

Encouraging Customer Referrals: What Works?



Source: www.TurfMagazine.com

It's no secret that customer referrals and word-of-mouth are the way most companies get new clients. But how do you do that?

Chad at HindSite: A recent post on referral programs got me thinking about the 2015 Green Industry Benchmark Report, which found that most green businesses get their new sales from word-of-mouth/referrals. Yet, few green businesses have actual referral programs. So, my questions:

1. How do you get your customers to refer their friends to you?
2. Do you incentivize them? If so, how?
3. Does it work? What generates the most referrals for you?
4. Any advice for someone who's looking to start a referral program?

Mjk1968: The best advice on how to get more referrals is to do a great job and the referrals will come naturally. It also helps to tell customers referrals really help you out in growing your business and you would appreciate if they let others know if they like your work. A few years ago, I paid a \$30 incentive to any existing customer who referred me to another if that new customer signed up, and then the new customer got a free soil test. At the end of the year I received 100 referrals, which cost me \$3,000 – which isn't bad, but in an average year I get 100 referrals anyway, so I discontinued that incentive program. I am running a new incentive program this year where customers earn points for every customer they refer. Once they earn so many points, they get discounts on services or their bill.

Chad at HindSite: I like that idea. Give your existing customer a deal and your new customer a deal. Encourages the new customer to buy as well as the existing one to refer.

I also like your new program of ratcheting up the reward depending on how many referrals your customers generate.

I've heard of other companies that hold "contests" where the person who submits the most referrals gets a big reward.

PCLAWN25: If you have good customers, hand them a few business cards and ask for referrals. That has worked well for me in the past.

murraybd1: I have told a few customers this year if they refer a new customer, the existing customer will get a free mowing.

TomberLawn: I read an article where the featured company gave away free pumpkin pies at Thanksgiving. They got a special price from a local bakery and gave vouchers to all of their customers to pick up a pie the week of Thanksgiving. Other guests would ask "Who brought the pie?" and the company name would get a mention. Pretty clever, and it only cost them about \$4 per pie.

GRANTSKI: Offer a half-price mowing when customers refer a friend, family or neighbor. You can also offer new customers a lower price if they get a neighbor to sign up.

Chad at HindSite: I like that second one. You have the potential to get two customers who are geographically close; very good idea.

lawnkingforever: I tend to stay away from offering any discounts or other gimmicks. In my experience, people are going to refer you to others regardless if you offer them a discount or not. Just keep pressing forward, providing consistent and quality work and the referrals will come naturally.

However, I do take care of people who take care of me. Although I do not like offering discounts, I will send a gift card for dinner to the customer who referred me on occasion.

memphis.landscape: I offer the customer 10 percent of the job sold. If it's a \$10,000 job then, yes, I will give them \$1,000. But the catch is to send them a certificate that is redeemable in either a check or services and expires within a year. Less than 20 percent of people will ever send the certificate back.

GRANTSKI: Promotions in general only work if they're simple and easy to understand. Referrals definitely come with doing good work, but also being friendly. You want them to trust you on their property, so take the extra few minutes to talk with customers.