



TRAINER'S BOX®

Referential treatment

keap

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Introduction

How did you find your hairstylist? Your doctor? A babysitter for your kids? The chances are strong that you do business with someone a friend recommended.

More than any other type of advertising, we universally trust the opinions of friends and acquaintances. Eighty-four percent of people surveyed in fifty-eight different countries by Nielsen said they trust recommendations from people they know. We even trust people we don't know, with 68 percent of respondents reporting confidence in online reviews.

Gaining referrals can be one of the most effective strategies for acquiring new customers and growing your business-with one caveat. You have to ask for them.

Think back to the time your friend recommended her doctor. She probably didn't start raving about her medical care in the middle of brunch. More likely, you asked for recommendations when you needed a new doctor. But what if the doctor had asked your friend to identify possible new patients? Or better yet, what if he had offered your friend a gift card for doing so? Maybe the doctor referral would have made for brunch conversation, after all.

Referrals aren't always a natural occurrence, even when customers are happy with your product or service. Case in point: In a study by Advisor Impact, Charles Schwab, and Texas Tech University, 93 percent of customers said they'd likely continue working with their financial advisor. But despite their satisfaction, only 29 percent had actually given a referral in the past twelve months.

In this guide, we'll cover:

- Why referred customers are so valuable for your business and why you shouldn't ask every customer for a referral
- How [smart client management software](#), like Keap, can help you ask for referrals consistently and strategically

- Incentives that encourage customers to refer
- How to make the most of online reviews
- Stories of small businesses that used referrals to grow their business

Why referrals matter

More referrals can translate to more clients. But even more important, [referrals mean better clients](#).

A [study](#) published in the American Marketing Association's Journal of Marketing examined 10,000 customers of a German bank-half who were referred through a 25€ incentive for existing customers and half who were acquired through other marketing efforts.

The referred customers, researchers learned, were more valuable because:

- They were 25% more profitable for the bank
- They were 18% more likely to stay with the bank
- They had a 16% higher lifetime value

The explanation, researchers said: The referred customers were a "superior match" for the bank. Customers know who would benefit from your company's services better than you ever could. They're also likely to discuss your company as they make referrals, helping new customers be better informed about your services. As a result, referred customers are both more loyal and more profitable for the business. Less time and money is required to acquire them.

How to get referrals automatically

You're always thinking about how to get more leads for your business. But are your clients? The answer is a resounding "no"-even if they love your company. Many clients are more than willing to help, but you have to ask.

Client management software can help you proactively approach clients for referrals instead of waiting and hoping for a customer to recommend you. When you automate the referral process, you ensure that referral requests go to the right customers at the right time, without having to think about it.

Read on to learn how to use automation in client management software to make the referral process easier on both you and your clients.

Ask the right people for a referral

When you ask a client for a referral, like asking someone on a date or applying for a job, you become vulnerable to an uncomfortable possibility: rejection. And even worse, if a client doesn't like your business enough to give you a referral, it's possible that you've alienated him further by asking for one.

The solution: Only ask for referrals from clients who like you. But how do you know for sure whether or not a client is happy with you?

With client management software, you can arrange for a survey to be automatically sent as part of the post-sale process. Consider surveying the client about a week after they make a purchase, when their feelings about your business-positive or negative-are vivid in their mind.

While any survey will help you understand your clients' sentiments, a question like this is valuable for referrals: "How likely is it that you would recommend [your business name] to a friend or colleague?"

Give respondents a scale of zero to ten, with ten being the most likely to recommend according to the guidelines of the Net Promoter Score, measurement companies use to determine growth and performance, here's what the scores mean:

- **9 or 10** = Promoter: A loyalist who will continue buying and refer others to your business
- **7 or 8** = Passive: A client who is satisfied, but not to the extent that he wouldn't leave your company for a competitor
- **0 to 6** = Detractor: An unhappy client who can harm your business through negative word-of-mouth

You can set up automation software to facilitate your response to each type of client feedback. For example:

- **Detractor:** The software issues a task for you to call the client and find out how to improve his experience.
- **Passive:** The client is added to an automated email series that offers more help and educational resources related to your company.
- **Promoter:** The client automatically receives a thank-you email that asks for the referral he already said he'd give.

