Should You Offer Commissions For Customer Referrals?

As a small business owner you may find yourself in a situation where you want to partner with another business but they are asking for *AC repair in Elk Grove CA* a commission on your services. You will want to be prepared to handle such a request BEFORE you find yourself in this situation.Whenever someone asks you for a commission in exchange for marketing your product or service, it is basically an affiliate or referral program. This can be one of the most powerful forms of marketing because it promotes word-of-mouth marketing. Who better to refer clients or customers to you than someone who fully understands the value of the services you have to offer?Often these people are your current satisfied customers, or as is the case with this question, they may be strategic partners. Strategic partners are those individuals or businesses who agree to refer business to you, sometimes in exchange for you doing the same for them, or perhaps for a commission. Either way, it is important to make sure it is a win-win situation for both sides.If you consider these individuals or businesses are in effect doing your marketing for you, then you realize paying a referral incentive or commission is merely a marketing expense.When you consider that referred customers are “warm leads” and are a lot more likely to purchase from you than a “cold” prospect because they come with an endorsement from someone they trust, then you see even more how valuable this referral marketing can be.My suggestion is to approach this as a potential business partnership. Make sure they completely understand the benefits you can provide to their customers and let them know you would like to design a mutually beneficial partnership. Before you offer to pay them a commission, find out what is important to them.What are they looking for that you can possibly help them to get? In this case the potential partner IS your target audience so know them and approach them with a relevant proposition. Be willing to pay a referral fee or commission if that is all they are interested in, but also be open to other ideas.I have negotiated some amazing partnerships just by spending some time talking and brainstorming with sacramento hvac contractor potential partners. In other cases I have straight affiliate/commission partnerships. It all depends on the partner and how we determine we can BEST HELP EACH OTHER to be successful.