



2018 REFERRAL BEST PRACTICES GUIDE

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INTRO

SO, WHY SHOULD YOU CARE ABOUT THIS?

Retailers need referral marketing now more than ever if they want to compete in eCommerce. *Why?* Because one company is completely dominating the space.

In 2015, Amazon had \$79.3 billion in total eCommerce sales¹. The next closest competitor, Walmart, had just \$13.5 billion. Ignoring money, Amazon also accounts for an incredible 74% of total online sales.

Amazon is crushing it and they aren't going anywhere. But referral marketing presents other retailers—from big box stores to emerging startups—a chance to close the gap. It's not just about acquiring more customers. As a retailer, you need to carve out a niche and build an army of passionate advocates who are excited about your brand and keep coming back for more.

That's exactly what referral does. It pulls in customers who are more engaged², spend more and stay loyal longer. But getting those benefits isn't as easy as slapping some rewards together and asking customers to refer their friends. Here are 10 strategies with exclusive best practices that retailers can use to win with referral.

01

DESIGN FOR MOBILE

Mobile is the big opportunity for retailers right now, just as eCommerce was two decades ago. Mobile commerce sales made up **30% of all eCommerce sales in 2015³**, up from around 25% the previous year. Providing customers with a top-notch mobile experience could make or break your retail business.

Mobile will also make or break your referral marketing program.

According to the Extole platform,

18%

of referrals are
sent from a
mobile device

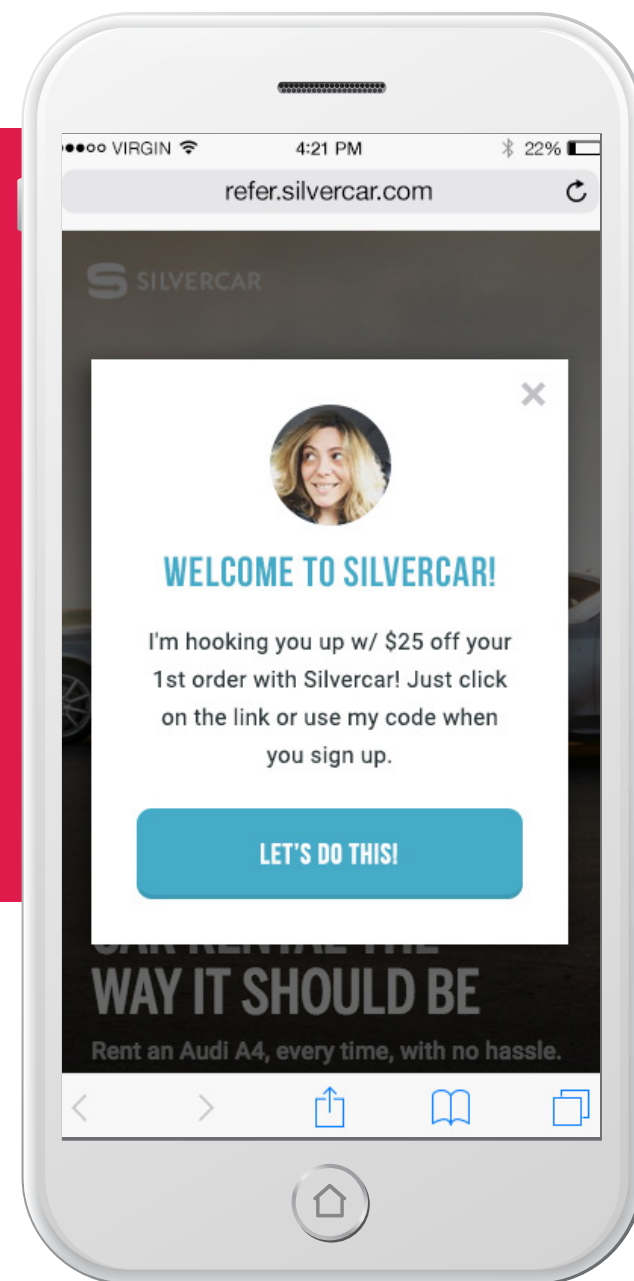
BUT OVER

39%

of referrals are
received by
customers on
mobile devices.⁴

In today's world, people aren't sharing while seated at their desk in front of a computer. They're on the move, connecting and sharing with friends on devices.

If you don't embrace this reality, you'll miss out on referrals that are happening out there every day between people.



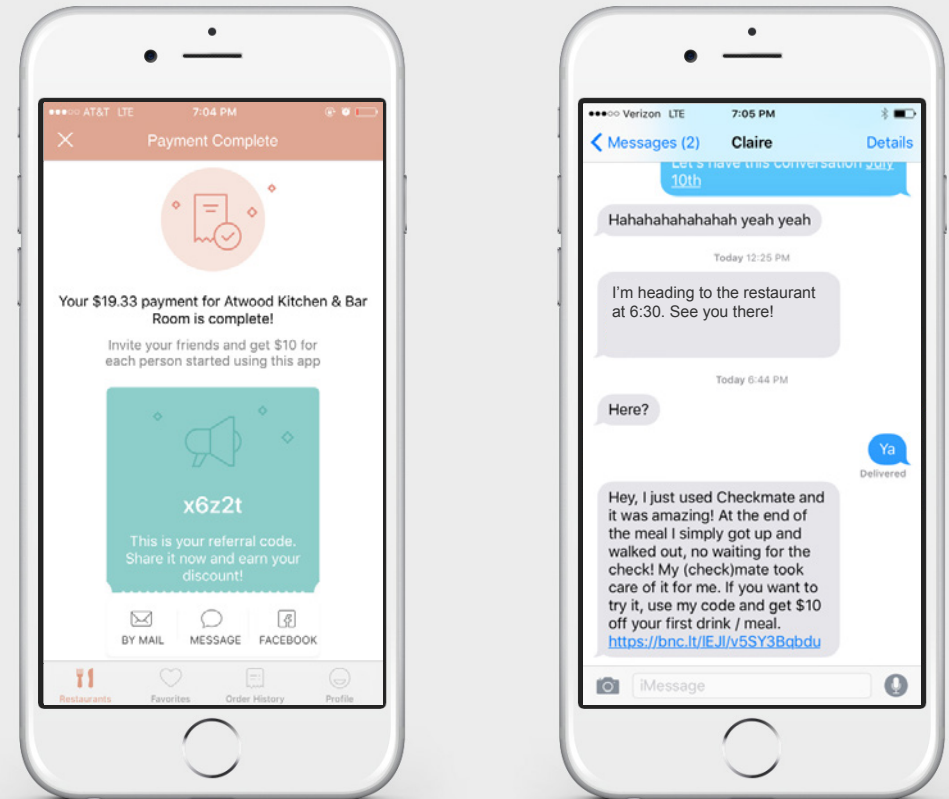
What is native sharing?

