Referral Programs

Using Refer-a-Friend features

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TABLE OF CONTENTS

INTRODUCTION

Referral programs, also called "Refer a Friend," reward, or "Ambassador" programs, are an effective way to increase your subscriber list size. Friend referrals became a marketing strategy shortly after the folks on Madison Avenue noticed that the products that generated good word-of-mouth, sold the best. Surveys show that 75% of people don't believe advertisements, but 92% trust brand recommendations from their friends. People are also four times more likely to by something that is recommended by a friend. In a 2010 study of referral marketing at a German bank—reportedly the first such study ever conducted—it was found that referred customers were both more profitable and loyal than customers gained through other channels.

Rewards Programs

Searching for a way to generate and harness the sales potential of these personal recommendations, advertisers came up with the rewards program. The idea behind the rewards program is simple: Get one of your current customers to recommend your products or services to another person and you'll reward them for it. What that reward should be depends on your company's business. It can be anything from a month's free service to a pencil.

In this guide, we'll look at referral programs. What they are, how hey work, and what you need to know to get started. The main focus in this guide will be on the Refer-a-Friend (RaF) feature of Goolara Symphonie. While some of the information here is specific to Symphonie, much of the information is applicable with any email marketing software of referral service you are using.

We'll also look at ways to maximize the effectiveness of your referral program. How to use incentives to improve engagement, and examples of successful Refer-a-Friend

programs. We'll discuss RaF best practices, what will and won't work, and how to avoid issues with recent privacy regulations. We'll also take a look at third-party referral applications, how they work, and the advantages of using ESP-based referral systems, even if you also use third-party software.

Finally, we'll go through the process of Goolara Symphonie's Refer-a-Friend feature, showing how it works. We'll discuss how to customize the message to suit your business, and how to set it up.

CHAPTER 1: THE FUNDAMENTALS

The basic mechanism of any Refer-a-Friend program is referral marketing, which Wikipedia describes "as a process to encourage and significantly increase referrals from word of mouth." Put more simply, it's a method of encouraging your customers to recommend your products or services by offering rewards for successful sign-ups or purchases. Refer-a-Friend is not the same thing as multi-level marketing, which also is sometimes referred to as referral marketing.

We all tend to trust the opinions of people we know over anything an advertiser tells us. So if a friend says, "you should check this out," we are more likely to pay attention to it than when an ad says the same thing. Marketers have tried many different ways to capture the sales potential of individual recommendations, from testimonials to critical praise, but recommendations from a friend still carry he most weight.

It was with this in mind that the concept of providing incentives for referrals was born. For some, this means free time on a service; for others, it means actual prizes. For service companies, the rewards are often immediate. Zipcar, for instance, gives a subscriber $25 of free credit for each referral, and, to sweeten the pot, also gives the person being referred the same deal. Other companies may offer a point system for referrals that can be redeemed for rewards. Beauty Squad by, for instance, offer points toward free beauty products for each referral.

What's Involved?

It's extremely simple to set up a Refer-a-Friend program in Goolara Symphonie. Simply add text or a button to link to the Refer-a-Friend page, then choose "Refer a Friend" from the Mail Merge drop down menu in Symphonie's visual editor. That's all there is to it. The link will take your subscribers to page where they can add the email addresses from their friends. If a person with one of the email addresses opts to

