

WHY ALL CUSTOMERS ARE INFLUENCERS

Turning your best customers into profitable advocates



Editor's introduction

Trying to attract the attention of potential shoppers when they are constantly being bombarded with marketing messages through a proliferation of on- and offline channels is no easy task.

As well as being overwhelmed with 'voices', there is a growing issue around trusting the messages that consumers see. Whether it's fake news, fake reviews or mistrust over the role of influencers within the marketing mix, brands and retailers can face a tough task in getting their message across convincingly.

So how can they cut through the noise? How can they ensure not only that their potential customers hear them but, more importantly, that they believe what they have to say? Here, the role of referral marketing can be key.

In this white paper, produced by InternetRetailing in association with our partner Mention Me, we explore in greater depth the current state of digital marketing and the role of the different channels within it. This includes traditional channels such as PPC as well as newer ones such as social media and influencers. We look at the pros and cons of some of these channels and examine the power of referral marketing and word of mouth for conveying a message that the customer truly believes.

We talk to retailers including maternity retailer Seraphine, flower and gifting specialist Bloom & Wild, homewares brand Cox & Cox and clothing and homewares brand Toast. We also interview some of the InternetRetailing readers surveyed for this white paper, asking them what they are doing to get themselves heard and the role that referral marketing plays. After all, there are few recommendations we trust more than ones from our own family and friends.

The power of word of mouth has always been one of the strongest weapons a retailer has in their marketing armoury but have retailers been doing enough to embrace and exploit it? Word of mouth is authentic, is trusted and can be great for both customer acquisition and longer-term retention. Indeed, our retailers point out that it not only attracts a healthy stream of new customers but also encourages existing customers to spend more.

For this reason, referral marketing and word of mouth are growing beyond niche strategies to becoming a channel of increasing value to retailer and consumer alike. ■



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When you hear the word ‘influencer’, who do you picture?

If images of glamorous 20-somethings with chiselled jawlines, perfect teeth, and suspiciously smooth skin are filling your mind, you’re not alone. But it’s becoming increasingly apparent that these online profiles don’t have quite as much influence as we may think.

Our research highlights that the real influencers aren’t those staring up from our phones in a flurry of emojis – they’re the people standing right in front of us.

51% of consumers trust a recommendation from their friend or partner more than any other source of advertising. In contrast, just 3% trust an influencer’s brand recommendation. But, as this whitepaper explores, 44% of retailers still see the latter as one of their top five most important marketing channels.

In our era of fake news, #sponcon and celebrity endorsements, trust and authenticity are much more than marketing buzzwords. They’re the secret to brand success. Earn a customer’s trust, and they’ll return often, spend more and recommend your business to others – fuelling long-term, sustainable growth.

Referral marketing has gained significant momentum over the past five years, and this is set only to grow as more and more retailers look to build brand trust. Traditional marketing channels are becoming increasingly expensive and difficult to measure ROI on. In contrast, a refer-a-friend programme offers a cost-effective way to cut through the noise.

Better yet, every element of the customer lifecycle can be thoroughly tested to pinpoint exactly which factors of a referral programme are driving up core metrics like new customer acquisition, average order value and brand awareness. All while revealing valuable insight into customer cohorts that can be applied across marketing campaigns for optimal results.

Sometimes, the simple things are best. A recommendation from someone we know is far more valuable than a review from an online stranger, a mass marketing email or a targeted online ad.

These recommendations also tap into another key theme: relevance. A social media post promoting a maternity brand like Seraphine (featured in this report) will be seen by many people who have little to no interest in maternity wear. But a recommendation from a pregnant woman to others at a pregnancy yoga class, for example, is highly relevant and likely to convert to new customers.

Add referral into your marketing mix and harness the power of word of mouth for your brand. Put your happy customers front and centre, and they’ll do the talking for you. It won’t be long before your results speak for themselves. ■



COURTNEY WYLIE
VP Product & Marketing

Mention Me is a referral marketing and customer retention platform that fuels business growth. Our world-class programmes have delivered more than 2 million referrals and increased customer lifetime value for 400+ brands around the globe.

mention me

Exploring the current state of play in digital marketing and the role of recommendations

When it comes to getting their marketing message to consumers, retailers and brands have a range of established and emerging digital marketing tools and techniques that can help to build their brand, find new customers and forge deeper relationships with existing customers.