Basically the same mechanism you would use to share a link with a friend through SMS or email a photo to a friend.

On the share screen, an advocate can tap the “share” button, and it pulls up the advocate’s existing mobile sharing configuration. There’s minimal interruption to the user flow, and it’s something that they can intuitively pick up without getting lost.

Let’s take a look at Silvercar’s dual-sided incentive structure. Silvercar capitalizes on the reality that **people are intuitively familiar with native sharing**. Their favorite apps are customized to the native sharing functionality. They know how to share an image or a link through the mobile operating system—exactly *where* and *what* to tap.

CUSTOMER SUCCESS STORIES: CHECKMATE



02 REFER RIGHT AFTER PURCHASE

The time between when a customer clicks “buy” and when their product arrives is an **experience gap**⁵ that more and more retailers are looking to fill. That’s why retailers like Sephora are trying branded package tracking experiences and more to keep customers engaged, and seeing big retention boosts as a result.

Understanding the post purchase stage

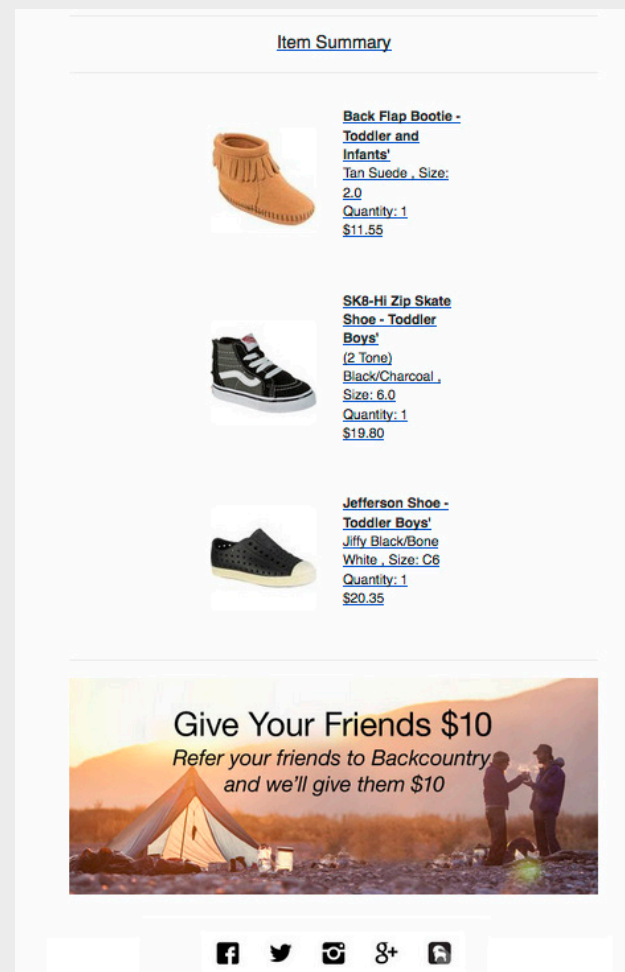
The post-purchase stage is an opportunity for more than retention. Customers are feeling excited about their purchase, which makes it the perfect time to ask them to refer.

In fact, customers are

16x

more likely to share a referral if there is a call to action on the post-purchase pages.

CUSTOMER SUCCESS STORIES: BACKCOUNTRY



Let's take a look at Backcountry's post-purchase page.

Most of Zulily's customers are parents, so the picture of a happy child opening a gift amplifies their excitement about the purchase. While they are excited, large referral icons offer a clear path to sending invites to friends.

03

CONNECT BRICKS TO MORTAR

With the rise of eCommerce, all you seem to hear is how online sales are stealing all the business from physical stores. You'd think brick and mortar was obsolete.

Not the case. Read on to learn why eCommerce and in-store shopping are complimentary experiences.

E-Commerce and in-store shopping: a perfect match

Online shopping lets you find a specific item, buy it, and have it delivered in a few clicks. In-store shopping is a more spontaneous, sensory experience conducive to browsing.

This is the primary reason why **two out of three customers** who make a purchase online go to the physical store either before or after the transaction.



You can boost that positive feedback loop by promoting your referral program during point of sale interactions at your physical locations. Your in-store staff can act as ambassadors and give referral codes to shoppers by printing them on receipts, dropping flyers with a code into bags, or by talking about the program at the register. That gives those customers a reason to check out your site and shop with you online, as well as in your store. You can even give different codes to associates at each store to track performance.



04 REFER INDIVIDUAL PRODUCTS AND CONTENT

When you enable customers to refer the items they like the most, you're tailoring the program to the way they would normally discuss your products. It makes referrals feel much more natural.

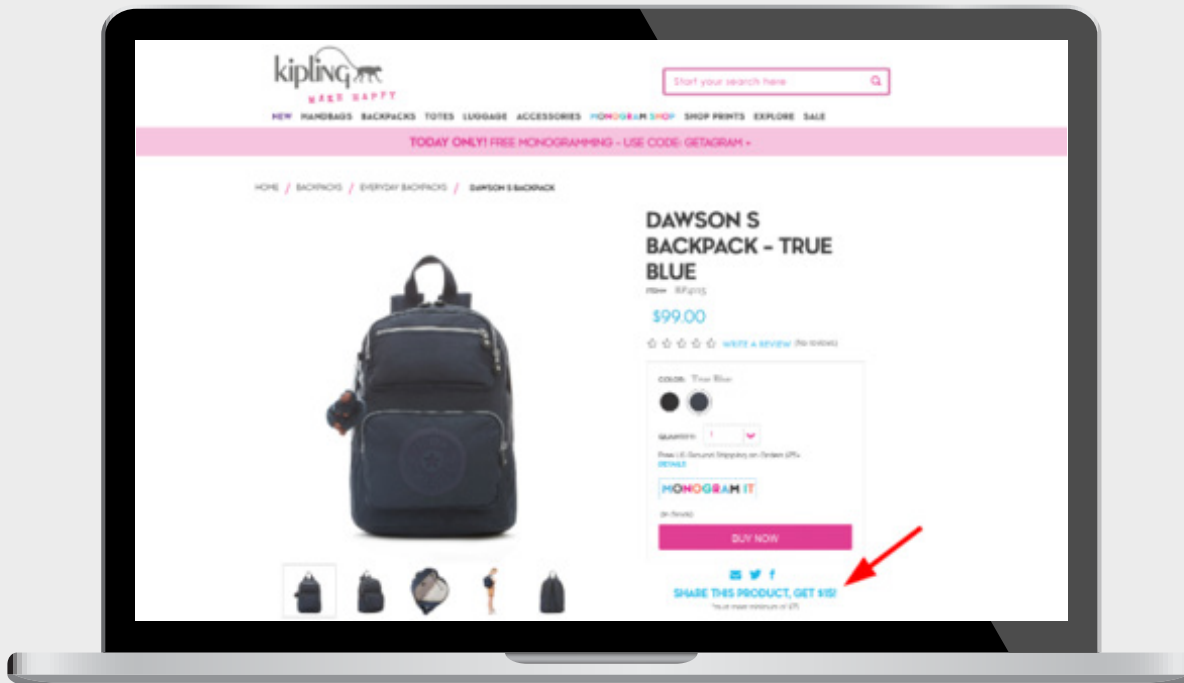
Taking referrals to the next level

Online bag retailer Kipling does something totally genius with its refer-a-friend program. Rather than just having a single CTA that refers the brand, Kipling invites shoppers to refer specific bags to their friends with a button on every single product page.

