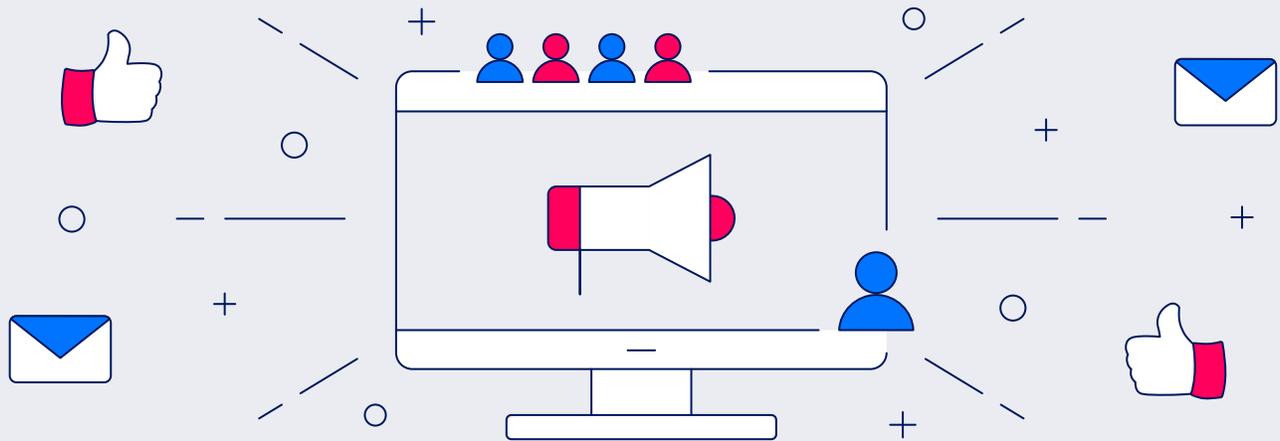


# Unboxing Must-Have Marketing Campaigns: Referrals & Advocacy



In this ongoing series, we'll be “unboxing” must-have digital marketing campaigns and programs vital to success. In this installment, we'll take a look at referral programs, often known as “refer-a-friend” or advocacy campaigns.

## Who Are Your “Advocates” and What Is Advocacy?

In Customer Relationship Marketing lingo, your “advocates” are your best, most informed, most loyal customers. They've completed the journey to becoming your customer and understand your products and services. They know and trust you. Most of all, they're your source of referrals.

Advocacy is the process by which these best customers will recommend and refer you to new prospective customers. Traditionally, referrals occurred mostly by word-of-mouth and still do, but in digital channels—like social media, email and mobile—grease the skids by making referring easy and effortless, if not organic. All it takes is a few minutes to forward an email to a friend or share on social and “word-of-click” becomes a prime opportunity you can leverage intentionally.

Here's why if you don't have an advocacy program already, you should.

## Asking for an Intro to Their Friends

Despite how easy and impersonal “word-of-click” can be, referrals are a personal, considered process, and we would do well to design advocacy programs and campaigns that support them with a strong human (vs. decidedly tech) touch.

A successful referral program isn't just about using your existing customers to gain new leads. It's really about asking your best customers to make introductions—to their closest friends and family members, the people they care most about—on your behalf. Just as in business networking and personal social circles, we're not going to make introductions willy-nilly to just anyone.

On the other hand, when we are personally introduced to a prospective employer/ee, friend, or dating partner by someone we know, like and trust, we're going to give greater consideration to the referral. So, it's important to be selective in terms of which customers you ask for referrals, and who you ask to be referred to.

With 74% of consumers identifying word-of-mouth as a key influencer in purchasing decisions and 92% of people ages 18 to 34 saying that they seek recommendations from friends and family before making a purchase, referral marketing is an integral component of today's marketplace—and one that can yield impressive results if the right tactics are employed.

To be clear—our focus here is on intentionally designed and orchestrated referral campaigns—rather than on naturally-occurring social sharing, most of which is un-incentivized and not easily trackable.

