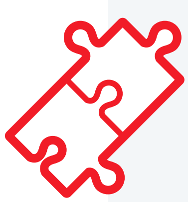
HOW PARTNERSHIP MARKETING CAN BOOST SALES AND BE YOUR CATALYST FOR GROWTH

What is partnership marketing and what can it do for your business?

Partnership marketing is a growing channel in the eCommerce space, but the concept has been around for some time. Yesterday's resellers and VARs (Value Added Resellers) have morphed into more robust marketing partnerships with many companies shuttering their traditional partner programs.

So, what is it? Simply put, partnership marketing is a mutually beneficial arrangement between two entities — usually an eCommerce business or brand and third-party website that advertises the business's products or services online. The brand is sometimes referred to as a ***merchant*** or ***advertiser*** while the third-party website is often referred to as the ***publisher*** or ***partner***. Partnership marketing can broaden your customer base, reaching people you wouldn't otherwise reach, while focusing on revenue growth and scale.

Partnership marketing creates alignment because all parties involved have a shared vision and goal. The partnership is structured around the desired outcome and consumer behavior the merchant is looking to drive — usually increased sales and conversions. A couple of quick stats:



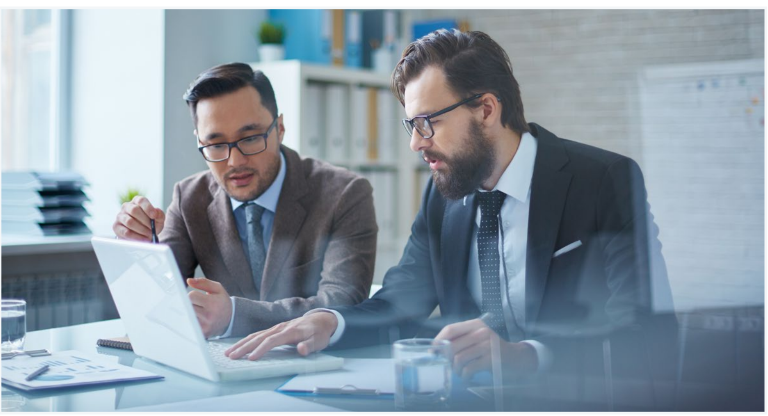
- According to Digital Global, nearly 90% of advertisers say **partnership marketing is an important part** of their overall marketing strategy.
- The partnership marketing industry is expected to **grow by 10.1% each year, and reach $6.8 billion in the U.S. in 2020**.
- Companies have seen a **45% increase in brand exposure and awareness** as a result of partnerships.

A recent report by Forrester, "Invest in Partnerships to Drive Growth and Competitive Advantage," found that 76% of companies say partnerships are key to delivering on their revenue goals. Key findings in the report include:

"Partnerships are increasingly crucial to business growth. 77% of survey respondents said partnership development is central to their 2019 sales and marketing strategies."

"Successful partnership programs require a multifaceted approach. The survey found that companies with the fastest-growing partnership programs embrace organizational agility, capitalize on a variety of partnership models and leverage technology to optimize partner management."

"Best-in-class partnership programs deliver competitive advantage through outsized revenue growth. Forrester found that companies with mature partnership programs are driving two times faster revenue growth than companies with less mature programs."



Benefits of partnership marketing

Partnership marketing is based on results. Partnerships are performance-driven, so marketing dollars are attributed to incremental sales or other desired consumer behavior. Partner marketing inspires collaboration because everyone benefits from successful partnerships. It's a win-win as the partnership grows and because of the pay-for-performance model, making it incredibly efficient and profitable at scale.

Partnership marketing helps you reach customers you wouldn't otherwise reach. With a diverse mix of partners, you'll gain access to new customer segments that you're not reaching today. That is one of the pillars of partnership marketing — to drive incremental growth and scale through the recommendation of a trusted partner.

Partnership marketing helps you build trust in new customer demographics and segments. This is especially beneficial for small to mid-sized companies but also good for enterprise brands. Some partnerships are designed to gain market share within an existing customer segment while others are to enter a new customer segment or demographic. In both cases, you create more trust in your brand through a partnership than you would advertising directly to the same consumer.

Partnership marketing differentiates your brand against your competitors. Partnerships can differentiate your brand in a noisy and competitive marketplace. If a premium publisher is promoting your products and services it can add credibility and trust to your brand. Partnership marketing is truly reflective of the company (partners) you keep.