REFER ME!



CUSTOMER SUCCESS STORIES: KIPLING



This tactic is smart because it mirrors the way friends talk to each other about brands.

Think about it. If you were telling a friend how much you love Kipling, you wouldn't just say that every single one of their bags is amazing. You'd tell them about your favorites, or the ones you think fit their style, and maybe even whip your phone out to show them pictures.

05

DON'T FORGET ABOUT EMAIL!

Get the word out to your customer base about your referral program! The more you can market your program and communicate with advocates and friends, the more revenue you will drive.

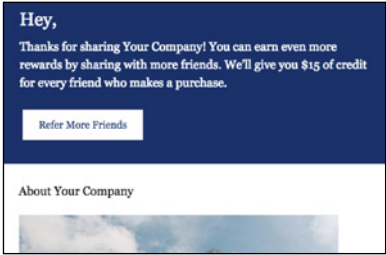
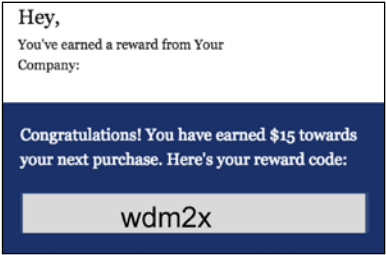
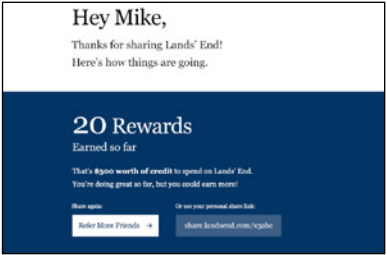
To ensure you are maximizing every moment, send the following types of emails with corresponding calls-to-action:

Triggered

Advanced Triggered

Scheduled (nurture & status drip)

Triggered Emails are event-based emails sent when an advocate interacts with the share experience. Here are the different triggers and their corresponding messages an advocate and friend will receive in a typical referral program.

	Sharing	Purchase	Requested
How it's triggered?	Advocate shares	A friend you referred made a purchase	Advocate clicks to view status of referrals
What's the message to the advocate?	(First Share Email) Welcome, thanks for sharing!	(Reward Email) Your friend purchased, you receive a reward!	(Stats Email) Here are your referral stats – you've earned 5 rewards!
What's the message to the friend?	(Referral Email) Hi Lindsey, check out this awesome product!		
Example Email			

PRO TIP:
It's important to keep those referrals flowing! All of your emails should feature secondary CTAs asking to refer more friends.

For your advocates:

Ready to share with more awesome people? Do it now and get a 15% off coupon code.
Tell another friend and get double the rewards!
Nice work, let's try that again. Get your friends and family sweet discounts today.

For their friends:

Tag you're in, Jimmy gave you a coupon code, now it's your time to share.
Love getting all this awesome info from Jimmy? Share it with your friends now!

Advanced Triggered Emails

are continuous messaging around any activities within your program. All too often, an advocate is only sent one message, but you want to keep the discussion going and give the feeling they're a part of something bigger.

Sharing



How it's triggered?

Any and every time an advocate shares.

What's the message to the advocate? (On-Share Email)

Thanks for sharing! Refer more friends.

Purchase



How it's triggered?

Customer purchases, order confirmation email is sent.

What's the message to the customers? (Order Confirmation Email)

Thanks for purchases! Refer friends and get a reward.

This is a great opportunity for teams with limited resources to use Extole as a promotion engine and get the word out to your customer-base about your refer-a-friend program.

Now, we'd love to share something with you.

Not only will your friends save, you'll enjoy \$15 off any \$75 purchase.* You'll receive your reward 7 days after your friend orders—so spread the word!

[Share with more friends](#)

*Valid for new customer referrals only. The \$15 reward will be sent 7 days after your friend purchases. Once received, enter the code at Checkout. Excludes the Collegiate Collection and the Pacific Step-Through Bike.

12420 Stonebridge Road, Roanoke, IN 46873

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EXTOLE

PRO TIP:

Add an email to your post-purchase email sequence asking advocates to refer their friends.

Scheduled Emails come in two forms, a **nurture** and **stats drip** email. Participants will receive these emails based on predefined parameters being met such as time, interactions, and purchases or lack thereof.

Nurture

A **friend nurture email** reminds friends to either sign up for your product or asks them to make a purchase. This helps build a connection with friends and moves them further through the funnel.

Stats Drip

A **status drip** is sent on a consistent basis, giving advocates insights into their referral dashboard. This is a great opportunity for advocates to remind their friends about the referral program who haven't converted.

Scheduling



How it's scheduled?

When friend has not used referral reward

What's the message to the advocate? (Friend Nurture Email)

Reminder: you have a reward waiting for you!

Scheduling

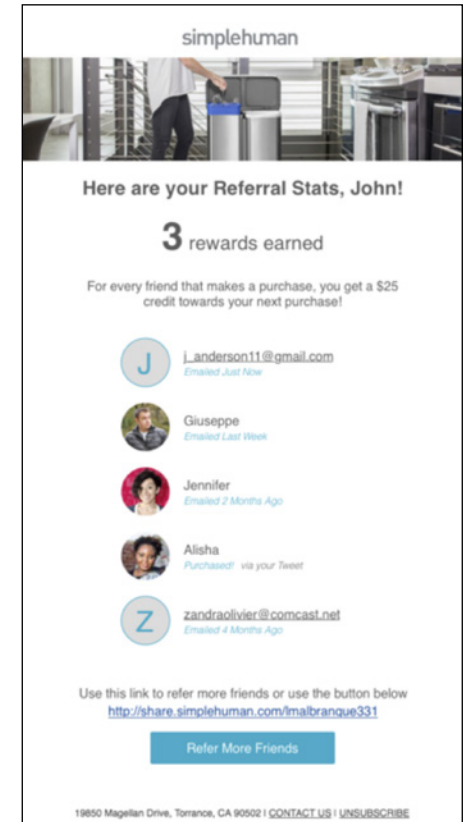


How it's scheduled?

