

5 Ways to Increase Customer Referrals

By Gordon L. Johnson of www.HowToMarketTraining.com



If you've been in training long, you know that referrals are without question the best leads you can get. Usually, when one of your clients refers you to a colleague, they are doing it in response to an expressed need. In other words, their colleague already needs the services your company provides. Plus, their colleague's company is often similar to their own – the same size, same culture, and requiring the same types of training products. Talk about targeted marketing!

Additionally, your client is endorsing your services. Think about it. When you are planning a large purchase -- a car for example -- you may read car magazines and company brochures and talk to salespeople, but what really leads you to your ultimate choice? Often, it's a trusted friend who owns the model you are considering and is willing to personally vouch for its value.

Unlike the voluminous leads that you get from email blasts and direct marketing programs, referrals can be hard to come by. As marketers, we wish we could simply re-position marketing funds into referral-generating campaigns, but it rarely works out that way. Referrals simply aren't as scalable as other lead programs. Still, experience has taught me there are ways to increase referrals and that doing so can have significant impact on business.

Here are my top five ideas for increasing referrals:

1. Ask for referrals ... all the time

Happy customers love to give referrals, but don't always remember to do so when the time is right. That's why you should let them know that you want and appreciate their referrals.

A national company I do business with has built their marketing program almost entirely around generating referrals. Every email that every employee sends to customers ends with, "Who is the one person you know that could benefit from my advice and expertise?" You can re-purpose this message for your customers and make it a part of your company's standard email signature.

2. Incent your salespeople to ask for referrals

Your salespeople almost certainly already know Idea #1: Ask for referrals all the time. But are they putting action behind the words? Many salespeople tell me they either forget or are too uncomfortable to ask. Help them develop the habit so it becomes second nature.

One company I worked with incented its sales teams to ask for referrals on every single call. Salespeople kept a log of referrals they obtained from their clients and were then compensated with bonus money added to their paychecks. Not only did the company triple their number of referrals with this program, but customers seemed to appreciate being asked. Some remarked, "I'm glad you asked that. I've been meaning to tell a co-worker to go take one of your courses."

3. Offer "Bring a Friend" Promotions

"Buy one, get one free" or "Buy one get one at half price" is a common marketing promotion in many industries. Why? It works. In service industries, such as training, what you're really asking for is a referral.

When a customer registers for a class or buys some other training product from you, make it worth their while to encourage a colleague to do the same. Offer a discount on the current product or a future product as an incentive. If they can't think of anyone else who could benefit from your services, remind them to consider other departments in their company or external vendors, partners, or clients they may want to reward. Everyone wins from this promotion. Your client gets a discount and you acquire a new customer.

4. Increase the purchasing power of your customer

One company I worked with met with each of their major customers annually to present a thorough report of what the customer had bought in the previous year and ascertain what their goals were for the upcoming year. In each of these meetings, we encouraged referrals by presenting the customer with a method for increasing their purchasing power.

We told the customer that if we could get one more department in their organization to spend the same amount they were spending, we would give their company a major price break. Often, this led to deep discussions about the company's org chart and who the best contacts might be. Some clients even went so far as to provide us an org chart and a phone list!

5. Satisfy your customers

I once read a study that said that satisfied customers tell one person about their experiences with a company, while unsatisfied customers tell five. There's a lot of power in referrals, for good and for bad. Obviously you want the people saying good things about your organization to outnumber those who are saying bad things. This seems to be a no-brainer, but it's amazing how easily it can be forgotten, especially with those who are not in the trenches.

Early in my marketing career, I thought the number of customers who bought my companies' products was directly related to the success of my carefully orchestrated marketing campaigns. Over the years, I have come to realize that many customers simply come out of the woodwork.

Where do they come from? Salespeople didn't get them to call in. Marketing didn't do anything to get them to call. So, what happened? After talking to hundreds of customers, I finally concluded that more came due to a referral than those who came in response to a specific marketing plan I had implemented.

If you don't include referral-generation in your marketing plan, the time to include it is now. If you already have a plan for generating referrals, the ideas above should help you freshen your approach.

Postscript: I love to hear about innovative referral programs, because they do require some real innovation. How do you increase referrals in your organization?

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