# A Guide to Create Your Own Referral Program

Referral Rock
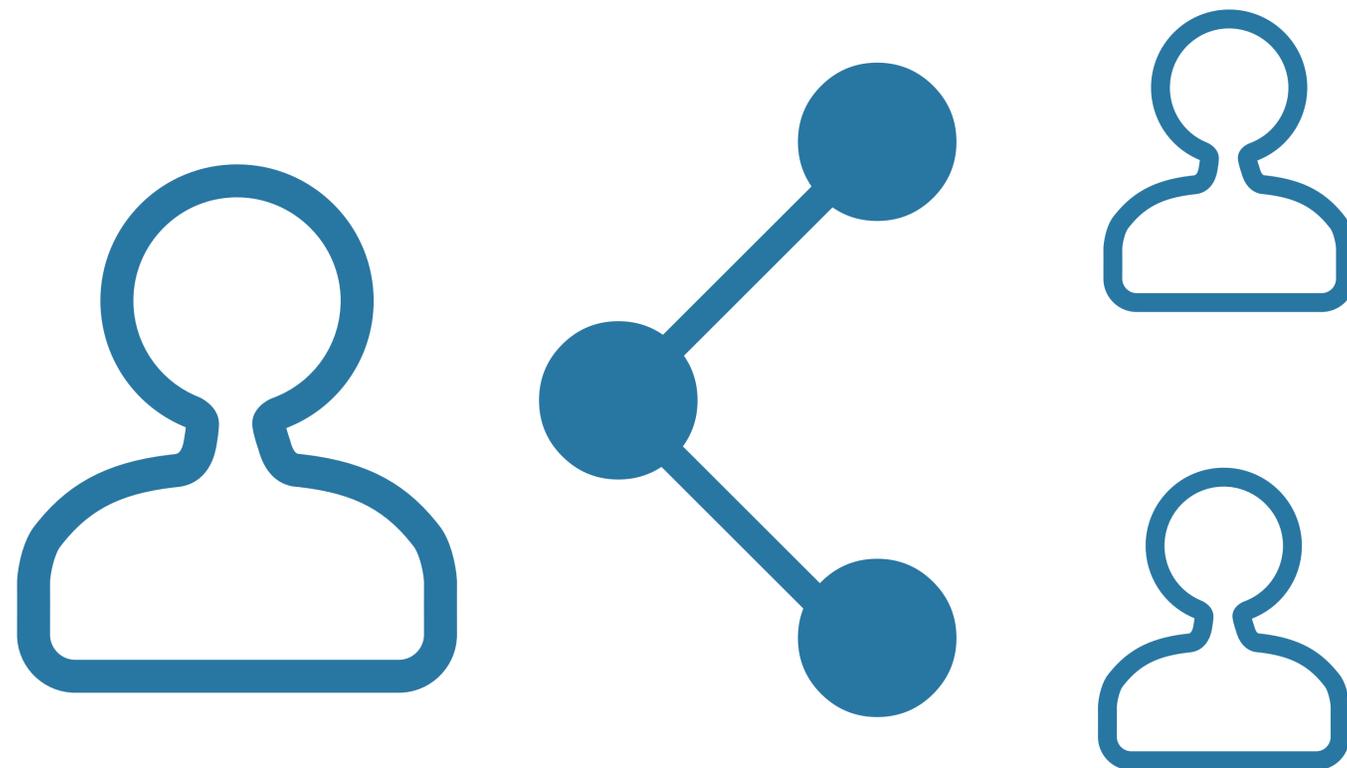
The best referral programs are capable of improving customer lifetime value, increasing customer retention rates, sales, and driving countless benefits to your business.

Whether you sell products, like solar panels, or you offer services, like roofing repair, this guide will walk you through the steps to create an effective referral program.

In this guide, we will cover:

- Choosing and understanding your audience
- Creating your incentive structure
- Designing the referrer's experience
- Designing the referral's experience
- Promoting your program
- Evaluating the results

Are you ready? Let's get started!