From traditional marketing methods such as PPC to evolving channels such as influencers and social media, the channels are plentiful, yet each comes with its own pros and cons.

Trying to find the right channel that cuts through the noise can be hard, with different channels going in and out of favour as fashions and needs change, as well as playing different roles in the customer lifecycle. Knowing where to balance resources for greatest success can be tough.

"The main challenge we face is making sure that we're not over-reliant on one single channel," says Gary Taylor, customer acquisition director at Bloom & Wild, who uses a mix of digital channels across the business. "If CPCs/CPMs increase on a certain channel, we need to be able to shift our mix and increase investment in other places to compensate."

SUCCESSFUL RETAILERS EMPLOY A MIX OF CHANNELS

Successful retailers will use a mix of core channels developed to varying degrees depending on how digitally savvy the retailer or brand is. "With my clients, I tend to focus on both organic channels (SEO, email and social) and performance channels (paid search, paid social and referrals)," says Hannah Spicer, an ecommerce and digital marketing consultant who has worked with the likes of Harvey Nichols and Kurt Geiger. "More established brands also include affiliates and display."

Paid channels, such as search and social, can be easier to ratchet up and down as required in order to drive results for the business. Organic channels, by contrast, may be harder to use reactively but can be powerful traffic drivers.

"The organic channels take more investment in terms of time – producing quality content – but are obviously lower cost than the paid channels," says Spicer. "In terms of driving conversion, email, SEO and paid search are generally the best performers. Influences are budget, business goals and stage, by which I mean awareness versus conversion."

Taylor says that at Bloom & Wild, digital is its most effective growth engine to date, with a range of channels used by the retailer. "Because it's so measurable, we've been able to quickly optimise and spend our budget more efficiently," he notes.

The popularity of traditional digital marketing channels was reinforced by the results of our survey, with the majority of retailers (50%) saying they were putting most effort, in terms of resource, time and spend, into PPC, followed by email for 26% of respondents.

Referral is extremely authentic because it makes use of the genuine sentiments of your customer base. As a result, it is THE most trusted channel for hearing about new products and services.

Courtney Wylie, vice president of product and marketing, Mention Me

NEWER CHANNELS PLAY AN INCREASINGLY IMPORTANT ROLE

Yet other channels also play an increasingly important role. The power of social media is undeniable, with 16% saying they are spending the most resource, time and spend in this area. Social media is also a huge area of focus for retailers in our reader survey.

At Bloom & Wild, Taylor says that his biggest digital channels are Facebook, Instagram and paid search, although the company has also tested Pinterest, Snapchat and a large number of programmatic display campaigns.

The power of social is due, in part, to the rise of influencers across social media and channels such as blogs, YouTube, Instagram and TikTok. Retailers and brands realise the value that influencers can have in getting their brand in front of a huge number of potential customers and with the message originally perceived as being more authentic.



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A CONSUMER CRAVING FOR RECOMMENDATIONS

It's here that the problems lie. The issue of measurement and attributing sales to influencers is one challenge. A more pressing one – which we explore further in the next section of this white paper – is that both consumers and retailers are beginning to lose faith and trust in the traditional influencer. What they now crave is a more authentic voice.

Many are finding this authenticity in referral marketing and word of mouth, tactics that Bloom & Wild's Taylor says are successful for driving new customers to his brand, as well as also being relatively low cost.

Courtney Wylie, vice president of product and marketing at Mention Me, says that for any retailer or brand, a decent NPS and a reputation for customer service and quality referral marketing should be no-brainer additions to their digital marketing toolbox. Why? Because they allow existing customers to do the marketing for you, earning rewards on purchases for both them and their friends.

"Chances are," she says, "these brands have customers who are recommending them but they are unable to control the channel or, in many cases, even track it. Referral is extremely authentic because it makes use of the genuine sentiments of your customer base. As a result it is THE most trusted channel for hearing about new products and services."

However, retailers must first ensure they focus on being the very best they can be. "If you don't have satisfied customers, it will be hard to get referral flying," says Wylie. "So it's better to first address product or service issues."

