Customer Referral Programs
A How-To Guide to Help You Generate Better Sales Leads
Customer referral programs are a simple, low cost and effective marketing strategy, which many travel agencies utilize to grow their business. ASTA mentions in their August 2009 Marketing & Customer Retention Report that the vast majority of new leads come from referrals. There are many kinds of referral programs, but the main criterion is that they generate new customers from existing customers. The growth especially comes from the fact that each referred customer may become a referrer too.

This guide provides you with simple steps to launch your agency’s own customer referral program, so you can reap the rewards of referrals!

**KEY BENEFITS**

The main benefit of customer referral programs are **better leads**.

People feel **more comfortable** when a product or service is recommended by someone they know and trust. This is especially true if the product or service is expensive – like travel can be!

Referred customers are typically **less price sensitive**. A prospect that comes to you via a referral has already been told about the quality of your services. You will find that most referrals can be sold at higher prices because they have been presold on your trust and credibility.

A good referral marketing system can **quickly multiply**, giving you plenty of interested prospects. This will allow you to choose who **YOU** want to work with instead of having to take every inquiry that comes your way. You will be able to focus on high-quality customers who are most profitable for your business.

Additionally, customer referral programs can be implemented with little or no cost, so you can benefit without making a huge upfront financial investment.
Active people who regularly lead and engage with community associations, clubs and other organizations.

Which Customers are likely to refer?

While it is best business practice to ask all of your good customers for referrals, certain clients warrant extra attention. Influential people who are likely to inform others of their experiences can really help bring new customers to you. So who are these influential people who can propel your business by extolling the virtues of your travel agency?

- **Active People who are Connected.** People who regularly lead and engage with community associations, service clubs, religious and other organizations and can evangelize your agency’s expertise and ability, to broader networks.

- **People with Impact.** People who are looked to by others for their advice and opinion. Focus on them, so they mention your agency as the place to book travel.

- **Trendsetters.** People who want to be on the front lines for anything new and innovative. Got a client who just returned from a fabulous vacation to Bhutan? Get them to spark a Bhutanese travel boom for your agency.
Travel is an exciting journey, which starts in the planning phase and continues until well after the trip is over. Make sure to contact your clients along each step of their journey to let them know you are looking out for them. While contacting your clients, you can also ask for referrals. The ideal times to contact your clients are:

1) **Immediately After the Initial Sale.** At this point, you are already engaging with your customer and have just won their confidence. Why not take a few minutes to inform your customer of your agency’s referral program? Your client may even think of friends or family to join them on their upcoming vacation.

2) **Pre Departure Check In.** As the excitement and anticipation builds before your client’s upcoming vacation, take the time to check in with them. Reassure them that their documents are all in order and provide them with any late-breaking news about their itinerary. You may even be able to upsell them on a shore excursion or extra insurance! While conversing with them, mention your referral program too, in order to get them thinking of who they might like to refer to you, after their vacation.

3) **Post Holiday.** When your customers return from their vacations, they will want to tell the world what a wonderful time they had. That is why it is so important that you check in with them first; to make sure they really did have the time of their lives. Remind your customers of your referral program, so they mention your agency while gushing about their vacation-of-a-lifetime to anyone who will listen.
1 Just Ask

As soon as you have completed a successful transaction with a good customer, simply ask, “Do you happen to know anyone like yourself who would benefit from my services?” The key to this referral idea is twofold.

1. You have provided services with **high satisfaction** that went **above and beyond expectations**.

2. You have asked for the referral at a **point of maximum impact**. In every customer interaction that ends positively, there is a point of maximum satisfaction from the customer. You will be amazed by how much new business you can bring in by just asking a happy client for a referral. Most satisfied customers will be pleased to provide a name or two upon request. Do not be shy about this one. It may be simple, but it works!

You can easily enter your newly referred prospects into customized online forms, like the one featured on this page from Form Spring (www.formspring.com).

2 Tell-a-Friend

Enabling existing customers to extend special discounts to their network is another relatively simple referral strategy. Your agency can create special ‘Tell-a-Friend’ cards, which contain a special ‘friends & family’ percent or dollars off coupon, not available to the general public.

You could ask your good customers to distribute these cards to their colleagues who are interested in travel. In this model, the current customer is able to appear generous by sharing a ‘gift’ with someone in their network, who may, ultimately, book one trip and decide to stay on as a repeat customer.
For the price of printed business cards, and the cost of the discount, your agency could generate hundreds of new leads very cost-effectively. The key to this strategy, though, is that your agency must offer a promotional incentive with high perceived value and low actual cost.

Customized cards can be easily obtained from Avery and other office supply companies.

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### 3 Rewarding Clients for Referrals

This program rewards clients for their referrals and offers something for the new customer too. For maximum effectiveness, the referral program gives **customers greater rewards for higher numbers of referrals**. Here is an example:

- Tell your customers that they will receive $100 in travel credit for each new traveler they refer.
- The new traveler will receive a $50 savings off of their first trip when they provide the name of your existing customer as a referrer.
- The more referrals, the greater the rewards too. Your customers can earn $150 in travel credit beginning with the 5th referral in a calendar year.