Choosing and Understanding your Referral Program Audience

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Identifying a target audience(s) and their needs is a vital component of every referral program. Most often there are **Advocates** and **Referrals** (new prospects).

Ask yourself..
Who are going to be the advocates? Only your customers? Maybe your employees too?

Possible advocates to consider:

Customers

Business partners

Consultants

Employees

A targeted approach in driving traffic to your program URL is recommended. Otherwise, you will likely waste valuable time and resources on individuals that are not necessarily interested in participating.

Once you have defined your target audience, you will want to create a **persona profile** to differentiate your audiences.

What is a persona profile?
How do you create one?

A **Persona Profile** is a sketch of a key segment of your audience. You want to know who that person is, how best to speak to him or her, and any other useful information that'll help you create the most compelling referral program possible.

TIP: You might want to create a persona profile for the advocate categories defined above.
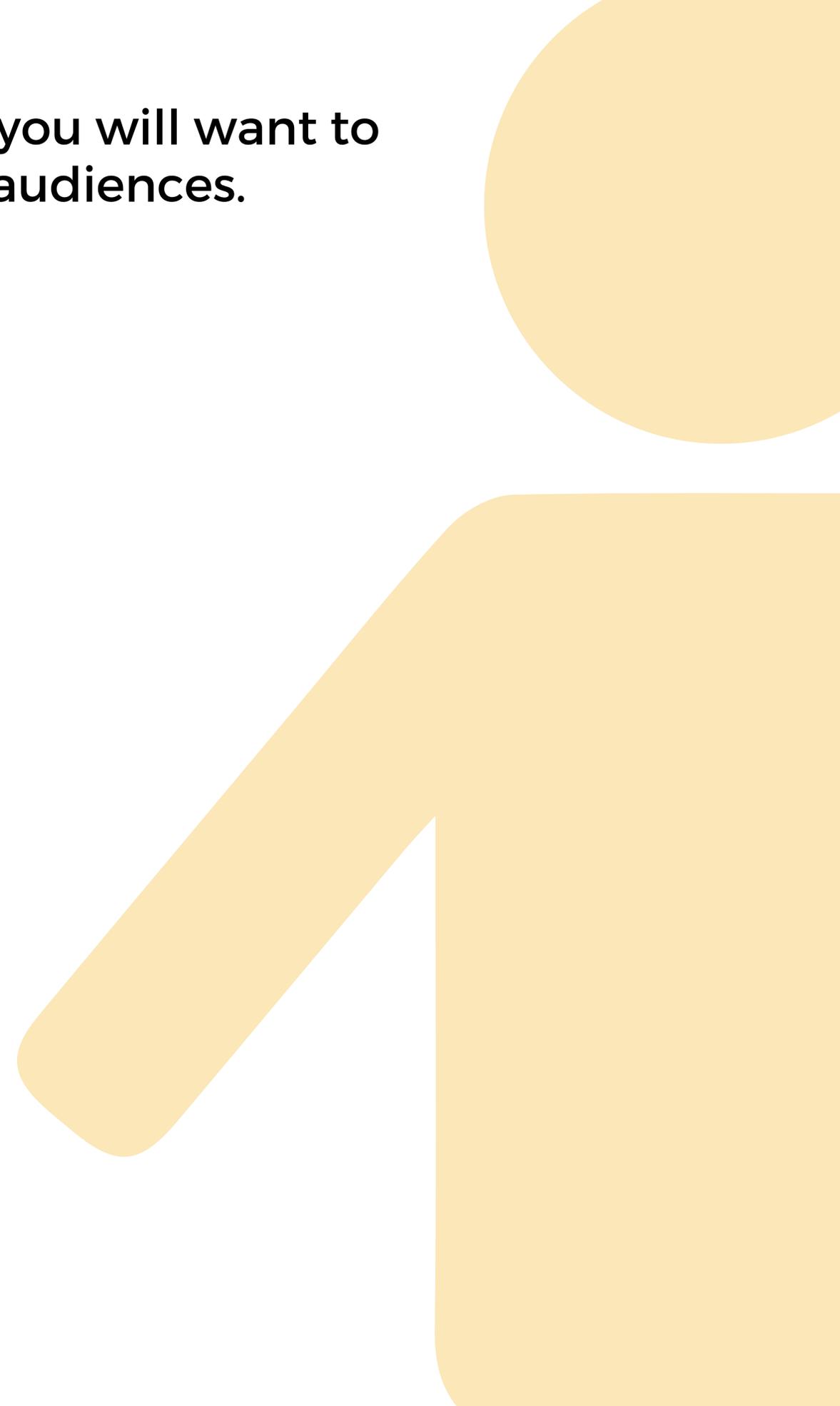
Building the persona profile:

The basics:
Name your persona profile:
What is his/her job?

Demographics:
Age/Gender/Education

Key details:
How does he access to information?
What are their hobbies?

Top trick: Don't be afraid of small audiences! It is proven that a highly targeted audience produces better CTRs due to its greater relevancy. So go ahead and find the right people to serve as advocates for your program!
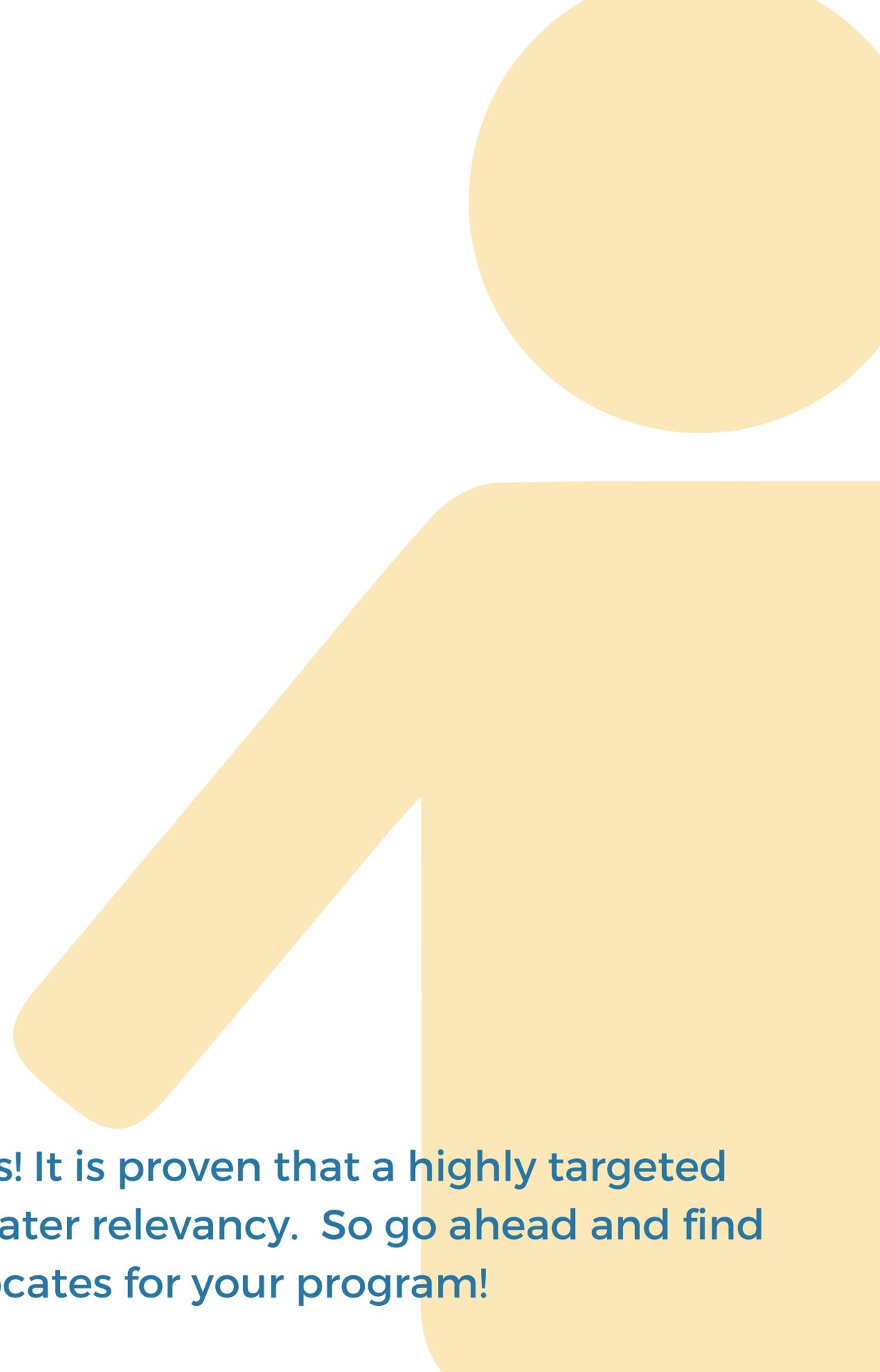
Creating Your Incentive Structure