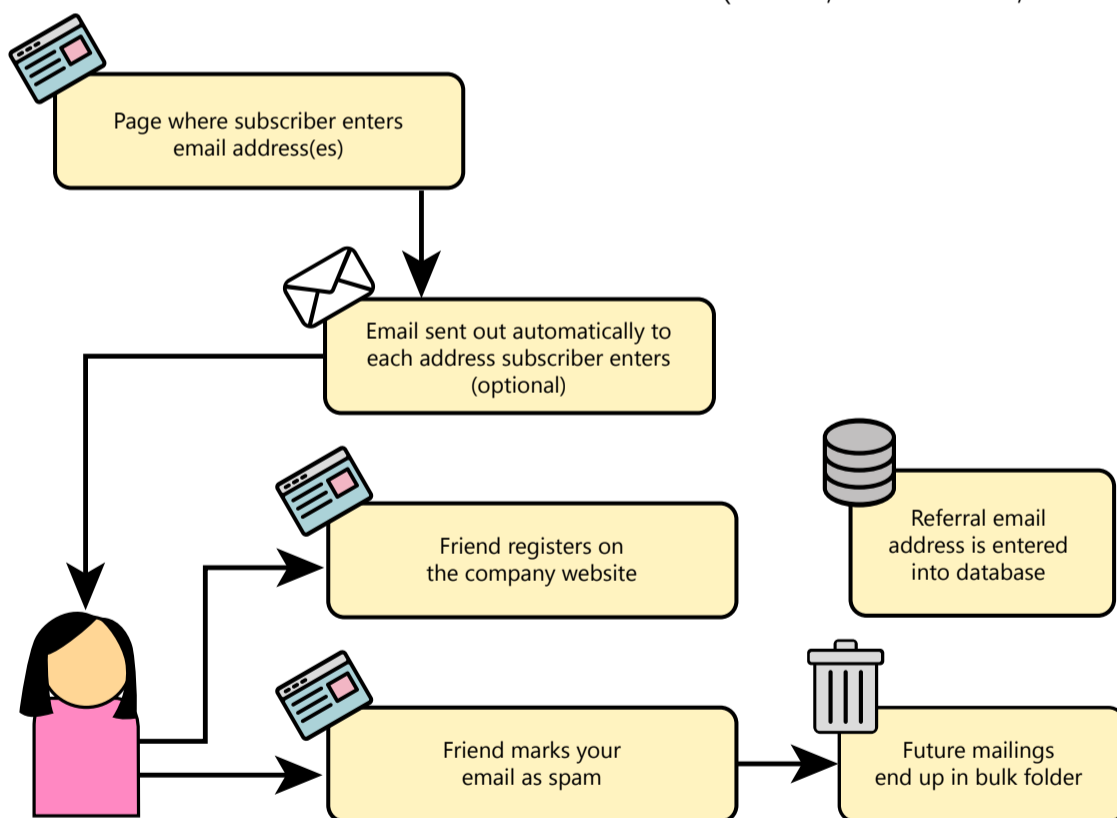Link in mailing → Page where subscriber enters email address(es)
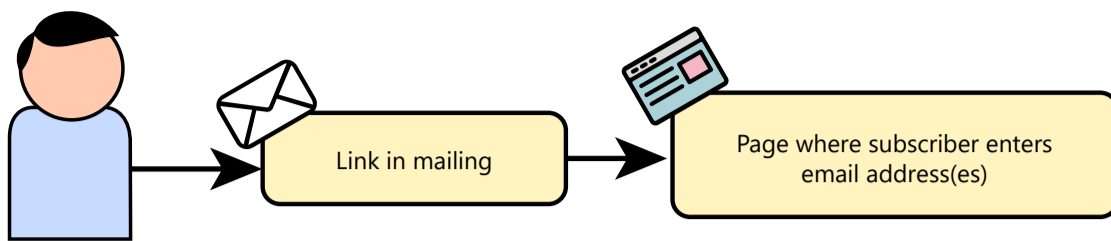
receive mailings from you, the subscriber is credited with referring that person. Of course, you'll still need to create any related mailings and compelling content to sell the program. If your company is big enough, you'll want someone in charge of the program to make sure that the RaF is succeeding, and to handle any related matters such as prizes. Depending on how you've set up your program, the person in charge will also need to keep on top of any potential abuse that might occur. You can also make your Refer-a-Friend program even more powerful with the additional features available in Symphonie, which we'll get into in more detail later on.

Send or Gather?

You'll have to make a choice between either sending out an email immediately to each email address a subscriber enters, or allowing the subscriber to create their list or potential customers and then refer people through the medium of their choice (email, Facebook, Twitter, YouTube vlogs, etc.).

Page where subscriber enters email address(es)

Email sent out automatically to each address subscriber enters (optional)

Friend registers on the company website

Referral email address is entered into database

Friend marks your email as spam

Future mailings end up in bulk folder

If you are planning to use the first approach (sending out emails immediately) keep in mind that this approach is illegal in some parts of the world, and since the mail is coming directly from you, you're the one that will be held accountable, not your customer. It also means that there is greater possibility that the person receiving this unsolicited email might not know anything about the referral program and will perceive your email as spam, promptly depositing it in the junk folder and possibly impacting your reputation score (for more on reputation scores, see our white paper *Deliverability Enhanced*, available in the Resources section of the Goolara website). For this approach to have any chance of success at

all, you'll need to make doubly sure that your mailing grabs the recipient's attention, enticing them to sign up and learn more, but we don't recommend this approach, no matter how well it is executed. It is too fraught with potential problems.
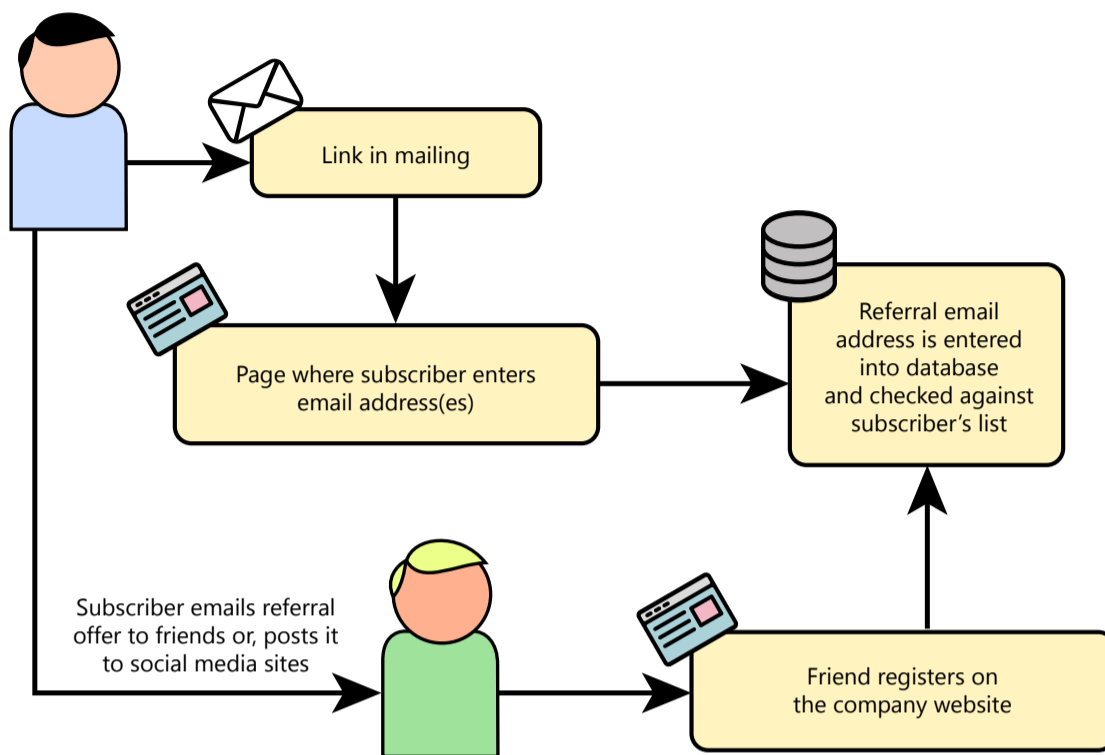
A safer approach is to let your subscriber decide how to recommend people to your business. In this way, you avoid the issue of unsolicited email, and open up potential referrals to other sources besides email. If you're using Goolara Symphonie, this a simple process. Symphonie can maintain a secure list of the email addresses that the subscribers enters to indicate the potential subscribers they are recommending. With this approach, no matter how that person signs up, as long as they use the email address that the original subscriber entered, the original subscriber will receive credit for referring that person.

