

Save The Best for Last: Investigating the Effects of Referral Reward  
Program Structures in the Freemium Game Context through a  
Long-Term Field Experiment

**Yashar Bashirzadeh**

Grenoble Ecole de Management

**Charis Li**

Grenoble Ecole de Management

**Alixandra Barasch**

University of Colorado Boulders

Cite as:

Bashirzadeh Yashar, Li Charis, Barasch Alixandra (2023), Save The Best for Last: Investigating the Effects of Referral Reward Program Structures in the Freemium Game Context through a Long-Term Field Experiment. *Proceedings of the European Marketing Academy*, 52nd, (114181)

Paper from the 52nd Annual EMAC Conference, Odense/Denmark, May 23-26, 2023



# Save The Best for Last: Investigating the Effects of Referral Reward Program Structures in the Freemium Game Context through a Long-Term Field Experiment

## Abstract

Businesses frequently use reward programs to incentivize their existing customers to refer new customers. This research investigates the effect of referral reward structures on referral outcomes. Through a long-term large-scale field experiment in a freemium game, we held total rewards to customers constant while varying the reward structure: a Constant Reward condition, where the referrer received 1/3 the total reward every time the referred user crossed an engagement threshold (up to 3 times), and a Progressive Reward condition, where the initial reward to the referrer (after the referred new customer crossed the first engagement threshold) was low, but the reward became progressively higher for the next two thresholds. Our analyses of 14 months of user behavioral data show that, regardless of reward structure, becoming a referrer increases user engagement; however, although the Constant Reward structure resulted in a greater number of referred users than the Progressive Reward structure, it produced lower engagement among referred users. We demonstrate a strategy change by the Constant Reward referrers on what kind of prospective users they refer.

**Subject Areas:** *Customer Relationship Management and Customer Satisfaction, Electronic Commerce and Internet Marketing*

**Track:** Digital Marketing & Social Media