



Referral Marketing Benchmark Report 2021

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Introduction

The global pandemic changed consumer behaviour almost overnight. People stayed home, went online and reconnected with loved ones. For brands with the right offerings, online orders and referrals soared.

51% of consumers trust a brand recommendation from their friend or partner more than any other source of advertising. That's because referral taps into three factors crucial to successful marketing, especially in times like these: trust, authenticity and relevance.

A recommendation, for example, of a protein supplement from one gym member to another is far more likely to convert into a new customer than a random billboard, anonymous review, or influencer's paid-for post. The same goes for a pregnant woman recommending a maternity brand during a Zoom antenatal session, or an activist recommending a green energy supplier in a Facebook group dedicated to fighting climate change. Referral promotes relevant brands to the right consumers at the right time.

We've created this, our first benchmark report on referral marketing, based on our work with 450+ brands worldwide.

Exploring how refer-a-friend programmes drive sustainable growth for businesses across sectors, it offers unique insight into nurturing brand advocacy.

Just as no two brands are the same, referral programmes differ by company and sector. The key is to layer learnings – sector trends, consumer behaviour, competitor analysis – then run strategic tests to find the combinations that work. To create this report, we've calculated the average numbers for each sector. By continuously optimising your programme, your results could be significantly higher.

If you have a business worth talking about, Mention Me has the tools to make it happen. Whether you're a global retailer experimenting with online channels, a challenger D2C brand with ambitious growth targets, or anything in between, your customer base could be your biggest revenue driver. This report will help you achieve it.

The referral journey

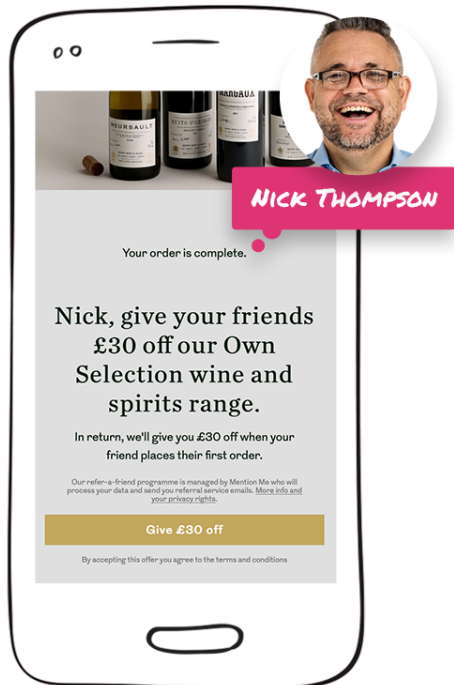
Motivating a customer to recommend your brand, then converting that recommendation into a new customer is complex. It's about much more than just encouraging satisfied customers to tell others about your product or service. A successful referral programme focuses on each step of the referral journey.

This requires optimising:

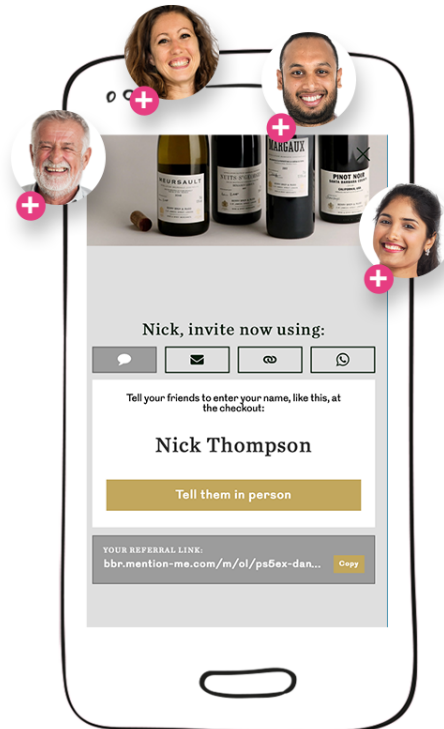
- The referrer journey to maximise your share rate (the rate at which customers share your brand with friends).
- The referee journey to maximise your purchase rate (the rate at which referred friends become customers).