Link in mailing

Page where subscriber enters email address(es)

Referral email address is entered into database and checked against subscriber's list

Subscriber emails referral offer to friends or, posts it to social media sites

Friend registers on the company website

The User Experience

Next, you'll need to decide just what details you want to share with your subscribers and how you want to present the information. You'll probably want to enable the "check referrals" link, so the person doing the referring can see who they've already referred and how many of those people actually followed through. You could also add a graph charting a subscriber's referral successes if this is applicable to your company's referral incentive approach (more on incentives in Chapter 2).

After you've completed the preparation for the subscriber's interface and user experience, you'll want to give some thought to the "friend's" experience. If you are using Goolara Symphonie's Refer-a-Friend and automation features, you can automate this process in some interesting ways, alerting the

Link in mailing

Page where subscriber enters email address(es)

Page where subscriber checks the email addresses they've entered and reward status (if applicable).

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"With the list builder, the customer does the referring so your IP address isn't in danger of taking a hit due to unsolicited emails, and ensures that referrals via other sources are automatically counted."

person who recommended their friend know that their friend has subscribed and, at the same time, sending an email to the registrant to let them know they've helped their friend either gain points or receive a reward. You may also want to welcome them with their own incentives. Using Symphonie's automation feature, you can also send emails to the person in charge of that subscriber's account so that they can follow up as needed.

Referral Options

How you should approach referral will depend on several factors. What does your business do, what do they offer, and what sort of rewards make sense?

You have a couple options when it comes to setting up your referral program. You can set it up so that each referral is automatically sent an email letting them know that their "friend" has recommended them as a potential customer, or you can let your clients build a list of potential referral emails and reward them when those people sign up. Each approach has advantages and disadvantages.

Autosend Referrals

With an autosend, your customer enters an email address and you send that person an email letting them know that person X has referred them. It's an easy approach, but, as we mentioned earlier, it's also a dangerous approach. In the first place, it means that the email is not coming from the person doing the referring, it's coming from you, so there's a much greater chance the mailing will be perceived as spam. If enough people perceive this mailing that way, your deliverability is going to take a hit.

In the second place, if you are sending to addresses in the European Union, you are violating the GDPR, and the penalties for this are stiff.

It also restricts the results for referrals to those that respond via that email. Ideally, you'll want to register signups from all the social media.

Third Party Solutions

If you're not using Symphonie, and your ESP doesn't include Refer-a-Friend capabilities, you may need to turn to a third party solution. With this approach, all referrals are piped through a company outside of your ESP. You'll have to pay

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extra for this service, plus this solution requires that the potential subscriber uses the links provided. If they go directly and sign up on their own, your client won't receive the credit (unlike Symphonie, which uses email addresses instead of links to identify potential subscribers).

The List Building Approach

A safer alternative is to let your subscribers build a list of the email addresses of potential customers, and every time one of these people signs up, your client will receive reward points. This approach has two big advantages: It lets the customer do the referring, so your IP address is never in danger of taking a hit due to unsolicited emails; and it ensures that any referrals via other sources, such as social media and blogs, are automatically counted.

Goolara Symphonie will let you use any of these three approaches. We prefer the third option.

