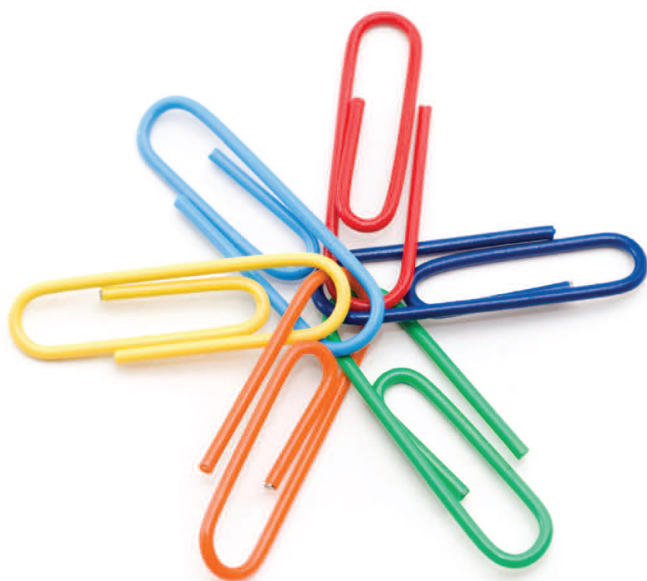


PARTNERSHIP MARKETING



HOW TO GROW YOUR BUSINESS
AND TRANSFORM YOUR BRAND
THROUGH SMART COLLABORATION

RON KUNITZKY

PRAISE FOR *PARTNERSHIP MARKETING*

"Want to extend the power of your brand without being left with the short end of the partnership stick? Read *Partnership Marketing* to get a deep explanation of the intricacies that make for a win-win in a marketing partnership with a roadmap for how to get there."

—Roy A Young, President, MarketingProfs

"*Partnership Marketing* is a must-read for any business owner or professional that is looking to take their business to the next level by leveraging marketing partnerships. Ron lays out a practical guide on how to look at your company's assets to create a plan for new or existing partnerships. In addition, this book will help you to make an honest assessment of your current partnerships to ensure you are maximizing the return for your company as well as your partner companies. This is a book that business students should study and partner and non-partner professionals should use."

—Dan Morton, Director of Strategic Partnerships, Reliant Energy, LLC

"If this book had been published 20 years ago it would have made my life so much easier in explaining what partnership marketing is to brands! This is the ultimate a-z of partnership marketing and is fully comprehensive but in a very readable way. It has numerous real-life examples of excellent partnership marketing case studies. You can pick it up and read snippets and feel like you have learned something about partnership marketing. You can refer to it for guidance and you can remind yourself of different and varied creative partnership marketing options just by having this book near you and dipping into it. Every brand owner and marketing professional should read it and open their eyes to the fantastic potential, cost-effective options and opportunities that partnership marketing can give them. Don't be without it!"

—Chris J. Reed, Regional Partnerships Director - Asia Pacific, Partnership Marketing

"Ron has created a first in the field of partnership marketing. All the essentials of this developing arena are captured here in a concise and illustrative manner. I highly recommend it for all current and aspiring partnership marketers."

—Mike Burnette, Director of Partnership Marketing, Meredith Corporation

PARTNERSHIP MARKETING

PARTNERSHIP MARKETING

**HOW TO GROW YOUR BUSINESS
AND TRANSFORM YOUR BRAND
THROUGH SMART COLLABORATION**

RON KUNITZKY



John Wiley & Sons Canada, Ltd.

Copyright © 2011 by Ron Kunitzky

All rights reserved. No part of this work covered by the copyright herein may be reproduced or used in any form or by any means—graphic, electronic or mechanical—without the prior written permission of the publisher. Any request for photocopying, recording, taping or information storage and retrieval systems of any part of this book shall be directed in writing to The Canadian Copyright Licensing Agency (Access Copyright). For an Access Copyright license, visit www.accesscopyright.ca or call toll free 1-800-893-5777.

Care has been taken to trace ownership of copyright material contained in this book. The publisher will gladly receive any information that will enable them to rectify any reference or credit line in subsequent editions.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold on the understanding that the Publisher is not engaged in rendering professional services. If professional advice or other expert assistance is required, the services of a competent professional should be sought.

Library and Archives Canada Cataloguing in Publication Data

Kunitzky, Ron

Partnership marketing : how to grow your business and transform your brand through smart collaboration / Ron Kunitzky.

Includes index.

ISBN 978-0-470-67670-7

1. Branding (Marketing). 2. Brand name products—Marketing.
3. Partnership. I. Title.

HF5415.1255.K85 2010

658.8'27

C2010-903735-9

Production Credits

Cover design: Mike Chan

Cover photo credit: ©istock/Gordo25

Interior text design: Natalia Burobina

Typesetter: Thomson Digital

Printer: Friesens

John Wiley & Sons Canada, Ltd.

6045 Freemont Blvd.

Mississauga, Ontario

L5R 4J3

Printed in Canada

1 2 3 4 5 FP 15 14 13 12 11



ENVIRONMENTAL BENEFITS STATEMENT

John Wiley & Sons - Canada saved the following resources by printing the pages of this book on chlorine free paper made with 100% post-consumer waste.

