

Referral  
Marketing  
**Crash Course**

**A Publication of Friendbuy**

Supercharge Customer Acquisition with  
Referral Marketing: A Beginners Guide

friendbuy

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# Referral Marketing: A Growth Strategy

What do Gilt Group, Zulily, Uber, RueLaLa and AirBnB have in common? **They all used referral marketing as a primary engine for growth.**

Thanks for downloading our Ebook. At Friendbuy, we are passionate about helping e-commerce businesses grow **exponentially** with referral marketing. That's why we devoted our business to creating the only referral marketing platform that any marketer could use to start their campaigns quickly and easily.

While referral marketing isn't a new concept, *online* referral marketing is just taking hold with e-commerce businesses—with amazing results. Top brands like Warby Parker, BirchBox, MeUndies and NatureBox have experienced rapid growth using referrals as part of their online marketing strategy.

In this Ebook, you'll learn everything you need to know about referral marketing. By the end, you'll be ready to start or supercharge your referral program and acquire new customers out of the gate.

Fun Fact: Referral programs average 'single digit CPAs.' That is to say, you should see your *cost per acquisition* no more than \$10 per new customer.

## A Definition

**(Online) Referral Marketing** is a method of *influencing customers* to promote a brand's products or services to new customers, typically through incentives and offers. The foundation of referral marketing is harnessing the viral "word of mouth" -- friends telling friends about great products and services they use via social media and email.

***An example:***

*John has a great experience with Friendbuy.*

*Friendbuy prompts John via referral widget to refer a friend.*

*If John refers his friend, he gets a pony and his friends get 10% off their first purchase with Friendbuy.*

*This example features a two-sided incentive structure. Both parties get something out of the deal.*

People Share



Friends Click



Friends Convert



# The Core Components of Referral Marketing

In order to run an airtight referral marketing program, you'll need to understand the basics of how referral campaigns are structured. The first part of this Ebook is dedicated to a deep-dive review of the core components that go into referral marketing, namely:

- ✓ Referral Widgets
- ✓ Incentive Structures
- ✓ Incentives & Offers
- ✓ Sharing Basics
- ✓ Reward Fulfillment
- ✓ Key Metrics



**Fun Fact:** Compared to display advertising (\$20 to \$40 CPAs), Pay Per Click (\$30) and display retargeting (\$10), referral programs are *extremely* efficient.

## Referral Widgets

The main vehicle for referral marketing is a referral widget. Widgets can be designed to look the way you want them, but we recommend keeping the design close to your brand. Referral widgets can be served as an overlay (popup) or embedded on a page. You get to decide when, where and how they are served to your visitors or customers.

**GET \$20 FOR FREE AGAIN AND AGAIN!**  
YOU GIVE YOUR FRIENDS 20% OFF WHEN YOU SHARE AND YOU GET \$20 EVERY FRIEND'S FIRST PURCHASE

EMAIL | FACEBOOK | TWITTER

Input comma-separated emails or import your [address book](#).

From

Hey,  
You have to try MeUndies.com, they have the most

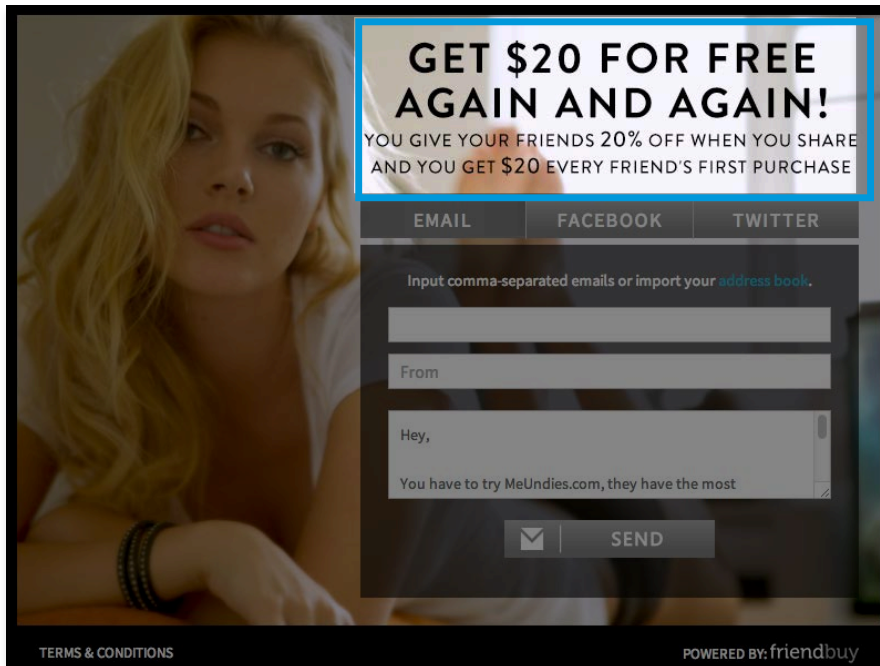
SEND

TERMS & CONDITIONS | POWERED BY: friendbuy

## Referral Widgets

There are a couple of things to know about referral widgets:

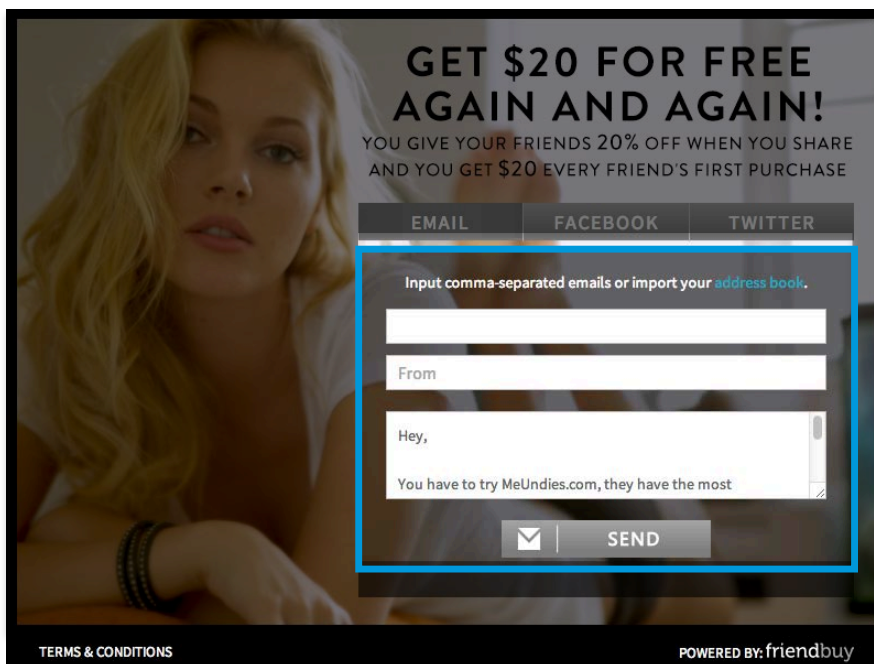
- A. The top half of a widget includes a headline call to action – the ‘what’s in it for them’ copy, typically a sentence starting with a verb.



