

SPECIAL REPORT

How To Use Low Cost Referral Strategies To Dramatically Increase Your Sales

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If you've ever received a referral from one of your customers you will understand just how valuable this type of individual is to your business. Referrals are so powerful because they come from a credible third party that has first hand experience with the benefits that you deliver.

The other huge benefit of referrals is that they are usually free. On top of this a customer who gives a referral is likely to be a more loyal customer, as they have stood up, put their reputation on the line and made an open statement about how good your business is to the world. And the more loyal a customer is, the more they spend and the less sensitive they are to price fluctuations, making them your highest net worth customers. Research also indicates they are the ones that are delivering you the bulk of your business. Hence the old 80/20 rule, where it has been found that 20% of your customers deliver 80% of your sales. This being the case it becomes extremely relevant to reward those customers who are currently referring you business, and to work out ways to get others to start referring more.

Leaving Referrals to Chance WILL NOT Build Your Business

Many business owners believe that if they provide a good product and service that word of mouth and referrals will follow naturally. This just isn't the case. Sure you will get the odd person that refers, when they remember. But hoping that others will send a flood of new business to your door is no strategy for long term success and prosperity. Receiving referrals on an ongoing basis is a function of correct planning. You need to be deliberate and proactive in creating and generating referrals. Referrals are not something you want to leave to chance. In fact there is no marketing that you want to leave to chance. Marketing needs to be a planned and become a deliberate function that is proactively managed. Your referral marketing strategy is no different.

Any referral program implemented needs to form part of your marketing system. A system is a "process that produces predictable results". A good system should run on autopilot and generate accountable and predictable results at a profit to the business.

Referrals and Word of Mouth Are Not The Same

Don't get referrals and word of mouth advertising confused, as this is a common mistake many business owners make. Word of mouth advertising is not planned or intentional, it is something that is unplanned and happens as part of casual conversation.

You cannot control when and where it happens or how it happens. In other words you cannot systematize it, which you need to be able to do if you are going to grow your business. Referrals on the other hand can be systematized and can be controlled by you, which is why your referrals marketing strategy is so important to growing your business.

Having The Right Attitude Is The Starting Point

Most business owners know that in many cases to generate referrals they have to ask their existing customers for them. The strange thing is that even though they know this, they have an inherent fear around asking for them. Now if you are a genuine business that provides a good quality product or service that helps solve your customer's problems, then aren't you helping your customers? And don't people you help actually appreciate this help, this is especially true if you provide outstanding service.

What I have found is that most people feel that if they ask their customers for referrals, that the customer will feel put out, or that they will have to go out on a limb to tell others about them. In actual fact most people that have received outstanding service are more than happy to recommend it to others. We feel kind of special when we tell others about something or someone great we have experienced, and how they may be able to benefit from this product or service. The trouble is that we are all very busy people and we don't consciously think about who we can refer business to.

The Secret To Getting More REFERRALS!!!

Just about every book that deals with getting referrals teaches you one single referral method - - "asking" for referrals.

Yes, they'll teach you how you have to give good service and then they give you a formula for asking for referrals and that's all well and good....BUT...

...there's a HUGE problem with this approach. People HATE to ask for referrals.

And the bottom line is...people won't do what they hate to do. That's just simple human nature.

The sad result is that people don't get even a tiny amount of the referrals they could be getting simply because the whole "asking" process is flawed.

Here's the Other Problem with Asking for Referrals...

Let's just suppose for a moment that you do ask for referrals. Do you ask all your clients and customers?

Do you ask them every time you see them?

Probably not.

Why?

Because it's not a systematic process for you. There's not a bell that goes "ding!" to remind you to ask for a referral every time you're with a customer.

But if you REALLY want a LOT of referrals. I mean an avalanche of referrals, you need to have a systematic process for getting them.

Referral S - Y - S - T - E - M - S

Systems are business processes that have predictable results and outcomes because they happen the same way ever time, day in and day out.

I like to think of systems using this acronym:

S-y-stems save
Y-ou
S-tress
T-ime
E-nergy and
M-oney

If you want to get more referrals you need to implement referral s-y-s-t-e-m-s.

And the referral system needs to be "transactional" and NOT "relationship-based."

"Transaction-Based" Referrals

A lot of people who teach you about getting referrals will tell you that if you nourish your relationship with your customer or client they'll give you referrals.

That's not necessarily true.

I'll bet some of your very best customers haven't given you one referral.

Why?

Because they're busy and have a thousand other things on their mind...just like you.

If you rely on just your relationships to get you referrals you'll be dissappointed.

The key to getting a consistent stream of referrals is to build the referral process into the transaction!

That's right, you need to build your referral system INTO the TRANSACTION.

The No 1 Secret To Getting More Referrals

Now, here's a secret about customers or clients who refer that can be worth a great deal of money to you. It may pay for you to write this down.

Understand that the person who refers once can and will refer many more people, many more times if motivated to do so. Once a customer or client has referred someone to your business then that source of referral should be worked like the goldmine that it is.

You should know that massive research by major consumer direct sales companies and organizations indicates that the average person has an immediate circle of influence of fifty- two. Fifty-two other people.

Recognition & Appreciation - The Catalyst For A Massive Referrals Explosion

The typical executive, for example, knows about fifty other people at a similar executive level in his own or closely related industries. This number tells you that each customer or client who comes through your business could bring you as many as fifty other customers or clients.

You should also know that research by the American Management Association (they're far more advanced with research than we are in Aust) indicates that the average satisfied customer only tells three other people about the satisfactory experience. Moving that person from telling three to telling fifty does require some definite action on your part. That action needs to focus on the giving of recognition and appreciation.

When a satisfied customer sends someone to you the sender should immediately receive some recognition and appreciation.

Possibly a quick thank you note or telephone call at bare minimum. That should happen right away. Subsequently some type of thank you gift is usually appropriate and effective.

The Biggest Referral Threat You Will Face

You'd also be surprised, incidentally, at the negative results of not rewarding & recognising. The client who refers once and fails to get recognition and appreciation will probably never say anything to you, but to himself and often to a friend or associate he does say, "Can you believe it? I sent that guy a customer and never got as much as a thank you." And then he never refers again.

An Idea You Can Use Immediately to Generate Sales

Finally, If you want to even more directly stimulate referrals from your customers or clients you might want to consider the second party gift certificate idea.

Here's how this works.

You're a satisfied regular customer of a clothing store.

The owner of the store says to you, "John as you know, most of our customers come as referrals from other customers and we appreciate that and try to encourage it. This month we're doing something interesting that you might want to help us with and be able to do a favour for your friends too.

The store owner then gives you a ten dollar gift certificate redeemable only by a second party that you, the customer, addresses to and sign it over to. This idea works extremely well, try it for yourself and watch the results.

If you'll use this idea, you'll again want to follow it up with recognition and appreciation to the customer who does pass along a coupon that is ultimately redeemed by a new customer.

The key to success is to ensure it happens every time there's a transaction.

Once this starts to become part of your business process you'll know that when you give out X amount of gift certificates you will get X amount of referrals.

This being the case results become (1) predictable, (2) consistent, and (3) repeatable. They are no longer left to chance, luck or word of mouth good fortune.

With Success,

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