

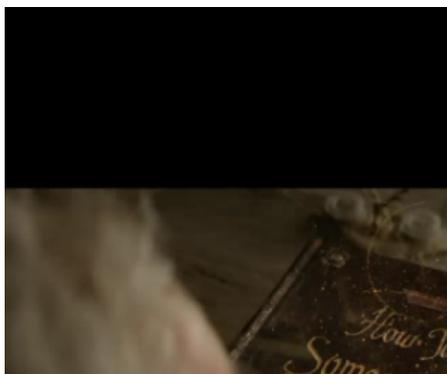


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Influence Marketing: How to Get Referrals from the 'In Crowd'

By Nicole Fallon Taylor, Business News Daily Assistant Editor | November 19, 2015 11:37 am EST

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What's the most powerful way to convince people to buy a product? To have someone they trust tell them good things about it. Whether it's low-tech or high-tech, word-of-mouth marketing – also known as referral marketing – can be a marketer's best friend.



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"Referral marketing is the oldest form of advertising, and arguably the most cost-effective and profitable, since it provides objective recommendations from trusted sources such as friends, family and colleagues," said Shawn Fergus, vice president of marketing at marketing software company [Ambassador](#).

Marketers who want to take referrals to the next level will often reach out to influencers – celebrities and other individuals with large public followings – to boost awareness and sales, whether it's through social media, review sites or video testimonials. Here's what businesses need to know about making influence marketing a part of their word-of-mouth strategy. [\[When Customer Loyalty Isn't Enough, Turn to Word-of-Mouth\]](#)

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Why influence marketing works

Remember back in school when one of the popular kids came in with a new backpack or pair of sneakers, and soon, everyone in the class had the same ones? Influence marketing works the same way. When consumers see someone they admire talking about and using a product, they're more inclined to want to check it out.

"Influence marketing has emerged as an extremely cost-effective form that generates additional benefits, such as customer goodwill, increased memorability and willingness to spend," said Guy Poreh, chief marketing officer of [HyPR](#), a programmatic marketplace for social media influencer marketing. "If in the past, having a celebrity spokesman was an option reserved for huge and wealthy companies, it is becoming both affordable and a necessity to make sure niche influencers in your space support your brand."

Although social media has certainly made influence marketing more prevalent, it is by no means a new concept. Marketers have been enlisting influential people to help sell their products and services for more than a century. As early as 1875, marketers gave out trading cards of celebrities and athletes that contained pictures and descriptions of the products they were marketing, said Paul Johnson, founder and CEO of social deals website [Snagshout](#).

"With the growth of modern social networks and online publishing platforms, the number of potential influencers has increased dramatically," Johnson said.

Poreh agreed, and said that social media has increased the scale of referral marketing. Word-of-mouth can now reach a much larger and more engaged audience than ever before, thanks to the various social platforms out there, he said.

How to leverage influencers the right way

One of the key reasons that influencer marketing is so effective is that consumers trust the individuals they follow, Johnson said. Therefore, it's important to allow influencers to share their honest opinions about the products they are marketing, in order to maintain their audience's trust.

"It's understandable that marketers would want to try to guide the conversation about their products, but the more natural and real the conversation is, the more consumers will resonate with the message," Johnson told Business News Daily. "What you don't want to do is to turn your network of influencers into walking billboards who share whatever corporate message they are given."

"Authenticity is meaningful," Poreh added. "Customers need to feel like they

can have a real conversation with a brand."

Poreh also noted that basic marketing rules should still apply, even when you're working with someone well-known.

"Targeting is key," Poreh said. "You would never invest in any media spend without ensuring you hit your target demographics. Understand the audience each influencer has and how well that audience fits your brand."

Finally, Johnson reminded businesses that it's important to follow Federal Communication Commission guidelines. If influencers are reviewing a product that was given to them for free or if they were paid, they must disclose that. Otherwise, the company and the influencer could be scrutinized for deceptive practices, he said.

Creating brand ambassadors

To turn an influencer – or any customer, for that matter – into a brand ambassador, you first need a strong referral marketing strategy that's built into your overall marketing plan.

"You must make it as easy for your brand ambassadors to share their positive experiences as possible," Fergus said. "It's also important that you ask them to do so; otherwise, your program will never be as successful as it can be. Even if your customers love your product, some may not know how to become a brand ambassador, or simply [may] not think about it."

Providing an incentive will encourage people to share with their networks, Fergus said. You may want to provide monetary compensation for very well-known, highly influential individuals, but for the average customer, discounts, reward points or coupons can motivate them to become brand ambassadors.

"[Rewarding] customer referrals ... not only increases brand loyalty, but also gives customers extra incentive to share their positive experiences and help you increase revenue," Fergus said. "Using a referral marketing platform makes it easier to reward your brand ambassadors, and to also track, analyze and optimize results to maximize your return on investment."

But a one-time incentive won't keep customers coming back and spreading the word about your business. Ken Sims, CEO of [Reach150](#), a provider of referral management solutions, said that the best referrals come from long-term relationships.

"This means that after a transaction, you continue to provide value to your client," Sims said. "This might include providing valuable information or referring another complementary service provider. Continued engagement ensures you not only stay top of mind for that individual, but allows you to

ask past clients for referrals."

Above all, marketers must remember that any word-of-mouth campaign begins with a great product – and great customer service.

"It may sound cliché, but selling a great product or service is the best way to turn customers into brand ambassadors," Johnson said. "Most people love trying new things. They love to be respected and feeling important. If you want to turn customers into brand ambassadors, then it's important to let them know how important they are. It's imperative to give them a platform where they feel their opinion matters. Just asking is not always enough."

"If you have provided continued value to people and they see you are doing well, you will be surprised at how willing they will be to help you," Sims added.

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Nicole received her Bachelor's degree in Media, Culture and Communication from New York University. She began freelancing for Business News Daily in 2010 and joined the team as a staff writer three years later. She currently serves as the assistant editor. Reach her by [email](#), or follow her on [Twitter](#).



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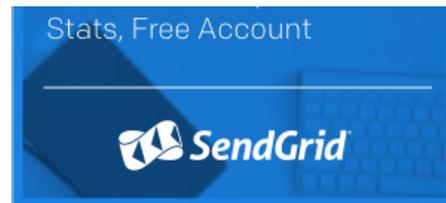
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