In the next chapter, we'll look at the incentive options, and give some examples from various companies that are using referral techniques to good effect.
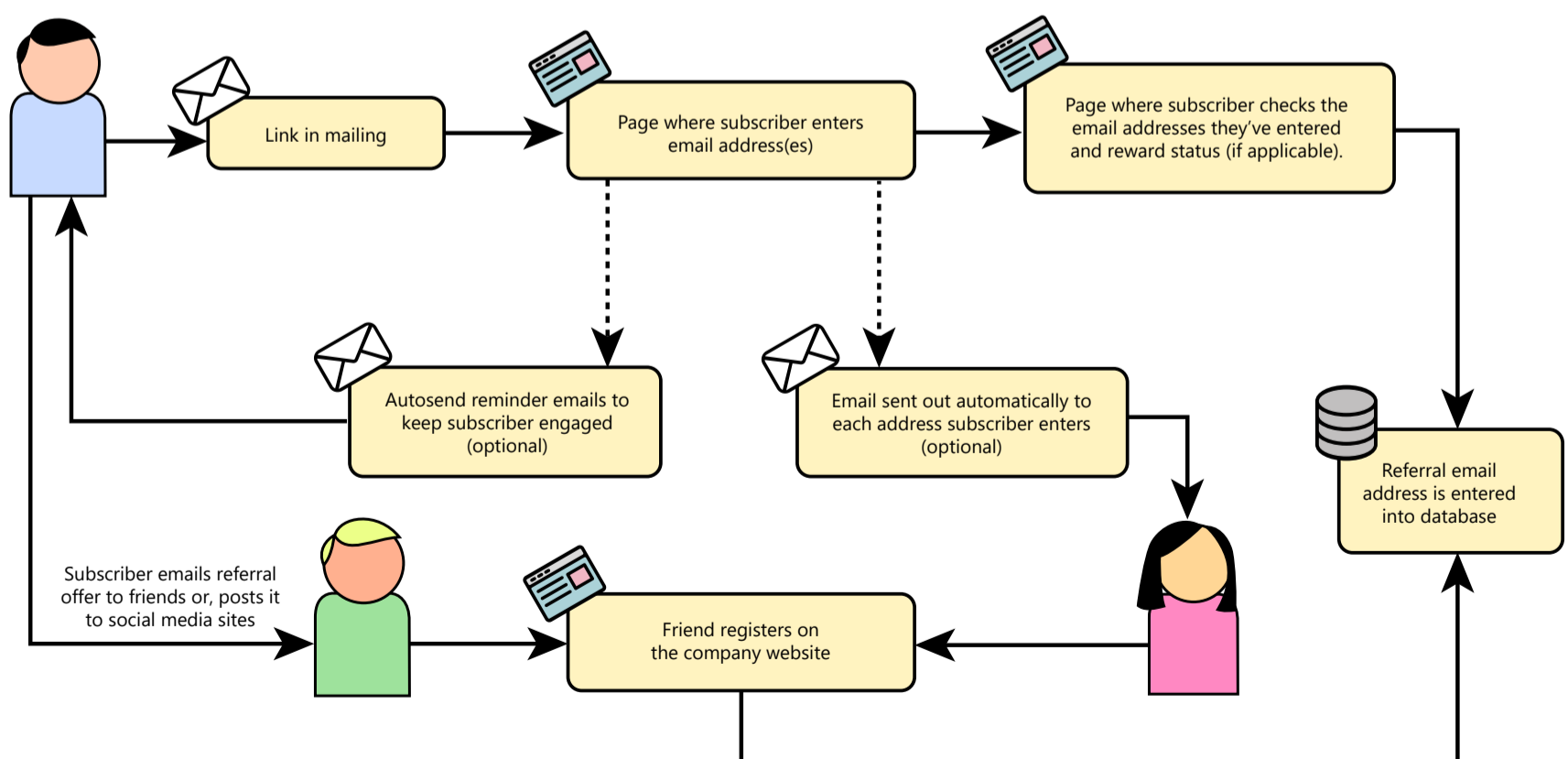
CHAPTER 2: INCENTIVES

The quality of the incentives and rewards you offer can have a major impact on the effectiveness of your referral program. It's also highly dependent on the type of business you conduct, and its inherent appeal. A business that sells physical products (tools, cosmetics, etc.) will have more success with a program that allows subscribers to earn discounts on these products, or to accrue points towards freebies. A business that offers a service may prefer to offer rate reductions based on the number of successful referrals. If neither of these scenarios fits your profile, you might also consider rewards that have been successful for similar companies.

What's In It For Me?

You need to ask yourself this question from the viewpoint of the subscriber, not yourself. Microsoft learned this lesson when they decided to try and win over subscribers by offering birthday rewards. It helped increase signups for a little while until people started receiving their rewards and found that they were only worth about twenty-five cents. People complained on Facebook and Twitter, and signups dropped after that.

Many of the more successful referral programs are the ones that ensure that both the referrer and the person receiving the signup request are both rewarded.

While there have been products and services that received unsolicited endorsements from users, in most cases, some sort of enticement is recommended. Remember that you're asking your subscribers for a quite a lot here. Not everyone is thrilled about signing up to receive more promotional mail. You have to make it worth everyone's while. Offering a coffee mug for 300 successful referrals is not going to encourage many people to take part in your program.

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"Remember that you're asking you're subscribers for a quite a lot here. You have to make it worth everyone's while."

The Simple Offer

The simplest approach is to offer one specific thing for every referral. In most cases, the referral is only considered complete when the person being referred actually purchases something. It can also be used for promotional purposes, where the existing customer receives some promotional item for each referral. In these cases, the promotional items are inexpensive items that have some exclusivity attached to them (e.g., laptop stickers or a lapel pins). This approach can be self-limiting since how many stickers or pins does a person need?