So even though social media is a channel designed around organic, spontaneous sharing and connection, most marketers will rely more heavily on email than social to kick-off referral campaigns and maximize customer reach, with mobile app and/or web pages supporting implementation, and social media playing (if anything) a supporting role.

So, let's take a deeper dive into their essential ingredients and tactics for doing these right!



# Essential Ingredients

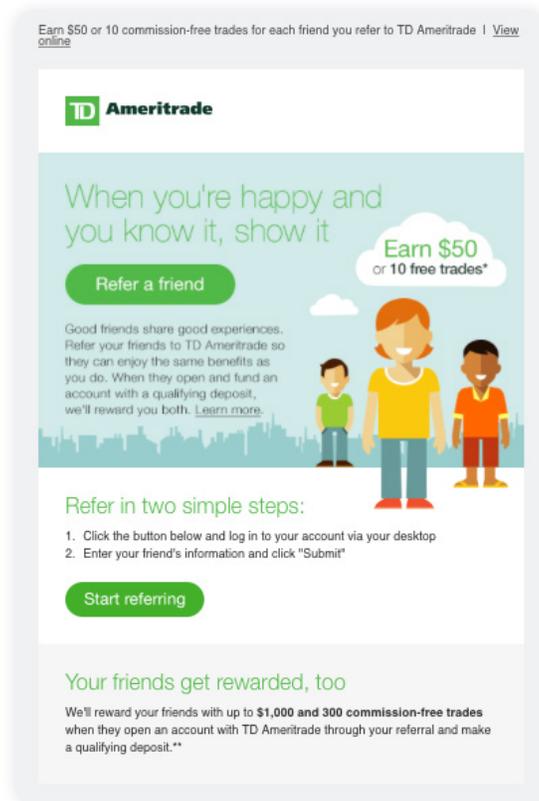
## 1. Be Clear, Honest and Transparent

When it comes to asking customers for referrals, don't beat around the bush. Just ask! Be clear what it is you're asking them to do **and the data you're asking them for**.

Now more than ever, people are skittish about sharing their own information, let alone the email addresses and contact points of their friends. Lower any resistance or hesitation to your referral program by being upfront and honest about the entire process and shepherding your advocates through it. What data do you need (maybe just an email address) to collect to execute the referral offer? How will that data be used? Will it be retained and if so, why? How will incentives be received? Rewards for referrals given? Your messaging should spell it all out.

The campaign below from online brokerage firm TD Ameritrade does a good job of this. The email specifically explains how to get started, what the reward is for the referring customer, what the incentive is for the prospective new customer, how incentives/rewards will be paid, and so on.

Furthermore, **it requires customers to log into their account to make referrals**, enabling the brand to track and limit customer actions.



TD Ameritrade "Refer a Friend" Email

## 2. Know What Motivates Action

This goes beyond understanding your existing customers: it's about truly understanding the journey from prospect to customer and all the inflection points on it so you can use the best incentive possible to motivate new prospective customers (the "referred") to the moment of truth—engaging with you!

If your incentive isn't juicy enough, your campaign might never gain enough lift to get off the ground. A good incentive will provide some type of desirable reward for your existing customers while also casting them in a positive light by granting an often-more-lucrative incentive to the new customers they refer to you.

Consider what motivates people to buy or inquire in the first place, and design a program that speaks to what newcomers really want. Chances are, your new email subscriber or new customer welcome offers can be repurposed as an incentive to entice the newly referred to convert. Sometimes recognition, such as being featured on the website or in an ad or blog post, can be equally as attractive as financial and promotional incentives.

Here's a great example of a referral campaign that doesn't lean on hard offers or discounts as rewards. It's for Starwood Hotels' timeshare program (Vistana) owners who, because they are also hotel loyalty program members, love points!

