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## DUDE, YOU GOTTA TRY THIS, YOU WON'T BE DISAPPOINTED!

Is there anything more powerful than a referral from a friend? Money can't buy the credibility that a friend, or even an acquaintance, commands. The recommendation above was actually emailed from a happy Sport Clips™ customer to his friend along with a coupon for \$3 off. This is just one of many referrals sent by the customers of Joan & Chuck Matheny.

The Matheny's own two Sport Clips™ franchises. Sport Clips™ features an atmosphere where men and boys feel comfortable getting their hair cut. Every chair has a television tuned to a sporting event, there is a sports theme throughout, and their premier service is the MVP. The MVP includes a shampoo, a neck massage, and a hot towel--dude you gotta try it!

In September 2005, Chuck was looking for a way to communicate with his customers without having to buy expensive ads. He also wanted to improve 1st Time customer retention. He decided to give PromoterZ™ a try in one of his locations to see if it would help. He's been so pleased with the results, his second store is now using the system as well. You can read the details of the Matheny's experience here.

I'm obviously biased, I think PromoterZ™ is a simple and inexpensive way to generate referrals and I hope every business owner signs up. Having said that, it is certainly not the only way to encourage your customers to tell their friends about your business. Mity Lite, maker of world famous lightweight and durable folding tables, credits 40% of their sales to the fact that their sales reps always, always ask "Who else do you know that would appreciate the quality of our products?"

Another company that attributes a large portion of their sales to referrals is Bike Friday. Here is a description of their referral program from CMO ([http://www.cmomagazine.com/read/100105/power\\_one.html](http://www.cmomagazine.com/read/100105/power_one.html)):

The company also uses a referral awards program. Customers receive a set of 12 prepaid postage cards with their name and that of the Bike Friday expert who sold them their bike. Whenever a customer meets someone whose interest is piqued by his bike, he'll fill out a card and drop it in the mail. Bike Friday then mails information to the contact. It also captures this interaction in its database so that riders who make a referral receive a bonus if their prospect purchases a bike. Customers can choose either a \$50 check or \$75 credit toward future products. Day accumulated enough referral credits to purchase a \$2,000 bike last year.

The referral program has helped the company acquire more than a third of its 10,000 customers; it also helps drive sales. Over the last three and a half years, the program has generated \$1.3 million in sales. In 2004, 29 percent of its sales came from referrals.

Customer referrals work and as the advertising chaos continues to increase, they will become more and more powerful. If you are not already doing it, spend some time thinking about how you can make it easier for your customers to tell their friends about your business. It will be worth the effort.

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