At Bloom & Wild, Taylor says this is vital. "The first thing is to make sure that the recipient experience is the absolute best it can be," he says. "We go above and beyond to ensure the quality of our flowers, from the way they're packaged to the quality of the accompanying styling guides. We also never stop iterating and tweaking things to make improvements." ■

The challenges faced and the need to build trust

There are many challenges around digital marketing. The proliferation of channels, both established and emerging, is causing noise for the consumer, the retailer and the brand that can prove overwhelming. For the marketer, being able to prioritise the most effective channels is helpful, yet the ever-broadening array of channels makes such attribution an ever-increasing challenge.

Retailers can encounter slow customer acquisition, lack of visibility on customer advocacy and technical or resource limitations to serve segmented messaging. They are also having to work out how to drive new customer acquisition when media costs are rising or becoming less effective, at a time when there is a general decline in trust of traditional advertising and a disenchantment with newer channels such as influencers. So who can they trust?

THE NEED FOR TRUST IN A BRAND AND ITS MARKETING

Consumers are increasingly growing sceptical about what they are being told, whether it's fake news, reviews or the genuineness of influencers. "Fake news is easy to promote," said one respondent to our survey.

Wylie says there are a few factors at work here, such as click bait type content, Facebook and Cambridge Analytica (or similar breaches) as well as the revelation that some influencers are being paid to promote false and misleading messages. A high-profile example of this is the Fyre Festival documentary, in which influencers were shown to have promoted a concept they had little understanding of. "All of this means that consumers see a message and may not believe it's genuine," she says.

According to one survey respondent, it's also down to the deeper pockets of the big brands: "Since in many cases the large corporations with the biggest budgets can dominate this space, individuals are often left feeling that they are just a number. They expect to see those sometime disingenuous messages and so look for genuine alternatives."

Our research found that just over half of those surveyed have an influencer strategy. A third (35%) have one and say it's important. 10% have one and say it's vital but, tellingly, 13% have one just because they feel that they should.

Our retailers were unanimous in believing that their customers had to be able to trust their marketing but not all of them believe their customers do. When asked which channel they felt their customers trusted the least, it was influencers and social media, with more than a third (35%) saying that their customers trusted influencers least and a quarter (25%) saying their customers trusted social media the least.

THE ROLE OF INFLUENCERS

Done correctly, using influencers is a powerful concept, yet many brands and retailers worry that influencers have become little more than salespeople paid to promote a product, whether they believe in it or not. That is the exact

Thousands of online reviews are great but there's nothing like a friend you trust telling you about a great experience they've just had with a brand that's relevant to you.

Gary Taylor, acquisition marketing director, Bloom & Wild

opposite of the original influencer concept.

“Certain influencers are not authentic with what they promote and also still not clear on what they are paid to promote, therefore customers start to disengage with their posts,” said one survey respondent. Another agreed: “Influencers have become more sponsored than ever and less genuine. It is harder now to find genuine influencers.”

Interestingly, influencers were third on the list of additional investments in 2020 if retailers had the budgets, with 13% saying they would invest more in influencers, and 28% saying they’d spend on social media. For many, influencers are simply a channel retailers want to use because it’s often where the customers are. “Huge swathes of demographics adopting herd mentality hold great bearing on new and latest statements,” said one survey respondent.

“It’s about targeting the customer within their own environment,” said another retailer.

How then do retailers find genuine influencers? “The influencer marketing movement grew very quickly which, like many new marketing channels, resulted in brands jumping in with two feet so they weren’t left behind,” said one survey respondent. “This then creates an unregulated channel which is prone to abuse, misselling and exploitation due to the potential gains. Sooner or later, the market starts to understand the black hat techniques and introduces regulation/checking to combat them. Unfortunately, sometimes the damage is done and it will be difficult for influencer marketing to get back to the levels it once was.”



THE HUNT FOR SOMETHING WITH MORE SUBSTANCE

Because of this, customers are now looking for recommendations they can trust. Reviews play a part in this by allowing consumers to share their views about a product or service with other potential customers. Taylor says that at Bloom & Wild, reviews are an important part of the strategy, with the retailer proud of its positive reviews but also ensuring it responds to any negatives reviews or comments to see how it can put things right.

Even positive reviews can be mistrusted, though. Instead, many customers turn to those they know to seek genuine advice on a product or service. And it’s here where embracing traditional word of mouth in a digital form, through referral marketing, can be hugely powerful.

