

# Turning Customers into Brand Ambassadors



# Introduction

Before the internet, it was an established fact that referrals were one of the best ways to expand a business. Instead of trying to convince strangers to buy its product, a business could incentivize its customers to send their friends.

These new, referred customers would be loyal and profitable. They came without huge marketing costs and did not need as much hands-on sales work, since they trusted their friend's recommendation. Once they were customers, they quickly adopted more and more products because they already trusted the business.

The basic principles of referrals have not changed with the advent of the internet. People still trust their friend's recommendations and referred customers remain among the highest-quality for a business. What did change was the size of a customer's network and the ability to effectively and unobtrusively reward a customer for referral behavior. But how does a business in the internet age take advantage of the benefits of referrals? In this eBook, you'll come to understand the techniques that you need to turn your customers into brand ambassadors – individuals dedicated to referring your business to their networks.



## Customer

An individual or corporation that buys goods or services from a business.



## Referred Customer

A customer who began his/her relationship with a business as a result of a referral from a trusted source.



## Brand Ambassador

A customer who advocates positively for a brand or product inside or outside of their personal networks.

# The Basics

Before strategy, there are some fundamentals that may be obvious but are the prerequisites to any successful transition to a brand ambassador-focused referral strategy.

## PRODUCT

### A Quality Product

Referral programs that use brand ambassadors cannot help your business if your customers are not excited about your product. While the results of referrals are dramatic, they can only be applied to businesses that have a product that customers not only like, but are also willing to vouch for among their friends.



### A Shareable Product

If your business's product is something that your customers do not want other people knowing that they use, a referral program will not be effective. To share their opinion of your product, your customers should feel comfortable with their friends knowing they use the product.



## CUSTOMERS

### Customers that Exist

Referral programs work if there are customers to turn into brand ambassadors. Without existing customers, you will not see any benefit. If your problem is that your business lacks customers, putting resources into referral reward programs may not help.



### Tech-literate Customers

To make use of the power of referral programs, you need to know that your customers are able and willing to leverage their online networks to advocate for your brand. If not, then you will be investing in technology to track and manage an exchange that is not happening online.



## Chapter 2

# Incentivize Your Brand Ambassadors

Even if your customers are fans of your product, they may not want to tell their friends about it without an incentive. That's where referral programs come in—they define the incentives and rewards for customers who refer their friends to your business.

## TWO STRUCTURES

When it comes to incentives, there are two primary types: single- and dual-incentive. While a single-incentive structure only gives a reward to the original referrer if their friend becomes a customer, a dual-incentive structure gives a reward both to the referrer for bringing in a new customer and the referred for becoming a customer.

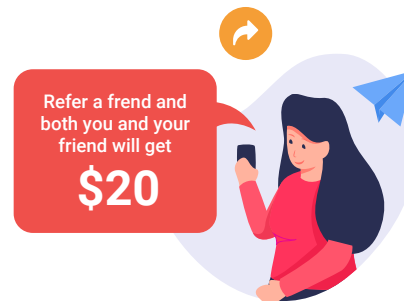
Each of these two systems has a particular strength that you should consider when choosing between them.

### Single-Incentive



Single-incentive systems are cheaper. Because your business is only responsible for rewarding one part of the transaction, you keep the expenses limited to only those existing customers who are doing the referring.

### Dual-Incentive



Dual-incentive systems are more compelling. Since both sides of the transaction benefit from the referral, the process is much more friendly. The referrer avoids feeling like they are taking advantage of their friendship, since the referred customer will be getting a "special deal" for becoming a customer. The result is a referral program that, while more expensive, has much more incentivizing power to generate brand ambassadors.



## ESTABLISHING INCENTIVES

After deciding the structure you want to pursue for your program to turn customers into brand ambassadors, you will need to decide on how much you want to pay for those referral rewards. The balance here will be the same as most marketing decisions: how do you make sure that you don't spend more money getting the customer to you than the customer will produce in revenue?

The difference comes in calculation. Instead of calculating simply how much financial incentive the customer needs to come to you, you also must consider what financial incentive a customer needs to promote your product to their friends and what they think of as a "good deal" to be offering their network.

### Determining primary incentive



What does it take to get a customer to promote your product?



