



Business Success

STRATEGIES

“I CAME RECOMMENDED”

There are many ways to expand your business and achieve the doubling of profits as per the formula used for illustration in the previous section. By far the best way, in terms of cost saving and customer attraction, is through Referrals. Consider how many times on a daily basis you are supporting someone else's business...

I saw that film last night and really enjoyed it – you must go and see it!

Have you eaten at that restaurant yet? We enjoyed the most delicious meal – you must go!

For a new look I can highly recommend my own hairdresser – make an appointment!

It is one of the best books I have read for a long time – you must read it!

And so on and so forth and the list can be endless. And with the recommendation comes a call to take action – which most marketing ads do not even carry! Yet, bizarrely, most businesses do not have a referral program in place. For example, you never receive anything for the recommendations you make to friends – you are simply pleased to do so. Also bizarrely, even when a company learns that you are regularly referring people they consider it as a given – because they deserve it. That may well be the case, but the marketing opportunity to massively increase the customers is being missed, and certainly not maximized.



Expanding your business through referrals is the secret to doubling your customers and, it follows, both your revenue and profits. For example, say you have 100 customers and you introduce them to your referral program, motivating each one of them to introduce through recommendation just 1 person a year. That would increase your customers to 200. If they enjoyed the rewards for doing so, then they may even introduce many more, in which case you have tripled or quadrupled your customers in a year.

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What is the best way to have your customers recommend you on a regular basis? It is simply to ask them. Again, bizarrely, most business owners dislike asking their customers – under the misguided thinking that it is selling and they are putting pressure on an important relationship.

The reality is that people liked to be asked and are more than happy to recommend – that is, of course, if they have been delighted with your service or product. That clearly is the key – your service and your product must be worth recommending. People are hardly going to recommend you for something that did not provide the value promised, or gave them grief.

Going beyond just asking involves developing a referral program. A program that offers something in return for receiving referrals. Affiliate programs, for example, are now part and parcel of the Internet. When one website recommends the products or services for another website, directing them

amazonassociates



The graphic is titled "Make Money Advertising Amazon" and includes the subtext "Earn up to 15% in referrals by advertising Amazon products." It features three main stages: 1. "Advertise products on your web page" with a screenshot of a website showing an Amazon product link. 2. "People follow the links to Amazon" with an illustration of three orange figures walking towards the right. 3. "Earn up to 15% when they buy" with a screenshot of an Amazon product page and a large green dollar sign.

to that, there is an automatic affiliation reward for doing so. Amazon.com have an affiliation program. You recommend the books or products you like on your own website and they will credit your account with a reward. Google do the same. Many home businesses rely solely on the income derived from affiliate reward programs.

Often the preferred referral reward is non-cash. Everyone values being valued. If, for example, your favourite restaurant delivered a fine bottle of wine or champagne to your table, in recognition of your regular recommendation that brings new customers, you appreciate it, and feel part of the business. The cost to the restaurant owner is not great, as whatever the mark-up, the actual cost is not great, but the appreciation value is high and new customers to retain are highly valuable. Many restaurants have loyalty programs.

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Whatever your own business offering, product or service, you must straight-away start figuring out what would be the best reward to give to your existing customers for recommending your business. Let me share a process I developed for a larger client company to develop referrals.

Most large companies insist on developing lengthy customer survey sheets to be filled out. I have rarely met anyone that relishes filling out several pages of questions or getting a call in the evening upon just getting home, or sitting down to relax, from a call centre insistently requesting that you answer customer satisfaction inquiries. To me it is an absolute abuse of your customer's time.

We developed a strategy to find out what customers liked and disliked before we introduced a referral program, and we did this in the same way every good relationship is built, step-by-step. There were only 3 questions to be asked of customers and the questions were:

Dear John Smith,

We thank you for being our valued customer and are in the process of developing a reward program in our appreciation. We really need to enlist your help to do so and would like to ask just 3 questions of you.

- 1. What are we doing that you would like us to stop doing?*
- 2. What are we doing that you would like us to do more of?*
- 3. Would you be willing to recommend us when we have done this?*

Please bring the back the questionnaire next time you visit and we will give you 15% discount on anything you might choose to purchase. If it is more convenient for you please use the prepaid envelope and simply state your name at your next visit to receive your discount.

The response was much higher than hoped for, with over 1500 customers replying. Those qualified customers were then give 3-referral cards, each with a barcode; to give to friends they made a recommendation to. The cards offered introductory discounts on any purchase for the new customers. Each time the barcode was swiped it indicated that a recommendation card had been used, and recorded the person that recommended. This in turn developed a personalized loyalty program. Customers increased by over 3000 over an 8-month period.



Clearly on this example the company invested in adapting their existing barcode reader to accommodate recording the data, yet the clear result was that they had enjoyed their biggest growth with the least marketing cost. A one-page mailing cost far less to produce than the former 5-page questionnaire that they sent out that received low response.

Word of mouth has always been the best form of advertising and marketing and ensure the best retention and best return. So it is crazy not to do it.

Countries have ambassadors that are committed to doing the best for their country and that very much involves attracting new imports to their country that benefits the economy. Transforming your customers into ambassadors that introduce new customers is about 2 distinct factors.

1. Delivering on your promise of the offering and exceeding expectations of your service.
2. Providing motivation through appreciation and reward.

So whatever your offering, product or service, make absolutely certain that you introduce a referral program that is founded on those 2 factors and then enjoy the doubling of your business.