The incentive for newcomers is entry into a sweepstakes to win one of four different vacation trips, but owners are perfectly happy with getting a nice bump in their points balance. Understandably, the incentive for new prospective owners is *much* more lucrative than for current owners since they need more motivation and are being asked for a much greater response and, ultimately, purchase.

The image shows a promotional email for Vistana's 2018 Ultimate Vacation Experiences Sweepstakes. The email features a yellow and orange color scheme. At the top, it says "EARN 500 POINTS FOR EVERY FRIEND WHO ENTERS" and "2018 ULTIMATE VACATION EXPERIENCES SWEEPSTAKES". Below this, there are three circular images showing vacation scenes: a couple sitting on a beach, a person jumping into the ocean, and a person relaxing on a beach chair. The text explains that for a limited time, there's a new way to earn rewards from the Vistana Signature Experiences Friendship Rewards Program for referring a friend. It lists three steps: 1. Forward your unique URL to friends via email, text, Twitter and Facebook so they can enter the Ultimate Vacation Experiences Sweepstakes. 2. Every time someone uses your link to enter, they will be registered as a referral of yours for the Friendship Rewards Program. 3. Every qualified referral gets you 500 points from the Starwood Preferred Guest program. The email also includes a link to the official sweepstakes rules and a deadline of December 31, 2018. At the bottom, it says "I just entered the Ultimate Vacation Experiences Sweepstakes. You should too! Register now at: https://www.vistana.com/sweepstakes?on=9043245". Logos for Vistana, Starwood Preferred Guest, Sheraton, and Westin are visible at the bottom.

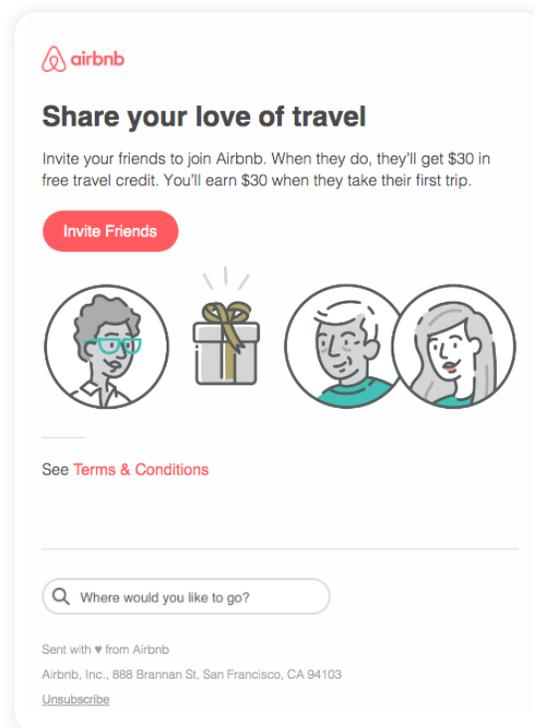
Vistana's Ultimate Vacation Experiences Sweepstakes

### 3. Reward Customers for Referring

As we just examined, you'll need to not only motivate *the friends that customers refer* to convert, but also motivate your *customers* into making referrals in the first place. Incentives are key to getting both customers and prospects to take action.

Of course, your true customer advocates know and love you enough to spontaneously share and refer, but if you *really* want to move them into action, reward them for their efforts! Besides, rewards are a fantastic way to show your appreciation for their loyalty, which only strengthens customer relationships and brand equity.

The good news? Your customers are already favorably predisposed to your products and services (or they wouldn't be your customers), so often some free product/service alone is an effective reward, as we see in the Airbnb example below.



Airbnb "Invite Friends" Email

If your customers transact with you on a weekly or monthly basis, then it makes sense to incentivize referrals with account credits, loyalty program points, or discounts towards future purchases. But... if your customers purchase from you less than a few times per year, that reward won't carry the same weight. In fact, it might send signals that you don't really understand their lifecycle.

For example, a \$20 discount for referring a friend to Uber Eats in the message below makes sense. But if GE gave their customers a \$50 credit towards the purchase of their next dishwasher, chances are their customers wouldn't be very motivated to make referrals. After all, how often does one buy major appliances?