Determine how often you want to send advocates their referral stats

What's the message to the advocate? (Stats Drip Email)

Updated: here are your latest referral stats!



PRO TIP:

It's probably safe to say, that you don't want to nurture a friend more than once or twice without them interacting with the program. But keep nudging those advocates for more referrals and you'll see the rewards ten-fold.

Friend Email Capture is a great way to use customer advocacy to achieve your email list growth goals. To do so, ask referred friends to provide an email address in order to receive a coupon or discount code.

A screenshot of a mobile app interface. At the top, there's a blurred orange header with a white 'X' icon in the top right corner. Below the header, the text 'Enter Your Email to Get Your Discount' is displayed in white. Underneath this text is a white rectangular input field. Below the input field, the text 'Get \$20 off thanks to your friend!' is shown in bold black font. Below that, a smaller line of text says 'Enter your email above to reveal your code.' At the bottom of the form is an orange button with the text 'Submit →' in white.

Why is this so powerful? A lot of marketers have email capture or new email list goals and objectives. Coupling your advocacy program with those goals can help you achieve them.

Friend email capture also enables you to issue rewards and coupon codes instantly, so you can reward on different success points before final conversion.

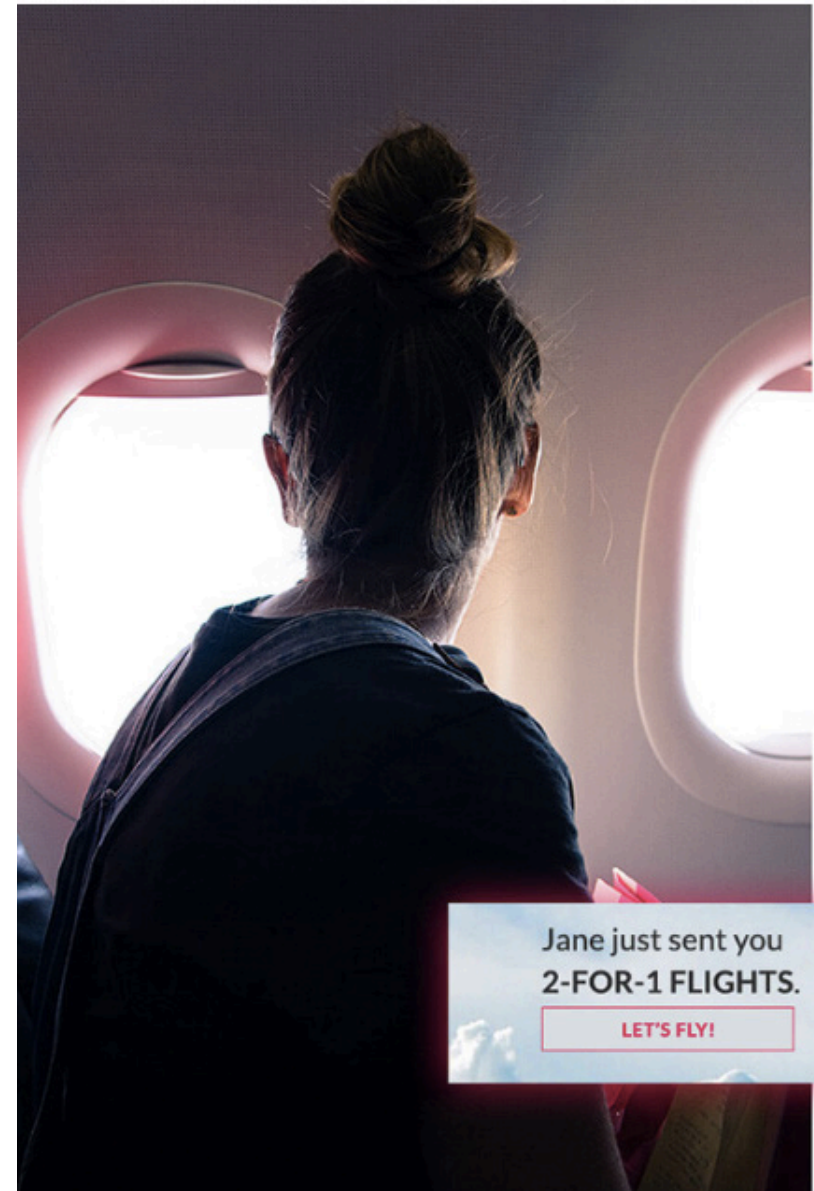
06 TAP INTO YOUR LOYALTY MEMBERS

As a retailer, you know just how effective a loyalty program can be. Research from Accenture shows that loyalty members typically **spend 12-18%⁶** more than regular customers. Let's dive in and see how you can tap into the effectiveness of a loyalty program.

Using a loyalty program can have serious perks

Connecting your loyalty program with a referral strategy is smart marketing. The more you reward your customers, the more they want to buy from you. It gives them an incentive to stick around. Plus, by analyzing your members' characteristics, you get a concrete idea of what a highly-engaged customer looks like for your brand, which tells you who to target in the future.

Best of all, a strong loyalty program puts you in prime position to build a **top-notch referral program**⁷. Just make referral rewards part of the loyalty program's existing point system, and make sure members know about the referral program. They're your most engaged customers, so they're very likely to refer if you give them the chance.