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Partnership marketing can be the growth catalyst to break through a plateau. Partnerships can reinvigorate growth when other sales and marketing channels become stagnant. In fact, mature partnership programs can drive upwards of 40%-50% growth YoY when you diversify your partner mix and create scalable strategic alliances.

All of these benefits can be transformational for brands looking for growth and scale. In this whitepaper, we'll show you how to use it to your best advantage.

Getting started with partnership marketing

Now that you see the potential and value of partnership marketing, what's the best way to start? The foundation of a strong partner channel begins with strategy and design. This can be done in-house or by partnering with an agency that specializes in partnership marketing. Thoughtful strategy and design will ensure your partner marketing channel will generate the desired results and scale effectively as it matures.

Here are a few things to consider:

Goals and objectives. Defining objectives and goals for your partner program is an important component to mapping out your go-to-market strategy. Benchmarking existing partner activity will help you measure the incremental growth and the impact your partnership program is having on growth. Having clearly defined goals and objectives is also a good compass for the types of partnerships you want to pursue.

Your partner payout structure. Your partner compensation and payout structure should align with your goals and objectives. Payouts, aka your partners' commissions, are the amount you're paying your partners for the results you want to achieve. It's vital you create a crystal clear payout structure. The last thing you want is for a killer partner to be confused or disappointed or even angry when the payout isn't what he or she expected. Typical payout or commission structures include:

- Cost per sale
- Cost per action
- Cost per action AND cost per sale
- Cost per click
- Cost per impression

Finding what's right for you and your program is up to you. Do industry research to find out the norms and going rates, think about what makes sense for your bottom line and profit margin and above all, keep it simple. You don't want your partners to feel like they need an MBA to understand your payout structure.

Budget. Budgets make the world go round in business, however, it's a little different in the realm of performance-based partnerships. For rev-share partnerships, budget is not necessarily a concern because partners are paid a percentage of sales driven. For CPA campaigns you will want to set a budget and monitor the quality of customers by keeping an eye on KPIs like customer lifetime value. Considerations for paid placements and amplification opportunities may require additional budget as well. Regardless, it may be best to start small, measure the results and grow from there.

With the basics firmly in place, now it's time to choose your partners. And here's where it can get tricky.

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Planning your partner portfolio

According to the Forrester report, companies with the most successful partnership marketing programs cast a wide net when recruiting potential partners, but are selective about which "fish" they choose out of that net.

Here are a few tips to keep in mind as you build out your partner portfolio.

Find quality partners and networks that align with your brand. Finding the right partners is the cornerstone to any successful affiliate and partnership marketing program, and it's also the trickiest part of it. It's not about finding the hottest teenage Instagram influencer of the moment with millions of followers. It's about finding the partners that are the best ambassadors for your brand.

There are different types of partners that fall under the partnership marketing umbrella:

- Affiliate, one of the first performance-based partnerships online. Affiliates can include bloggers, product review sites, cashback, and loyalty sites, coupon and deal sites as well as content sites.
- Premium News and Media, high-value publishers that have started to embrace performance-based partnerships to augment and diversify revenue streams beyond ad sales.
- Brand ambassadors, who are prominent people or companies paid to promote a company's products or services

- Influencers, who have large and/or loyal followings on social media
- Paid sponsorships or placements, whose ROI and performance have traditionally been difficult to track
- B2B partnerships between two brands that share a similar customer segment

Joining forces with the right partners — not just the ones with the most followers or biggest audiences — will be the key to your success.

Align with partners that are aligned with you. Your partners should already be engaged with your business's niche and ideal customer profile (ICP) — either building momentum or with existing traffic. Examples of this could include the design pro who can promote your line of tool accessories, for example, or the trusted DIYer who can talk about the reliability of your products. Your product or service should be a win for your partner, too, and the surest way to make that happen is to choose partners who have a strong or growing presence in your niche.

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Fill in the gaps. When you have a program up and running, you'll be able to identify gaps in your coverage and scope of relationships. Looking at your competitors' partners is a great way to see what's working for them, and what you can put to work for you.

Know that it's an ongoing process. Partnership marketing is not a set-it-and-forget-it endeavor. Partners may come and go, and it's important to remember that continuously recruiting is a crucial component to success. Leverage technology and online tools to help you cast that net wide.