“Personal recommendations are so much more powerful than those from influencers,” says Spicer. “It’s a natural, feel-good activity and customers are being rewarded for it, so what’s not to love? I think they like being recognised for being brand advocates and that they have a closer connection to the brand because of the scheme.”

Taylor agrees, saying, “If you can give a customer a great experience and that means they tell two or three friends about it, then that’s incredibly powerful. Thousands of online reviews are great but there’s nothing like a friend you trust telling you about a great experience they’ve just had with a brand relevant to you.” ■

Where next: real customers as brand advocates

The pace of change in digital marketing isn't likely to let up any time soon. If they are to make the most of their investment and efforts, digital marketers have to strive to stay on top of this fast-moving landscape.

How this will play out is uncertain, since channel usage is changing. The role of email, for example, is moving towards truly personalised content becoming more important than more generalised email newsletters. While search will also remain important, its role will possibly change as voice technology continues to mature.

But as we have seen, consumers are ultimately looking for a more authentic connection when it comes to retailer and brand marketing. For many, they aim to do this by embracing the potential of word of mouth. In our survey, 38% of respondents rated it as the most important channel for authentic connection, mostly because they know it's something their customers will truly believe.

"People buy from people and can recognise an authentic recommendation and/or approval," said one respondent. Another head of marketing surveyed for the white paper agrees: "Fundamentally it's real and has had no outside influence," he says. "Therefore it's from the heart and people are more likely to believe it."

Although trust in influencer marketing overall may be shaky, the results of our survey indicate that for younger generations, it's still a powerful tool which retailers and brands will have to keep an eye on. "Influencers have a lot to play for as the youngest shoppers grow up (TikTok's user base for example)," says Wylie. "This demographic has grown up with the concept of an influencer in a way that a forty-something has not and I think influencers resonate with them most. They fulfil a dual role in consumers' psyche as a combination of 'friend' and 'entertainment' – sort of like soap stars."

This mix means that for the right product combined with the right audience segment, an influencer strategy can work well.

MAKING USE OF GENUINE INFLUENCERS

As we have seen, others are looking for greater proof of concept. "Distrust has grown in the paid influencer model that includes celebrity endorsements, so we encourage our customers to produce their own content using our products which we then share," says the head of marketing from earlier. "Customers see that these micro-influencers, who may only have ten followers, are real people and therefore the trust level is greatly increased."

Many of the retailers in our survey, as well as the likes of Bloom & Wild, Cox & Cox, Seraphine and Toast (who we profile in greater depth later in this white paper) are using referral programmes to harness the power of genuine brand advocates. "They are the best advocates because they make targeted referrals, making word of mouth recommendations the most natural and impactful," says Spicer.

"Referral gives substance and evidence to the quality of our work," said one respondent. Another said it was the strategy that works best for them. "Referrals give us optimum successful conversions," said another.

By nature, people make sure their recommendations are relevant, so therefore they are doing your targeting for you. I've found that customers we acquire via referrals end up having a higher AOV and LTV.

Hannah Spicer, consultant, Hannah Spicer Consulting

THE POWER OF REFERRAL FOR ACQUISITION AND RETENTION

For the brands she works with, Spicer says referral marketing works for both acquisition and retention. "I've found it most impactful as a customer acquisition channel, particularly at brands that aren't on every high street and therefore known by everyone, but also that have a great customer service and feel good product, such as fashion and jewellery," she says.

Referral marketing can also encourage customers to spend more. "It's been hugely effective in driving customer acquisition, but specifically a high value customer," says Spicer. "For me, this is the beauty of this channel. By nature, people make sure their recommendations are relevant, and therefore they are doing your targeting for you. I've found that customers we acquire via referrals end up having a higher AOV and LTV."

This is also reflected in other retailers' results too. At Seraphine, the company's marketing director, Marie Chenailler-Maurice, says that the average order value was 13% higher when a customer had been referred by a friend. Mention Me's Wylie says that referred customers can spend up to 25% more.

It also helps boost customer propensity for repeat purchase. "In terms of retention, it helps bring those advocates back and pushes them to convert again," says Spicer.

