Digital Referral – Case Study

Customer referrals are a powerful method of generating new consumer & small business banking accounts, with nearly half of consumers stating that seeking advice from family or friends is the first step taken in their search for a new financial institution.

Banks and Credit Unions have offered paper-based, manual referral marketing programs for years, but the success of these programs has been hampered by a few factors, making their success hit-or-miss at best. Digital Referral is fueled by technological advancements that have led to the digitization of the referral acquisition channel. The solution introduces efficiencies, eliminates FI support requirements, provides on-demand performance insight and extends program reach by allowing referrals to be made through text, email, Facebook, and Twitter.

Key Features

- An automated, digital experience. No paper…No manual processing.
- Hands-off development, implementation, and management of all program elements.
- Promotional reach beyond the branch – enabling customers to make referrals 24/7 through text, email, Facebook, and Twitter.
- Integrated behavior-based incentive system.
- On-demand performance analytics.

The Problem:

Marketers at a regional financial institution knew that refer-a-friend programs help to drive new account sales, because they had previously run a manual program before customer adoption dwindled due to lack of digital channels. The FI had a tight marketing budget and needed to validate that an investment in an all-digital, upgraded refer-a-friend program would make sense financially.

The FI launched Digital Referral in the fall of 2020, offering an incentive of $50 to customers and those they referred to once qualifying behaviors were met. The test ran for three months and was intended to determine whether the program would generate a positive ROI.

Results:

After running Digital Referral for 90-Days, the program was temporarily paused while results were analyzed.
The FI saw the following outcome, and then promptly restarted the program:

- Cost Per Account Acquired: When factoring in CPA across all products opened, the FI achieved an $80 CPA, a savings of 82% compared to the national average CPA of $450.

- Revenue Generated: The FI generated over $49k in new revenue in the quarter, offset by Subscription fees of $8,100 and Incentives paid out to customers of $5,500 – resulting in an ROI of 364% during just the initial launch period.
- Self-Funding: The program generated enough revenue in 90 days to pay for the program for the entire year.
- Demographics Attracted: 64% of opened accounts were under 35 years old.