REFERRER JOURNEY

SEE THE REFERRAL SCREEN



SHARE THE BRAND

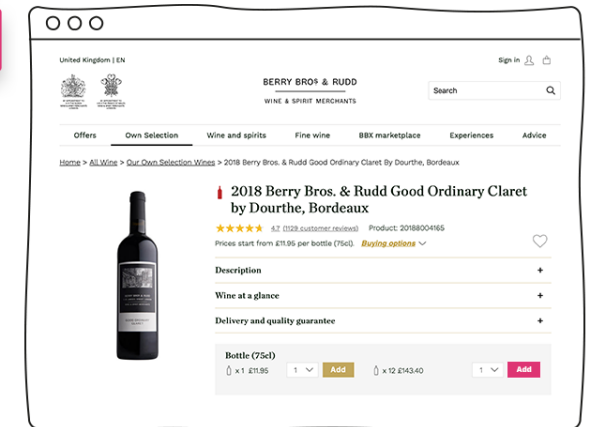


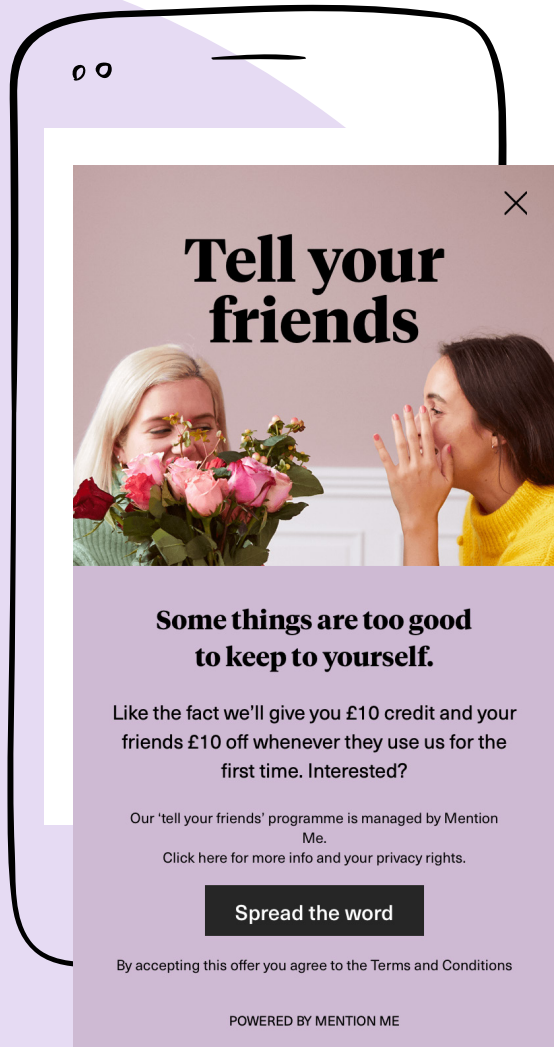
REFeree JOURNEY

COLLECT THE REWARD



MAKE FIRST PURCHASE





Share rate

A good product and service are the foundations of brand recommendations. But other factors also motivate customers to share your brand.

The top three drivers of brand referrals are:

1. DEMOGRAPHIC

Women and those aged 34 or under are most likely to refer brands, but every demographic has potential. Success lies in finding the triggers that motivate them.

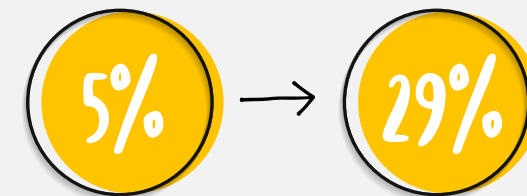
2. SECTOR

How likely are people to speak about your product or service? Some sectors, like travel and fashion, naturally come up in conversation more than others.

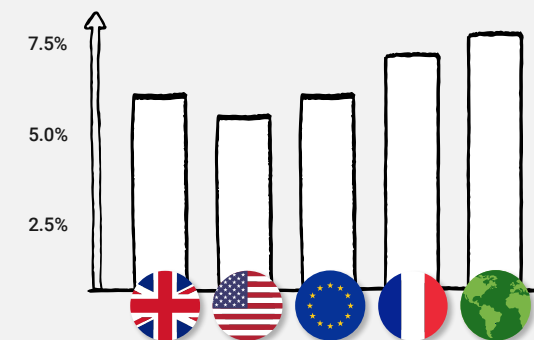
3. POINT OF DELIGHT

An effective referral programme prompts customers to share at the happiest point in their journey. We call this the point of delight. It varies by product and sector: customers could be happiest when their order is confirmed, when they're opening their delivery, or when they're actively enjoying it. Find your customers' point of delight to take referrals to the next level.

Average share rate
(varies by sector)



Share rates by geography



[Find out more about driving referrals in our Customer Advocacy report](#)

Ignacio is the hero the world needs right now

They've gifted you £20 off your first allplants box. Simply enter your email address for your £20 off code. Eating more plants has never been easier or tastier.

Enter your email address



Yes, please sign me up to learn more about allplants

Our refer-a-friend programme is managed by Mention Me who will process your data and send you referral service emails. [More info](#) and [your privacy rights](#).

GET £20 OFF



Purchase rate

A brand recommendation is half the story. To deliver value, it must convert into a new customer.

Referral purchase rates are driven by these key factors:

1. AUTHENTICITY

Recommendations that feel sincere, relevant and natural are most likely to convert. Some sharing methods, like name-sharing and WhatsApp, support this better than more generic approaches, like blanket social media posts.

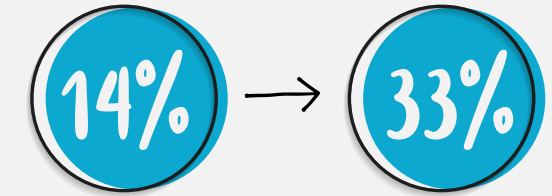
2. IMPULSE VS CONSIDERED PURCHASES

Just as people deliberate over pricey purchases for longer, the same goes for acting on a friend's recommendation of a high-end brand. Particularly if it's selling long-term products and/or services.

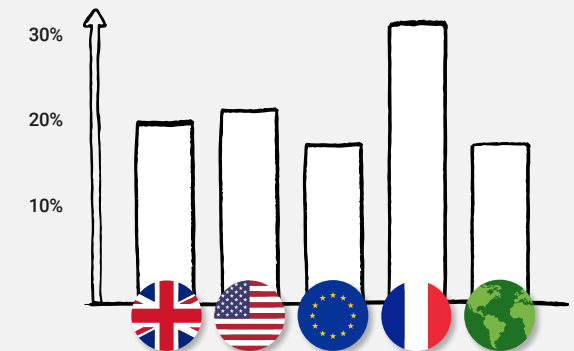
3. UNIQUE INCENTIVES

People are less likely to be motivated by referral offers that can be found (or beaten) elsewhere on-site. Unique incentives are crucial to driving strong referral purchase rates.

Average purchase rate
(varies by sector)



Purchase rates by geography



Find out more about driving referrals in our [Customer Advocacy report](#)

mention **me**

Promotion points

Identifying the point of delight – the moment customers feel most satisfied during their journey – is key to driving referrals.

This varies by sector. For fashion brands, the point of delight is when customers get their order confirmation or are unboxing; for travel, it's while on their trip.

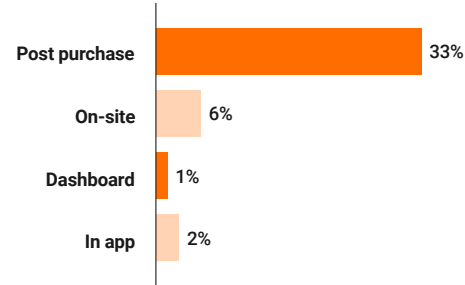
As well as at these key touchpoints, we recommend promoting referral throughout the customer journey to keep your programme front of mind. This includes in-app, particularly if you regularly direct customers there.



