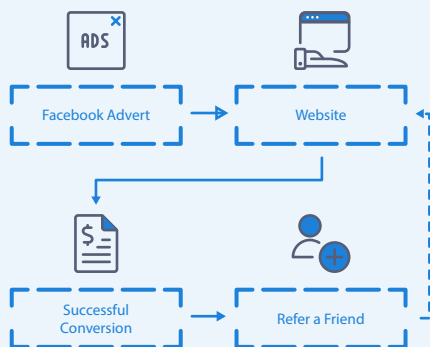
● Gross Booking ● Net Revenues



At first creating a referral marketing program was quite expensive since you had to start from scratch, hire developers, and figure out all the best practices yourself. But now there are referral software companies, like Referral Factory, that place the power of your referral program back in your hands. Our referral software makes it easy for marketers and business owners to build, launch, and run fully automated referral programs in a matter of minutes. With easy to use, no-code referral software that offers a free 15 day trial, now you can put customers at the center of your marketing and your business at the tip of their tongues.

Offering your business so much more than just customer acquisition, referral programs help to strengthen customer relationships. Great referral rewards encourage return purchases from customers that haven't shopped from you in a while. And are also effective in increasing customer retention and the lifetime value of existing customers. Increasing customer trust by getting people to spread the word about your business.

So the question then begs, 'Why are you not turning those acquired customers and those spent dollars into your next marketing channel?'



Referral Loops Can Lower Your Cost Per Acquisition By 34%

Once you've acquired a customer from a paid ad, ask them to invite their friends. This is called a referral loop and it's how we brought the overall CPA down by 34% for an Insurance brand.

If you spend \$20 on a Facebook ad to acquire a new customer, and you then ask that customer to refer a friend for a \$5 reward, your CPA goes from \$20 to \$12.50 because you have now acquired two customers for the total amount (\$20 to Facebook and \$5 on the reward).

\$5 for the reward to acquire two customers. Your CPA is now \$12.50, not \$20.



Reclaiming ROI

You spent the money on paid media, right? Might as well double down on the cost of your existing customer base, reclaiming a higher ROI and at far less of an expense.

How, you ask?

Because you only reward current customers when they bring you qualified referral leads.

For example, the CPC for some niches can be \$50. That guarantees you a chance at a new customer. Referral programs work based on performance not chances. So the reward could be a \$50 discount, voucher, or gift card, WHEN a new prospect has converted to a customer.



Referral Marketing moves your business cost from before the customer acquisition to after the customer acquisition - because you only pay out a reward, once you have actually acquired a new referred customer. So there is NO RISK!

Furthermore, a referral program can also be used for non-customers to invite new business. Affiliates can use your referral program. Also, you can cross promote your referral program with distributors. For example, if your customers are dietitians, then take your referral program to dietitians associations. Reward appropriately.

Secret Sauce For Referral Success

Hopefully by now you see why you need a referral program. But the secret sauce for making it a success? Nailing who gets what.

While referral software can help set up the best referral program for your business, the success of it largely depends on if your customers, affiliates, influencers and distributors are willing to share it with their friends, family and network.

Three simple ways to ensure referral marketing success;

1. Offer an incentive, or reward that people actually want
2. Reward the right person
3. Have a plan to market your referral program

Let me elaborate:



1 Offer an Incentive, or Reward That People Actually Want

Most people are driven by giving more than they are by getting. The referral programs that I have seen perform the best are those driven by a great incentive, rather than a great reward. People feel more comfortable receiving a reward when the person they are referring is getting one too. So making sure that the right person is being rewarded and splitting a referral reward where everyone gets something drives the mass adoption you need to see a return.

For example, when people share your referral program with a friend and get \$100 for doing so, then people often feel bad because they are the only one gaining something.

The secret sauce is giving the person \$50 for sharing your referral program with their friend and then also giving the friend a \$50 discount on the goods or service your business provides.

ppppsst - this is something that no one realizes yet - so the brands that get to market first by designing their programs right, will win.

To prove this point, a study published in Psychological Science suggests that thinking about what was given, rather than what was received, may lead us to be more helpful.

2 Reward the Right Person

Think of a B2B setting, the incentive can often be offered to the wrong person. Think of it like this, if a person working at company A gets a successful referral for company B, then company A gets rewarded.

Sally works at Company A and refers John to company B. John signs up and places his first order with company B. Company B Rewards Company A but in fact it was Sally that did all the work. In return for the referral, Sally should get rewarded by Company B for referring John. But what we often see is that Company A, the company that Sally works for, gets rewarded. Sally did the work, so Sally should get rewarded. Rewarding John for placing an order - and better still offering him an incentive by way of discount or a coupon to ensure he places a second order in the future is gold.

Always reward the person doing the most work! People will be much more motivated to give referrals if they know friends or partners the refer are getting a reward for doing the work.

Have a Plan to Market Your Referral Program

You've built and launched your customer referral program and now its time to market it. Run a successful referral campaign by making sure as many people as possible know about it. Increasing the visibility of your referral program will help to attract more users and encourage them to join.

From emailing your customers to including your referral link in your digital signatures, sharing your referral program on your social media pages or even displaying a QR code in store - the more people you tell, the more referrals you'll get. For more ways to get users referring fast, check out the Referral Factory blog.



Key Takeaways:

1. If you haven't launched your referral program yet, Do. It. Now! With easy to use referral software like Referral Factory, get your referral program up and running in minutes with no coding and no developer needed. Simply sign up, build your referral program and ask your customers to spread the word.
2. Double down on paid advertising already spent to build your existing customer base by activating and later rewarding current customers for referring their friends and helping your business grow faster.
3. Offer a double sided, give and get reward or incentive and make sure you are rewarding the people that have done the most work to get you the referral. Remember: People are MORE likely to refer if they know their friend gets something too.
4. Make your referral program as visible as possible by marketing it to everyone, at every opportunity you get. Then the more people know, the more will join.



About Kirsty Sharman - Founder at Referral Factory

A serial entrepreneur obsessed with finding new ways for businesses to grow. Kirsty has spent over a decade exploring emerging consumer trends and finding new ways to meet changing customer needs. Who better to learn from about referral marketing and software to help you get started than this tech and marketing mastermind?

Ready to grow? Book a demo and start building your referral program today! Your first 15 days are free. www.referral-factory.com