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Types of reward structures to consider. Let's take a look:

Dual-sided:

Rewards both the advocate and the new customer. As far as referral programs go, this is the most frequently used reward structure.

Advocate:

Rewards the advocate only. Do you anticipate that the advocate will purchase your product anytime soon? If so, then it probably makes sense to offer discounts. But, if your sales cycle is a bit longer term -- i.e. a solar panel, roofing services or mattresses -- you might want to come up with a different idea for a reward. (This is where the persona profile(s) you created come in handy as a way to analyze what type of incentives your audience would like to receive.)

New customer:

Rewards the new customer only. As first time buyers, it makes sense to give them extrinsic incentives like discounts or cash back offers!

No incentive:

Yes, if you want, you can create a referral program with no rewards.

Customer Rewards

- Cashback offers
- Free subscriptions
- Coupons, store credits or gift cards
- Donations
- Access to special content
- (video, blog post, ebook, white paper)
- Swag (t-shirts, mugs, bags)
- Public recognition in social networks

Employee Rewards

- Make it public on the company's newsletter or bulletin board
- Offer bonuses!
- Gift cards or tickets to local events
- Continued education

Our advice...
Use a dual-sided reward structure!
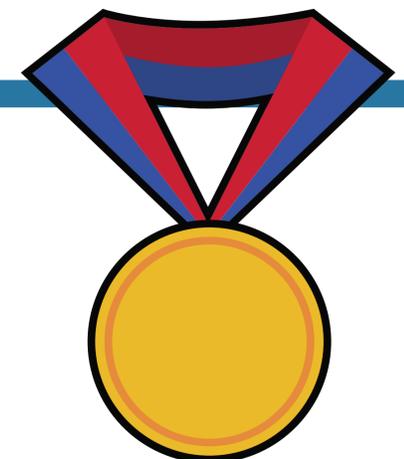
Single Tier Referral Program - When a referral signs up or make a purchase, the advocate who referred him or her receives a reward.

Example: Robbie referred Mollie, Mollie uses your services so Robbie receives the reward.

Multiple Tiers Referral Program: In this scenario, the advocate receives a reward every time one of his referrals sign up or make a purchase.

Example: Mollie refers Robbie, as well as two other friends. Mollie receives her reward when Robbie and the two friends complete the process by signing up or purchasing your services or product.

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Make it fun with GAMIFICATION!

EARNING POINTS: Tell your customers to help you spread the word about your business (as a way to entice loyalty).

How to use it: The top 3 users with 20 or more referrals will earn 50 points and can exchange them for cash or some products.

LEADERBOARDS: You need to create a sense of urgency so that people feel the need to be the first ones to join the program!

How to use it: Each time a user refers a friend, he or she will earn points. Once they reach the milestone (50 points) they receive the reward and their name will be published on a social network or the website.