Managing partnerships and developing your growth strategy

Now that you've begun recruiting new partners for your business, it's important to maximize the potential of these business relationships. Here are a few areas to think about:

- **Partner onboarding and education.** You'll need to craft a partnership agreement, laying down rules and regulations of how your product can be promoted, and just as importantly, how it shouldn't be used. Be crystal clear with new partners about your expectations and requirements.
- **Partner resources.** An important piece of successful partnerships is having assets and resources for your partners to use. This includes content, creative, video, style guides, and in some cases API's and other, more technical tools. These may reside on your website, intranet, or affiliate network. In all cases, it is good to have your partner resources gated with login credentials so only authorized partners can access them. Having all of this in place will make it easier for your partners to hit the ground running.
- **Incentives and goals.** Create defined incentives and goals for partners to work towards. Marketing Development Funds (MDF) and Sales Performance Incentive Funds (SPIF) are a powerful tool to kick-start partnerships. Tiered partner levels (e.g., Gold, Platinum, Diamond) is a great way to recognize valuable partners and partnerships. This MVP status should be based on achieving defined goals and can motivate partners to continually invest in the partnerships.

- **Quarterly check-ins.** QBR or other quarterly check-ins provide feedback, allowing you to take the pulse of your partnership. Is the association working for both of you? Is it the right fit? Any problems or snags to smooth out? Clear communication that's ongoing is key.
- **Partnering with an agency.** Agencies that specialize in affiliate and partnership marketing can help you scale faster and be more effective with your partnership channel. Working with an agency will add resources and expertise that you may not have in-house. It also brings a level of diversity to your partnership program, even if you have dedicated people in-house. Why? Your in-house team focuses only on your company, and this can result in a "not seeing the forest for the trees" type of situation, whereas agencies work with a wide variety of companies and can bring ideas and solutions from lessons learned that your team may not have considered.

It's not effective to have a person in-house managing all of your partner marketing programs. Outsource this function to the pros.

Measure the success of your partnerships with key data points

Your partner marketing program is up and running. There is only so much time and resources to be had, so it's important that you are spending your time and resources on growing partnerships that will help you achieve your goals and minimize time being spent on opportunities that are not a good fit. How do you measure the results? Are you getting what you need out of your program? What can be improved? This is where data comes in.

Key performance indicators (KPIs) are data sets that tell you exactly what's going on with your partner marketing programs.

They could include:

- **Incremental revenue.** Cross-channel insight is critical in understanding incremental revenue. Partners sometimes support a conversion but it is credited to a different channel like paid search or email and vice versa. Determining the traffic origin and then analyzing clickstream data will help determine the different touchpoints that supported the conversion and ensure the correct channel and partner is credited.
- **Lifetime value of a customer (LTV).** Lifetime value of a customer, or LTV, is a strong KPI to determine the quality of customers being acquired. You can also start measuring customer churn as well as other relevant customer data.
- **New vs. existing customers.** Every business is looking for new customers. It's important to measure the ratio of new vs. existing customers coming through affiliates and partners as a channel but also drill down to the individual partner. Keeping existing customers is crucial, but finding new customers is the way to grow.
- **Cost per acquisition (CPA).** This metric tells you how much you're paying to acquire each customer.
- **Average order value (AOV).** To get this number, divide your total revenue for any given time period (weekly, quarterly) by the number of orders you have.

- **Return on investment (ROI).** Knowing your ROI, or Return on Investment, is important for both you and your partners. It's one of the best ways to find out what's working and what isn't. Calculating your ROI is fairly easy, even for the math-impaired. You simply need the amount of your investment and your profit. Subtract your investment from your profit, and voila. You've got your ROI.
- **Return on ad spend (ROAS).** This is the amount of partner revenue you're getting from each specific marketing channel in relation to the amount you're spending to get it. It sounds very similar to ROI, but there's one key difference: ROAS is a ratio of how much you spend vs. how much you earn, while ROI is the amount you earn after your expenses.

Using all of these data points will help you track overall program performance as well as individual partner performance to ensure you are driving toward your desired goals and objectives.

Conclusion

Partner marketing is a powerful way to amplify your reach, acquire new customers and generate more sales and revenue to grow your business. But it doesn't happen in the blink of an eye, and there is an art to managing your affiliate and partnership marketing programs and achieving the results you're looking for.

AFFILIATE management

Want to learn more about how affiliate and partnership marketing can help your business?

Get a free consultation with iAffiliate Management and begin growing your business through strategic partnerships.