07

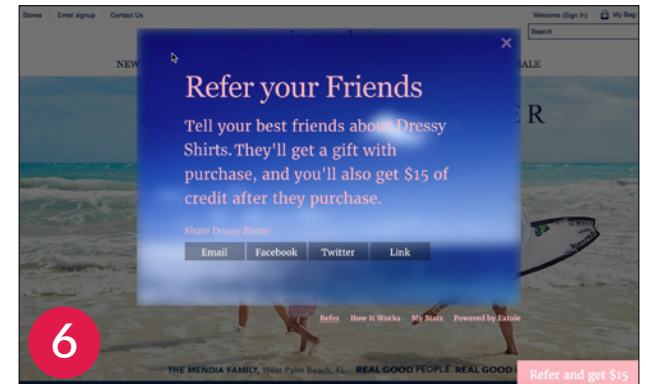
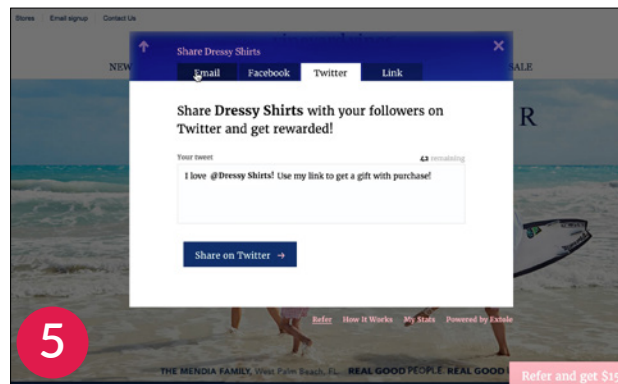
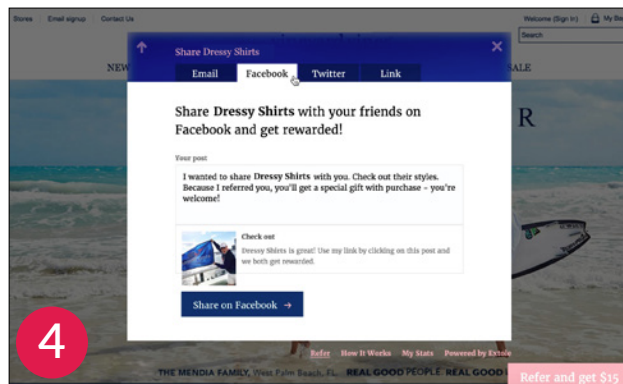
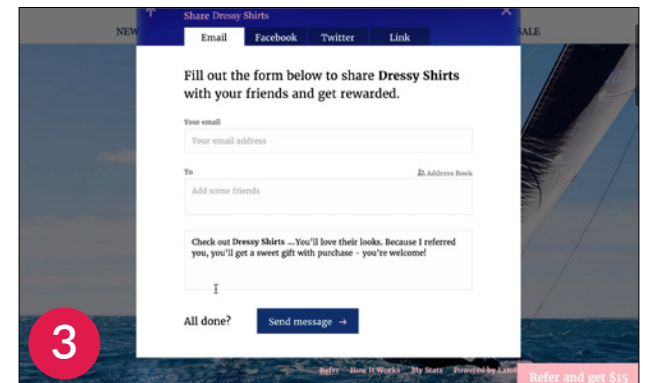
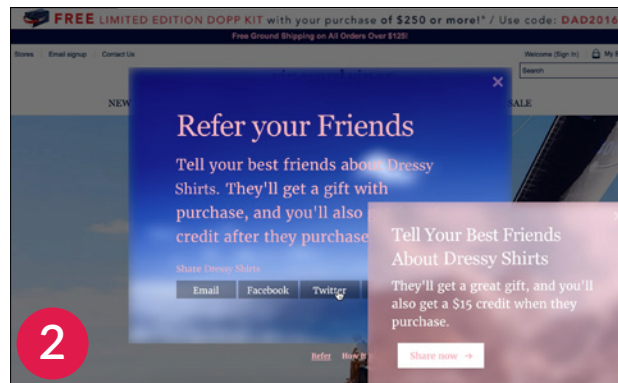
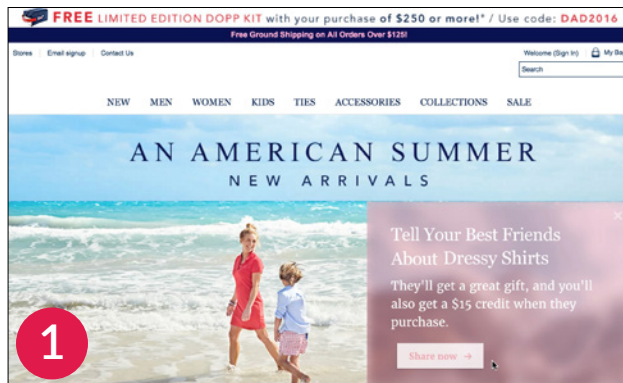
GET INTERACTIVE WITH CONSUMERS

For brand-conscious retailers requiring a sleek look and animated feel, consider making your referral program interactive.

Guide your users with an interactive experience

Here's how it typically works: custom messaging, combined with a moving widget, guides advocates with interactive next steps through the referral process. The share link we mentioned earlier can also enter into play here.

CHECK OUT THIS INTERACTIVE EXPERIENCE, PLAY BY PLAY:



For a great experience across devices, any interactive elements should have attention-grabbing images or even videos. Strong graphical elements and motion are perfect for brand conscious retailers. It's also the perfect method for content sharing.



08 FACES EVERYWHERE!

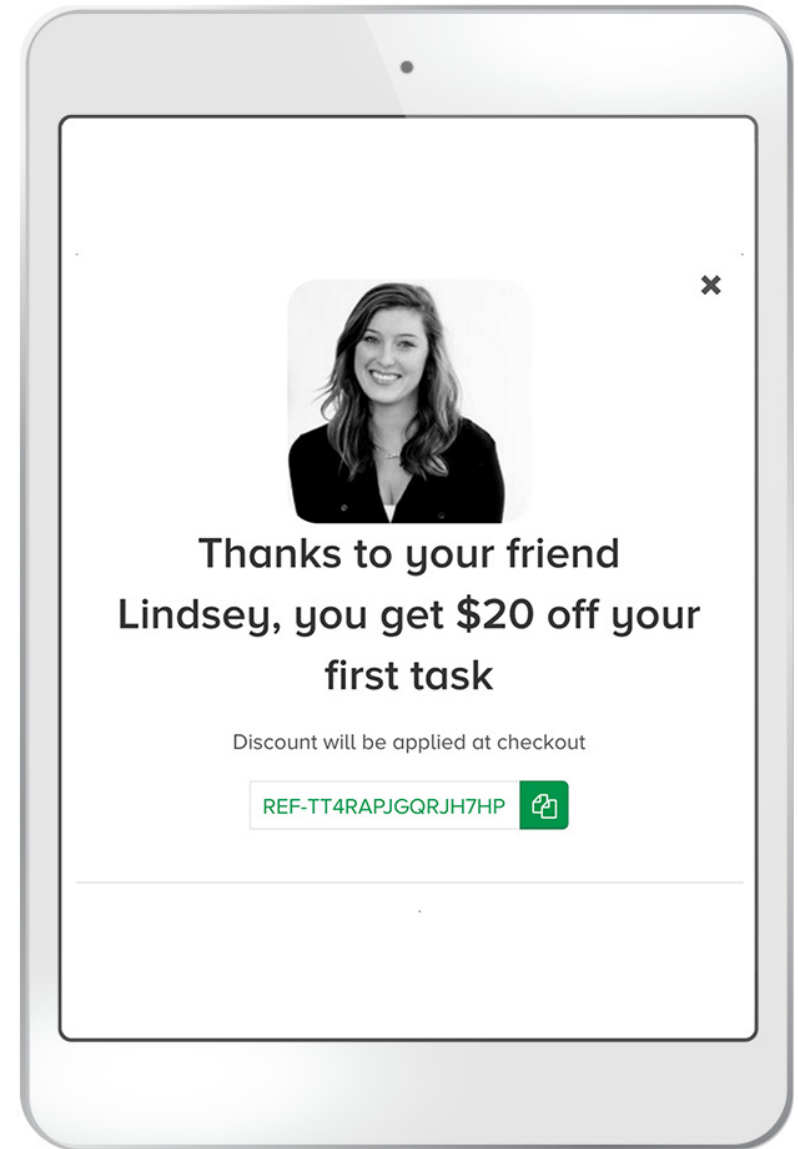
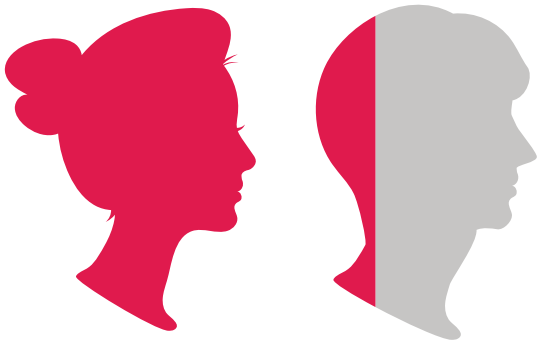
For brand-conscious retailers requiring a sleek look and animated feel, consider making your referral program interactive.

