

i4b.com



2023 EDITION



A Guide to B2B Referral Marketing

Unlocking the Power of Referrals:

Generate Quality Leads from Existing Customers and Suppliers

UNLOCKING THE POWER OF REFERRALS

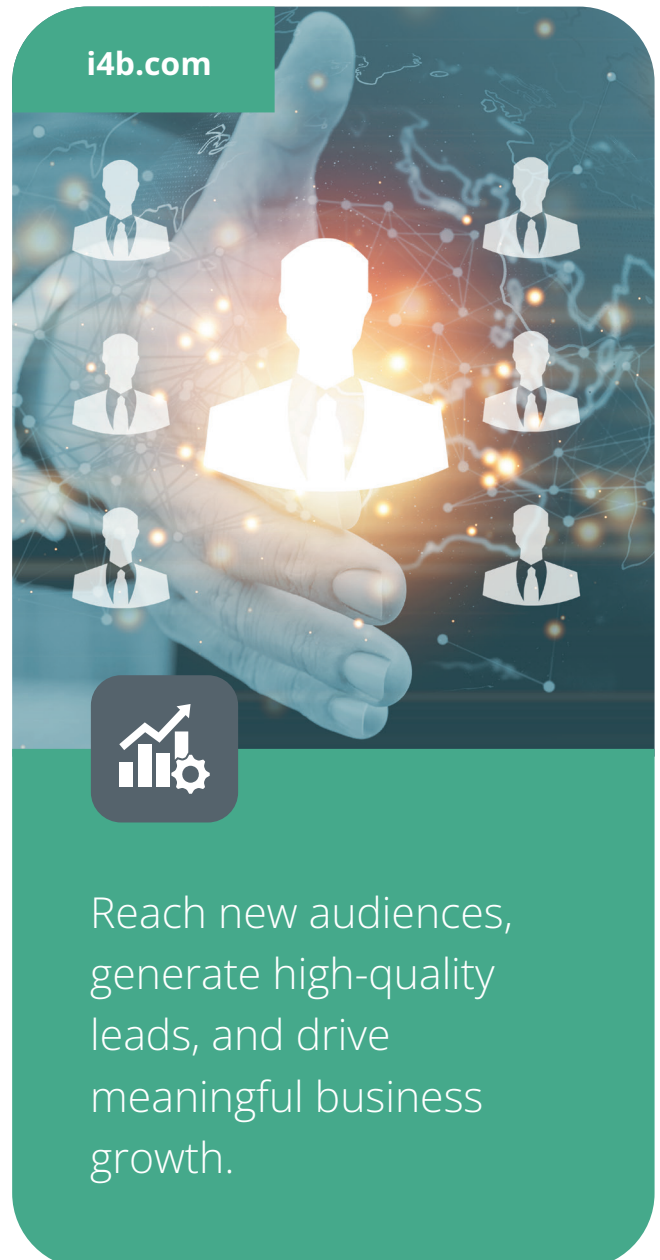
Understand, Implement and Optimise B2B Referral Marketing

In the B2B landscape, where relationships and reputation play a pivotal role, the endorsement of your products or services by your existing customers, suppliers, and partners can be a game-changer. Referral marketing empowers you to tap into the vast network of trust and credibility that exists within your business ecosystem, enabling you to reach new audiences, generate high-quality leads, and drive meaningful business growth.

This guide is your roadmap to understanding, implementing, and optimising B2B referral marketing. Whether you are a seasoned marketer looking to enhance your lead generation strategies or a business owner eager to unlock the untapped potential of your existing relationships, this guide will provide you with the knowledge, insights, and practical steps needed to leverage the power of referrals effectively.

We will delve into the core principles of referral marketing, and provide actionable tips and strategies that you can apply within your own B2B context. From cultivating advocate relationships to designing compelling referral programs, you will gain a comprehensive understanding of how to transform your existing connections into valuable sources of growth.

As we embark on this journey, remember that the heart of referral marketing lies in the authenticity of recommendations and the trust of those who vouch for your brand. With the guidance offered in this guide, you'll be well-equipped to harness the potential of referrals and leverage them as a strategic asset for your B2B enterprise. Let's unlock the power of referrals and embark on a path to sustainable growth and success in the B2B arena.



Let's start with the benefits of referral marketing:

- **B2B referrals can be an incredibly powerful revenue stream**
- **84% of B2B sales originate from referrals**
- **B2B accounts referred by others are 4 times more likely to make a purchase**
- **B2B referred accounts have a 16% higher average lifetime value.**

Source: Harvard Business Review

i4b.com

So what is Referral Marketing?