### Important Note:

It's critical that referral widgets are user-friendly, good to look at, and that they DO NOT require a user log-in (requiring a log-in can actually result in conversion drop-off by up to 90%).

- B. The bottom half of a widget contains the shared content - the message that friends receive. This is the call to action that compels friends to click and visit your website.



## Incentive Structures

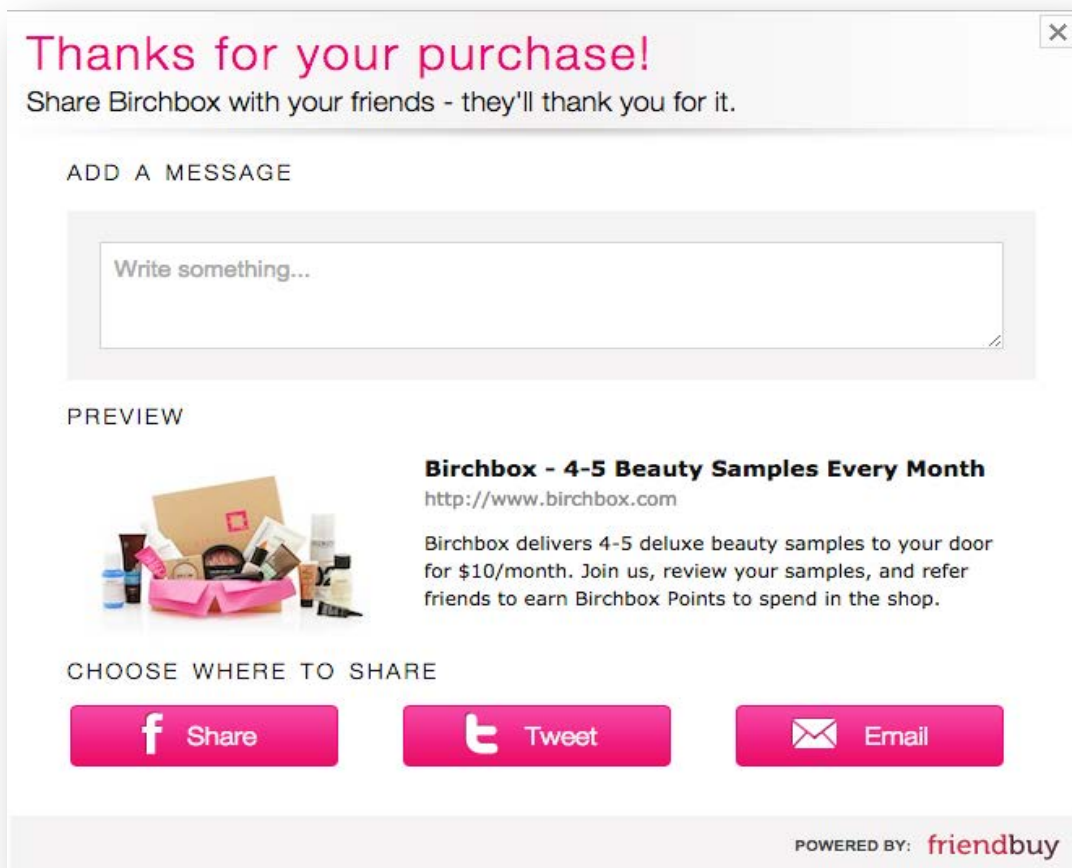
There are three incentive structures that will shape how your customers will interact with your referral program. Each represents a different referral structure that will have an impact on performance:

No incentive → Sharing for the sake of sharing

One-sided → One party (typically the sharer) gets something

Two-sided → Both parties (the sharer and their friend) get something

Below, is an example of a “no incentive” campaign, where the sharer would share the product because they think it’s cool or want to recommend it to a friend.





## Referral Incentives

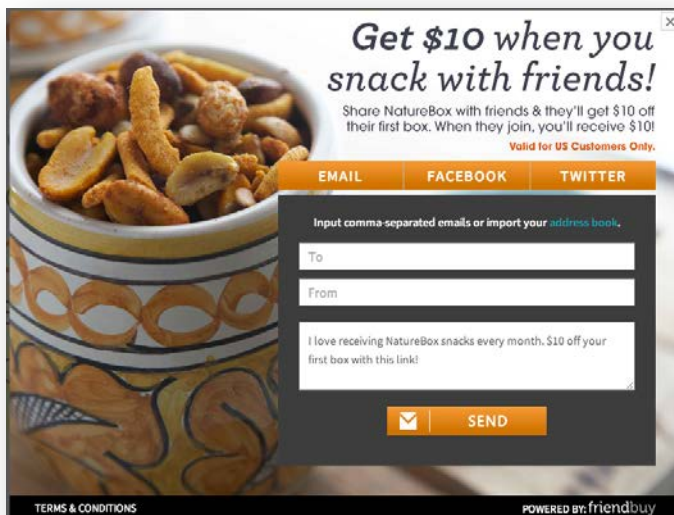
Referral incentives are the kinds of 'carrots' you can put in front of your customers that will encourage them to share with their friends. While you don't need to use incentives in referral programs, they do increase conversions in most cases. **Cash, store credit, or discounts** perform best when it comes to referral incentives.

