# Alternative Prospecting Intensive Partnerships

Jerry Schillinger Schillinger Direct, Inc. (630) 230-0804 jerrys@schillingerdirect.com



### Reasons for creating a partnership

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

# 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)

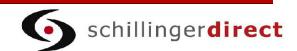
# **Program Types**

- Offer Based Partnerships
- Syndication Based Partnerships

#### **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.



#### 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

## Offer based Partnerships

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

#### **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

#### **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



#### **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.



#### **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.



## Syndication based Partnerships

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

## 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

# 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

#### 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



#### 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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- The buyers from this program can only be mailed an endorsed catalog and commissions are always paid on sales from these customer

### 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



# **Economic Advantage Through Leverage**