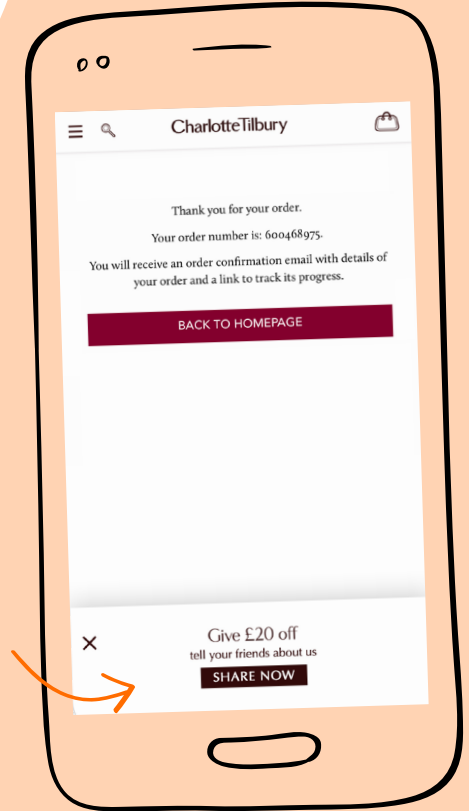
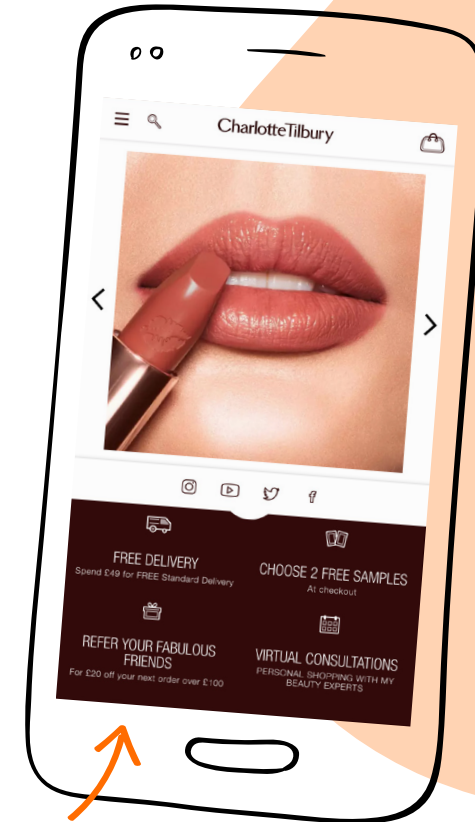
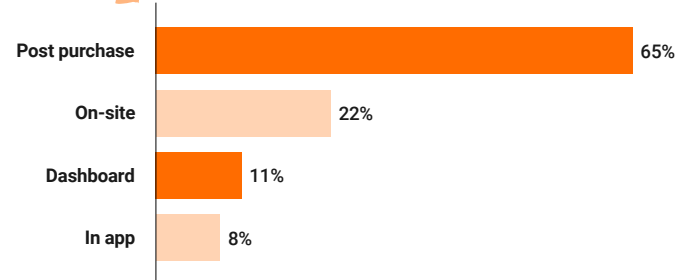
% of new customers delivered by referral promotion points

(varies by sector)

LOWER RANGE



UPPER RANGE

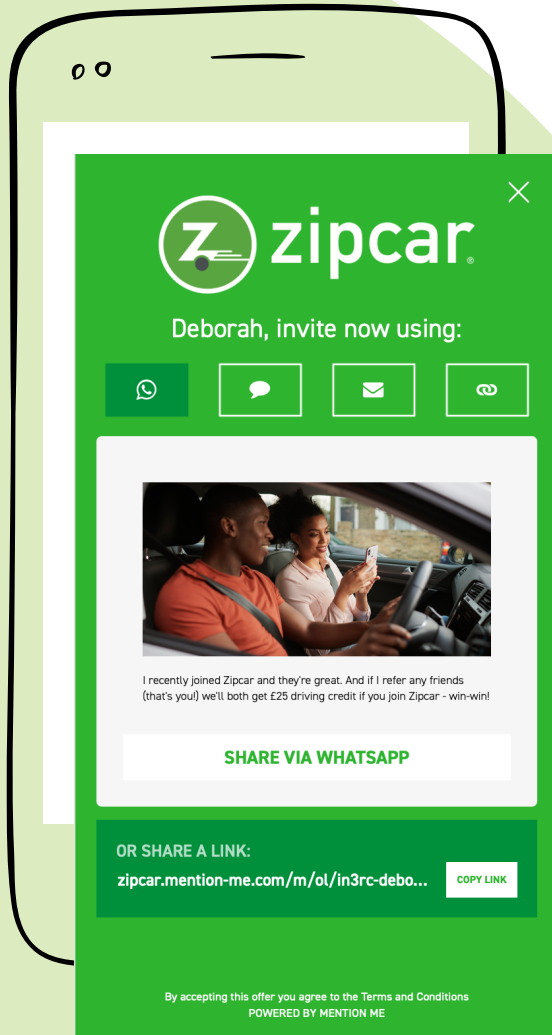


Sharing methods

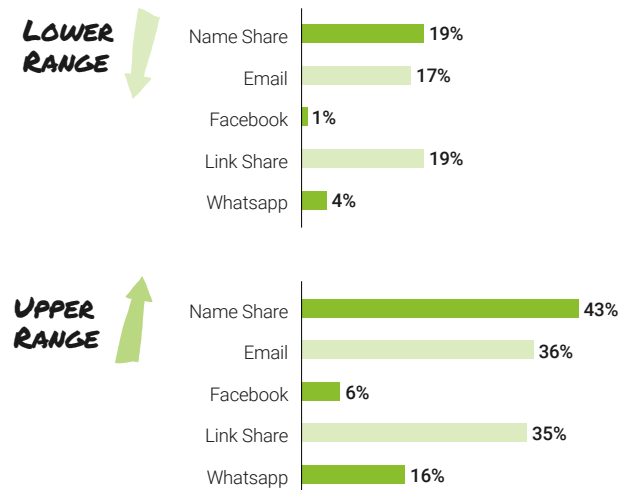
The most effective brand recommendations are the most authentic. This tends to be those that happen in conversation – making name-sharing a powerful sharing method.