- ✓ Cash back
- ✓ Store credit
- ✓ Discount

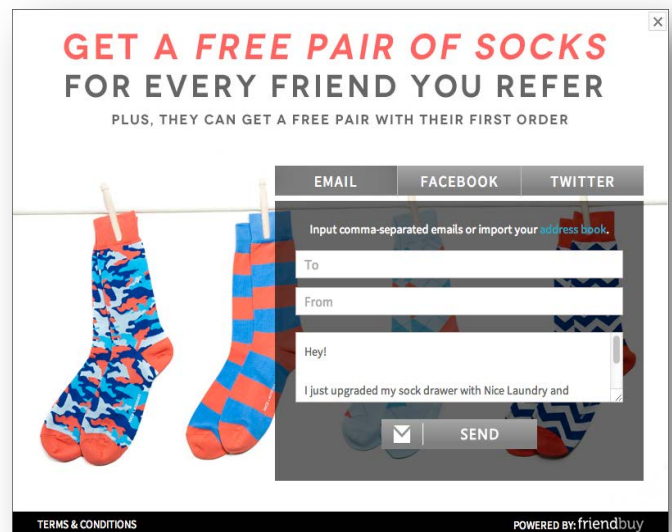
However, there are scenarios where creativity trumps cash. In referral marketing, nuances do matter. Here are some additional incentives that we've seen customers use:

- ✓ Gift cards
- ✓ Coupons
- ✓ Premiums (physical items like a tote bag)
- ✓ Loyalty points
- ✓ Free month (subscriptions)
- ✓ Access to special features (SAAS and web-based apps)
- ✓ Donation to charitable cause
- ✓ Special events (in-store or brick and mortar)
- ✓ Extra entries for sweeps and contests

Cash back incentive



Creative incentive - socks!



## Offers (to the referred visitor)

Double sided incentives will include an offer to the referred visitor. While you don't always need to use an offer to the referred visitor, it can help boost conversion rates for new customer acquisition. Here are some examples we've seen in the field:

- ✓ Discounts (10% off your first order)
- ✓ Free trial
- ✓ Free shipping
- ✓ Limited time offers

Offer to the referred friend, \$10 to try, highlighted below

The image shows a referral form for Urban Remedy. The form is titled "REFER A FRIEND AND GET \$10" and includes the text "We'll give every friend you refer \$10. And you'll get \$10 when they make a first purchase." Below the title are three tabs: "EMAIL", "FACEBOOK", and "TWITTER". The "EMAIL" tab is selected, and the form contains a text input field for "To" with the placeholder "Input comma-separated emails or import your [address book](#)", a "From" field, and a message body field. The message body field is highlighted with an orange border and contains the text "Hi! I know you'll love Urban Remedy as much as I do. Here's \$10 to try it out!". Below the message body field is a "SEND" button. The background of the form features a bowl of salad and a bottle of Urban Remedy. At the bottom of the form, there are links for "TERMS & CONDITIONS" and "POWERED BY: friendbuy".

## Creating Your Campaign

To Incentivize or Not to Incentivize? Single Sided, Double Sided, No Incentive? In reality, all three incentive structures can be effective. Knowing which type of incentive structure to use is highly contingent upon one thing:

### **YOUR BUYER PERSONA AND WHAT INCENTIVIZES THEM TO SHARE.**

People tend to share information with their networks for three main reasons:

- It reflects their personal brand (their personality or interests)
- It's helpful to their network
- It's because they get something out of it

Therefore, understanding your buyer persona and what incentivizes them to share is key to creating an effective campaign.

*An example:*

*Imagine you're a jewelry store and you specialize in diamond engagement rings. You may be tempted to create a campaign promoting a discount on a certain style of ring.*

*Great deal right?*

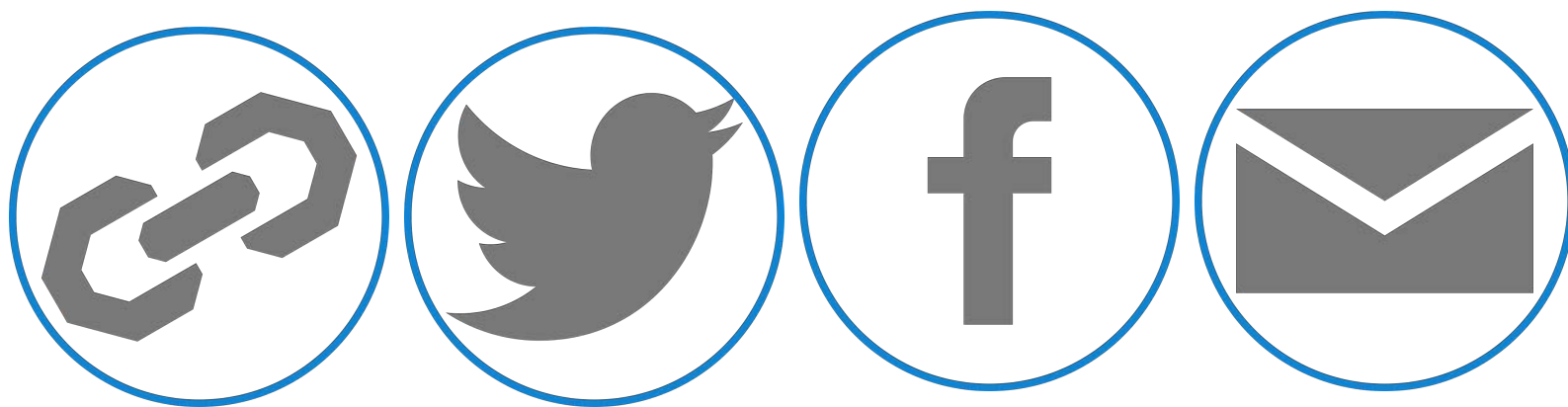
*Wrong! The problem here is that the person BUYING the ring (the clueless future fiancé) may have no idea what a cushion cut diamond is, so this campaign may be confusing.*

*Instead, you should offer a promotional discount to ANY style ring with a free consultation. That would resonate with this buyer! Discount AND Help!*




A **buyer persona** is a semi-fictional representation of your ideal customer based on market research and real data about your existing customers. When creating your **buyer persona(s)**, consider including customer demographics, behavior patterns, motivations, and goals. The more detailed you are, the better.

