

Building a Referral-Friendly Business

By Angela Wu

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Angela Wu
angela@onlinebusinessbasics.com

Online Business Basics <http://onlinebusinessbasics.com/>

Referrals are an important part of any successful business. They're a great way to keep building your customer base, year after year, without having to go out and pay for advertising. Instead, you use the power of your current customers to help you continue to grow.

Referrals really are 'golden'. For one thing, in this time-crunched age where everyone's so busy, people are more willing to depend on the advice of trusted contacts. It saves them from spending time in laborious research.

Referrals also produce a 'snowball' effect. Happy customers tend to have a good idea of which one of their friends would appreciate your product or service. They refer people similar to themselves... who also refer people they know... and so on.

But one of the best things about referrals is that they're easier to convert into customers! It's fine for YOU to say that you provide a great product or service -- but when someone else says it, it instantly has more impact... especially when it comes from a trusted friend or contact. Your credibility and expertise have been established by the referrer.

However, many business owners assume that just because they do a good job, referrals will happen automatically. This isn't true; people often need a little encouragement to send referrals your way. It's up to you to take a more active role in making them happen.

Go ahead and tell your customers that you'll do your best to make sure they're happy. Then let them know that you would welcome any referrals -- in other words, simply ASK for new referrals. Encourage them by offering referral incentives.

For example, offer a referral bonus or discount. Offer free gifts, extra entries into a contest, whatever is appropriate for your business. And ALWAYS send a thank-you note and possibly even a small gift to the referrer ... regardless of whether or not the person he referred becomes a customer. This will show that you appreciate him thinking of you. Everyone likes to feel appreciated, and he'll be more likely to continue to send referrals your way. You never know -- someone he refers in the future might very well become a customer!

Another example of how to generate referrals is to write articles and distribute them around the Internet. Once again, if you get published you instantly have more credibility -- you build an "expert" status, so to speak. Many article syndication sites offer a feature that allows the reader to email the article to a friend... and articles are often passed around from person to person through email.

In both of the above cases, your business automatically has more "clout" than, say, if a prospect were to simply visit your website. In the case of a referral, the prospect has already been at least partially influenced by his or her friend or contact... which makes your job of converting him to a paying customer that much easier!

A referral-friendly business is one which can continue to send you new customers day after day, year after year. Encourage it and reward it!

Angela is the editor of Online Business Basics, an exclusive newsletter for eBusiness beginners. She offers a 'no hype, no bull' approach to building a profitable Internet business. Every issue is packed with helpful tips and useful tools, specially selected to fit a beginner's shoestring budget. Visit her online today at <http://onlinebusinessbasics.com/article.html> OR <mailto:businessbasics@workyourleads.com> for a series of 10 free reports on building a business on the web.

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