TREES	WATER	SOLID WASTE	GREENHOUSE GASES
29	13,139	798	2,728
FULLY GROWN	GALLONS	POUNDS	POUNDS



Calculations based on research by Environmental Defense and the Paper Task Force.
Manufactured at Friesens Corporation

*To my beautiful wife, Gillian, for being my rock, a wonderful mother
to our daughter, and for your unconditional love and support.
Our partnership is what makes me strong.*

Contents

<i>Acknowledgments</i>	xvii
<i>Preface</i>	xix
INTRODUCTION: WELCOME TO THE WORLD OF PARTNERSHIP MARKETING	1
Marketing Partnerships Are Not Business Partnerships	4
Marketing to Businesses Differs From Marketing To Consumers	5
With B2B, the End Customer Uses a More ‘Formal’ Buying Process	5
Partner Motivations Are Different	6
How You Can Add Partnership Marketing To Your Existing Marketing Mix	6
Direct Marketing	6
Sales Promotion	6
Advertising	7
Branding	7
Retail	7
CHAPTER 1: UNDERSTANDING PARTNERSHIP MARKETING	9
Distribution Marketing Partnerships	10
Bundling	11
Cross-Marketing	12

Added-Value Marketing Partnerships	13
Affinity Marketing Programs	17
Customized Affinity Programs	18
Generic Affinity Programs	19
Affiliate Marketing Networks	20
Content Marketing Programs	22
Sponsorship Marketing	25
Licensing Programs	27
Loyalty Marketing Programs	30
Components of a Successful Loyalty	
Marketing Strategy	33
Co-Marketing	35
Store Within a Store and Co-Branded Stores	37
 CHAPTER 2: LEVERAGING PARTNERSHIP	
MARKETING ASSETS	41
Your Brand	42
Audience and Customers	46
Well-Defined Target Audience and Customers	47
Regular Frequency of Interaction	48
Volume or Size	48
Marketing Vehicles	50
Online and Digital Marketing Vehicles	50
<i>Websites</i>	50
<i>Webinars</i>	52
<i>Advertising</i>	52
<i>Content</i>	52
<i>Email Marketing and Text Messaging</i>	53
<i>Social Media</i>	53

Traditional Marketing Vehicles	54
<i>TV, Radio, Print, Signage</i>	54
<i>Call Centers</i>	54
<i>Direct Mail and Fulfillment</i>	55
<i>Renewals</i>	55
<i>Retail</i>	56
<i>Products and Services</i>	56
<i>Door-to-Door</i>	57
<i>At-Home Service</i>	57
<i>Contests and Lotteries</i>	57
<i>Event Marketing</i>	58
<i>Member Cards/Loyalty Program Cards</i>	58
<i>Packaging (In-Pack, On-Pack, Cover-Mounts)</i>	59
Some Case Studies	60
Meredith Corporation	60
crowdSPRING.com	61
Cocktail Marketing	62
 CHAPTER 3: USING PARTNERSHIP MARKETING TO GENERATE REVENUE AND DECREASE COSTS	 69
New Customer Acquisition	69
Cost per Acquisition (CPA)	70
How to Track a Partnership Marketing Program	74
How to Achieve Customer Growth While Reducing CPA	75
<i>Some Case Studies</i>	77
<i>Microsoft</i>	77
<i>MBNA (Bank of America)</i>	78
<i>Demand Metric</i>	79
<i>Fender</i>	80
Increasing Average Transactional Value (ATV) from Customers	82
Increasing the Average Number of Transactions (ANT) from Customers	83

CHAPTER 4: ECP: ECONOMIC CONNECTION AS PARTNERS	87
Economic	89
Increase Revenue/Market Share Through an	
Increase in Customers	90
Increase Mind Share Through Brand Awareness	90
Increase Profitability Through Lower Customer Acquisition Costs	90
Connection	92
Partners	93
Not Partner Friendly (Loner)	94
Somewhat Partner Friendly (What's In It for Me?)	94
Partner Friendly (What's In It for Us?)	95
What Does It Take to Achieve a Successful	
Economic Connection as Partners?	96
Joint Goal Planning	96
Skills and Competencies	98
Processes and Technology	100
<i>Processes</i>	100
<i>Technology</i>	102
Potential to Generate Incremental Revenue	104
<i>Products</i>	105
<i>Offers and Messaging</i>	106
<i>Pricing</i>	107
<i>Marketing Vehicle, Frequency and Reach</i>	108
<i>Recognizability</i>	109
CHAPTER 5: ASSOCIATING YOUR BRAND	111
Customers—Strong Reach to the Primary Target Market	112
Relevance to Your Business—Enhances Offering	
to the Primary Target Market	113
Size of Opportunity	115