Similarly, more personal channels of communication, such as links shared in emails, convert better than broadcast shares.

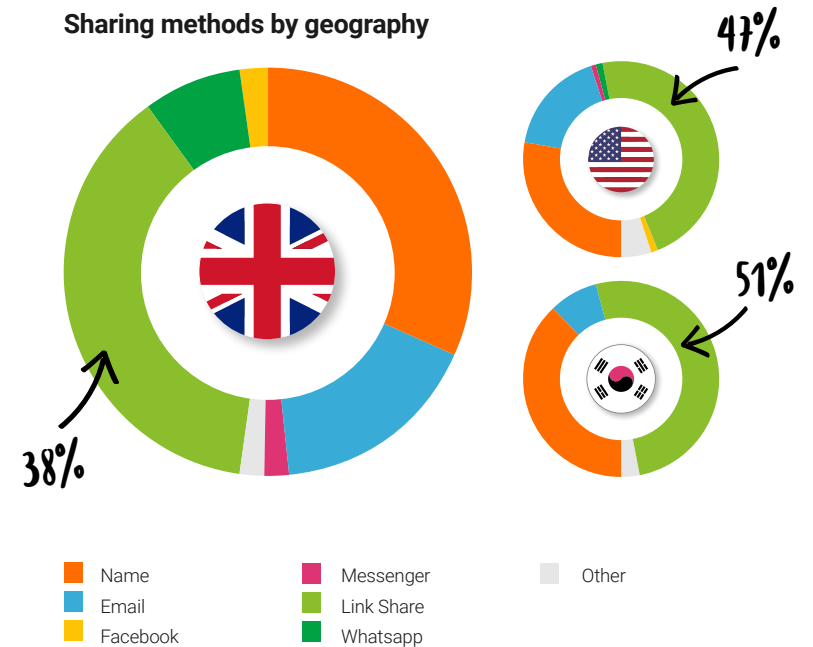
Brands should also consider geographical differences and tailor their referral sharing methods accordingly. WhatsApp, for example, is more popular with European consumers than American or Asian.



% of new referral customers delivered by share method, vary by sector:



Sharing methods by geography





Referral Benchmarks *by Sectors*

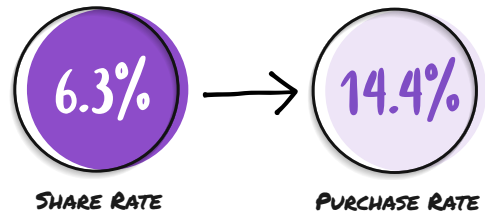
Fashion & Accessories



Consumers talk about fashion everyday, even during lockdown. From seeking recommendations of the comfiest loungewear to asking a colleague where their top is from, fashion is an intrinsic part of our lives. That makes it a perfect fit for referral marketing.

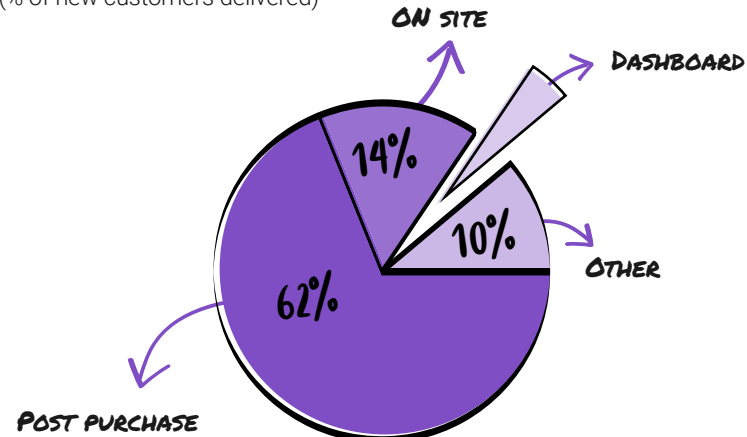
Incentives, however, play an important role in converting these recommendations into new customers. A referral offer for a luxury brand that doesn't discount, for example, will be seen as highly desirable and likely to be acted on. In contrast, a high street brand with regular promotions will need to make its referral offer stand out to attract new shoppers.

Referral Funnel Metrics

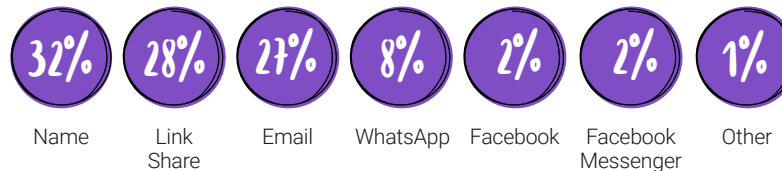


Promotion Points

(% of new customers delivered)



Sharing Methods

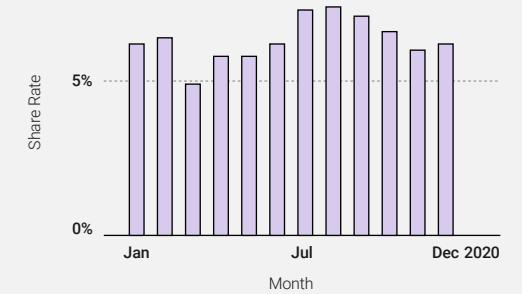


Power Index

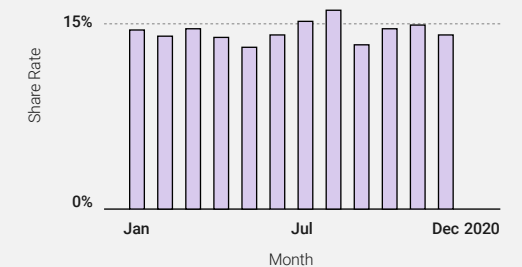


The number of orders per every 1,000 generated by referral.

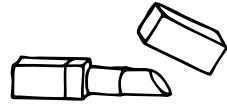
Share Rate By Month



Purchase Rate By Month



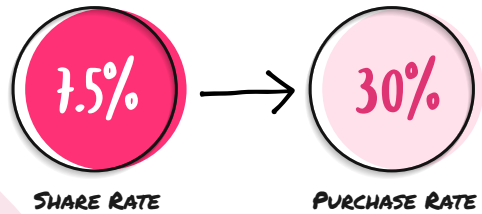
Beauty & Cosmetics



When it comes to the products we put on our skin, we trust our friends' recommendations. Beauty brands have one of the highest purchase rates at 30%.