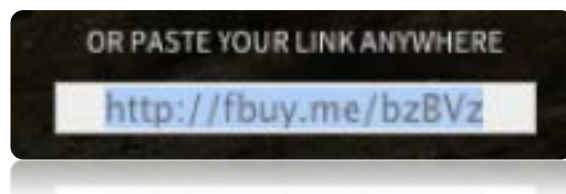
## Sharing Basics



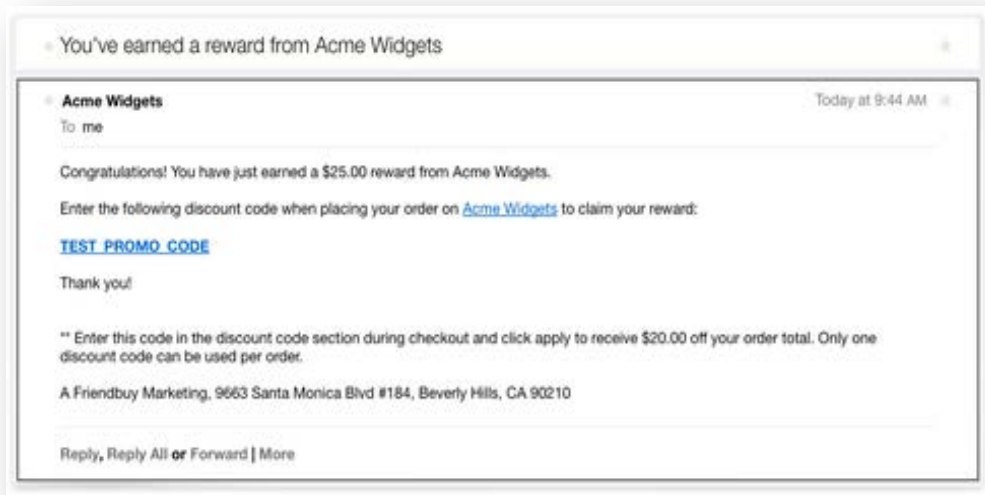
It's important to provide users a choice of how and where to share your campaign. Different people prefer different methods of sharing information with friends. At the very least, you should provide the ability to share via Facebook, Twitter and email.

Sharing via social is the most visible and attractive feature of referral marketing, but email shares are still the most effective because the results are higher conversion. Email is a great way to engage your user base and gain referrals. Social may be sexier, but email is still the workhorse of the referral marketing world.

Another great way to share is by a personal URL, or a PURL. This  allows your sharer to place a link to the offer anywhere they wish.



## Reward Fulfillment



A critical part of referral marketing is **reward fulfillment**. It's not sexy, but it's important to deliver on your campaign promise by providing your customers and referred visitors with their rewards.

Unfortunately, without a referral platform that enables automated reward fulfillment, setting up this part of your campaign is time intensive and complicated, requiring developers, webhooks and lots of manual work.

We highly recommend that you select a referral marketing platform (hint: like Friendbuy) that has **reward emails and referral automation**.

You can learn more about reward emails and referral automation [here](#).



## Key Metrics

At Friendbuy, we believe in metric-driven marketing. There's no point in running a referral campaign without being able to analyze the numbers and measure your ROI.

There are a few metrics that are important to pay attention to:

- **Sharing Rate** - percentage of people who share when presented with a widget
- **Referral Visits** - non-percentage, raw number, but indicative of campaign performance
- **Referral Conversion Rate** - percentage of referred visitors - friends - who convert when they visit your site

It's essential to use a referral marketing platform that can track these numbers and provide you with actionable data. It's also extremely important to be able to A/B test so that you can tweak your campaigns to improve your numbers over time.



### What Are Your Numbers?

#### Sharing Rate

- 7% – meh
- 15% – solid
- 30% – you've nailed it

#### Referral Visits

- 1 visit per share – meh
- 2 visits per share – solid
- More than 5 visits per share – you've nailed it

#### Referral Conversion Rate

- Less than 4% – meh
- 10% – solid
- More than 15% - you've nailed it

# Integrating Referral Marketing Into Website

Now that you know the basics, we can dive into the details of how to integrate referral marketing into your website drive revenue.

Based on our experience here at Friendbuy (and we've seen thousands of campaigns), the businesses that get the most dollars from referral marketing are those that **tightly integrate** their referral campaigns with their brand and their website. In doing this, the referral program is a seamless part of a visitor's user experience, not something that's an afterthought or seems disjointed from the website's look and feel.

### What does this look like?

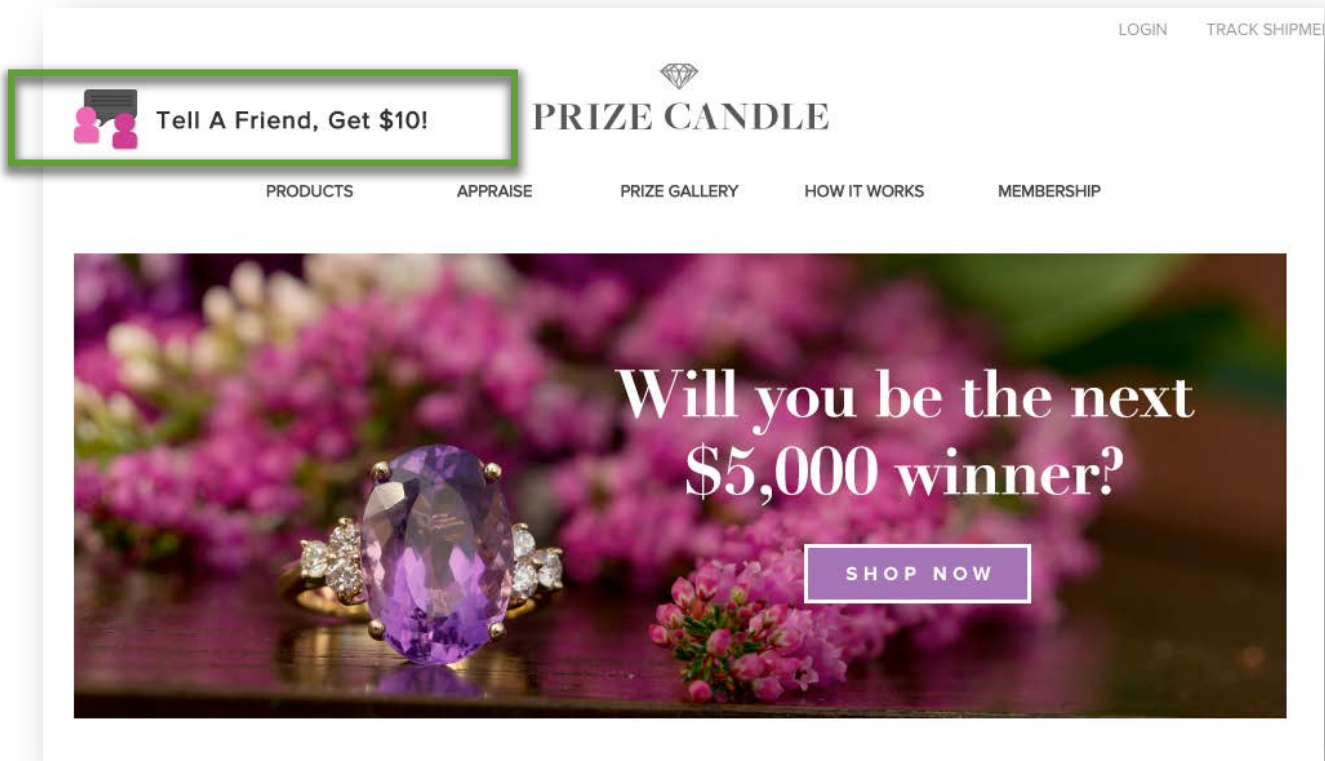
Businesses that are experiencing rapid growth through referral marketing are pulling all the following levers in concert:

- Site Wide Navigation
- Site Wide Ribbon
- Referral Landing Page
- Product Pages
- Post Purchase Overlay
- Account Page



**Fun Fact:** Referral programs can drive anywhere from **7% to 30%** of total customer acquisition.

## Site-Wide Navigation

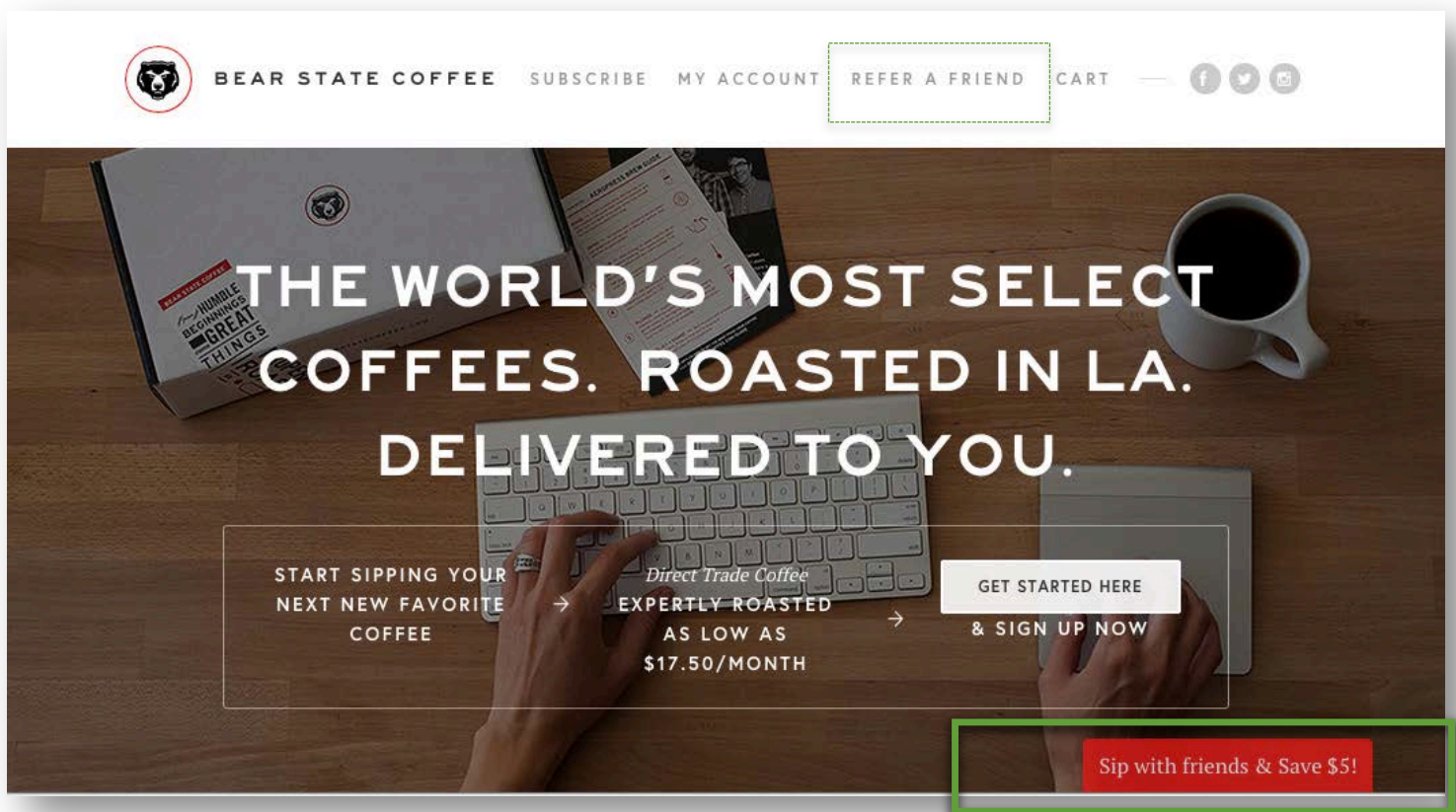


Integrating a referral offer into your site-wide navigation is highly-visible and a great way to get your site visitors to refer friends. It also communicates a level of commitment to your referral program—it's a fixed part of your website.

Using this tactic along with other call to action placements is a highly effective way to get people to refer.