**UBER EATS**

**\$20 off for you and your friends until Sunday**

Get \$20 off when you refer friends this weekend with our limited time offer! Share your referral code in the app by Sunday, and when a friend places their first UberEATS order, you'll both get \$20 towards UberEATS.

After Sunday, you'll receive \$10 for every new friend that you refer.

PS - If someone used your code before 7/25/16, you'll still get the \$20 value.

[SHARE UBEREATS →](#)

YOUR REFERRAL CODE  
**XXXXXXXXXXXX**  
 GIVE \$20, GET \$20 TOWARDS  
 UberEATS

**RESTAURANT PICKS**

Pork on a Fork      Classic Cakes

Over Easy      Boka Pizza

Uber Eats Referral Campaign

So, what's the right approach? If your customers transact only a few times during their lifecycle, you need to reward them with something of immediate value. Providing access to yet-to-be-released products can work, but cash and gift cards are virtually foolproof. In fact, a Nielsen Harris Poll found that 77% of Americans prefer to be rewarded for referrals with money.

Here are a few more things to keep in mind about customer rewards:

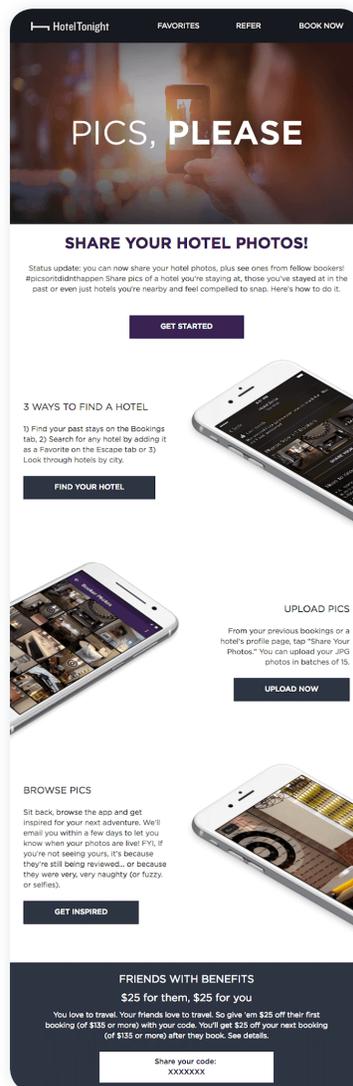
- Rewards can be *dependent upon* or *independent of* friend response. Airbnb only rewards customers for referrals of people who become new Airbnb customers (they purchase/book/convert), logically making tracking of prospect conversions essential. Other referral programs simply ask for link or name sharing and reward for leads or traffic alone.
- Just as you'll have offer terms, conditions and deadlines for regular promotions, you should spell them out for referral campaign offers. Most referral campaigns are issued with a specific deadline, as in the Uber Eats example that follows.
- For referral program success, marketers must give customers **a relevant reason to send referrals today**. If referral incentives fail to provide immediate, tangible value, then your program will flop.

## 4. Enable and Track the Process

By now it should go without saying that referral marketing requires more than just outbound email campaigns and invitations sent to your customers—they are entire programs with backends that need to be thought-out and carefully planned.

With incentives and rewards a must, tracking is paramount. But even without them, you'll need to think through how referrals will be made, recorded, limited and executed. Otherwise, how will you measure the success of your program?

