

Alternative Prospecting Intensive

Partnerships

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Partnerships

Reasons for creating a partnership

- **Customer Acquisition**
- **Customer Retention**
- **Exposure/Image Development**
- **Expand Product/Service Offering**
- **Separate Profit Center**

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Partnership: Economic Advantage through Leveraging:

- **Special Offer**
- **Unique/High Demand Product**
- **Expertise (Product Line, Phone Center)**
- **Communication Vehicle**
- **Brand Name/Market Position**
- **Customer Relationship/Affinity**
- **Marketing Tool (Air Miles, Credit)**

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Program Types

- **Offer Based Partnerships**
- **Syndication Based Partnerships**

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Offer Based Partnerships:

Provide a partner a great offer in exchange for leveraging one of their assets.

- **Make an offer that makes economic sense for your business and is attractive. I.E. 20% Off a purchase of \$50 or more**
 - Special price on a great product
 - Free Shipping
- **Leverage the communication vehicle, marketing tool, brand name, expertise and/or customer relationship of your partner.**
- **Drive them to your web site (economics are better than ever)**
 - Don't have to send catalog.

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Offer Based Partnerships: Things to think about

- **Make sure the partner reflects well on your company**
- **Do the math when developing your offers – make sure you make a profit while accomplishing your goals**
- **Minimize Risk – cost based on order**
- **Keep it as simple as possible**
- **Test when possible**
- **Communication should drive customer to your web site, mailing catalogs changes the economics in a big way**

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Offer based Partnerships

- **Airline Miles**
- **Credit Cards – American Express**
- **Clubs and Associations**
- **Consumer Product Promotions**

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Airlines Miles

- Offer Miles for a purchase
 - I.E. 100 miles for every \$10 purchase
 - Promoted in monthly mailings to participants
 - Inserts in monthly mailings
 - Inserts in affiliated credit cards offers
- Larger Co. can become partner, smaller Co. can buy miles
- Primarily customer acquisition but will turn into retention program as well
- Higher profit margin important
- **Leverage Point: Free/high value access to the marketing base which is extremely motivated by miles.**
- **Keys to success: getting into the program and having reasonable margins**

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Credit Cards – American Express

- **Cardholder offers in each bill**
 - **Must be the best offer on street**
 - **Reaches millions each month**
 - **Offer gets good response**
- **Primarily customer acquisition but also retention of your Amex customers.**
- **Leverage Point: The American Express Cardholder base and free delivery of offer.**
- **Keys to success: Persistent relationship with American Express**

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Association and Clubs

- **Associations and clubs are constantly looking to offer their members special values**
 - Make an attractive offer
 - Promoted in news letters and magazine
- **May have to buy some magazine space/supply an insert**
 - Be careful with you expenditures – lower response.
 - If good potential, buy a high impact position IE. back cover
- **Leverage Point: The affinity relationship of a club and free communication of offer**
- **Keys to success: Watch your expenditures and fit of the offer.**

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Consumer Product Promotions

- These are usually one time promotional opportunities created through an Ad Agency.
- Consumer products firms are looking for a value offer and image match/lift
 - High level of compatibility required between company's brand image and customer base.
 - Usually many elements to agreement requiring 2- way promotions
 - DM company exposure on package, media and POP displays
 - Consumer products firm promoted in catalog and web site
- This is an image/exposure play
 - Be careful with you expenditures – lower response
- **Leverage Point: Free in-store/media exposure of your company**
- **Keys to success: Image of partner, quality of exposure, low expenditures. Keep it simple. Don't lose money, your accountants doesn't monetize exposure.**

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Syndication based Partnerships

- **Credit Cards/FSI Inserts**
- **Syndication – leverage
Catalogs/Phone Centers/Web Sites**
- **Syndication –leverage credit file**

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Syndication: Credit Cards inserts/FSI Inserts

Partner pays for the media and you provide the product at a very low cost.

- Need a few killer items/unique concept
- It is a good way to test a hot product in other media with little or no risk
- If it works, can expand and buy media on your own or in cooperation with your partner
- **Leverage point: expertise of a company within a certain media**
- **Keys to success: a few very strong product, initial low risk**

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Syndication: Leverage Catalogs/Phone Centers/Web Sites

- Offer a product/service by placing it in another catalog or offering in phone center in oh
- Owner of product can offer a deal where they pay for the marketing expense
- Can be on either side of the deal
- **Leverage point: your circulation, web traffic and phone calls to gain additional sales and profits**
- **Keys to success: response from your customers**

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Syndication: Leverage credit file

Cataloger leverages the credit vehicle, credit customer base and the partner's name to create a new business

How it works

- **The mailer sends their catalog to the customer base of the partner**
- **The catalog is endorsed by the partner**
- **The partner's credit customers uses the credit vehicle to buy from the catalog**
- **The mailer takes, processes, and fulfills the order**
- **The mailer sends the credit register to the partner**
- **The partner sends back the revenue less a commission between 5-20%. The cataloger takes all the risk of the mailing for response**

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Syndication: Leverage credit file

How does this look from the mailers side

- **The mailer takes the risk of the mailing**
- **The mailer should experience a significant lift in revenue compared to renting the names which has to justify the commission**
- **The buyers from this program can only be mailed an endorsed catalog and commissions are always paid on sales from these customer**
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Syndication: Leverage credit file

How does this look from the partner's side

- The partner takes all the credit risk
- The partner generates double digit return on credit sales with little risk
- The partner must monitor customer satisfaction of mailers products and customer service
- **leverage point: partner credit vehicle, Partner's endorsement, credit customer base**
- **Keys to success: significant increase in response and AOV, greater segmentation ability versus rental, complementary relationship between partner and catalog**

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Economic Advantage Through Leverage