Wylie says that for many brands and retailers, referral should be playing a more central role within marketing strategy, rather than its current niche status. "Getting your happy customers to become advocates and help grow your brand has been a key stage in the marketing flywheel for decades," she says. "In the past, this 'happy customer word of mouth' was hard to capture. Now, as so much shopping moves online and referral has become a polished and slick user experience, it has the ability to drive significant organic customer growth. It's easily tracked and the new customers are of great quality."

UNDERSTANDING THE KEY POINTS IN A CUSTOMER LIFECYCLE FOR REFERRAL MARKETING

Understanding where and when to target the customer is crucial, however. Wylie suggests thinking about a place of 'delight' within the buying journey, crucially when the customer is not trying to do something else. "This is often the post-transaction page. They've finished buying and are happily anticipating their new item," she says.

Other points in the journey can also work. "I recommend that clients promote the channel as much as possible during feel-good points of the conversion channel. These can be the confirmation page, the confirmation order, or even in the physical box that is delivered," says Spicer.

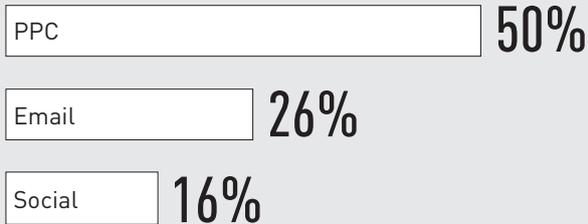
Retailers and brands also need to thoroughly test strategies to see what works for them. At Seraphine, Chenailler-Maurice says that the company has tested from the very beginning in order to get its offer right. "We tested the copy, the images, the incentives for both referrer and referee as well as the sharing methods. We found this step absolutely crucial for the overall success of the programme and we continue to test and optimise whenever we introduce new changes."

The same is true at Bloom & Wild, which A/B tests across all touch points of the referral flow. "From the physical marketing sent in the box, to each step of the flow on the website, we're always looking to see if we can do better for our customers," says Taylor.

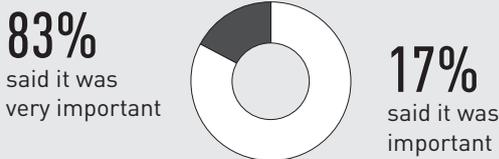
Wylie agrees this is a good move. "By testing different alternatives and comparing the conversion rate, you can see what resonates best with your customers." ■

SURVEY RESULTS

Traditional marketing still dominates resource, time and spend



Retailers encourage their customers to promote their business through a range of methods (including referral schemes and rewards) and are unanimous that customers must be able to trust their marketing



Influencer strategies are limited...

43%
don't have an influencer strategy



35%
have one and say it's important



...and there is an element of mistrust

13%
have one but only because they feel they should

10%
have one and say it's vital

25%
said they trusted social media least

35%
of retailers said their customers trusted influencers least

Almost all retailers believe it's important their customers promote their brand



For an authentic connection to the customer, word of mouth dominates

38% ranked word of mouth as the most important channel for authentic connection

21% ranked email as most important

54% rated referral in the top three



Despite this, retailers would invest in a number of channels in 2020 if they had the cash



“Somebody being paid to promote a product, or even gifted it, is always going to have a level of bias. We have seen influencers promote anything for a price, even with no affinity or experience.”

Survey respondent

RETAILER FOCUS

BLOOM & WILD

www.bloomandwild.com

At letterbox flower delivery company Bloom & Wild, referral marketing is a key part of the retailer's marketing strategy. It generated 4% of new customers for the brand in 2019 and was up 1.37% on 2018, according to Gary Taylor, the company's acquisition marketing director.

Referral and word of mouth has been an important part of Bloom & Wild's marketing strategy from the start. "Our product has some built-in virality, with over 90% of our boxes being sent to someone who hasn't received Bloom & Wild before," notes Taylor. "We also see in our 'Where did you first hear about us?' survey that around 50% of people first discover Bloom & Wild from being sent our flowers."

Bloom & Wild works with Mention Me to encourage its customers to recommend it to friends and family. "One of the first actions we take is to encourage customers to refer someone they know. We run an incentive scheme where the referee will receive a £10 discount off their first purchase and the referrer will receive £10 credit once the person they referred has used their introductory offer," says Taylor.

This tactic is also used extensively across the customer lifecycle. "We try to surface our referral flow at as many relevant opportunities for our customers as possible," he says. "There's the option on the confirmation page as well as in the confirmation email. It's also regularly included in marketing communications to existing customers, whether that's via our newsletter programme or on our social channels."