The Two-Way Offer

One popular approach is to offer both the person doing the referring, and the person they are referring the same reward. This is one of the most popular approaches because the offer only takes effect once the person receiving the referral takes action, which can help limit the number of fraudulent signups (*see Chapter 3: Preventing Abuse*).

The Limited Time Offer

Used by companies to beef up their subscriber base when they are starting a new venture or service, the limited time offer has the advantage of allowing you to offer rewards of greater value than you might if you had to provide them on an on-going basis. In a true limited time offer, the rewards are often a cut above average.

The Point System

One popular approach is the point system, where the more referrals you achieve, the more points you accrue. You can then cash in those points on anything from a pencil to a car. This can be a highly effective approach with certain audiences. The mileage programs used by many airlines is similar in concept, and some, such Alaska Airlines, also has seasonal mileage point offers for each approved referral a member provides.

If you choose to use a point system, you may want to provide small prizes as well as larger prizes. In this way, you can keep customers interested for as long as they are engaged. You'll also want to set up an automated email routine to send out reminders to customers that become inactive and stop accruing points.

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"No matter how you set up your referral campaign, make sure you keep your rewards system easy to understand."

Keep It Simple

No matter how you set up your referral program, make sure you keep your rewards system easy to understand. A needlessly complicated incentives program can do more harm than good. In 2016, Starbucks decided to change the way its Starbucks Gold program worked. Instead of the one drink, one-star reward program, Starbucks decided to switch to a system whereby the points awarded were based on the amount of money spent in the store. For people who normally bought a pastry with their coffee, this was a better deal, but that wasn't how the public saw it. Applying the old, one-star equation showed that a coffee wasn't worth as much and people went on Twitter to complain about it. This caused a hit on Starbucks public image and the company had to do some backtracking to explain why this was actually a better deal for most people.

Automate It

To ensure the quickest responses, you'll want to use Symphonie's automation feature to notify clients about their rewards. As mentioned previously, you may also want to use Symphonie automated workflow feature to notify an administrator whenever a prize level is reached so they'll know to distribute the prize.

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Once you've decided on the approach you want to take and the incentive you plan to offer, you'll next need to ask yourself: "Can this referral program be abused?" That is to say, does the program allow someone to game the system, accruing points or rewards without honestly earning them?

The Internet is full of stories of people who've found loopholes in incentives and rewards programs and used these loopholes to line their pockets. From the Starbucks' customer who ordered a $54.75 drink as his free birthday drink, to the guy who earned 1.2 million frequent flyer miles by buying Healthy Choice pudding snacks, there's no shortage of stories of people taking advantage of poorly constructed rewards program.

While this situation is not likely to happen to you, it does demonstrate the inescapable fact that whenever you come up with a reward system, there will be someone who tries to outsmart it. The greater the rewards, the more likely people will try to figure out a way to take advantage of it.

Risk vs. Reward

The trick, then, is to find the right balance between the rewards you are offering and the ease of obtaining them. If the rewards aren't appealing, your Refer-a-Friend program will fail for lack of interest. If your rewards are too good, you'll get people trying every trick in the book to get the prizes. You're going to get more responses for valued incentives, but it also means you'll need to do no more to protect your program (and, frankly, your reputation). It's a good idea to check the referral results from time to time to make sure the subscribers are following the rules you've set down.

"Let the subscriber know that you have the right to deny referral rewards for any reason you see fit."

Stay in Control

You want to make sure that your referral program stays in your control. The simplest way to do this is by limiting how many referrals a subscriber can provide at one time. Symphonie lets you designate the number of referral addresses a client can provide during each session, which can help prevent some abuse, but if your incentive rewards are nice enough, even a restriction of the number of addresses a client can enter might not be enough to stop abuse.

Spell Out Your Restrictions

Either on the referral signup page or somewhere during the signup process, you should spell out the rules of your referral program. Let the subscriber know that you have the right to deny referral rewards for any reason you see fit. These might include—but are not limited to—referrals to oneself, fraudulent referrals, or the use of a bot to generate referrals.

Make Them Earn It

If all that is required is that a person register using one of the email addresses that the referrer entered, a wily person could create several dozen email accounts, enter them in their list and then register with them. If the process is fast enough, they could even use one of those temporary email address accounts, some of which create legitimate looking email addresses and will last up to two weeks.

To avoid this problem, you might consider some additional action before a referred address is accepted. For instance, you could require the referral to visit your website first, or, if you want to raise the bar even higher, only accept the address after that person has actually purchased something. You'll still need to find the right balance between the hassle of signing up and value of the rewards. If you're giving away commuter mugs with your logo on them for signing up, you'll want to keep the entry barrier low. If, on the other hand, your rewards involves prizes costing more than a few dollars, you may require purchases before rewards are given. A hybrid solution is to reward points based on the actions of the referred person. Signing up, for instance, might be worth one point, whereas purchasing something would yield more points, depending on the value of whatever has been purchased.

You may want to brand your RaF sign-in page. This is easily accomplished with a little knowledge of HTML. It may seem daunting at first because of the ASPX structure of the pages and the inclusion of modules for handling operations. Just keep in mind that the layout aspects of the pages are still simply HTML, and they edit the same way. Before you start—as with any code modification—remember to save backup versions of anything you plan to alter. You may need to retrace your steps. You can edit the code with any text editor or code editor, just make sure that it doesn't change the suffix (aspx) to html, htm, or txt.