In this model, it is imperative to keep track of referrals by utilizing a database (such as TRAMS ClientBase+) or customer tracking software (such as ACT!). These referral records will also identify which of your customers are referring the most new business. Be sure to thank your customers promptly for their first referral, and continue to reward them for bringing new clients to your agency.
So there you have it! Pick the referral marketing strategy most suitable for your agency and work on integrating it into your sales process. No matter what kind of agency you run, a referral marketing program is a simple and cost-effective way to generate additional sales and increase profitability.

**MAKE every season wave season.**

**SCRIPTING REFERRAL SOLICITATIONS**

**How to Ask for a Referral:** Has someone ever asked you for a referral? Did it go something like this: ‘Hey John, by chance would you know someone who could benefit from my services?’ John starts to ponder and think about it and eventually says, ‘Well, not off the top of my head, but I’ll keep thinking about it.’ This is how 90% of all referral questions are asked and unfortunately, you might as well not ask the question. Rarely, if ever, will you get a positive response. Why? Because you didn’t ask the question correctly. ‘know anyone who...’ questions are too broad for people to think about.

People need a frame of reference to help them narrow down the playing field of potential referral candidates. For instance, imagine that you are talking to one of your good clients who is pleased with your services. You ask her, ‘Mary, you’re a member of the Women’s Financial Planning Association here in Chicago right?’ Mary responds, ‘Yes, I am.’ You ask, ‘Do you go to their meetings on a regular basis?’ ‘Yes, most of the time.’ Mary says. ‘Is there anyone in your association that you believe could benefit from my services? Maybe one or two people you’ve known in the group for awhile or sit next to regularly?’
Did you see the difference? You gave Mary a narrow frame of reference from which to think about. It allowed her to ‘see’ the potential referrals in her mind. This may be limiting the number of potential people that your associates might know, but it is far more effective than opening up the ocean of people that Mary may know, but can’t remember. Your request will also stay in Mary’s mind long after you’ve asked it because she visualized your services with much greater intensity.

SOCIAL MEDIA TOOLS

New social media tools like Facebook and Twitter can increase your sphere of influence if successfully integrated into your marketing efforts. Using these sites does take ongoing work because content gets stale very quickly. If you are prepared to devote resources to updating these sites frequently, then these applications may be right for you. Just make sure you have at least 3-4 hours a week to devote to keeping these tools sharp, so they are most effective for your business.

Facebook

Facebook is a free-access social networking website. Users can join networks organized by city, workplace, school, and region to connect and interact with other people. People can also add friends and send them messages, and update their personal profiles to notify friends about themselves. What started as a way to keep in touch socially has spun into a tool with very practical business applications.

Joining an online social network such as Facebook can put you in touch with millions of like-minded professionals around the world. It also can serve as a powerful marketing tool. Through Facebook, you can be linked not only to your customers, but to their friends and their friends’ friends. This exponential exposure can propel your agency toward greater sales opportunities throughout an expanded network.
However, marketing yourself and your agency on Facebook takes a special approach, a softer sell. Social networks are designed to foster human interaction, not to promote. Think about how to network and how to use Facebook to build your agency’s brand. As a travel professional, you have great knowledge and insight. That is a highly valuable asset that should be shared.

Your business fan page should be separate from any personal pages in order to convey professionalism. On your business fan page you can include links to travel photos, event photos, encourage customers to leave testimonials, and plan events like open houses and seminars. Unlike a personal profile, people will have to find you, but you can share your link with friends. Place a link within your website, email signature, newsletter or whatever tool you have to promote yourself.

Twitter

Twitter’s concept is very simple – it lets you communicate short (140-character) bursts of information to the people who subscribe to your updates. These updates are known as “tweets.” It’s like blogging, only smaller. You can also subscribe, or “follow,” other Twitter users. The tweets from people that you follow are aggregated into a stream of updates.

The right way to promote your business on twitter is to participate! Talk about what you’re doing, new happenings at your business, mention your clients and people you are collaborating with, pay attention to your followers and what they are doing and engage in conversation with them. The wrong way — talk about yourself and only yourself. Part of what makes Twitter so accessible is the seemingly endless ways you can access the service. There are many, many websites and desktop applications you can use, and you can even post to Twitter using instant messaging services or text messages through your phone. In fact, the options are so convenient that most users rarely use the main Twitter website.

Getting started on Twitter is really easy.

There are five main steps:
1) Set up an account (www.twitter.com)
2) Enter your profile information so people know who you are
3) Find your friends
4) Select a way to post messages
5) Get posting!
The key to any successful business is its clients. That’s why it’s vital to keep in touch with your clients all year long. Here are some parting words of wisdom from Richard Earls of Travel Research Online:

We all get too few “Thanks”, don’t we? We just can not hear the words “Thank you” enough. When we do hear someone give us a hearty “Thank you” it can make our day. Those are some pretty magic words.

So how often do we say “Thank You” to our clients? If we recognize the significance of those words, shouldn’t we be a bit more liberal with their use ourselves? Clients are the very reason our profession exists. Travel consulting is an almost purely service business. Yet, we sometimes feel as though we have done a client a favor when we work on their behalf, rather than the other way around!

Take time to say ”Thanks for letting me assist you”. “Thank you for your business”. “Thank you for stopping in.” Demonstrate your appreciation in visible, memorable ways. Write letters or send postcards welcoming clients home and thanking them for doing business with you. Remember their birthdays. Send them flowers on their anniversary. It doesn’t have to be expensive – it just has to be sincere and profoundly grateful.