Social is extremely important for the retailer, with its biggest digital channels being Facebook, Instagram, as well as paid search. Yet Taylor says that for Bloom & Wild, referral has also been very effective. "For us, it's a relatively low cost channel and it drives a decent volume (and cohort quality) of new customers. It was also extremely valuable earlier on in our growth journey as a way to drive low cost organic growth."



Although the mix may have changed as the company has grown, he says referral will always remain key. "As we evolve our marketing mix to include TV and other brand building, above-the-line activity, I think it's incredibly important that we don't take our eye off the channels that have worked so well for us to date. Referral will continue to form a core part of our acquisition strategy."

He also highlights that the best value of the referral process is that it's organic. "We find that the customers we acquire using referral or word of mouth channels are more likely to then go on to refer other people. We've got some super-referrers who have gone on to refer tens – and occasionally hundreds – of people, collecting themselves lots of credits for free flowers along the way!"

The retailer also supplements its referral programme with reviews. "From the very beginning, we've always been focused on getting our customers to leave genuine reviews," says Taylor. The company makes a point of reading all its reviews – both good and bad – and responds to every negative review or Facebook comment to see what it can learn and do to put the situation right. "We never hide negative reviews and we hope this shows we're transparent, honest and, most importantly, that if something goes wrong, we'll go above and beyond to put it right and try to turn the experience around for the customer."

Bloom & Wild also makes use of Mention Me's name sharing technology meaning that a new customer can simply give their friend's name at checkout to claim their introductory offer. ■

RETAILER FOCUS

SERAPHINE www.seraphine.com

At maternity brand Seraphine, the company's marketing director, Marie Chenailler-Maurice, says that referral marketing and word of mouth have been "fantastic tools" for the brand, with average order values 13% higher for customers referred by a friend.

"Many of our customers are first-time mothers, who come into their pregnancies with no prior knowledge of maternity brands or what is available to them," she says. "So they are actively looking for recommendations from people they trust – friends and family being the obvious first port of call."

Seraphine launched its 'refer a friend' programme with Mention Me in 2018, beginning with the UK market and later rolling out to France and the USA. "We offer different incentives for referrers and referees, which we adapt to the market. We push the scheme widely across all our channels. We've even built it into our NPS program and our triggered email strategy, targeting customers who have made multiple purchases or who rate their experience with us highly. In these cases, we encourage them to sign up to the scheme and become brand advocates."

These campaigns have driven great results. "In the first eight months, 2,500 customers shared Seraphine and, from those referrals, we had a 28% uptake rate. We also found that the average order value was 13% higher when a customer had been referred by a friend. This shows that those customers who had been referred had greater confidence in the brand and were willing to spend more."

As well as driving customer acquisition, she notes that referral marketing also encourages repeat purchases from referrers. "In terms of customer relationships, the maternity sector is an interesting niche to be operating in. A woman is only pregnant for so long, so our customer lifecycle is comparatively short. But while she is pregnant, we are hyper-relevant."



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"Our collection offers women the ability to stay true to their style throughout pregnancy, which is an incredibly valuable proposition. Because of this, we find that our customers not only come back to us when they become pregnant again, but that also they are very happy to recommend us to their friends. Word of mouth therefore plays an important role. Likewise, new customers who come to us via referrals from their friends shop with greater confidence and end up spending more."

In a sector where trusted advice and guidance is more important than

ever, she says this strategy works. "Seraphine customers are often actively seeking out word of mouth recommendations from people they trust, so this kind of marketing is super-effective for us," she says. "We consider referral marketing to be a fantastic extension of our general marketing efforts. It's the perfect way to harness the power of word of mouth and brand advocacy to increase brand awareness and acquire new customers. So while it hasn't necessarily changed our strategy, it has been a brilliant addition to it." ■



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RETAILER FOCUS

COX & COX
www.coxandcox.co.uk

Homewares ecommerce brand Cox & Cox uses a mix of digital marketing that ranges from SEO to social media, email marketing, affiliate and referral marketing. This is supplemented by nine mail order catalogues a year, which help to drive online activity, as well as PR and magazine features to raise awareness of the brand.