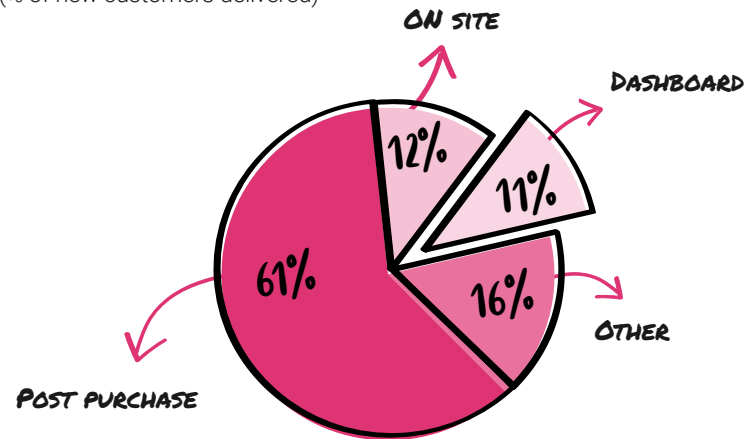
Customers primarily share beauty brands with a link (34%), followed by name-sharing (32%). This highlights how frequently beauty brands come up in conversation. Discussing skincare regimes, complimenting a friend's lipstick, or watching a make-up tutorial on social media are all instances that organically lead to referrals and new customers.

Referral Funnel Metrics

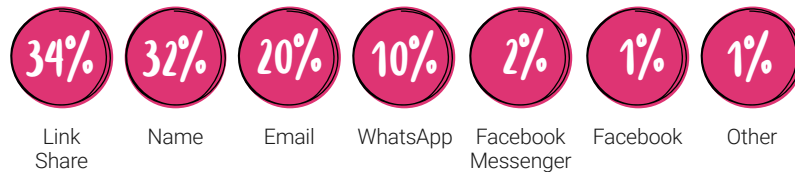


Promotion Points

(% of new customers delivered)



Sharing Methods

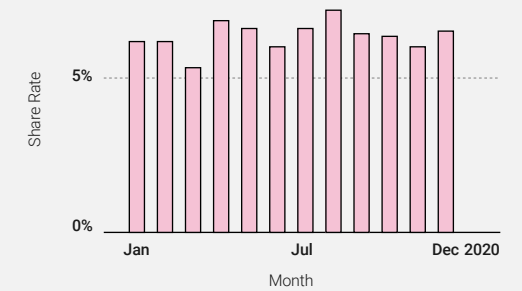


Power Index

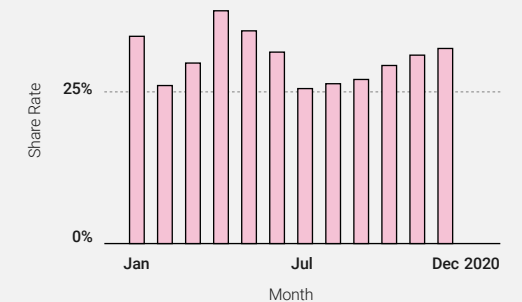


The number of orders per every 1,000 generated by referral.

Share Rate By Month



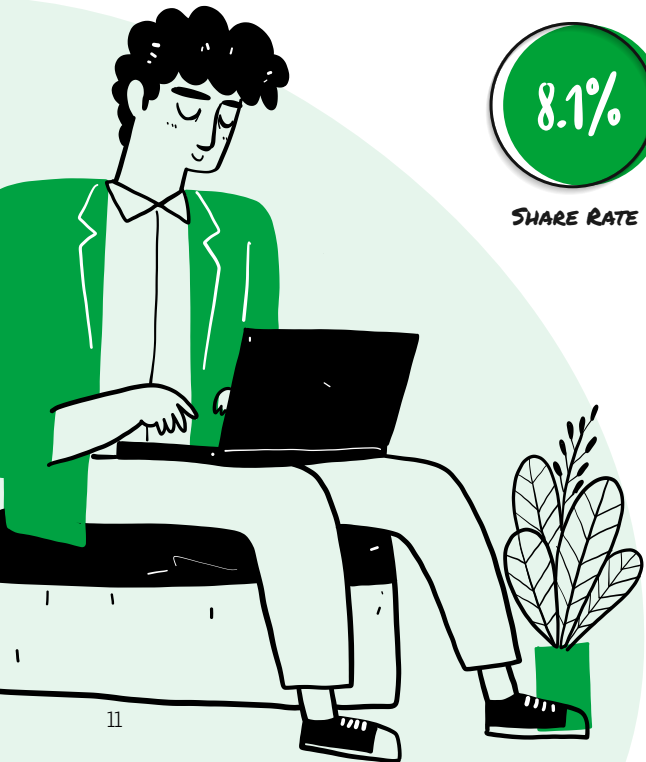
Purchase Rate By Month



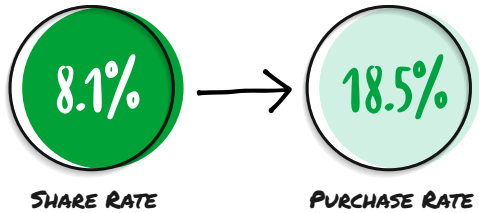
Utilities

Unsurprisingly, utility providers don't come up in conversation as often as fashion or travel brands. But for the brands in this sector getting it right, referral is a powerful marketing channel. Almost one in five utilities referrals convert into new customers.

Whilst post-purchase sharing is high, consumers are more likely to share referral offers shown on-site later on in their journey than in other sectors. This suggests more people want to experience the service before recommending it to friends.