Adding a Logo

To begin with, let's brand our Refer-a-Friend page by adding a logo to the top of the page. The addition of a logo is the simplest and most effective way to brand any page. Because the logo is an element that you'd place on the page, you can either add it to the existing document directly, or, if you want more control over its position, add a div to the top of the page.
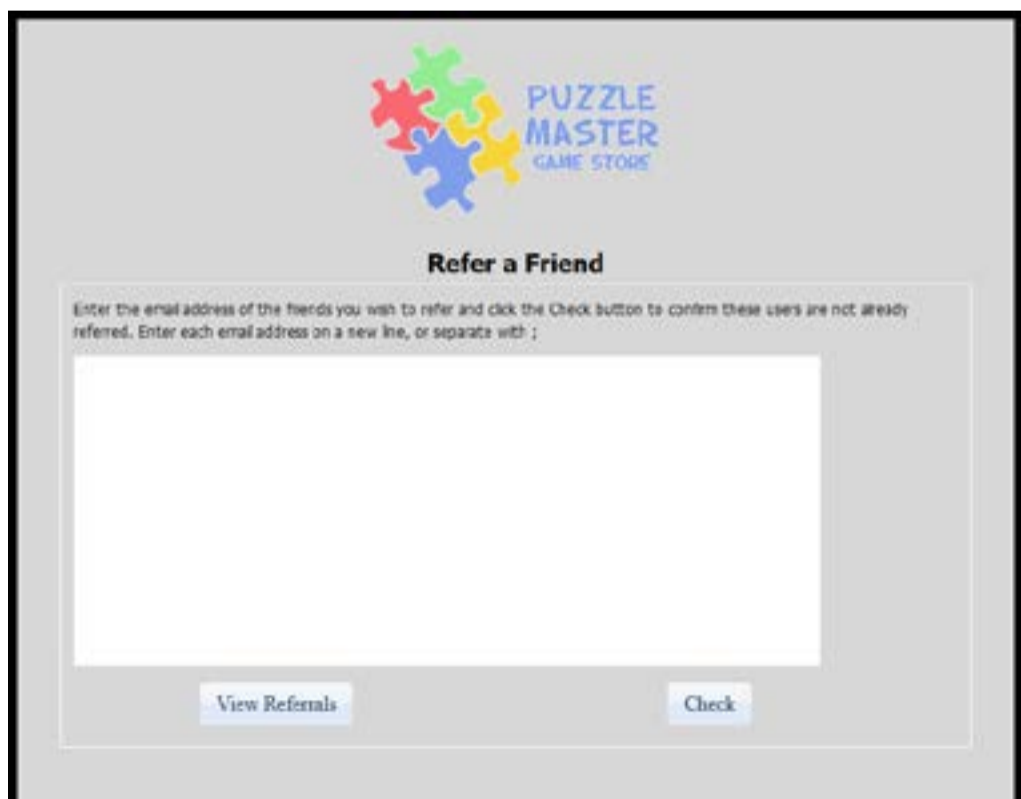
First, you'll need to add the logo to your online archive of images via Symphonie. Do this by opening to edit any unsent document in your Symphonie library. This will open that document in the Symphonie Visual Editor. It doesn't really matter which document you open since you are only adding the image to the Symphonie Media Library and not adding it to the page. Click the Symphonie Image Manager icon, then click the upload button, select the image you want to add to your media library and click upload. *[Hint: You might want to create a new folder for all the images you plan to use for the RaF page.]*

Click here to open Media folder
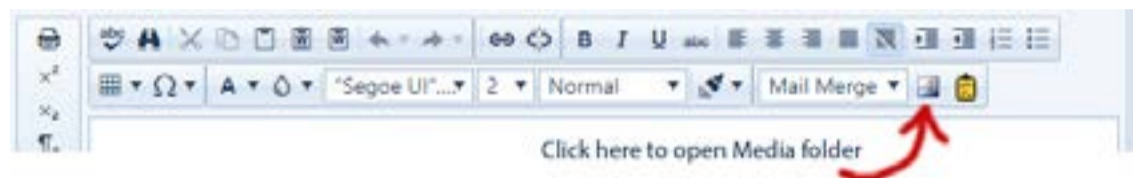
Now open the Refer a Friend master document in the code editor of your choice. Its default name is ***Referral1_goolara_ en.aspx***. . To make a customized version, change "goolara" to your company's name. You can also create language-specific versions of the file by changing the "en" ending identifier. Keep in mind that you will also need to reflect that change in the mailing.

Scroll down the document to the first div.

Insert within that div, another div containing the href location for your logo.

