Using Your Computer Software for Referral Marketing

by Carole Oat

When it comes to generating high quality sales leads in the health club business, any industry consultant will still tell you "buddy referrals" are the best source. And getting the leads while they're hot is key. Meaning, within one week to a month after a new member joins your facility, get a marketing piece out allowing them to easily bring in their friends. Most club management software has a marketing piece already established which you can send to all your new members, from the prior week or month, to offer those members a chance to bring in their friends for free. The piece typically has built-in "guest passes" for members' friends.

The keys to making this "Bring a Buddy" system work are:
• Make sure there are rewards for the existing member (i.e. a free month for all referred guests that decide to join).
• Make an enticing offer to the guest (i.e. two weeks of club usage at no charge).
• The solution has to be turnkey in which a file is easily created, ideally automatically.
• Your marketing piece is professionally created and looks clean and user-friendly.
• Your club's mailings go out without a hitch. (i.e. every two weeks no matter what).

Offering a significant reward like a free month to a member whenever they refer a new member may seem like a lot to give away but in the big scheme of things, it's actually a small investment compared to dollars spent in other advertising means, and it will carry a lot more meaning with a member. It's money well spent. Spending money here will have a higher return on investment than other media's as well. Follow-up on new members with phone calls and emails, reminding them to look for their upcoming passes.

Having a sample of the piece they will receive right in the sales area is a helpful tool and will be a recognizable piece when they receive it.

Offers can vary for prospects, from free weeks to number of visits allowed, all of which should be tracked in your software. When using a professional piece from your software vendor, the passes can often be coded with a bar code or date, like some membership cards, and then activated when brought into the club. Track your prospect and guest-user information using your check-in capabilities and contact management tracking software for guests. If possible, use your program to communicate with the referred prospects via email to encourage them to take advantage of their free time and to use your club. Capturing the prospect's photo into your software when a pass is redeemed will encourage your front desk to learn and use the prospect's name as they try out the facility. This will be "welcoming" to the guest, it shows friendliness and it encourages guests to join.

Typical expenses for this type of marketing include the printed piece, envelope, postage, and administrative labor. The average cost total should be no more than $1.50 per piece, maximum, all included. Your club management software does the tracking and file creation and that's a cost you're probably already absorbing and accustomed to paying. A professional-looking piece generated automatically should be imprinted with the member's name on each guest pass. It will have a spot for the guest's name and for the expiration date of the pass. You should only pay by the piece; no set-up fees.

Another option to reward members for referrals is to discount their dues on an ongoing basis per month as long as the referred person remains a member. Your computer software should easily allow you to do this. If a typical member pays $50 per month and they've referred two people who join, and you discount their dues $5 per month for each new member that's equivalent to $120 savings to the member per year but $1200 more in dues to your club per year. The profit margin equals $1080. Your software can be set-up to track and indicate if a referred person cancels or expires, thus changing the original member's dues accordingly.

Marketing tools like the one discussed here can also be used to reward members who renew their memberships annually, as a "thank you" for their continued business. If using the piece for new members doesn't interest you, consider using it once a year for all members, again as a "thank you." Good times to send out mailings would be early June - to "beef up" summer traffic before any slow downs, or in the beginning of January - to make the year kickoff even stronger.

Industry studies show that members who stay the longest are those who've created and established friendships and bonds, and who enjoy the club environment. These are often those who have workout partners to keep them motivated and coming back on a regular basis. Price alone may be an initial decision-maker but that's not what keeps 'em coming back.

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