



# Referral Program Marketing



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# REFERRAL PROGRAMS

## HOW TO MAKE YOUR EXISTING REFERRAL PROGRAM MORE EFFECTIVE

### (and how to start one if you haven't already)

Referral Programs are another premium form of leverage. Essentially you are turning your existing members into sales reps for your resort. You want to arm them with tools that will help them refer people. The best tools to give them are the same tools you use with your Joint Venture Partners and at the Tradeshows. Give them Marketing DVDs and Brochures. We all know referrals are easier to sell and cost less to get in the door, because they come with inferred endorsements.

Materials given to be used to generate referrals should be labeled with a Track Stamp (*explained in the upcoming report on tracking*) designating them as such. Additionally lay the responsibility on the member to let their referral know to mention their name or type it in on your Landing Page. Additionally, train your, real, sales reps to ask every sale they make if they were referred by a member, and if so, who it was.

### **Essential Elements:**

In order to have a successful Referral Program you must have:

- Promotional Materials
- A Reward System
- A Product to Refer
- Members to refer your product

### **Things we'll cover:**

- Why you want a referral program
- 7 simple strategies to promote your program
- Compensation - Why in house products or services make the best incentives
- Why breakage makes in house Gift Certs the best of these
- How to keep track of and fulfill your incentive system

### **Why You Want a Referral System**

Referred Members Refer Members - Members who were themselves referred to your resort by someone are more likely to refer other people to the resort.

By implementing a solid Referral System you're expanding your sales force to include your entire member base.

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Here are three reasons you want to build a better Referral System:

- Your members know people you don't
- You don't have to pay them unless they make you money
- Sheer numbers. You have exponentially more members than you do salespeople

Like minded people commonly stick together. RV'ers know other RV'ers and spend time with other RV'ers. By providing your members with quality tools, you can let them share what they love with the people they know. It's important to provide them with tools, especially videos. A video ensures each prospect sees and hears exactly what you want them to. It completely eliminates any need for training. Just stick a Marketing DVD in their hands and let the DVD player do the work.

You don't have to pay your members that are on the program until they send you a new member. And even then you aren't paying them with cold hard cash. At least you shouldn't, but we'll cover that in the compensation section.

Consider how many salespeople you have right now. Is it five? Ten? Just one? Is it just you? Now consider how many members you have. Hundreds. Thousands. You could literally add thousands of salespeople to your resort without having to make a single extra pot of coffee.

This strategy was implemented by a firearms training institute called Frontsight. They added over a thousand sales people to their business in about two days, helping to **double** sales that year. How would you like to double your sales this year?

## 7 SIMPLE STRATEGIES TO PROMOTE YOUR PROGRAM

How many ways do you currently promote your Referral Program, if you have one? Here are just seven of the *best* ways to promote it.

1. Include a Referral Program brief along with several "Referred By" Guest Passes in every 'New Member Packet' you send out, explaining how the program works and encouraging them to take full advantage of it.
2. Promote it in your newsletter. Many resorts will mention something about their Referral Program once or twice in a member newsletter. But your Referral Program should have its own section in the newsletter. Make a big deal about it. Draw attention to it – Clearly explain it – Prompt the reader to take action on it. Feature everyone who refers a new member, how many members they have referred, and how they were rewarded for doing so. After that you plug the Referral Program. Explain how other members can get involved.

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Radio stations do this all the time, featuring previous winners before a big promotion. They show who won before and what they won.

3. Do the same thing online as in the newsletter. On your website you can even add a link to your Landing Page. That will help familiarize your existing members with your new Landing Page and show them how to send their friends there.
4. Every member mailer you send out should include a Guest Pass or two. When you're sending something anyway, it only makes sense to include a couple Guest Passes that could potentially be worth thousands of dollars to you. In fact, there should be a stack of Guest Passes sitting right next to the envelopes.
5. Create and keep in the main office, Referral Packets. It can simply be an envelope with a letter explaining the incentive, a couple Brochures, a couple Guest Passes, and a couple Marketing DVDs. Train the office staff to ask everyone who comes to check in if they already have a referral packet.
6. If you're using an 'In House' incentive, promote it there. For instance, if your incentive is a gift certificate to your restaurant, promote the program in the restaurant. Have the servers ask if they'll be paying with a gift certificate. Most won't, but it will create a chance for the servers to explain the program and build awareness. Add something promoting the program to your menu. Even add a line of text to your receipts that says "Next time Eat Free! With your gift certificate". Have referral packets readily available at the hostess counter for members who are interested.
7. Host "Bring a Friend BBQ's". Have one Saturday every other week, or once a month, when members can bring a guest up for a BBQ. At the BBQ let all of the guests know that they are eligible for a guest weekend at your resort. Let them know that if they get a membership their friend that brought them up will get a free (whatever your incentive is). People respond well to that. Often they'll do more to help a friend than to help themselves.

There are many ways to promote your program. These have been just a few. Use these techniques, and come up with your own too.