Changing the background color

You may also decide to change the color scheme to match your corporate branding. In our example, we want the background color for the main div to be pink instead of light gray.
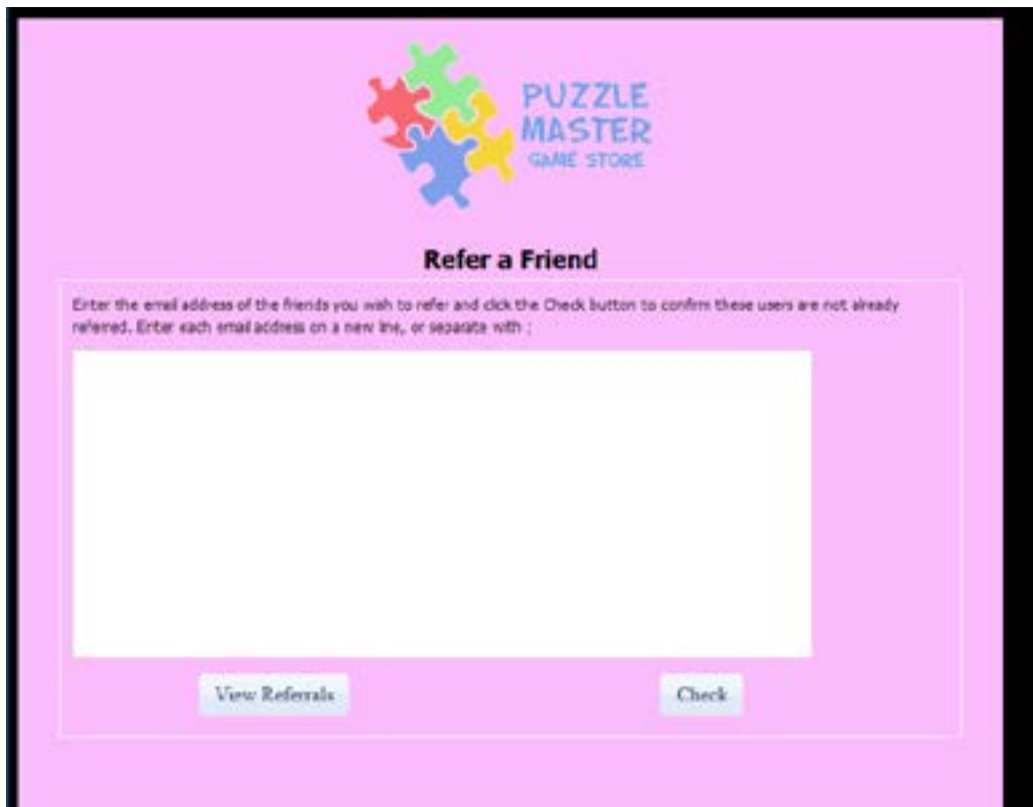
Again the process is simple. We've changed the background color for the main div to "#fab4fc" instead of light gray.

```
<style type="text/css">
    .lbl { color: Black; font: Normal 12px "tahoma", helvetica, sans-serif; }
    h1 { font: Bold 20px "tahoma", helvetica, sans-serif; padding: 5px; }
    .errorMsg { color: Red; font: Normal 13px "tahoma", helvetica, sans-serif; padding: 2px; }
</style>
</head>
<body style="background-color: lightgray" >
    <form id="form1" runat="server">
        <script language="c#" runat="server">
```
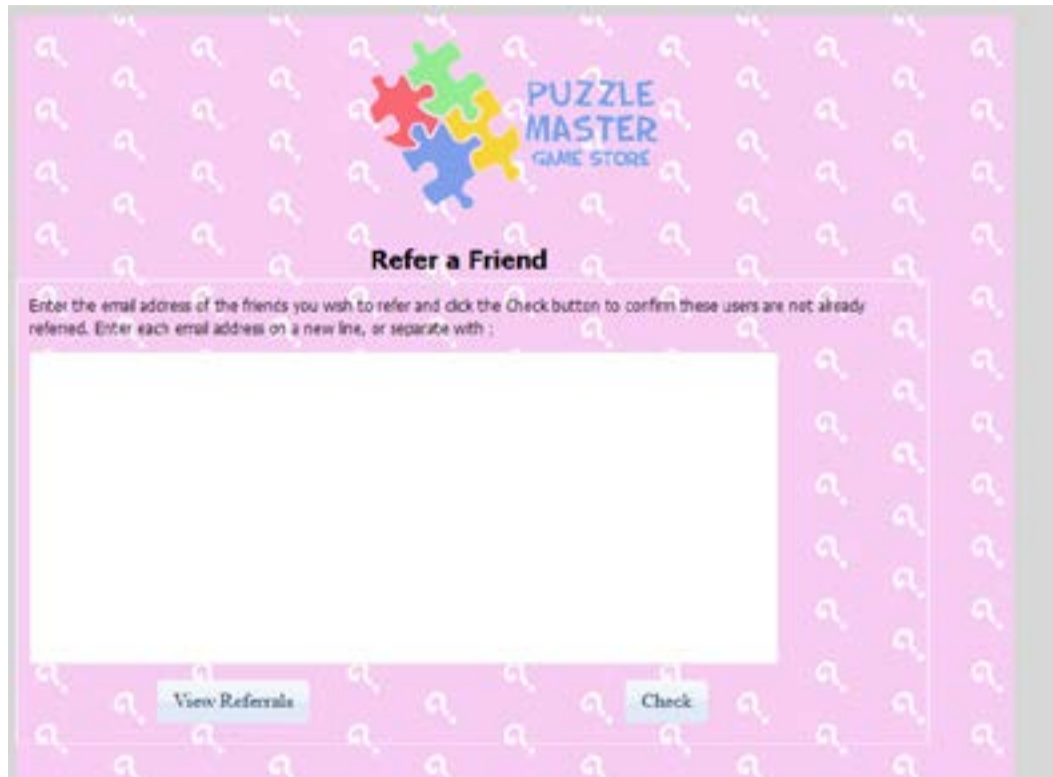
In the body tag, you can also change the color behind the main div. In this case, we want to change it to light gray, so it's not so stark next to pink.