The company's referral marketing strategy, which it runs in partnership with Mention Me, is aggressive, offering new customers who have spent more than £25 a £20 discount on their next purchase. "We've been using Mention Me for over a year and it's very easy to implement," says Aynsley Peet, head of ecommerce at Cox & Cox.

The channel is promoted heavily on the Cox & Cox site through banner advertising, as well as in the company's print collateral. It works well as a customer acquisition model, particularly around seasonal periods such as Christmas. "It's a great way to gain new customers," says Peet.

He says his customers love the option of referral marketing with a purchase rate of more than 30% (the rate at which new referred customers make a purchase) after 100,000 customers enrolled, generating more than 3,000 orders and that the company also has good share rate



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too with 10% of customers opting to share via Facebook or email.

Building trust and gaining new customers is key to the company's expansion. As well as the Mention Me referral programme, Cox & Cox also uses customer reviews to build credibility for the brand, with more than 12,000 reviews collected via TrustPilot last year alone.

The business is currently growing at a rate of 20% year-on-year and to maintain such growth levels, extending

brand awareness further will be key. "For us to maintain our growth, we need to gain new customers. We see Mention Me as a key channel alongside social media and reviews to build trust in the brand," says Peet.

He adds that promoting the customer voice is also vital to the brand. "We often place Mention Me and Trustpilot alongside each other on the website and print materials as we feel they complement each other," he says. ■



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RETAILER FOCUS

TOAST

www.toa.st

At clothing and homewares brand Toast the company's senior marketing manager Lara Smrtnik, says the company uses a range of channels including PPC, SEO, Google shopping, social media (Facebook and Instagram, paid ads), email, retargeting, display ads and referral.

The company originally launched selling loungewear and nightwear, designed in a farmhouse in Wales. Today it creates and curates simple, functional, beautiful womenswear, homeware and editorial online as well as having shops through the UK and concept stores in the US and Europe.

"Digital marketing is key to our strategy – both for new customer acquisition as well as retention," says Smrtnik. "Email and PPC are the biggest revenue driving channels and they work for both acquisition and retention."

But she says referral marketing is also an integral part of Toast's digital marketing strategy. The company's recommend a friend scheme currently offers 15% off a friend's first order as well as 15% off for the person who recommended them after they have shopped with Toast as well as the chance to win back the value of their recent order.

"Although revenue and new customer acquisition volumes are far lower than other channels, it drives a higher AOV than some other channels and a high calibre of new customers. In addition to this it also drives the halo effect of existing customer revenue from the referrers who gain a reward for referring a new customer to the brand," she says.

The method offers quality referrals, good AOV, reward for both referrer and referee, and runs easily in the background on the website with minimum effort, she explains.

However like the other retailers we've interviewed she said one thing is key to get the most out of the channel. "Test, test, test." ■



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Conclusion

Our deep dive into how to better embrace word of mouth and referrals has shown just how powerful a tool it is for those retailers that use it.

While being just one of a number of channels available to them, when it comes to customer trust and authenticity, it ranks up there with the best. Our interviewees who shared their experiences have said that offering the very best product and service is key to any retailer looking at this as a strategy. Of course, no retailer should start shouting about their product and brand unless this has already been achieved. That's because the customer, while potentially being the biggest advocate, can also be the harshest critic.

Interviewees have also reiterated the need for testing in order to understand how the strategy works for you and your customers. But most importantly, they have shared their results with us – increased customer acquisition, retention and spend for a relatively low cost investment.

That's got to be something worth sharing. ■

10 take-aways for referral success

- 1 Retailers should look at a range of digital marketing channels and flex accordingly
- 2 Consumers are looking for trusted recommendations
- 3 Referral marketing can drive both acquisition and retention
- 4 It can also drive increased average order values
- 5 Word of mouth is seen as the most authentic method of communication
- 6 A referral programme helps to embrace this sentiment online and offline, enhancing existing relationships with customers and their networks
- 7 It's easy to track and can grow with you
- 8 However, ensure product and service is the best it can be before a referral programme is introduced
- 9 Empower customers to feel good about sharing your brand with a friend – either with rewarding incentives or a creative strategy that feels remarkable
- 10 AB test your referral strategy at launch and with any changes to optimise results and understand what makes your customers want to share



Download at: <http://etail.li/customers-are-influencers>

With thanks to



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