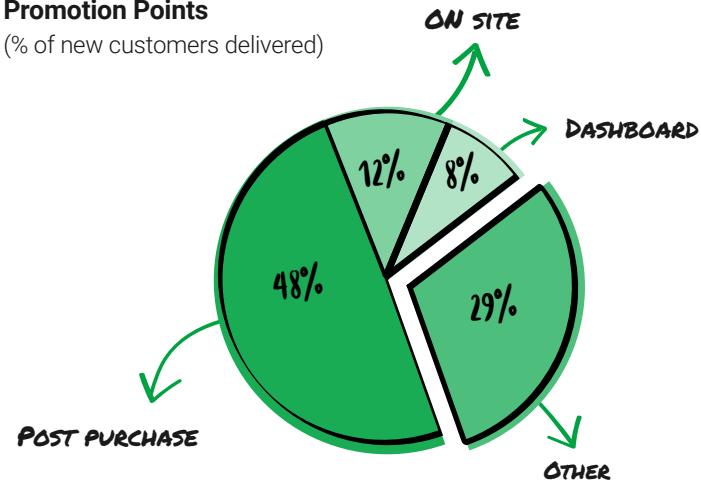


Referral Funnel Metrics

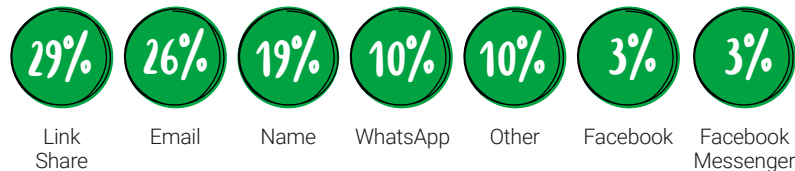


Promotion Points

(% of new customers delivered)



Sharing Methods

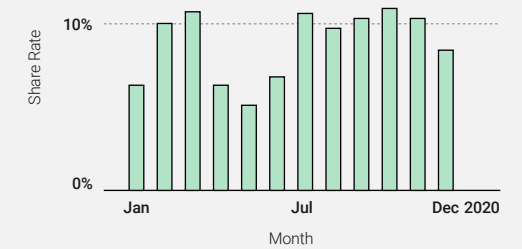


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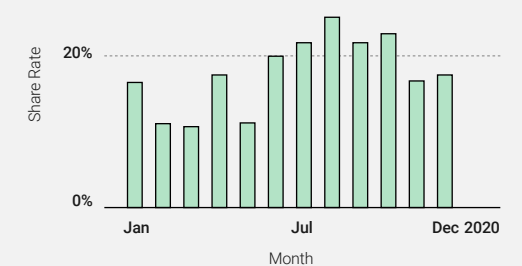


The number of orders per every 1,000 generated by referral.

Share Rate By Month



Purchase Rate By Month



Travel & Hospitality

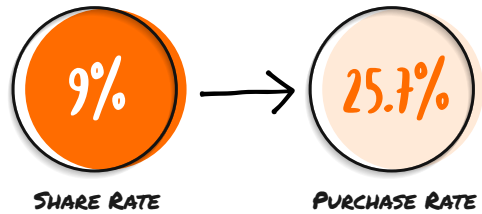


Despite a tough year for the travel industry, consumers continue to recommend their favourite brands in this sector. Interestingly, both share and purchase rates peaked during lockdown.

This suggests people shared their favourite travel brands and booked summer getaways as something to look forward to while restricted to staying at home.

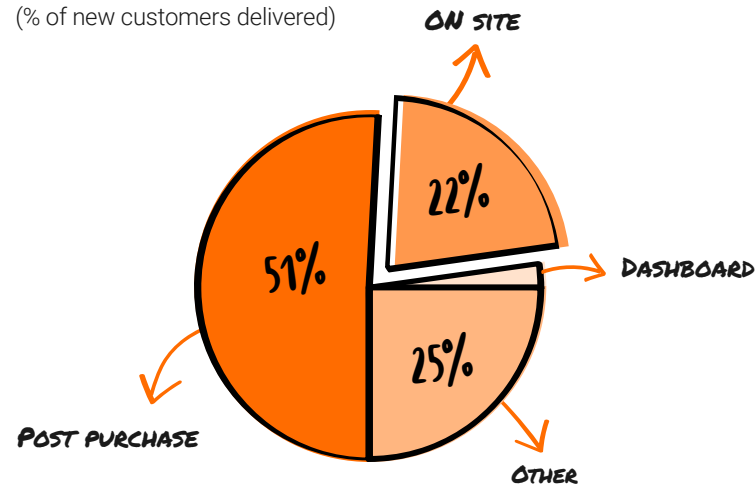
A strong proportion (22%) of people share travel brands after seeing a refer-a-friend offer on-site, highlighting strong engagement from the moment they land on the brand's homepage. Consumers also share travel brands over WhatsApp more than those in other sectors, most likely while excitedly messaging friends and family about trips away.

Referral Funnel Metrics

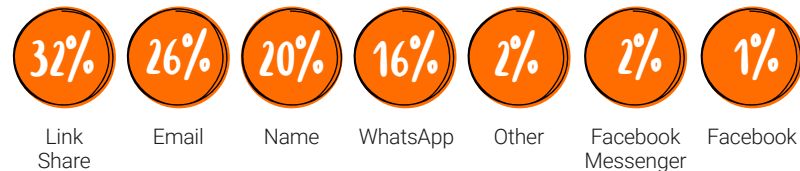


Promotion Points

(% of new customers delivered)