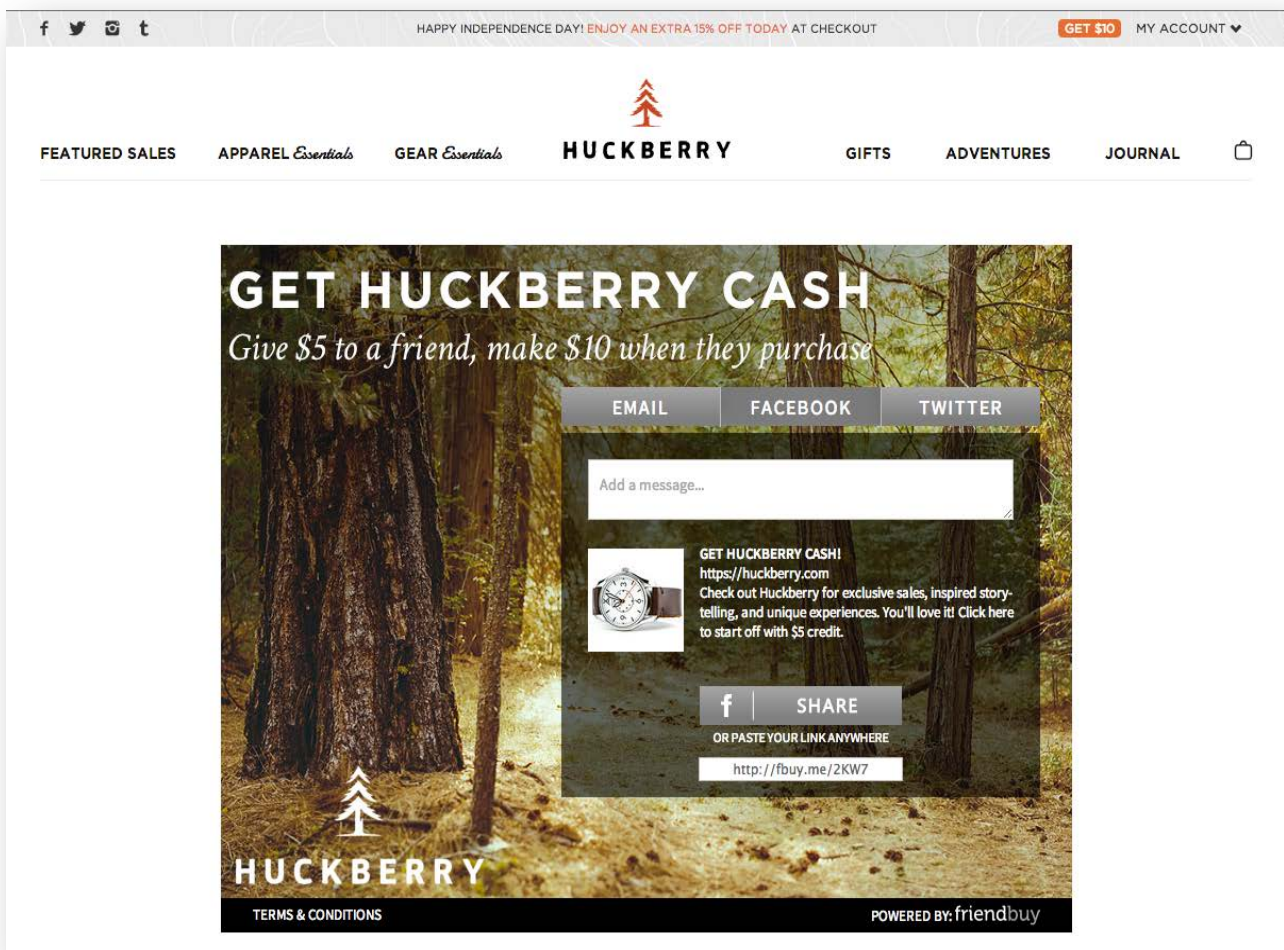
## Site-Wide Ribbon



A site-wide ribbon is another great way to engage your audience. Unlike the navigation, a site-wide ribbon is a call-to-action that pops up a widget when clicked.

In the above example, you'll notice that Bear State Coffee is using both site-wide navigation and a site-wide ribbon for their referral program.

## Referral Landing Page



Your referral campaign should exist beyond your website and shopping cart. It should be promoted via email, through social media and potentially even PPC and retargeting campaigns. At Friendbuy, we always recommend our customers create a stand-alone referral landing page with an embedded widget for all promotional purposes.

Promoting your referral page to your email list and social followers ensures that you will come out of the gate in full stride.

## Product Pages

The image shows a product page for 'Abido' shoes. A modal window is overlaid on the page, titled 'Share and Earn \$20'. The modal contains the following elements:

- Header: **Share and Earn \$20**
- Sub-header: Give \$10 to a friend, make \$20 when they purchase
- Form: A text input field labeled 'Enter message'.
- Preview: A small image of the shoe and the text: **Abido**  
Oliberté partners with factories, suppliers, farmers and workers to produce premium footwear in Africa to create fair jobs, with the goal of contributing to the development of a thriving middle class. It is generally accepted that a thriving middle ...
- Share Options: Three buttons labeled 'SHARE' (with Facebook icon), 'TWEET' (with Twitter icon), and 'EMAIL' (with envelope icon).
- Link Option: A text input field labeled 'OR PASTE YOUR LINK ANYWHERE' containing the URL <http://fbuy.me/bd52f>.
- Footer: 'TERMS & CONDITIONS' and 'POWERED BY: friendbuy'.