You also need to determine the ACTION required to earn a REWARD.

For instance, here are some ideas:

- **GET A QUOTE FOR SERVICE**
- **REFER A FRIEND**
- **MAKE A PURCHASE**
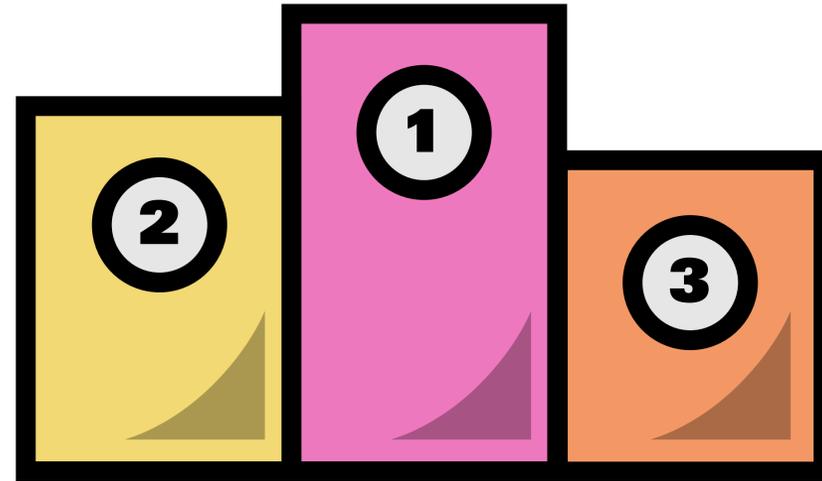
Think about your sales funnel and analyze it in order to determine the different statuses: Pending, Qualified and Approved. Aligning the sales stages to these different Referral statuses is a key component of setting up the Referral Program.

Some businesses reward users for signing up, while others reward the advocate when the prospect becomes a customer after purchasing an item.

It is very important that you are clear with your customers about the available rewards, how they can get them, if there is a limit to the number of awards, and any other rules that apply to the program that they should know about.

Designing the Member's Experience

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Want to know what to do in order to guarantee a successful experience for your advocates? Here's a checklist:

1. NAME YOUR PROGRAM: While naming a referral program might seem straight forward, it's important to note a few things. First, we recommend that you choose a catchy name that will appeal to your audience.

Try to come up with a name that is short and sweet. This will make the program easier to remember. Also, create a slogan for your referral program. You could try words like: it pays to, refer and earn, get some cash, receive a free quote or we can all win.

Did you know that about 80% of your satisfied customers are willing to refer your business to their friends

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2. HEADER IMAGE: Show something attractive that reflects your core values or the objective of the program. It is said that a picture is worth a thousand words. You could place your logo here, but make keep it small and simple. It is important that you don't saturate this element by adding excessive colors or text.

3. OFFER TEXT: What are those juicy rewards that will seduce your customers to sign up? Go back to the lines above and recap what you did on the Incentive Structure section.

4. TERMS AND CONDITIONS: Please be transparent all the time. Your customers deserve it. So it is very important to mention all the rules that apply to your program, that way you'll avoid misunderstandings with your advocates and referrals.

5. CALL-TO-ACTIONS: It is said that from 80% of the customers that are willing to refer your program, only about less than 30% actually do so. To increase this rate you need to create compelling CTAs with relevant messages; so they'll be easily noticeable.

6. SOCIAL SHARING: You need to allow your advocates to share their unique URLs through the different and most important social networks like Facebook, Twitter, Instagram, among other ones. Also make sure you allow them to share the link through email.