Sharing Methods

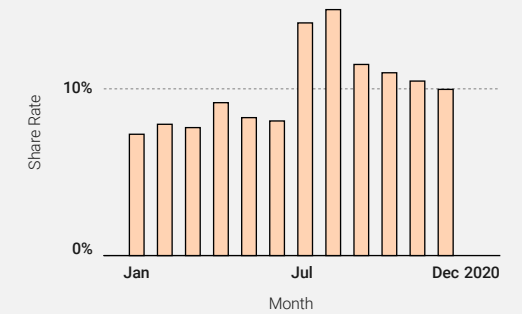


Power Index

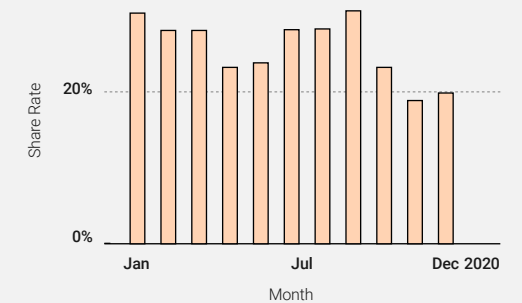


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Share Rate By Month



Purchase Rate By Month



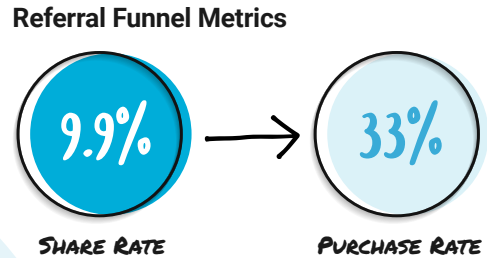
Financial Services



People are more likely to recommend finance brands than you might expect – and their recommendations are highly likely to deliver new customers. Of all the sectors, finance has the highest conversion rate at 33%.

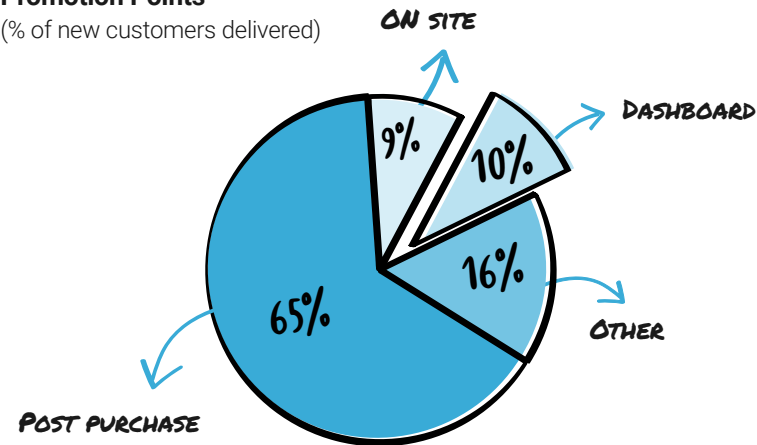
The most successful brands in this sector offer compelling incentives that motivate customers to spread the word. It's also important to consider social psychology when looking at finance referrals. People recommend the brands they trust and feel confident will make them look good. This is even more so the case when it comes to something as important as money.

Interestingly, there's a significant gender split when looking at referrals in this sector. Men are 32% more likely than women to recommend finance providers, especially challenger brands.

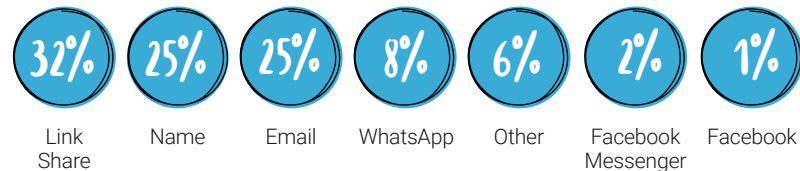


Promotion Points

(% of new customers delivered)



Sharing Methods

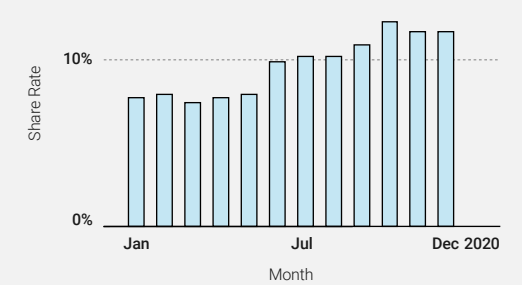


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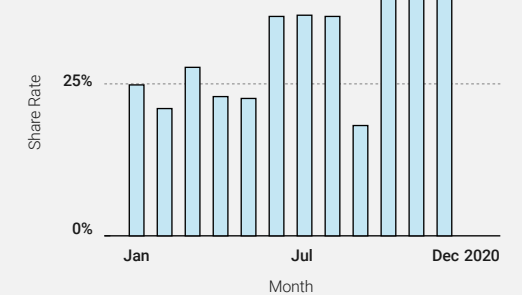


The number of orders per every 1,000 generated by referral.

Share Rate By Month



Purchase Rate By Month



Home & Garden



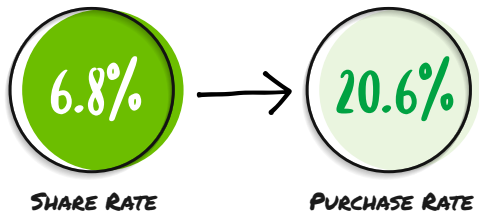
As people adjusted to life at home in 2020, they turned to the brands that could make it more comfortable. Online orders and referrals rocketed for home and garden brands during lockdown, peaking in April and May.

Like with the majority of sectors, the post-purchase page is the most effective referral touchpoint for home and garden brands. Promoting referral to customers when they feel excited about their new order means they're likely to act. 68% of successful referrals come via this touchpoint. Elsewhere on-site and in-pack inserts are also effective touchpoints for brands in this sector.

Better yet, these recommendations frequently convert into new customers. One in five referrals in the home and garden sector is successful.

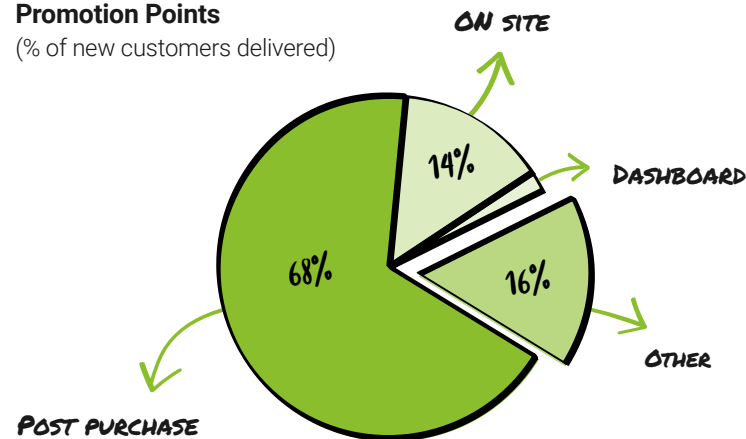


Referral Funnel Metrics

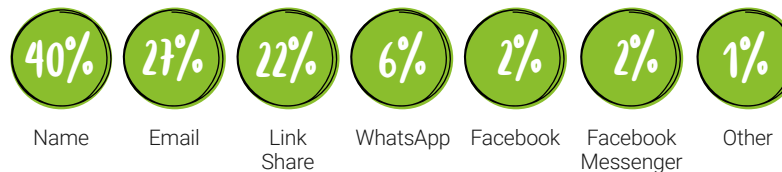


Promotion Points

(% of new customers delivered)