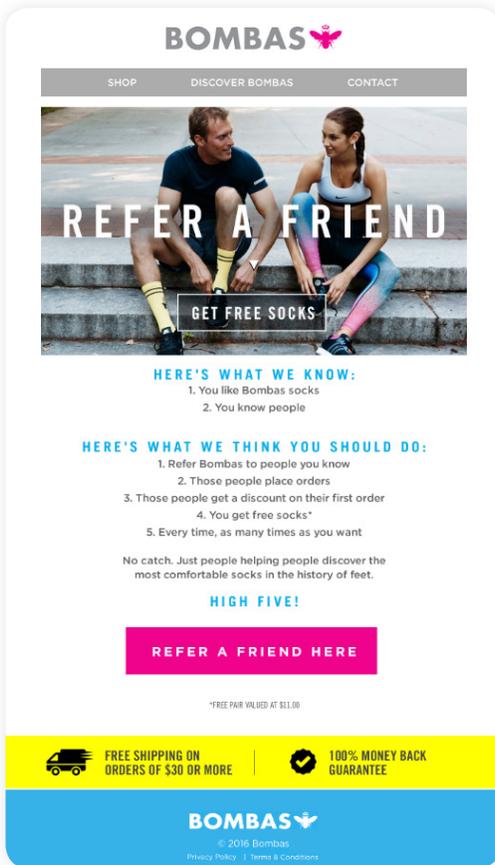
Some of the best programs use dynamically-generated links and codes unique to each customer. This allows you to track customer actions across channels, and friend redemptions alike. The campaign from HotelTonight below illustrates how this might look.



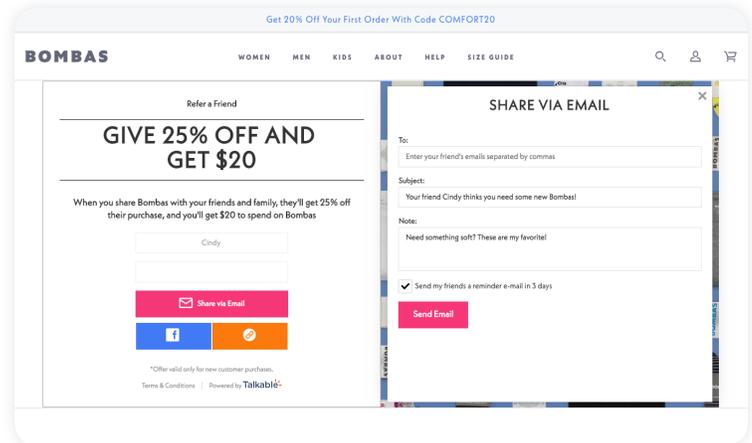
HotelTonight "Friends With Benefits" Campaign

Others, like the campaign for Bombas, direct customers to landing pages which allow them to enter the email addresses of friends and even personalize subject lines and messages. If that's your approach, be sure that your brand is the sender of the email—don't count on your customers to forward messages for you.

In any case, ideally you'll hand-hold your valued customers through the process of providing friend information and sharing via their channel of choice. **Do not leave them guessing** how you want them to refer for you!



Bombas Refer-a-Friend Campaign



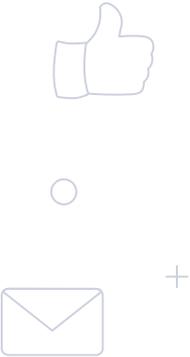
Bombas Landing Page

## Recipe for Success

Now that you know the tactical essentials of advocacy campaigns, here are a few strategic considerations to ensure your success:

### Plan a Message Series

The best referral email campaigns aren't one-shot efforts: they look more like ongoing conversations, especially if the product/service being referred lends itself to a longer sales cycle or isn't a simple consumer purchase.

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- First, create awareness of your referral program with an invite/announcement message that gets customers excited about the offer and motivated to get involved; this is the **gateway message**.
  - Follow it up with a **reminder message** or two, especially if your referral campaign has a specific deadline for action.
  - Remember to then automate a **thank-you message** recognizing participation.
  - Finally, **confirmation and scoreboard messages** let customers know the status of the friends they referred and their progress on achieving and receiving rewards.

It's a bit more work, but as with most email series, multiple touches are more effective than just one.

### Define Performance Goals and Tracking Metrics at the Start

Assuming your referral process is enabled online and that you've tested that process, also remember to establish goals and benchmarks for determining success. What does the referral funnel look like and what are response goals you'd like to hit for each stage of the funnel?