How is your member going to gain referrals? Good question! Your advocate will reach more users through his social networks, so you need to customize the social media sharing options according to each network.
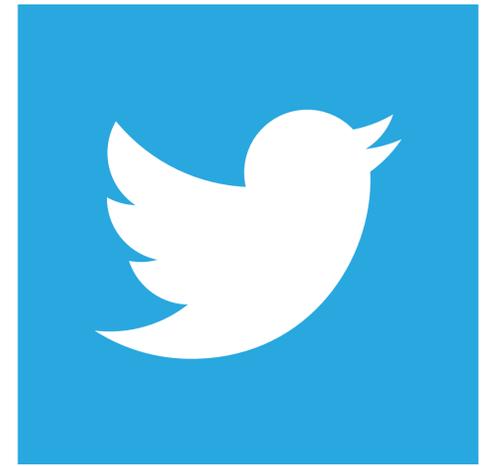
Designing the Referral's Experience

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The referral page is the page the new prospects will see as soon as they click on the referral link that somebody shares with them. It is very important to design a compelling referral experience as this is your opportunity to have a new customer.

When designing the referral page you'll have two ways to capture the referral:

Within our program:

Capture the referral using the unique URL the advocate shared with him. Make sure to customize all the elements on this page, including the header, title, page layout, etc. Remember, they are new users to your site, so you'll want to provide information about what your services are and how you satisfy their needs.

On your website:

To capture the referrals on your website, we strongly advise you to have a dedicated landing page to connect with Referral Rock.

Optimized entry form - You don't want to use long entry forms asking for tons of information. Keep it simple. Ask only for the necessary data.

Thank you message - Saying thank you = good manners!

Promoting your Referral Program

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Once you have setup the referral program, you need to let you customers know about it. There are a few different ways to promote it:

Your website: To promote the program on your website you might want to create CTA buttons or dedicated landing pages that talk exclusively about the program. Let's say a user visits your website, then after 40 seconds surfing a CTA pops up telling him about this new program and the benefits he could get by signing up and referring some of his friends. That's a win for you!

Social Networks: Your efforts promoting the referral program could go beyond simple posts or tweets. You could dive into paid marketing and create ppc (pay per click) campaigns that drive users to your referral program page.

Email marketing: You could come up with an email strategy and send emails once a week and share some success stories from people who have joined and are now enjoying the benefits from referring. By the way, this social proof is very important and will make users feel more confident about registering.

TOP TRICK: When is the right time to ask for a referral?

Analyze your users' behavior to find out what is the best moment to invite them joining the program. For example, Dropbox invite people into their referral program when users are running out of space.

The trick here is to understand your audience. You need to let them interact with your brand in order to see when is the right moment to invite them to your referral program. For example, if somebody bought your product and had an issue with it, then it is bad to invite that person in the next days.

Here it is also important to choose the best registration process... Are people going to register on themselves or they'll require approval to join the program? Think deeply through it and select the best option you want to test first. (Yes! You'll need to test different registration methods, same as different rewards, in order to see what works best with your audience).

Evaluating the Results

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During the **post-launch stage** the goal is to optimize everything you did during the steps above. If you cannot measure something, you cannot optimize it! Monitor your program daily and create dashboards for report metrics like new visitors and clicks.

Google Analytics - Through this tool you'll have very useful insights about visitors on your website like where they come from, ages, most visited pages on your site, and other relevant data.