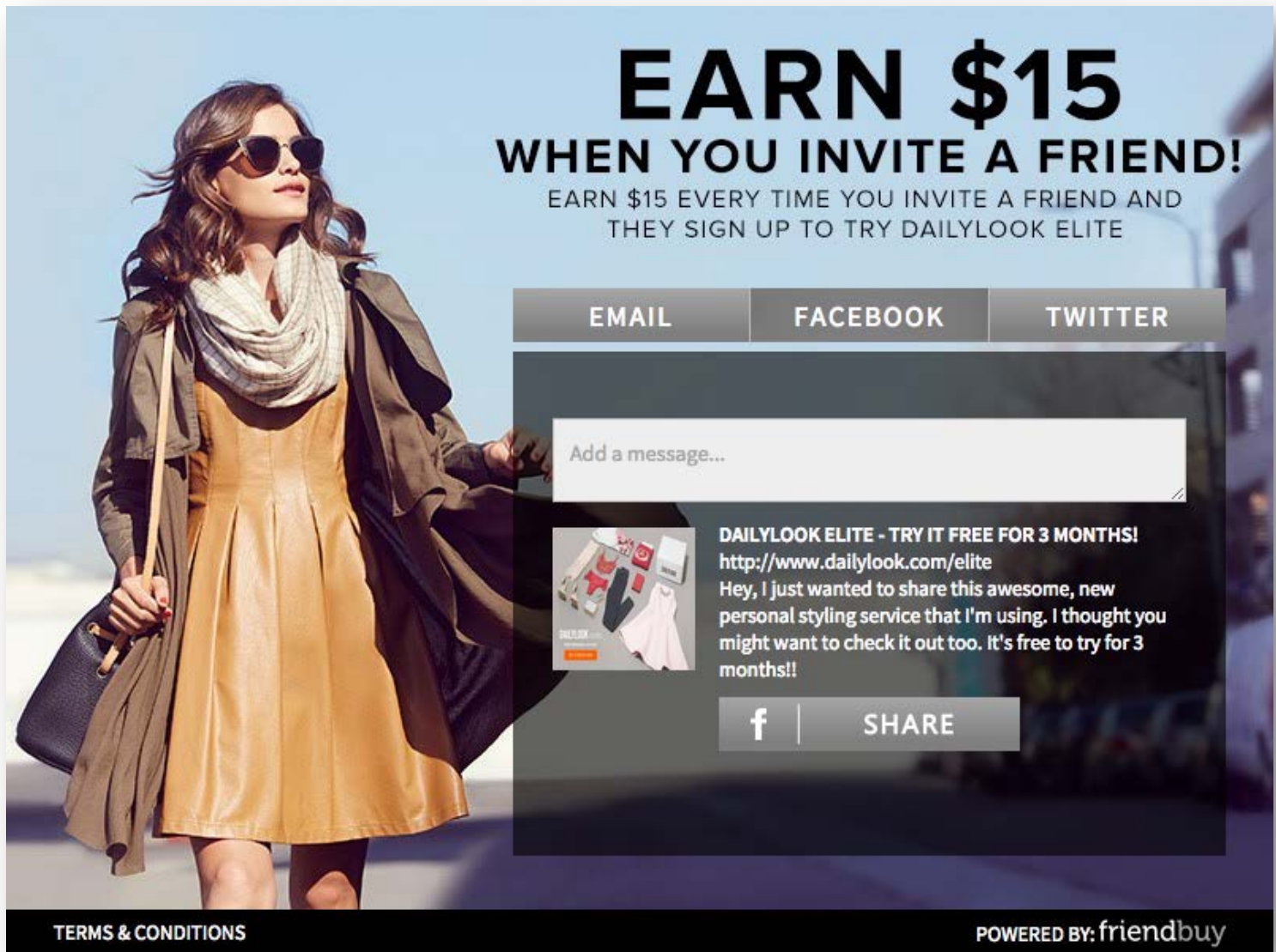
The background product page shows a large image of the shoe, a 'SELECT SIZE' button, and a list of features:

- Men's 3-hole chukka boot
- Traditional stitch-down stitching around base
- Premium grey pullup leather upper
- Leather ages with wear
- 100% goat leather dark brown lining

By enabling sharing on your product pages, you are engaging your audience with the products they love (and potentially want to share with friend).

Using this tactic can effectively replace native social sharing and expand your reach.


## Post Purchase Overlay



**EARN \$15**  
**WHEN YOU INVITE A FRIEND!**  
EARN \$15 EVERY TIME YOU INVITE A FRIEND AND THEY SIGN UP TO TRY DAILYLOOK ELITE

EMAIL | FACEBOOK | TWITTER

Add a message...

 **DAILYLOOK ELITE - TRY IT FREE FOR 3 MONTHS!**  
<http://www.dailylook.com/elite>  
Hey, I just wanted to share this awesome, new personal styling service that I'm using. I thought you might want to check it out too. It's free to try for 3 months!!

f | SHARE

TERMS & CONDITIONS | POWERED BY: friendbuy

A post purchase overlay is perhaps the most common of the referral marketing tactics. You ask a customer who has just made a purchase ask you to refer a friend.

At Friendbuy, we certainly recommend that you integrate your shopping cart and ensure your new or returning customers have the opportunity to refer friends.

## Account Page

**DOLLAR SHAVE CLUB**  
SHAVE TIME. SHAVE MONEY.

OUR BLADES SHAVE BUTTER POST SHAVE WIPES HOW IT WORKS GIFT

Share The Club, Get \$5 My Account Logout

# MY CLUB ACCOUNT

**MY RAZOR**

The Humble Twin [Change Razors](#)  
Every 2 Months [Switch to every month](#)

**MY NEXT BOX** 1 item, Ships Jul. 30th

|                            |               |
|----------------------------|---------------|
| Humble Twin Razors, 5 Pack | \$1.00        |
| Subtotal                   | \$1.00        |
| Sales Tax                  | \$0.09        |
| Shipping & Handling        | \$2.00        |
| <b>Next Box Total</b>      | <b>\$3.09</b> |

Need help with your account? [Contact us.](#)

**AVAILABLE EXTRAS**

|  |   |                       |
|--|---|-----------------------|
|  | <b>Dr. Carver's Easy Shave Butter</b><br>\$8.00 6 oz, S&H Incl        | <a href="#">ADD +</a> |
|  | <b>Dr. Carver's Easy Shave Butter Travel</b><br>\$6.00 3 oz, S&H Incl | <a href="#">ADD +</a> |
|  | <b>Dr. Carver's Magnanimous Post Shave</b><br>\$9.00 3.4 oz, S&H Incl | <a href="#">ADD +</a> |

### SHARE THE CLUB.

Introduce friends to the Club. Earn \$5 DSC Credits. Easy.

[EMAIL](#) [FACEBOOK](#) [TWITTER](#)

[Add contacts from your address book](#)

Enter friends' emails (10 max, separated by commas)

tony@friendbuy.com

Hey Pal,

Got a question for you:

Would you rather shave with a dull, two month old blade or have to pay \$25 for a pack of new ones? Hint: You're getting hosed either way.

I joined Dollar Shave Club to put a stop to all that. Every month, they send me a box with my shave supplies. At the beginning of the week (or whenever I want) I pop on a fresh blade and get that fresh blade shave. It feels

Your unique link will be shared along with your message.