## COMPENSATION

While there are many different forms of compensation, the two major forms in this instance are: monetarily, or with a credit towards something. There are pros and cons for each. But by and large, you will always fare better by issuing a credit.

If you reward them with cash, you know that every single person is going to use that cash. If you reward them with credit towards something

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you will encounter breakage. For the sake of this program, we're considering anything other than cash or check to be a credit towards something. For instance, a credit could be: a certificate for one of the premiums you give out to your tours, it could be a gift certificate for your general store, or it could be a gift certificate to your restaurant. It could even be something you worked out with one of your Joint Venture partners, like a credit towards a new RV. With all of these options, as with any gift certificate, you'll have some percentage of breakage, which is always in your favor. This clearly makes any program offering a credit over cash the better choice.

What is the very best referral incentive you can offer? In House Credit. Those three magic words are more profitable than any other form of referral incentive. While other incentives will cost you money, In House Credit will not only cost you less, but will actually make you money. Here's how:

- Breakage. They have to keep track of the certificate in order to use it. Many people will lose it and just forget about it. Even if they don't use it, many people will still just forget they have it. Breakage can be increased by putting an expiration date on the certificate one year from the date of issue.
- The Value/Cost difference. Even if they do use it, the value of their certificate is not the same as the cost to you. Example: If the certificate is for your restaurant and they take the family for dinner they might spend \$50 of the gift certificate. But that \$50 dinner they bought didn't cost you \$50. It probably only cost you half of that. Your profit margin becomes a buffer. So for every \$100 gift certificate you issue you may only pay be paying \$50 or \$60.
- People spend money to save money. We have all done it at some point. When the members gift certificate is down to only \$5 or \$10 they'll still finish off the certificate. The same family will come back for dinner again because they know that even though they'll have to pay for a portion, they're still getting that \$5 or \$10 extra for free.
- It's habit forming. Once people start using the certificate in the store or restaurant, they will get used to shopping or eating there. If that same family went to the restaurant to use their certificate three times during their last three trips to your resort chances are pretty good that they're going to eat there again on their next trip even if their certificate is all used up.

In house incentives are popular because they work. It's like when you go to Vegas. You can get a discount at an in house show if you're staying at that casino. If you win big, the casinos 'reward' you and comp you a night. Casinos understand that by keeping you in their casino more, they'll get more money out of you. Same thing with your resort. The more you keep

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members around your paid amenities, the more they'll buy, making in house incentives the best choice for a referral program.

## **MONITORING AND FULFILMENT**

Having a referral program in place is great, as long as you're keeping your end of the deal. This can easily be accomplished by assigning the task to one person. This task is best handled by anyone involved with member services. Have them keep either a physical log book, or a digital log, or both. The log should include the date of sale, name of new member, name of referring member, and the referral incentive awarded. Write up a company policy for fulfilling referral incentives that dictates what gets sent out and when.

The quicker the person has the reward in their hand the better. They'll be happier, and more inclined to go out and refer more people.

## **SUMMARY**

Developing a more robust referral program increases your sales without much added cost or effort. Turn your membership base into an army of salespeople. Arm them with quality marketing tools, and reward them generously. Keep it In House and turn a profit on your premiums. Your investment in your Referral Program is a direct investment in your resort, and in the success of its' future.

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## **ACTION ITEMS**

1. Decide what your incentive for your referral program is going to be.
2. Build Referral Packets for your members that include: a brief explaining the program, several Guest Passes, Brochures, and Marketing DVDs.
3. If you're using an In House incentive, have Gift Certificates made up to reflect the incentive you've chosen.
4. Promote the program to your members using the promotion strategies reviewed earlier.
5. Keep up your end of the deal and reward members when they send in a tour that results in a membership.
6. Perpetuate the cycle by promoting the incentives that were rewarded to members on a regular basis, by using your website and newsletter.

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## EXECUTIVE SUMMARY

Your Referral Program isn't as good as it could be, yet. For your Referral Program to be successful you must: Have a good reward system for your members, great promotional tools for them to use, and a solid system of promotion to make your members aware of the program. Here are seven solid strategies to promote your program:

1. Include a Referral Packet inside every New Member Packet that you send out.
2. Actively, and regularly, promote it in your newsletter.
3. Actively, and regularly, promote it on your website.
4. Include Guest Passes inside every member mailer that goes out.
5. Keep Referral Packets in the front office, readily accessible to your members.
6. If your incentive is In House, promote it there. Also have the Referral Packets available there for your members.
7. Host "Bring a Friend BBQ's."

The most profitable type of compensation for your Referral Program is In House. This is supported by the following:

- Breakage
- Value / Cost difference. Your profit margins remain with you
- Members will spend extra just to use it
- While the member goes back again and again to fully redeem the certificate, they will develop the habit of doing so. When their certificate is done for, the member will keep going back out of habit.
- Breakage

Upgrade your Referral Program, promote the heck out of it, and enforce it amongst your staff. Put all your members to use, profiting as much as you can from each of them.