Referral driven revenue - You need to analyze the cost of creating the referral program plus the costs of promoting it (if you are using paid advertising).
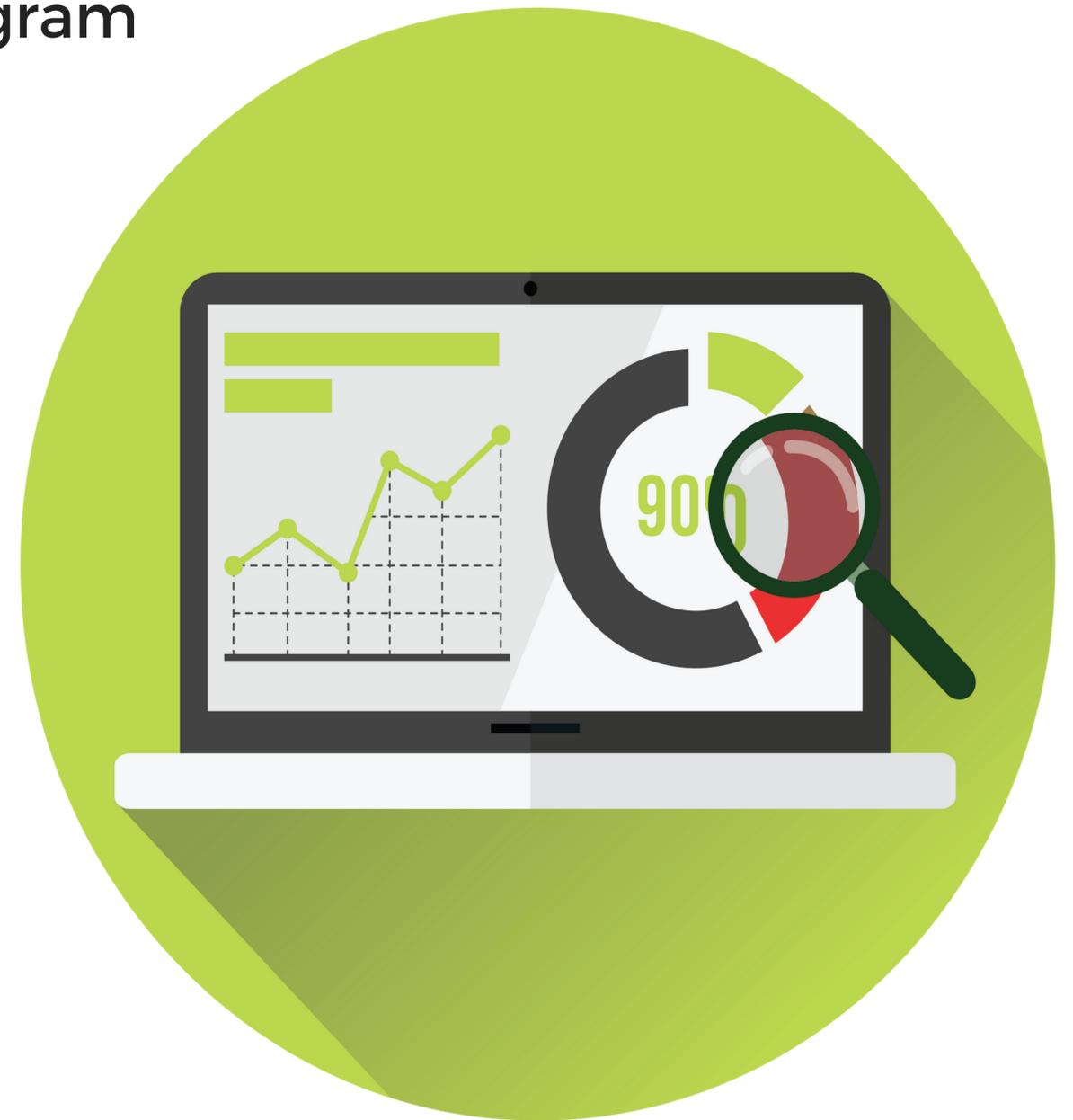
"Never stop testing, and your advertising will never stop improving."
-David Ogilvy

While monitoring your program you might discover the following:

Lots of impressions but no registrations
Check your content and the rewards. Maybe you could do some optimizations to make the program more effective.

Lots of advocates but very few prospects
Is the reward for your prospects good enough? Did you create emergency for them to sign up soon? Is it a one side or two sided reward structure?