Interactivity through an upclose and personal approach

Whether it's in an email or a pop up, personal experiences are key to building trust and succeeding with referral programs. Our internal research has shown that adding a picture of the advocate's face to a referral **increases the rate of conversion by more than 3%⁸**.

Psychologically, the sight of a human face triggers signals in our brains. So for referrals, seeing the advocate's face is a powerful, visual reminder that a friend has reached out to you with a product suggestion.

Over 50% of Extole customer profiles have profile pictures



09

ANALYZE CAMPAIGN AND PROMOTION TRENDS

If you're a marketer that lives and breathes numbers, you know that more is better. That's why Extole offers the ability to view your campaign and specific promotion analytics over time to make adjustments.

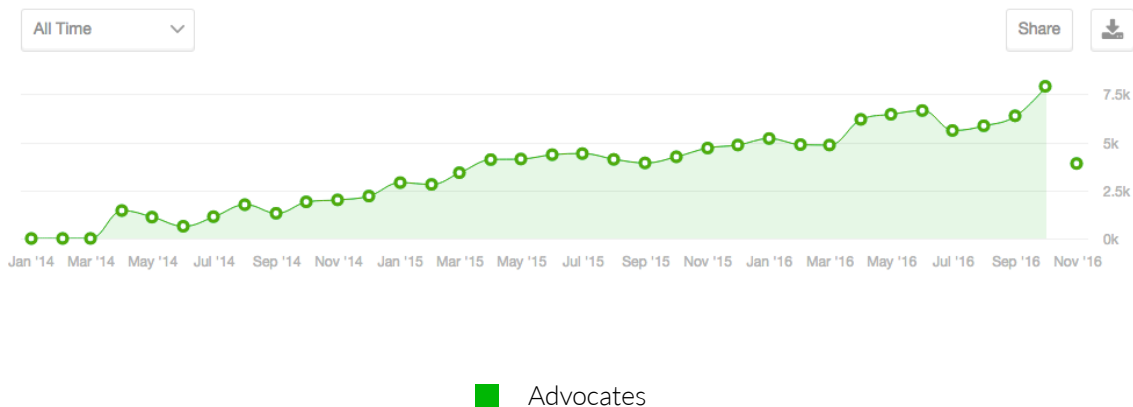
Campaign and design trends: a closer look

View an example of how campaign and promotion trends can develop over time. These stats show the changes that have occurred since launch.

REVENUE OVER TIME



ADVOCATES OVER TIME



Why use graphs?

Viewing graphs such as these is really great if you want to really drill down and see trends in performance of a certain promotion, or all of your promotions.

With this information at your fingertips, you can understand any impacts of changing, altering or moving that promotion.

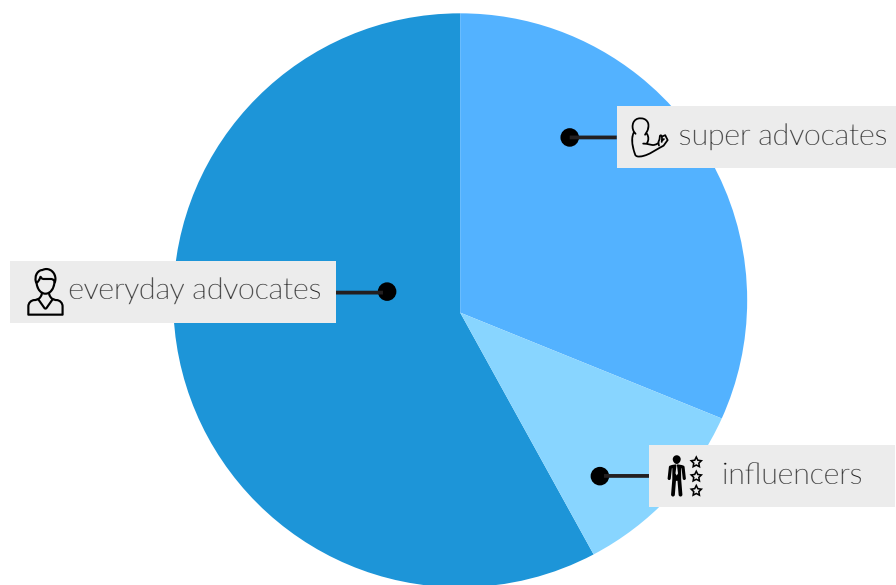


10 TURN EVERY CUSTOMER INTO AN ADVOCATE

At heart, referral marketing is about one thing: **getting people to love your brand and keep coming back.** As new technologies become available, so do new methods that the savvy marketer can use to stay ahead of trends.

Here are some fresh insights to build your advocate army.

As thousands of customers recommend your brand, you'll uncover **three** main types of advocates: *Everyday advocates, super advocates, and influencers.*



What's an everyday advocate?

An everyday advocate is someone who may share your products or services 1 to 2 times. These “everyday advocates” can make up more than just your customer base, especially if you’re promoting your program anywhere on your site and not just behind a login.



What's a super advocate?

To keep your advocate army marching, you need to create “super advocates” or people who share on a much more frequent basis. A super advocate is someone who refers 3 or more times, no matter who they are. To woo them, use surprise and delight campaigns with special referral offers or incentives.



What's an influencer?

An influencer is someone who has a huge social following that refers your brand. Your influencers may be a smaller group, but they have a larger reach. Define an outreach strategy to encourage influencers to become brand ambassadors, this helps them understand that they are a value to your brand.

This type of advocate shows the true power of a holistic approach to advocacy. When you don't just focus on your existing customers but rather the reach of your potential ones, you can leverage influencers who could promote your brand to their own audience or followers and truly be a brand ambassador.

