



Put Your Referral Programs In Gear

👉 profitability business customers

Summary: Community financial institutions have used customer referral programs successfully for years. But now that things are starting to feel more normalized, maybe it is time to take it up a notch. We address how to do that by automating your referral program and testing rewards.

According to one source, 78% of B2B marketers find that referral programs generate good or excellent leads. While this may seem obvious, with the past year's focus on health and recovery, it likely hasn't been top of mind. Now may be the time to put it there.

Community financial institutions have utilized customer referral programs for commercial and retail customers for years and often realized great success. Various studies show happy customers can be your institution's greatest champions and generate a firm's best leads. In a year with low margins and high volatility, good customers can be your best source of future good customers.

Automating your referral program

If you didn't already automate this process during the pandemic, moving away from any activity that requires paper processing is a simple first step. Perhaps the easiest way to begin is by building a page on your website. Having a link that employees and customers can share easily via text, social or email can eliminate the extra burden of handling forms with personal information.

Once you have this in place, or if you already do, more options are available to get creative on the design and promotion of your referral program. Let's start with the assumption that you know which customers are your good customers and that experienced relationship managers are already asking for referrals. However, your less experienced lenders likely have referral goals too, as well as customer-facing branch or customer service staff. We find that most less-experienced relationship managers are afraid to ask for the referral, when in fact, happy customers are eager to help your institution succeed. So, setting up an easy way for all customer-facing staff to gather referrals is key.

Testing rewards

Should you decide to make the program active throughout the year, you can test various rewards for your referring customers. Depending on how sophisticated you want to get, you can also experiment with which types of customers you target, when to target, and then tailor rewards very specifically. For instance, consider a reward at the time of the referral or bundling a year's worth of referrals into an annual seasonal gift basket of items.

The kinds of rewards you offer can also be unique and tailored to match your institution's brand. If your institution is known for its friendly staff, one reward for a referring customer could be a special gift hand-delivered by one of your staff members.

For referrals to retail customers, consider improving your technology and automation infrastructure to allow you to target different points during a customer's journey. The idea here is to focus on customers at a time when they are especially satisfied with your institution and want to share their excitement with others, which can be potential leads.

For example, new customers who've opened accounts online can trigger a follow-up email or text detailing the referral program and encouraging them to share their experience with others. Or you can focus on moments when an existing customer is feeling a sense of accomplishment, such as paying off a loan, buying a new car, or closing on a house. They are likely more willing to refer a family member or friend once they have hit such a milestone.

With many new referral tools available, your customers can become even better ambassadors for the good work you do. We look forward to seeing the results.

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