

## Marketing Strategy 71: Reward Referral Program

As I told you in the previous lesson, one of the best ways to grow your business is through referrals.

But people are busy. They have a lot going on in their lives.

So it can happen that even when a client is delighted with your service, they won't recommend you to family or friends.

To overcome this problem, it's a good idea to offer incentives for referrals. There are two types of reward incentives you can offer – money and gifts.

Here is a brief explanation of both.

### Money

Offering money is an easy and fast way to develop a referral program. It is also more effective than offering credit on their next purchase.

For a monetary referral, you simply pay people \$10 for every new client they send.

Alternatively, you pay on a sliding scale – i.e. \$10 for the first 3 referrals, \$20 for referrals 4 and 5. Then it resets to \$10 for the next 3 referrals. This is great because it rewards people who refer more to you.

### Gifts

The second type of referral rewards are gifts. Gifts can include things like a free massage, free manicures, free dinners, free movie tickets... the list is endless.

The key to making a gift referral program work is to know what your clients would like. To make this a little easier, give clients a choice of three to five items, instead of just one.

Similar to the money referral program, you can offer clients an increasing value of gifts when they refer more clients to you.

Gift programs can be cheaper and more personal than cash, but they have some disadvantages.

First, you have to know your client well, so you choose gifts they like. If the gifts aren't appealing, clients won't bother sending referrals.

Second, you have to actually buy the gifts and give them to clients. This takes time and energy.

That's why I recommend sticking with cash for now.

## **TODAY'S TASK: Choose Money or Gifts**

Today's task is simple and fast...

**1. Choose a referral program type.** Based on the information above, decide which type of referral program to offer clients. I would recommend cash unless you have a very good reason to offer gifts.

**2. Create a referral sheet.** Write a one page document that describes what people get when they refer clients to you. Include this document in your new client starter pack.

