

The Playbook		Referral System
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The Referral System Playbook

This is not a "share" button. This is the exact structure behind the four most-copied referral programs in history — Dropbox, PayPal, Harry's, and Tesla — turned into a step-by-step system you can run this week. Every number here is documented, and every tactic has been done by a real company at scale.

📌 The one law every working referral obeys

Study the programs that actually moved numbers and they all share one structure: **both sides win, and every referral is tracked**. Miss either half and the loop dies. That's the whole law. The rest of this playbook is how to build around it.

Proof — real companies, documented results	
Dropbox — 500MB for you AND your friend	100K → 4M
PayPal — \$10 to give, \$10 to get	→ 100M
Harry's — free products at referral tiers	100K / week
Tesla — perks + status, both sides	40x ROI*

Sources: Viral Loops, ReferralRock, Prefinery, and each company's public growth data. *Tesla's referral ROI is widely reported; treat it as directional.

📌 Step 1 — Pick a reward both sides actually want

The referrer and the friend must **both** receive something the moment the referral succeeds. This is the single most common thing people get wrong: they reward the

referrer only, and the friend has no reason to act.

What proven programs gave:

- **Product/usage** — Dropbox gave storage. Costs you almost nothing, feels valuable. Best if your product has a variable cost near zero.
- **Cash or credit** — PayPal gave literal \$10 each side. Expensive, but it worked because their lifetime value dwarfed the \$20 total cost.
- **Tiered physical rewards** — Harry's gave a free razor at 5 referrals, a premium set at 25. Turns one referral into a goal to chase.

Rule

The reward must cost you less than your normal cost to acquire that customer.

If a paid customer costs you \$30 to acquire elsewhere, a referral reward of \$10 on each side (\$20 total) is still a win — and you got a warmer customer who was vouched for by a friend.

📌 Step 2 — Make the offer a single, clear sentence

Every winning program can be said in one line, and the "and them" is never optional:

**"Give 500MB, get 500MB." — "Give \$10, get \$10."
— "Refer 5 friends, get a free razor."**

If your offer needs a paragraph to explain, it won't spread. Write it as: **Give [X], get [X]**. Then say it out loud. If it doesn't sound like a deal a friend would forward, simplify it.

📌 Step 3 — Give every customer a trackable code

"Just tell them I sent you" is a wish, not a system. You cannot reward what you cannot measure, so it happens once and never again.

The minimum viable tracking:

- A **unique code or link** per customer (their name, a short ID, anything unique).
- A place the code is **entered at checkout** or on signup.
- A record that ties **referrer → new customer → reward** automatically.

You do not need custom software to start. A shared sheet, your store's built-in discount codes, or a \$20/month referral app all work. The point is that the attribution is automatic, not "I think Ahmed sent this one."

📌 Step 4 — Reward only on the completed action

Pay out on the **purchase**, not the click or the signup. This is the difference between a growth engine and a fraud magnet.

Trap

~~Rewarding on signup invites people to game the code with fake accounts.~~

Dropbox rewarded when the invited user installed and used the product. PayPal rewarded on a funded account. Tie the reward to the moment real value changes hands, and the incentive stays clean.

📌 Step 5 — Put the ask at the peak of happiness

Timing decides whether anyone shares. Ask at the moment the customer is happiest — **right after they got value**, not buried in a settings page.

- **E-commerce:** on the order-confirmation and the delivery-received screens.

- **Software/service:** right after the customer hits a "win" — first result, first success.
- **Pre-launch:** Harry's put it on the thank-you page immediately after signup, and turned one signup into six.

📌 Step 6 — Add tiers only after the base works

A single reward gets the loop running. **Tiers** — 5 referrals for X, 25 for Y — turn a one-time act into a game. Harry's tiered rewards are why 77% of their 100,000 signups came from referrals.

But don't start here. Get the two-sided, tracked, one-line offer working first. Add tiers once you see real referrals happening — otherwise you're decorating a loop that isn't spinning.

📌 The four mistakes that kill it

Fail

~~One-sided reward — the friend has no reason to act.~~

Fail

~~No tracking — you can't reward it, so it dies after once.~~

Fail

~~Rewarding before the sale — attracts gamers, not customers.~~

Fail

~~Hiding the ask — if it's not at the happy moment, nobody shares.~~

Your one-week build

Day	Do this
Day 1	Pick the reward (below your CAC), write the one-line offer
Day 2	Set up codes — store discount codes or a referral app
Day 3	Add the ask to your happiest screen (post-purchase)
Day 4	Tie the reward to the completed purchase only
Day 5	Tell your existing customers it exists — email + receipt

The bottom line

The strongest marketing isn't the kind you pay for. It's the kind your customer profits from when they bring you another customer. Every program in this playbook obeyed one law — **both sides win, and it's tracked** — and grew on it. Build around that law, put the ask at the happy moment, and reward only real purchases. That's the entire system.