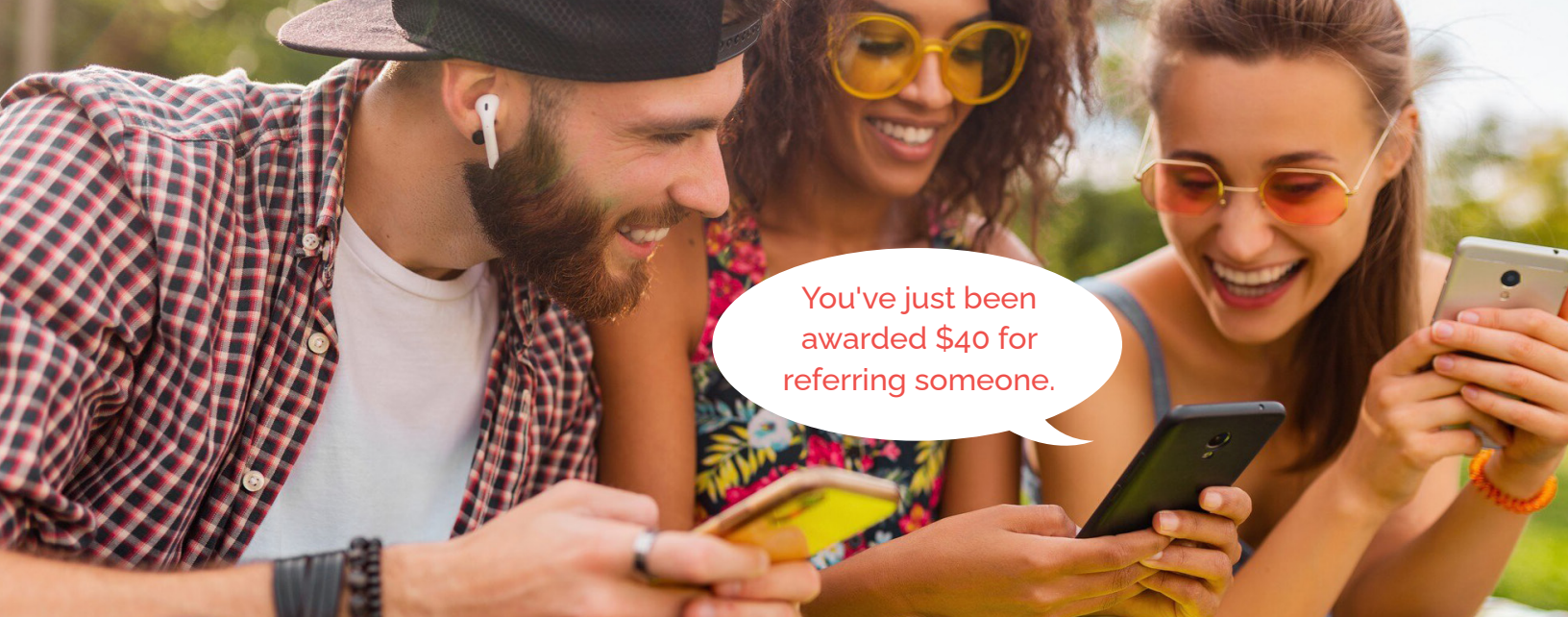
### Determining secondary incentive



What does it take to convince your customer that they're giving a good exclusive deal to their network?



What does it take to incentivize the potential customer to act on their friend's recommendation?



## Chapter 3

# Track Your Brand Ambassadors

Now that you've incentivized your customers to promote your brand, you've started the transition from customers to brand ambassadors. However, in order to ensure that the incentives are effectively motivating your customers, they need to receive the rewards you promise. This is where tracking your brand ambassadors comes in.

To accurately track your brand ambassadors and ensure that you are effectively rewarding them for their promotion, you'll need a referral software of some sort.

### **A quality SaaS referral software platform will provide two critical features:**

- 01** First, it will be able to attribute new customer activity to the proper referrer. If you're getting new customers from a brand ambassador, you need a way to see that connection to allocate rewards. Without out this primary feature, you are vulnerable to alienating brand ambassadors and having little understanding about the success of your referral program.
- 02** Second, it will be able to fulfill the promised rewards easily, so that your time is spent finding new customers, not paying current ones. If you have to spend valuable time dealing with the details of financial transactions to your brand ambassadors, your referral campaign becomes a drain on your marketing resources. If your referral platform is not managing the financial transactions in some way, it will sabotage your referral efforts.

# Learn from Your Brand Ambassadors

You want to do more than just ensure that you're keeping your promises to your brand ambassadors; you want to improve based on your brand ambassador's activity. Use your referral platform to get some key data points that will help you improve your product and business:



**What do your brand ambassadors point to as strengths of your product when sharing with their friends?**



**What social media channels do your brand ambassadors use to talk about your product? Can this help you with your other marketing strategies?**