Adding a Background Image

You can also create a patterned background by adding an image to the main div.

As with the logo, you'll first need to upload the image to your Symphonie media archive. Next, you need to add a class selector to the CSS in the style tags at the top of the page.

Then you need to use that class selector in the div.

That's all there is to it!

The Complete Makeover

If you are proficient in HTML, you can do a lot more than simply change the background and add a logo. A complete makeover of the page is also possible, provided that the Refer-a-Friend components remain on the page. The example below shows just how far you can go to personalize your referral page, with status bars, multiple buttons, and more complex and responsive layouts. The same holds true for the referral check, link and summary pages as well. Feel free to contact us at Goolara to learn more about this process.
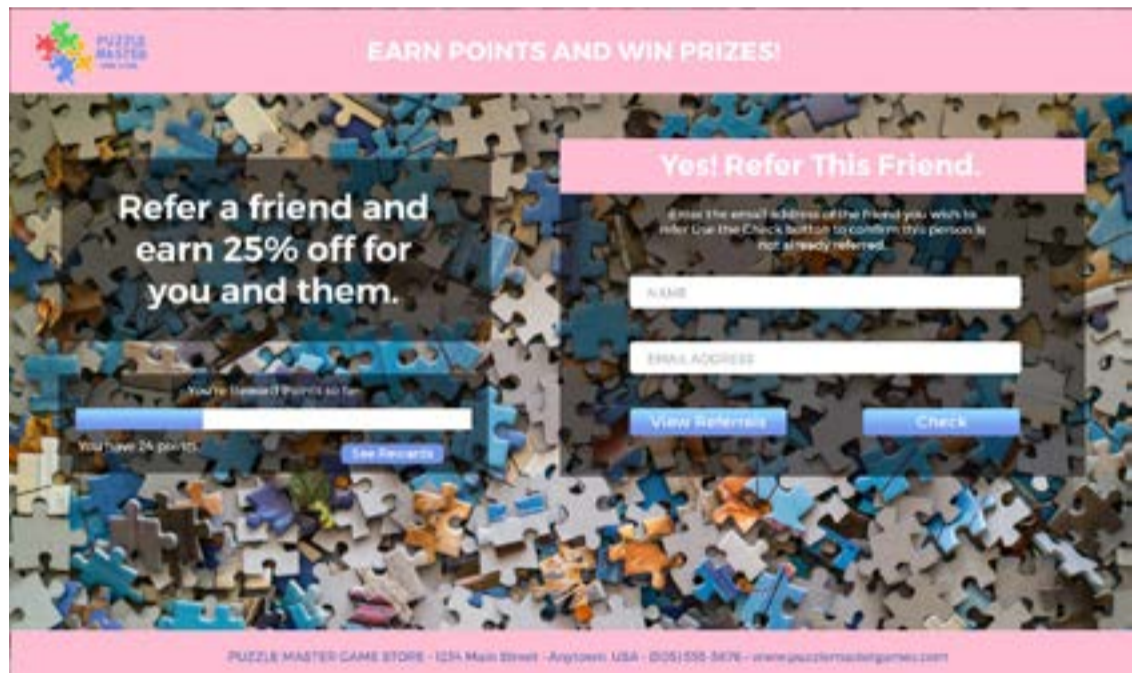
SUMMARY

A referral programs can be an effective way to increase your subscriber list because people trust the recommendations of friends over those from strangers.

Using Symphonie's Refer-a-Friend feature, it's easy to build your own referral program. Although the Refer-a-Friend feature is designed to be usable right out of the box, you also have option of editing the code to make your referral pages match your brand specifications.

You can choose to send out emails to the referral addresses your subscribers enter, or you can opt to let them do the recommendations and use the entered emails to ensure that your subscribers get the credit whenever a potential client signs up. Of the two approaches, we recommend the latter to avoid potential privacy violations and delivery issues.

You can also use third party referral software, although requires additional payments and doesn't offer as many advantages as using the feature in Symphonie.

The incentives you offer for sign ups will affect the success of your program. If the rewards have little value, you may not get many sign ups. If the rewards are too good, you are likely to encounter people trying to game the offer for maximum rewards.

Limited time offers with valuable rewards can be useful to quickly increase your subscriber base, but these should be carefully monitored.

If you use a point system, you'll want to keep your subscribers apprised of their point totals to keep them engaged.

You can use Symphonie's automation features to do most of the work and ensure timely responses.

Your referral pages can be easily modified using basic HTML skills. Depending on your level of expertise, referral pages can be heavily modified to include things such as the point total for each client.

About Goolara

Goolara has been in the email marketing business since 2005. Symphonie, Goolara's premiere email marketing solution is available in on-premise and cloud-based, SaaS deployments. The powerful software features many advanced capabilities, such as full-featured dynamic content, transactional and triggered email, and customizable report generation features. It is easy to use and runs from a browser-based interface using Chrome, Firefox, Internet Explorer, or Safari. Goolara is headquartered in Moraga, California and can be found online at www.goolara.com.

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