For example, if you're sending your referral campaign to 500,000 customers and expecting a 2% response rate (meaning 2% of customers will make a referral), that's 2,500 customers making referrals. If each customer can refer up to 10 friends, what do you estimate the average number of referred friends to be? Let's say it's 3. So now you have 7,500 (2,500 x 3) projected referred individuals (friends of customers). But if the conversion rate on referred friends is 1%, this nets down to 750 new customers. That's a lot if you're selling cars or vacations, but not so much if you're a retailer with an average order value of \$20!

Get clear on what you want to accomplish and how you'll track response and the issuance of rewards well before you begin. And as with anything, test before deployment to make sure everything—from online forms, to dynamically-generated links or codes, to automated follow-up messages—is working as intended.

## Set Healthy Boundaries

A good referral program should never turn your customers into spammers. Healthy limits include putting a maximum on the number of friends they can refer to (often 10 or 20), time limits on offers, and the number of referrals they can make in a given period.

Data collection and use also need boundaries. Collect no more than the bare minimum of data needed to deploy a referral campaign to your customers' friends—typically first name and email address or mobile number—and remember that the friends referred to you **HAVE NOT OPTED INTO YOUR EMAIL OR MOBILE MARKETING PROGRAMS!**

Considering GDPR laws today, what you do with “friend” data, how you store it, and if/how you use it in the future has HUGE implications, not the least of which is blowback on your customers who provided it. So, use that valuable friend data judiciously, do nothing more with it than what you promised, protect it, track response from it, and if nothing comes of it, destroy or at least heavily guard it from abuse.

## Scale Matters

If your brand doesn't have a referral program in place or you've never done a refer-a-friend campaign, it can be daunting to launch one to your entire customer base, or even just that segment you consider your “best customers.” Pilots are an opportunity to not only test incentives, but also work out the kinks before you launch far and wide. However, you're going to need large audience sizes to successfully pilot.

Why? Just like converting web traffic into actual customers (and converting those customers into repeat buyers), referral marketing is a numbers game. It requires a funnel, and if you don't put enough names into the top of that funnel, nothing will come out the bottom.

Another problem with this approach is that you don't really know who your best customer advocates are until you deploy a referral marketing program at scale. When brands open up the program to everyone, amazing things happen. In some circumstances, people you wouldn't expect to generate referrals end up being your top ambassadors.

While it might seem to make sense to test first and scale later, that approach typically results in “test and fail.” A better strategy is to keep it simple by starting with two programs—one that's public facing and incentivizes new shoppers to make their first purchase, and a second one that's tailored specifically to existing customers.

## Wrapping Up Referral Campaigns

*With a well-built referral program, you can actually increase brand loyalty among existing customers while simultaneously growing your customer base through referral traffic. Done right, advocacy campaigns are a win-win and an economically-efficient customer acquisition strategy.*



## About Iterable

Iterable is the growth marketing platform that enables brands to create, execute and optimize cross-channel campaigns with unparalleled data flexibility.

Leading brands, like Zillow, SeatGeek and Box, choose Iterable to power world-class customer engagement throughout the entire lifecycle.



### Data Flexibility at Your Fingertips

Access real-time user, behavioral and event data to trigger personalized messaging at virtually unlimited scale. Support an audience of millions while appealing to each subscriber's unique preferences.



### Unified Brand Experience

Orchestrate seamless customer engagement across email, mobile push, SMS, in-app, web push, direct mail and more throughout every lifecycle stage, from activation to re-engagement.



### Agile Iteration & Optimization

Launch, measure and fine-tune campaigns with ease to deliver more relevant messaging faster than the competition. Experiment and iterate on-demand to determine the right content, channel and cadence for each user.



### Customer Journey Mapping

Visualize the entire customer journey and build sophisticated, cross-channel segments and campaigns with Iterable's intuitive, drag-and-drop Workflow Studio.

If you want to learn more about Iterable, please request a demo:

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