Referral marketing is a form of advertising in which businesses encourage customers to recommend their services, products or experiences to other people. Referrals can occur in 2 ways:

- **Organically through word-of-mouth**
- **Structured referral marketing programs**

Word-of-mouth marketing and formal marketing referral programs serve different purposes and can be effective in their own ways. Whether one is better than the other depends on your specific business goals, resources, and the nature of your target audience. Let's take a closer look at each:

What is Word-of-mouth marketing?

This is an organic and unpaid method which relies on the unprompted sharing of information, recommendations and endorsements by satisfied customers and advocates such as employees.

Benefits:

- Generally, a cost-effective marketing strategy because it doesn't involve financial incentives or rewards for customers.
- Word-of-mouth recommendations are often perceived as more genuine and authentic because they come from real people sharing their honest opinions.

Potential Issues:

- Organic referrals often lack frequency and predictability, making it challenging to build a reliable strategy based solely on them.
- Difficult to control.

UNLOCKING THE POWER OF REFERRALS



What are Referral Marketing Programs?

This is a deliberate strategy involving financial and non-financial incentives and rewards for customers or advocates who refer new customers to your business.

For example, a company may offer a discount or special promotion to customers who successfully refer their products to someone else. Or, they might partner with an influencer or offer an affiliate program to incentivise people to promote their products.

Benefits:

- **Build Loyalty.** Referral marketing programs don't just benefit companies—customers also reap the rewards of their efforts. This makes referral programs an excellent way to build loyalty, as well as increase your customer base.
- **Active Participants.** Encourages people to share product information but also to become active participants in the marketing process by finding potential leads and providing referrals.
- **Track & Measure:** You can track and measure the performance of a formal referral program, making it easier to assess its impact and ROI.
- **Better Control:** You have more control over the structure and the terms of a referral program, allowing you to tailor it your specific business goals.
- **Scalable:** Referral programs can be scaled up or down as needed and you can set specific goals for the number of referrals you want to generate.

Potential Issues:

- **High Costs:** Offering incentives or rewards for referrals can become costly, especially if the rewards are substantial. If the program is not well-structured, the costs may exceed the value of the new customers gained.
- **Fraud and Abuse:** Fake referrals can lead to wasted resources and damage the integrity of the program.
- **Compliance and Legal Issues:** Incentive-based referral programs may be subject to various legal and regulatory requirements, relating to the UK Bribery Act, Anti-Money Laundering Regulations, Data Protection and Privacy rules. Failure to comply with these regulations can lead to legal issues and fines.

What is the the UK Bribery Act?

The UK Bribery Act 2010 makes it an offence to offer, promise, or give a financial or other advantage to induce someone to perform a function improperly. However, legitimate referral programs that offer reasonable incentives for referring customers are not considered bribery under this act, as long as they are conducted transparently and ethically.

UNLOCKING THE POWER OF REFERRALS

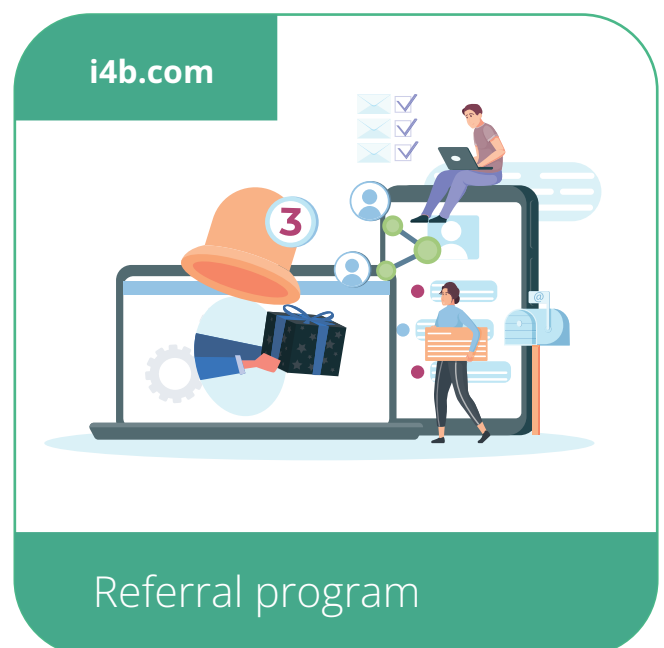
Things to consider:

- **Reach:** If your referral program only reaches a small portion of your customer base, it could leave out potentially valuable advocates who could refer new customers.
- **Complexity:** If the referral process is overly complicated or not user-friendly, it may discourage customers from participating. A simple and intuitive referral system is more likely to succeed.
- **Type of Incentive:** Ensure the incentives offered in your referral program align with the interests of loyal customers or advocates. If the rewards aren't appealing, the program may not motivate people to refer others.
- **Transparency and Fairness:** It is essential that your referral program is transparent, fair, and does not involve any deceptive or unethical practices. Clearly communicate the terms and conditions of the program, including the incentives offered.

Which is best for your business?

Ultimately, the choice between word-of-mouth marketing and a formal marketing referral program depends on your business's needs, objectives, and available resources. In many cases, a combination of both approaches may be the most effective strategy. For example, you can encourage word of mouth marketing by providing exceptional products and services, and then complement it with a structured referral program to reward customers for actively referring others.

It's also essential to consider your target audience and industry. Some businesses may find that word of mouth marketing is more natural and effective in certain industries, while others may benefit from a formal referral program to incentivise and track customer referrals.



UNLOCKING THE POWER OF REFERRALS



5 Key Strategies for Successful B2B Referral Implementation:

1. **Promote Referral Early and Often:** Actively present the referral opportunity in everyday business interactions such as meetings and calls (particularly after a compliment!) as well as ensure to always ask permission post-sell.
2. **Ensure Seamless Design:** Make both sides of the referral process easy and frictionless, avoiding unnecessary steps that may deter advocates from participating. Provide your employees and satisfied clients with specific text and content to use.
3. **Enable Referral Everywhere:** Cater to diverse customer engagement methods by ensuring referral options are available anytime, anywhere.
4. **Test Reward Structures:** Optimise rewards to find the sweet spot that encourages referrals without appearing too incentivised or undervalued, achieving cost-effective customer acquisition.
5. **Personalise the Context:** Emphasise the personal nature of referrals by avoiding generic marketing approaches. Always highlight the individual who made the referral to enhance the personal connection and credibility.

Building a B2B Referral Program

To leverage the full potential of B2B referrals, you need to establish a structured referral program that ties referrals to your overall customer experience and revenue. For a successful B2B referral program, it's essential to adopt a formal process.

The following steps can help you create an effective B2B referral program:

1. Identify B2B Referral Opportunities
2. Implement a formal referral system using to identify advocates among your existing customers.
3. Categorise customers based on their willingness to recommend your product, brand, or service.
4. Track your best referral candidates.
5. Identify drivers, account size, and growth within accounts to pinpoint ideal referral candidates.
6. Provide your B2B Referrers with content.
7. Encourage actions such as conference speaking, providing case studies, or writing product reviews as softer ways to participate in your referral program.
8. Create content that simplifies the referral process for your customers.
9. Reward and thank your referrers.
10. Motivate clients to participate in your referral program with non-monetary incentives, such as product discounts, free training, gift cards, or conference passes.
11. Express gratitude to your customers for their support, ideally through a handwritten note or card.
12. Measure the Impact of Your B2B Referral Successes
13. Track key metrics like participation rate, referral rate, conversion rate, revenue growth through referrals, and customer referral value.
14. Treat your referral network as an extension of your sales team and reward them accordingly.

UNLOCKING THE POWER OF REFERRALS

In a nutshell

B2B referral marketing is a powerful tool for unlocking the potential of your existing customer and supplier relationships to generate high-quality leads and foster business growth.

By leveraging the trust and credibility that exist within your business ecosystem, you can tap into a network of advocates who genuinely endorse your products or services. Remember that the heart of referral marketing lies in the authenticity of recommendations and the trust of those who vouch for your brand.

B2B referral marketing is a continuous effort so make sure to:

- Regularly measure the impact of your referral program
- Adjust your strategies.
- Express gratitude to your referral network.
- Treat your referral network as an extension of your sales team.

With dedication and a well-executed referral program, you are poised for sustainable growth and success in the B2B arena.

[i4b.com](https://www.i4b.com)

If you need any further advice on anything data and marketing related, or you want to find out how we can help in a practical way with our products and services, call our expert team today on 01252 367400.



Tel : (+44) 1252 367400



support@i4b.com



www.i4b.com