Leverage advocate data for a clear picture

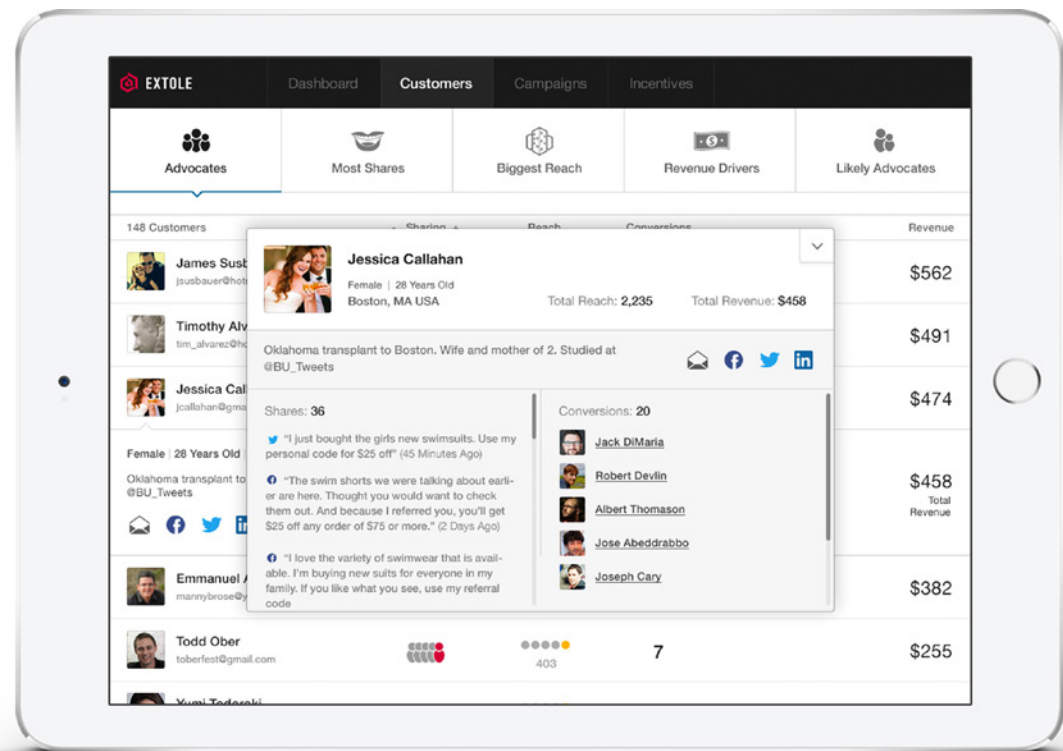
When looking for influencers and super advocates, things like social presence and reach are important currency.

It helps to have a solution that allows you to see and track social identities, so you can keep up with who your advocates are and discover trends you weren't aware of.

Things get especially compelling when you start to see people with tens or hundreds of thousands of followers. These influencers offer the ability to power your marketing initiatives far beyond the referral process.

How do you find an influencer?

It can be really simple when you think about it. Start off by conjuring up someone who's pretty famous, especially via social (maybe Kyle Jenner perhaps!), this may not be someone who directly aligns with your business but someone who may use your product and has huge potential reach with her existing followers.



Data-driven promotions

If every customer is a potential advocate, all of your promotions and marketing channels should contain call-to-actions around referrals. This can span any of the marketing channels you are currently using.

TBD:

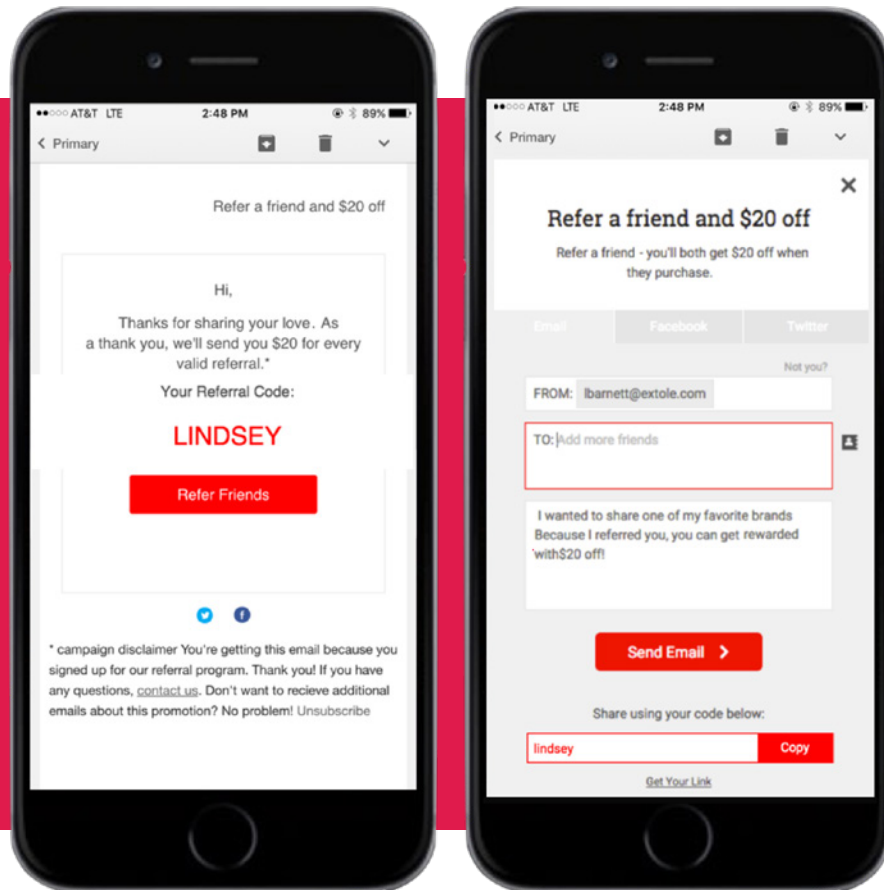
Now ask yourself, *how can I create buzz that generates referrals around these marketing channels?* For example, if you have a mobile app, create a constant footer call-to-actions that tells an influencer to share this great app with their friends via social or email. This thought process widens the referral opportunities creating a more holistic approach to gaining new influencers.

That's why the **Extole platform** tracks referral activity and behavior, so you can understand revenue and advocacy per promotion. With precise data tracking, you can leverage features like benchmarks and trends to make the most of your referral program, promotions and marketing channels.