Ask for a referral the right way

Even when you already know a client likes your business, [asking for a referral](#) can still feel awkward. You don't want to be seen as pushing for another sale (even though that's exactly what you're doing). You can soften the sales-y tone by focusing less on how customers can help your company and more on how you can help customers and their friends.

Tip: After receiving positive feedback from a client, you might write something like this:

"I'm so glad to hear you were happy with your experience. Helping clients with the problems your company solves] is the reason I got into business, and I'm always looking for more people to help. If anyone comes to mind, could you send them my way? As a way to say thanks, I'd love to offer you a discount on your next purchase."

Put the burden of facilitating the referral on you instead of the client. Ask her to submit her friend's contact information in a web form, send her a link to be shared via social media, or even offer a copy-and-paste message she can easily send to a friend. When you get a referred contact's email address, don't get too excited about sending him emails. Email service providers (ESPs), like Keap, require a permission-based email strategy to protect their sender reputation and prevent emails from being marked as spam. The safest bet is to either call the referred client or send him a one-off email introducing yourself and requesting permission to send further communication.

3 keys to an effective referral program

Bill Harney, CEO, Keeping Current Matters Ronkonkoma, NY

Just as real estate agents thrive on referrals, the same is true for [Keeping Current Matters](#) (KCM), a monthly subscription service that provides content and educational resources to more than 12,000 real estate professionals.

In fact, more than a third of KCM's free trials-the precursor to all paid memberships-stem from referrals. And most of those referrals come through strategic use of automation and incentives, not by chance. CEO Bill Harney explains three reasons why his referral program works.

1. An inspiring call-to-action

KCM provides real estate market guides, blog content personalized with the agent's information, and other resources designed to help agents help their clients. The content is more geared toward education than making a sale-and the way KCM approaches referrals is no different.

In an email asking for referrals, KCM doesn't promote how great its resources are or ask clients to help them sell more memberships. Instead, KCM tells clients that they're now part of the company's mission of inspiring "the movement to change the way real estate professionals educate and serve their clients."

The email says:

"I hope you won't mind helping us expand the reach of this movement by referring another agent to KCM. Maybe you can pay back a favor by introducing someone to a tool you know can help them, or maybe you'd like to pay it forward by helping a new agent who could use your expert guidance."

Harney says that members want to help other agents learn about the industry, even when they're competing for business. "The more educated we can make the entire industry, the better it is for every consumer and every agent," he said. "There's plenty of business out there to go around. It's about how can they get a bigger piece of the pie, and if transactions go more smoothly, they can do more transactions."

2. Automatic referral requests

KCM uses Keap to automate a series of emails after a member finishes the free trial. In one email, the business asks for feedback using NPS scores (see page seven for more information). If a member scores as a "promoter" with a score of eight or higher, the referral email is sent. Clients who score lower, meanwhile, are sent a personal email asking how the company can improve their experience.

3. An enticing and cost-effective incentive

Every time an agent joins KCM using a member's referral link, the member receives a free month of membership. KCM makes it easy to share the referral link: From a Referral Partner Center in Keap, a password-protected portal, the member can post it to social media or send a pre-written email that includes the link. The link is also embedded in the personalized blog posts so that the member gets credit for someone who signs up using the link.

Some members have made so many referrals that they'll be spared of monthly fees for more than a year. But Harney knows he can afford to give away a payment of \$19.95: The average member stays with KCM for more than 20 months, during which time they pay nearly \$400 in dues.

Rewarding referrals works

When you ask for a referral, some clients will happily oblige your request. Others will think, “What’s in it for me?”