Sharing Methods

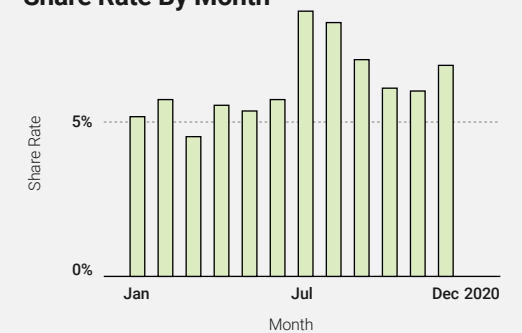


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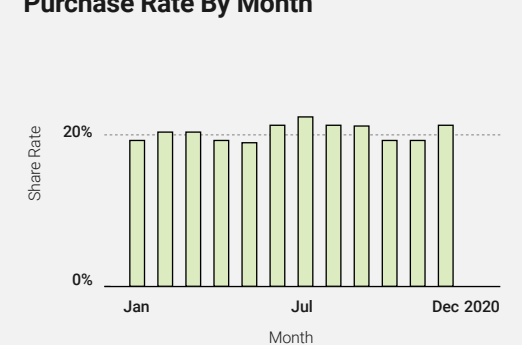


The number of orders per every 1,000 generated by referral.

Share Rate By Month



Purchase Rate By Month



Gifts & Occasions



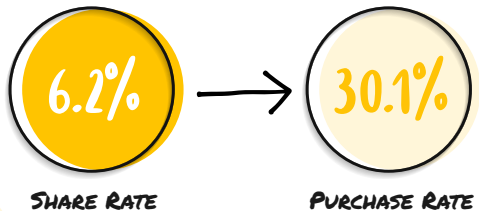
The nature of gift-giving – making people feel special and excited – means it’s perfect for referral marketing. Recommendations of gift and occasion brands are highly likely to convert into new customers.

During lockdown, online orders and referrals for this sector significantly increased as people bought from and recommended gifting brands to support their loved ones in a difficult time.

Gift and occasion brands have a more even balance of sharing methods compared to other sectors. This is likely due to consumers sharing presents on social media, swapping ideas over WhatsApp and asking where gifts are from in person. Brands in this sector can tap into these trends by encouraging user-generated content and offering aesthetically pleasing products.

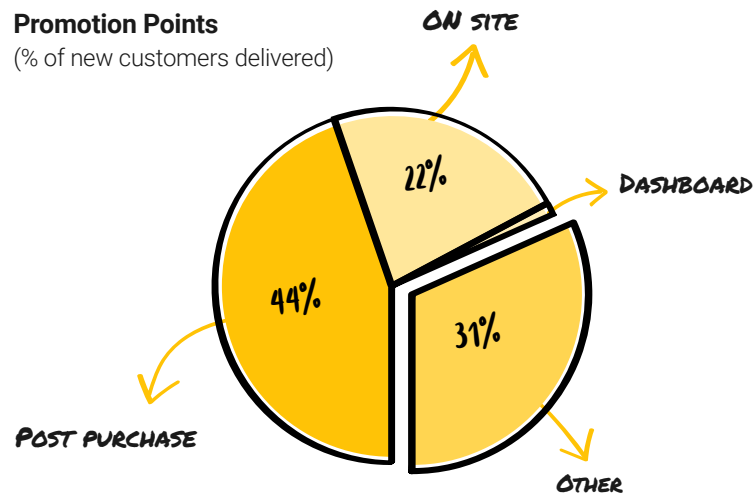


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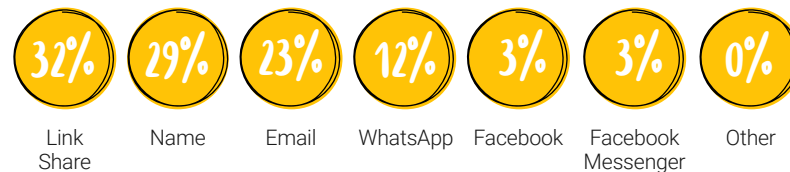


Promotion Points

(% of new customers delivered)



Sharing Methods

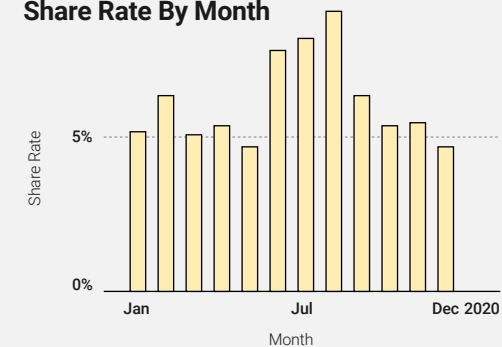


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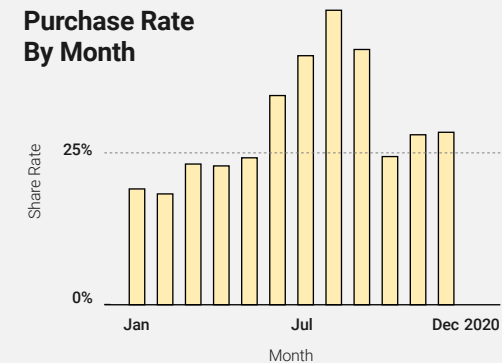


The number of orders per every 1,000 generated by referral.

Share Rate By Month



Purchase Rate By Month



Turn insights into action.
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