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How to Choose The Best Referral Program Incentive



How To Choose The Best Referral Program Incentives in 2020



If you want your referral program to be successful, make sure you are using the right reward structure. The referral incentives can make or break your referral program. It can be quite overwhelming to decide what reward structure your referral program should have. This is why we have come up with this guide, which will help you choose the perfect referral program incentives.

Understand What Your Customers Want

When you are deciding what to offer your customers in form incentives, you first need to understand what they need from you. You might think offering them cash coupons or discounts would be of value to them, but their needs can be the opposite. For example, if you are providing your free customers a dollar for a referral, they might not get motivated to refer you. In this case, you should consider offering them some additional features or services that they can use. So, it is essential to go through the data and understand the needs of your customers. Only then decide what to offer them.

Focus on Quality Rather Than Quantity

You must provide quality rewards to your potential customers. It would be best to make sure that the reward would attract the people who could be relevant to your product. For example, if you have an online bookstore and you are offering a giveaway iPhone to one lucky winner that refers to your business, you might get a lot of referrals. Still, you might not get the conversions because most of the people would sign up to get that iPhone and might never be interested in your services. The goal of giving incentives should be to get qualified leads, not random people, who are just there for the expensive reward. Ensure that the reward you are offering gets the attention of an audience that is perfect for your business.

Bigger Rewards Are Effective

When it comes to incentives, size does matter. Giving a more significant reward is always going to get more referrals than a smaller one. You are asking your customers to be your advocates; you are asking them to vouch for them; you are asking them a lot. So, it would be best if you gave them back a lot. When it comes to online marketing, you spend so much money, but most businesses neglect that they need to invest in their advocates as well. Give your advocates something that would motivate them to spread the word. You need your customers to stay with you for a longer time, and you would have to give them a motive if you want them to stick.

Reward Structure

The reward structure is critical if you want to get the most effective results and have the flexibility to target various segments at a time. You have to consider many things like:

- * When to give a referral reward?
- * Is it going to be an onetime reward or a recurring one?
- * Will you give a reward after every single referral?
- * Are you going to give Cash or credit?
- * Do you have all the terms and conditions for the reward in place?

You need to keep all the above questions in mind and come up with a reward structure that will be perfect for your audience. An adequately structured incentive system will ensure that you get more conversion, and you spend the right of money given as rewards.

Consider the Cost

No matter what incentives you are offering and what your reward structure is, you are going to spend money. But the good news is that you are going to get

leads as well. Now the thing here is that you need to come up with rewards that will get attention in different segments.

A good example would be 'refer a friend offer,' and a referral award, both of them are double-sided awards. In refer a friend offer, you will get the referrer a reward, and the friend will also get a bonus which will persuade them to make their first purchase. On the other hand, the referral award will motivate the referrer to invite a friend to get some reward. So, both of these incentives can be applied to two different segments; the referrer is also getting something, and so is the friend.

Common Types of Referral Incentives

The most common types of referral incentives that you find include Cash, discounts, and e-gift cards. We are going to discuss each of them briefly. And we suggest that you select the one that you think would be best for your customers and your business.

Cash

Many prefer Cash incentives, and no doubt, Cash makes a desirable referral incentive; however, you need to know its drawback as well. Number one, it has been seen that non-cash incentives outperform cash incentives in almost every program when they are provided in parallel. Secondly, the cash processing can take a lot of time which can be very exhaustive for you as well as the recipient. But if you are giving away a large amount of money, or if the recipient is a business and not a person, that it will make perfect sense to give away Cash, which could be very useful for the receiver.

Coupons/Discount/Rebates

Another very effective referral incentive is in the form of discounts on your products or services. It is very cost-effective, and if you have a good incentive in shape, you will be able to convert your consumers into returning buyers, and you will also be able to get more conversions due to the referral made by the referee. However, you should spend time and effort to come up with perfect discounts, which should be tempting for your customers.

E-Gift Cards

Another type of referral incentive is E-Gift cards, which are proved to be cost-effective and easy to work with. The E-Gift cards can be rewarded to customers immediately, and they give the consumer a lot of options to

choose from. If you want your customers to become your brand's advocate, giving them an E-card as a sign of instant gratification can do the trick.

Final Words

In this article, we tried to tell you almost everything you need to know about choosing the best referral program incentives. If you want your referral program to be a success, you need to make sure that you are providing your