Assume everyone is a participant with advocate codes

While still new to referral marketing, personalized advocate codes may be something you've seen in the past. Maybe you've bought a pair of shoes from your favorite online retail store, and they send you an email that says, *"Share the shoes! If you love great pumps, tell a friend using coupon code LindsayLovesHeels to give you and them a 15% discount on the next purchase."*



Keep in mind, your personalized code should be:

- **Automatic**, you can use something as short as a five-digit alphanumeric code or even a date (i.e.: Coupon code: 121016)
- Or **hyper-personalized** by adding in a name or one of the products they bought in the past (i.e.: Coupon code: Lindsay101 or Heels4You)

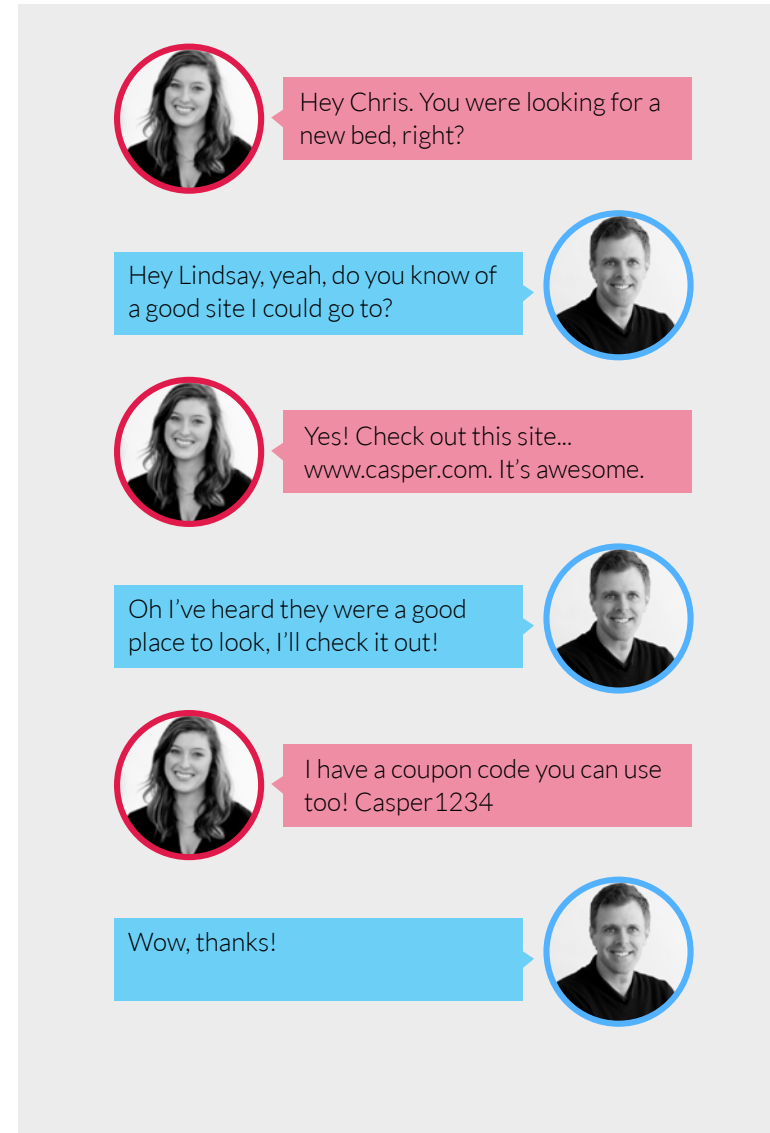
Whatever the name of the code you choose, it should work across the web, mobile, and even offline without requiring a user to login. It's also interchangeable with share links, so a chance to share is never missed!

Track success of personalized advocate codes

Creating an exceptional advocacy program depends on the strong tracking and profiling of advocates. This allows you to support a highly-personalized program where existing account holders and new customers can generate a unique Advocate Code.

That's why the Extole platform has a unique architecture that enables us to create identities for participants and map their relationships.

Ultimately advocate codes are the direction that referrals are headed, but that doesn't mean you should wait to get them implemented into your referral marketing strategy. Get ahead of the game by using them immediately.



PRO TIP:

Personalized advocate codes not only remind the friend who the referral came from, but also make the code easier to remember. This saves time and creates a smoother referral process.

CONCLUSION

REFERRAL IS RETAIL'S BEST MOVE

People trust recommendations from friends and family more than any marketing channel.

Referral marketing works so well because it encourages word of mouth and turns it into a measurable source of new customers.

In the wake of a tough decade, referral marketing is a huge opportunity for retailers. By following these best practices, you can drive new business to your store and create a deeper connection with customers.

That'll put you in a position not just to survive, but to thrive as the eCommerce landscape continues to shift.



MUST-READS FOR RETAIL MARKETERS

- ¹ **Arthur Zaczekiewicz. *Amazon, Wal-Mart Lead Top 25 E-commerce Retail List***
<http://www.wwd.com/business-news/financial/amazon-walmart-top-ecommerce-retailers-10383750/>
- ² **Jen Gray. *Referral Marketing: The Ultimate Guide***
<http://www.extole.com/blog/the-ultimate-guide-to-referral-marketing/>
- ³ **Mark Brohan. *Mobile Commerce is now 30% of all U.S. E-commerce***
<https://www.internetretailer.com/2015/08/18/mobile-commerce-now-30-all-us-e-commerce>
- ⁴ **Amit Sharma. *Online Retailers Should Care More About the Post-Purchase Experience***
<https://hbr.org/2016/05/online-retailers-should-care-more-about-the-post-purchase-experience>
- ⁵ **Nick Poggi. *Sieze Moments with Cross-Device Referral***
<https://www.extole.com/blog/seize-moments-with-cross-device-referral/>
- ⁶ **Accenture. *Members of Customer Loyalty Programs Generate Significantly More Revenue for Retailers Than Do Non-Members, Accenture Research Finds***
<https://newsroom.accenture.com/news/members-of-customer-loyalty-programs-generate-significantly-more-revenue-for-retailers-than-do-non-members-accenture-research-finds.htm>
- ⁷ **Chris Duskin. *Why Referral Programs go Together Like Peanut Butter and Jelly***
<https://www.extole.com/blog/referral-loyalty-like-peanut-butter-jelly/>
- ⁸ **Extole. *2016 Refer-A-Friend Best Practices***
<https://www.extole.com/resources/2016-referral-marketing-best-practices/>



ABOUT THE AUTHOR

JEN GRAY

Jen Gray has been in marketing and sales for almost 10 years. Currently, she is the director of marketing at Extole and has led their marketing and sales development efforts for over 4 years. She is responsible for all marketing initiatives including strategic planning, demand generation, sales development, and more. She graduated with a B.A. from Colgate University in 2008 – Go ‘Gate!

WHO WE ARE

Brands use Extole to create connections that turn customers into advocates. Our enterprise advocacy platform and team of experts create beautiful advocate, sharing, and referral programs, so brands can harness the power of their advocates. By creating millions of advocates, we help marketers scale word-of-mouth to acquire new customers and increase loyalty using their greatest advantage: their customers.

CONTACT US

Visit us at extole.com | hello@extole.com | (415) 625-0411