[SEND](#)

You can also give them your unique link.

Paste it anywhere:

http://shaved.by/XYkp

powered by friendbuy

A user account page is a great place to encourage customers to share. If they weren't ready to share post-purchase but have been highly satisfied with your products and services, the account page is where you can ask for a share from a satisfied customer.

# Promotion

Your referral campaign is valuable offer that you should promote.

### **Your “reach” may be bigger than you think...**

Even when you’re just getting started, you have a captive audience that you can engage with your referral campaign.

#### EMAIL

- ✓ Promotional Email Blasts
- ✓ Transactional Emails (registration confirmation, etc.)
- ✓ PIE (program invitation emails)
- ✓ Newsletters
- ✓ Receipts & Invoices

#### SOCIAL FOLLOWERS

- ✓ Twitter
- ✓ Facebook
- ✓ Pinterest
- ✓ LinkedIn

#### OTHER PAGES

- ✓ Blog
- ✓ Help Desk
- ✓ Support Ticket Signatures



## Dedicated Email Blast

# the tie bar

TIES

BOW TIES

TIE BARS

SOCKS

ACCESSORIES

Our final style resolution that you can actually keep.

## Resolution #7: Share The Wealth



**Wear Your Good Tie. Every Day.**

This email was sent to [shane@thetiebar.com](mailto:shane@thetiebar.com) by [info@thetiebar.com](mailto:info@thetiebar.com)

Your privacy is very important to us. View our [privacy policy](#) | [Unsubscribe](#)

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The Tie Bar | 224 N. Desplaines | Suite 200 | Chicago, IL 60661 | 1.877.888.TIES (8437)

# Posts on Facebook

**Coveroo**  
March 6 at 12:00pm · 🌐

Get \$10 for You and \$10 for a Buddy Today!  
<http://www.coveroo.com/refer>



**GET \$10 FOR YOU AND YOUR BUDDY  
REFER A FRIEND**

Like · Comment · Share · Buffer · 🍷 4

**Blenders Eyewear**  
August 12, 2014 · 🌐

Refer your friends with one click and make \$10 bucks every time they order! Takes two seconds, check it out → <http://bit.ly/1n9aQkd>



Like · Comment · Share · Buffer · 🍷 217 ↻ 1

**FilterEasy.com**  
October 31, 2014 · 🌐

Want to get free air filters for life? Join our VIP program and get \$10 for every friend that you refer. When they join, they get \$10 too! Check out [filtereasy.com/refer-a-friend](http://filtereasy.com/refer-a-friend) now.



Like · Comment · Share · Buffer · 🍷 64 🗨 9 ↻ 12



# Posts on Twitter




*Share Huckberry with a Friend!*  
**GIVE \$10, GET \$20**

**Huckberry**  
@Huckberry

Ready to spread a little extra holiday cheer? Share Huck, get double credit back #notbad [bit.ly/1qtUr8b](http://bit.ly/1qtUr8b)

8:29 AM - 17 Dec 2014

1 RETWEET 1 FAVORITE



**Huckberry**  
November 6, 2014 · 🌐

Don't forget that every referred friend receives \$5 when they sign up, and you'll earn \$10 once they make their first purchase. Get sharing so you can start spending here:

**SHARE HUCKBERRY**  
*and kickstart*  
**YOUR NEXT ADVENTURE**

A referred friend get \$5 Huckberry credit for signing up, and you get \$10 when they make their first purchase of \$25 or more. Visit [Huckberry.com](http://Huckberry.com) for more information.

**Join for Exclusive Goods and Sales | Huckberry**

Huckberry is an online shop and journal that inspires more active, adventurous, and stylish lives through members-only sales, original story-telling, and unique experiences.

[HUCKBERRY.COM](http://HUCKBERRY.COM)

Like · Comment · Share · Buffer · 12 🔄 2



**Loot Crate**  
February 11 · Edited · 🌐

Let's do this! - <http://www.bitly.com/pickuploot>

Find out how you can get an ultra rare Loot Crate shirt, how you can get FREE crates full of epic geek and gamer items and how you can win big prizes in our Refer-A-Thon!

[www.LOOTCRATE.com/share](http://www.LOOTCRATE.com/share)

27,134 Views

Like · Comment · Share · Buffer · 260 🔄 50 🔄 56



**SmartThings**  
@smarthings

This February, #ShareTheLove and we'll give you \$20 in credit!  
[bit.ly/1yreTJw](http://bit.ly/1yreTJw)

11:10 AM - 12 Feb 2015

3 RETWEETS 2 FAVORITES

## Program Invitation Emails (PIE)



Thanks for ordering Automatic! You're on your way to driving smarter.



Want to get \$20 back? Share the URL below with your friends and family. When one of them buys Automatic, you'll get \$20 credited to your account.

<http://fbuy.me/xlrB>

Since any friend of yours is a friend of ours, your friend will get 20% off their order. Share today, this offer is only good for a limited time.

 Share

 Tweet

 Email

Follow us on [Twitter](#), [Facebook](#) or [Instagram](#)

## Transactional Emails



OCTOBER 2 2014

### Thank you for your order, you're spectacular!

We're working hard to prepare your box for you. As soon as it ships, we will send you tracking info. Generally, Darby Smart boxes ship in 3 business days.

**Order Number:**

R473564506

**Ship To:**

12618 Mitchell Ave Apt 5

Los Angeles CA

90066-4836

**Order Total:**

\$9.78



[Touch of Gold Desk Supplies Set Colors: Pink](#)

Quantity: 1

Brighten a friend's day by inviting them to craft with you! You'll earn credit when your friend purchases.

INVITE FRIENDS, EARN CREDIT

# Conclusion

At Friendbuy, we've seen first-hand how referral marketing can have large-scale impact on e-commerce businesses. That's why we are so passionate about this industry and making our platform the best it can be.

We hope you've enjoyed this Ebook. If you're interested in learning more about Friendbuy's referral marketing platform and how it can start a working to drive revenue for your business, [click here](#) for a demo. We'd be thrilled to hear from you

Thanks!

Your Friends at Friendbuy

*Check Out What Referral Marketing Can Do for Your Business, [Click Here](#) to Learn More about Friendbuy!*