Your are promoting your program but you don't see any advocates joining?
You might want to check your referrer experience.. Is it easy to register?
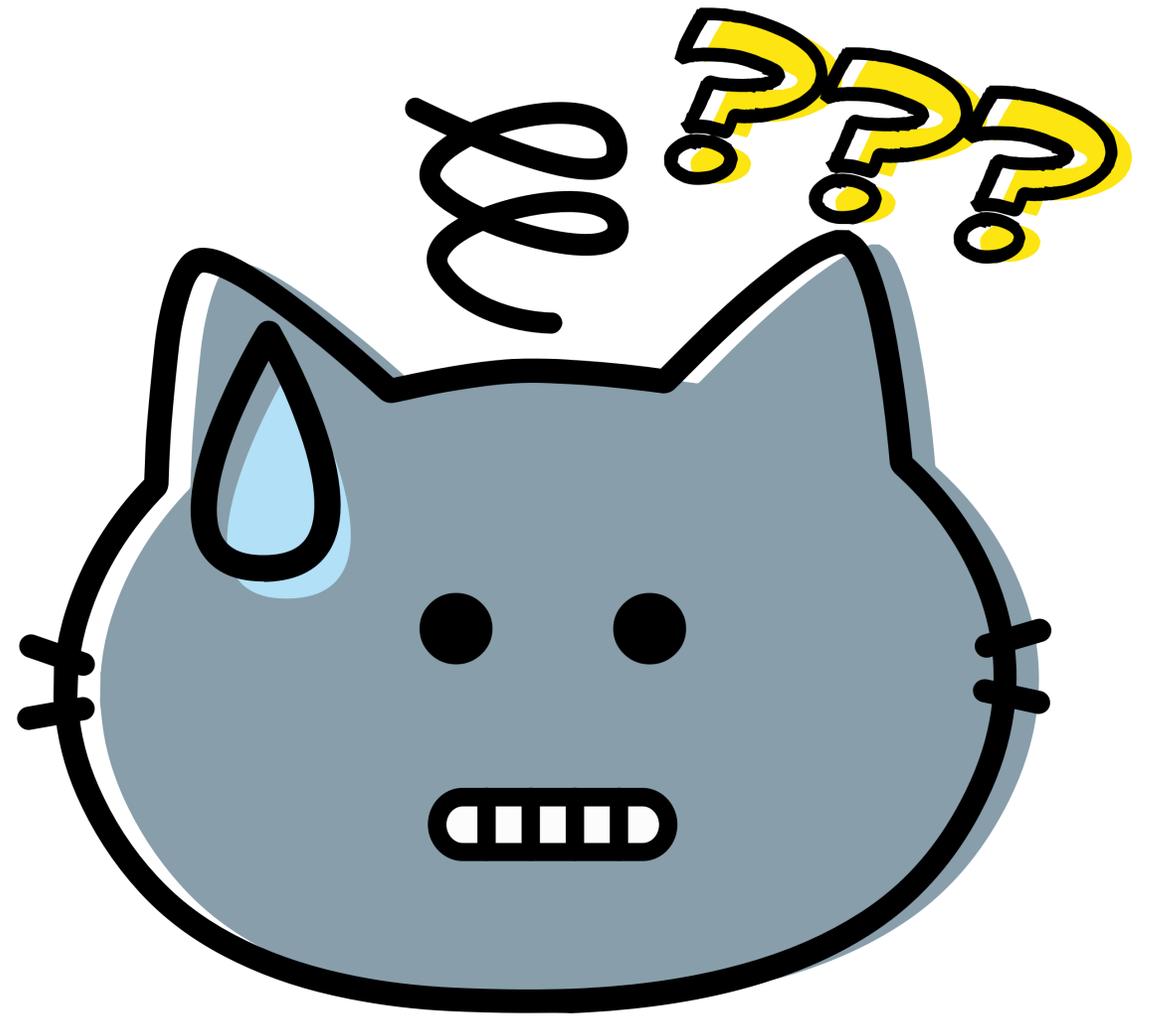
So What Did You Learn in this Guide?

Let's review:

- You identified your target audience

- You created an effective reward structure

- You designed an optimized referrer's experience

- You designed an optimized referral's experience

- You selected the best channels to promote your program

- You are ready to monitor and evaluate your program!

So... what are you waiting for? Go ahead and start creating your referral program!

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