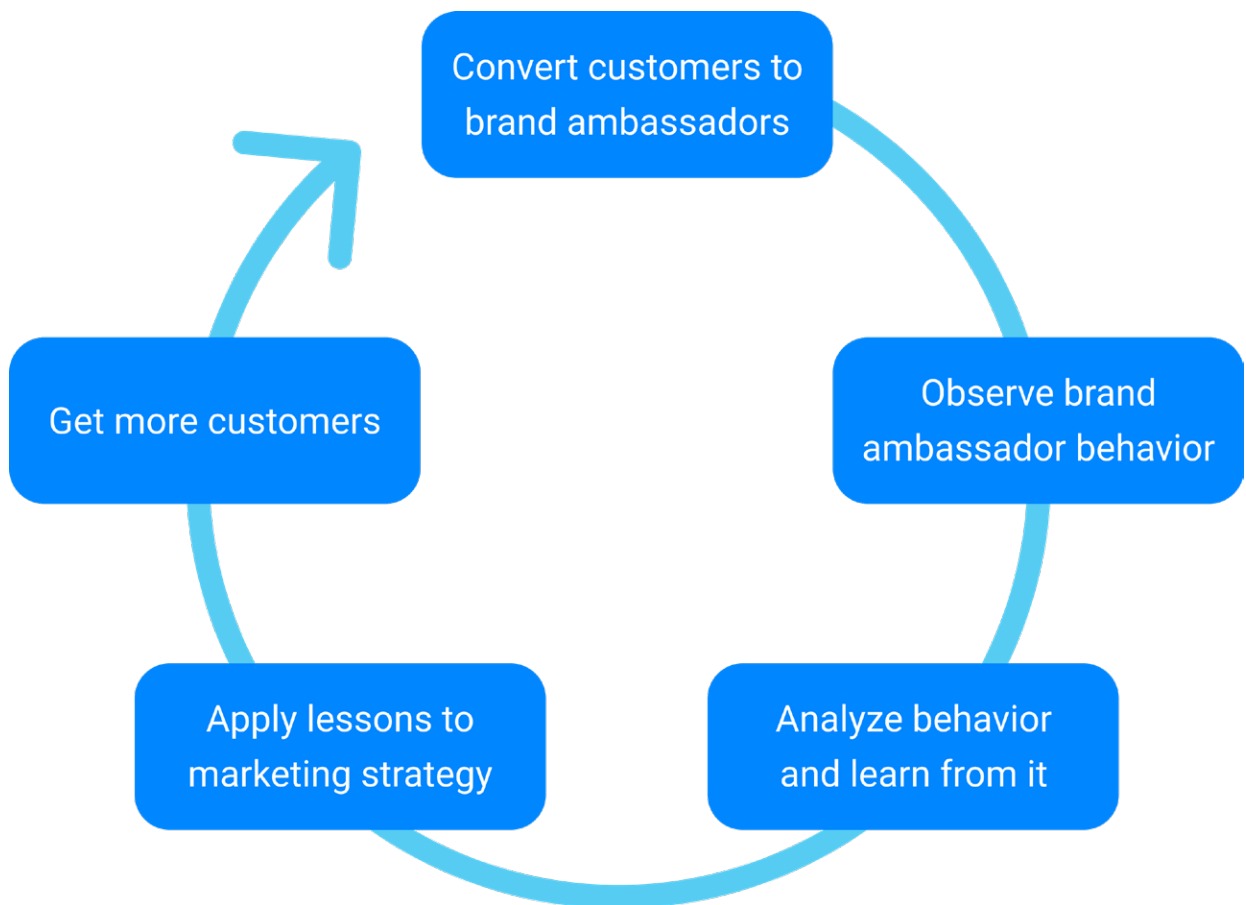
**Who do your brand ambassadors target as their audience for their sharing? Does it differ from who you target in other marketing channels?**



**What is the typical profile of an energetic brand ambassador? What does that say about your product's demographic connection?**

By asking these questions and others, you can leverage a brand ambassador program to expand your other marketing strategies and compound the further success of your referral program. As it improves, you'll see even more of your customers make the transition from mere consumer to brand ambassador and advocate for your products.

Having a referral program and brand ambassadors should be a feedback loop: as you observe more brand ambassadors, that should affect the way you attract customers, turn them into brand ambassadors, and then learn even more from them. In that sense, the process of turning customers into brand ambassadors never ends. You should always be improving and changing your referral.







## Conclusion

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The transition from customers to brand ambassadors is a huge step in your marketing strategy. Once you have successfully started a referral program, you have started a cycle that not only brings new, high-quality customers to you, but you have an extremely valuable source of information to compound the success.

Now that you know the fundamentals of turning your customers into brand ambassadors, it's time to start developing your referral program.



## Ambassador empowers marketing teams to increase revenue by leveraging the power of referrals.

Our flexible relationship marketing software automates the process of enrolling, tracking, rewarding, and managing affiliates, influencers, partners, and fans. This allows B2B companies, consumer brands, and agencies to quickly build, scale, and optimize referral marketing programs. Ambassador's API also seamlessly integrates with existing technologies, enabling companies to create a custom experience while tightly integrating with their brand.

Founded in 2010, Ambassador's referral marketing automation technology is used by hundreds of companies, including CIBC, JLo Beauty, Visible, Oportun, Lumio, and Universal Music Group.

For more information, visit [www.getambassador.com](http://www.getambassador.com).