



## How effective is Refer-A-Friend in building databases?

[Ask The Experts](#)

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Did you know that a remarkable 65 percent of consumers forward email coupons to friends from promotions sent by FMCG (Fast Moving Consumer Goods) companies, and more than 55 percent forward retail email offers, according to a recent Epsilon survey? With marketing and acquisition budgets now being scrutinised in greater detail by finance teams for clear ROI metrics, it is little wonder that smart marketers are putting more and more focus on refer a friend and viral type campaigns to drive their acquisition efforts in 2009.

It is also interesting to note that the most up-to-date measurement of "pass-along" readership (the percentage of recipients who forward to a friend who in turn open the email and maybe even click on an email link), shows the needle is holding steady at 0.5 percent. This means that one out of every 200 delivered emails reaches an advocate for your brand. Special note to those in financial services and consumer products – pass along is highest in your markets, due to the popularity of credit card offers and web coupons.

Referral programs can take the form of a special sweepstakes or coupons awarded to both the current customer and the referred person. These promotions tend to work well in consumer and business-to-business marketing. Chase, in the US, is a prime example of the success that comes with offering reward points for referring new cardholders. Perhaps this is something more financial institutions in Asia should be thinking about given how competitive the market is on both a local and regional level for credit card acquisition?

If executed properly with the right kind of incentive, referral campaigns can lead to exponential growth not only in readership but also acquisitions and transactions. Do you remember when Hotmail launched? This is a classic "referral" case study. At start-up, Hotmail attached a short tagline at the bottom of each email sent by existing users that simply asked the recipients to sign up for an account. After a month, the company had 20,000 subscribers. Within 18 months, it had 12 million.

Consumers use the forward button or refer a friend function because they see value in the message you have sent them and want to share it. Personal endorsements are a powerful way to have your brand advocates do your marketing for you. So make sure your content and offers are relevant and of value each and every time and let the consumer share it with their friends!