Research confirms, not surprisingly, that money talks. [Thirty-nine percent](#) of people surveyed by the consultancy Software Advice said that a financial incentive would make them “much more likely” to refer someone to a brand they love.

Many successful companies have grown, in part, by incentivizing referrals. For example, Stitch Fix, the women’s fashion subscription service, uses referral links that allow members to collect \$25 every time a friend signs up and places an order. Other companies incentivize both parties involved in the referral: Airbnb encourages customers to send a \$20 credit to a new user; in return, the referring customer receives \$20 when that person rents a home.

But non-financial offers can entice referrals, too: In the Software Advice survey, 30 percent of respondents said they’d be more likely to give a referral in exchange for social media recognition, while 26 percent would do so to enroll in a loyalty program.

The type of incentive that will work best for you depends on your business, your clients, and what you can afford to give them.

Here are five ideas for incentivizing referrals:

1. A discount on a future purchase

Offer referring clients and, if you choose, the people they refer a promotional code for a discount on their next purchase. It’s a win-win-win for your business: The client and her friend are both inspired to buy, while you generate sales that might not have otherwise occurred.

2. A gift from a third party

Discounts on future purchases don’t make sense for some companies. If your business is geared toward one-time or infrequent purchases, consider sending a third-party gift, like movie passes or a gift card to a retailer, coffee shop, or restaurant.

3. A chance to win

You can still offer a financial incentive without having to pay every referring client. In exchange for referrals, enter clients into a drawing for a big-ticket item, whether it's a product you sell or a gadget like a tablet or fitness tracker.

4. VIP access

Give referring clients special treatment, like an invitation to an event or early access to a sale or new product. Or send perks their way on a regular basis by enrolling them in a loyalty or VIP program.

5. A social shout-out

Would a retweet on Twitter or a tag on Facebook or Instagram be incentive enough for a client to give a referral? It might be if your clients are part of a generation that practically lives on social media. In the Software Advice survey, 44 percent of respondents age 18-34 said social recognition would make them much more likely to refer.

Pro tip: To create a sense of urgency, put an expiration date on your promo code. Using client management software, you can send automated reminders that inspire clients to take advantage of the discount before it's too late.

Turning referrals into online reviews

Michael King, Vice president of marketing and operations, [King LASIK](#) serving 7 locations in the Pacific Northwest and Canada.

Michael King hopes he never gets repeat business. If all goes to plan, laser-eye surgery is a once-in-a-lifetime experience. That makes referrals vitally important to the growth of King LASIK, a group of centers led by his brother, Dr. Joseph King.

King LASIK uses Keap to automate the referral process, offering clients a \$50 gift card as thanks for the first referral, \$100 for the second, and a pair of Maui Jim sunglasses for the third.

But friends, Michael King realized, are only one source of referrals these days, especially for the demographic that makes up nearly a third of King LASIK's business: 30-somethings. "What you hear all the time is, 'I looked at your reviews, and they were amazing,'" he said.

King began using automation to encourage more [client reviews](#)-but only the best ones. "You could figure out how to get 40 percent more reviews," he said. "But if you're still giving a bad service, you're just amplifying a problem."

A week after surgery, every patient automatically receives an email requesting feedback on the experience. On an internal website powered by Reputation Loop, an app that integrates with Keap, patients can write a review and rate their experience with one to five stars.

From there, only the patients who rate King LASIK with four or five stars land on a page in which Dr. King appears in a thank-you video, asking if they'd be willing to help others by sharing their review. (Less-satisfied patients, meanwhile, are shown an apology video). A button for copying the review is conveniently located, as are links to sites like Yelp and Google+. But if the patient doesn't click the link, he later receives an automated reminder about the review-and an incentive, a gift card, to post it.

The process works: In one year, the number of Google reviews for King LASIK more than doubled and Yelp reviews more than tripled. And King credits the automated review process with increasing the company's annual revenue by 28 percent in one year.