Widely Recognized Brands	116
Geography	118
Mutuality and Cooperation	118
Credentials and Trust	120
Growth Potential	120
Legalities and Channel Conflict	121
To White Label or Not to White Label	122
Some Case Studies	124
<i>Wal-Mart and Dell</i>	124
<i>Amazon</i>	126
Partner with Winners	126
Choose a Partner Brand that Has a Market Share	
Within Your Target Market	129
Know the Viability of Your Partner Brand's Products	130
Partner with an Emerging Channel	132
Partner to Establish Credibility and Confidence	133
Partner with Brands that Offer Products	
that Your Customers Want	135
Distribution Versus the Partner—Sometimes We Can't Get Both!	135
CHAPTER 6: PUTTING PARTNERSHIP	
MARKETING INTO PLAY	139
Partner-Friendly Brands	140
Example	140
<i>Coca-Cola</i>	140
<i>Ubisoft</i>	141
<i>Google</i>	142
<i>Netflix</i>	147
<i>Travel and Accommodation Partners</i>	148

What Does It Take to be Partner-Friendly?	148
Work with Able and Willing Partner Brands	154
The 4 Ps to Successful Marketing Partnerships	155
PLAN for Success	155
PROFILE Your Brand	156
PRODUCE Your Partner Brand Criteria	158
PREPARE Your Tools	159
<i>Partnership Application Form</i>	159
<i>Partner Development Pipeline</i>	162
<i>Partner Pitch Deck</i>	163
<i>Partner Snapshot</i>	163
<i>Partner Agreement</i>	164
CHAPTER 7: PRACTICING SMART COLLABORATION	167
Partner Referral Process	168
Mapping the Partner Brand's Marketing Value Chain	169
Connecting Your Offering to the Partner Brand's	
Marketing Value Chain	169
Aligning with the Success Criteria of	
the Partner Brand	169
Metrics	170
Partnership Engagement Strategy	171
Establishing the Partner Value Proposition	172
<i>Revenue</i>	172
<i>Product</i>	174
<i>Branding</i>	174
<i>Customers</i>	175
<i>Content</i>	175
Establishing the End Customer Value Proposition	176
Leverage the Marketing Partnership	177
Metrics	178

Partner Collaboration Tools	179
Training	181
Understanding Your Partner Brand's Needs and Challenges	182
Building a Partnership Marketing Program	182
Maximizing Economic Outcomes	184
What to Change in Order to Maximize Economic Outcomes	185
<i>Marketing Channels</i>	185
<i>The Offer or Discount</i>	186
<i>Little Fish Versus Big Fish</i>	188
<i>Know Your Partner Brand's Motivations</i>	190
Smart Collaboration from Other Viewpoints	191
Integrated Marketing Services	191
IGN Entertainment	192
When It's Time to End a Marketing Partnership	195
 CHAPTER 8: PARTNERSHIP MARKETING—A LOOK TO THE FUTURE	 197
A Shift to Digital in Partnership Marketing	197
Associations Will Give More Value to Members and Partners	202
More Competition in Retail	203
Loyalty Programs Will Expand	204
Greater Use of Online Contests and Sweepstakes	205
Use of Geo-Targeting in Promotions	206
Small Businesses will Partner with Large Corporations	207

Product Placement will Expand	208
Slideshare	208
PocketCocktails	209
An Emergence of Public-Private Partnerships	211
Cause-Related Partnerships	211
<i>Glossary</i>	213
<i>Index</i>	219

Preface

PARTNERSHIP MARKETING could not be timelier. In today's world of marketing budgets being under constant scrutiny, partnership marketing is now the cornerstone of many marketing plans and programs. The need for collaboration is greater than ever as marketing resources are being slashed, employees are being laid off and cutbacks are being made to existing programs. Employees need to become more creative and do more with less. Brands must rely on each other to leverage their core competencies and they need to create a more prominent role for partnership marketing within their marketing mix.

Partnership Marketing is a guide for business owners, executive leaders and sales and marketing professionals who are looking to improve how they select, develop and manage their marketing partnerships with their partner brands. I believe that every business, charitable organization, association and government corporation can take their organization to the next level by applying the principles and practices of 'smart collaboration' to their particular situation so that they can leverage collaborative marketing programs to help them meet their goals and objectives.

This book is a framework for how you can effectively develop a partnership marketing plan for your brand and, furthermore, develop strategic affiliations that will grow your business and transform your brand by:

- Targeting potential customers when they are most likely to purchase your product
- Launching new product categories outside of what you are known for
- Enhancing your offer to customers by giving them more value than before
- Increasing loyalty for your products and keeping customers loyal for longer
- Locking up a key marketing distribution channel and having exclusive rights to it
- Bringing an aspect of innovation to how customers engage with your product

We begin with a look at what is partnership marketing and how some of the world's most prominent brands have leveraged the strategy to help them achieve the leading positions that they enjoy. We look at how partnership marketing can support and supplement other marketing disciplines and how such activities complement what they are already doing.

Once you are settled in, we analyze the most common types of marketing partnerships and give real examples of how brands are using them. You will have an opportunity to determine which types are most relevant to your business by breaking down the key questions you need to answer before considering them as viable options for your brand. You are not limited to just one type of marketing partnership; you can leverage as many as possible as long as you have what it takes to make them work for you. There have been books written on co-branding, strategic alliances, loyalty marketing and partnering, but my book brings all of partnership marketing together in one set of pages with a focus on the bigger picture of what it can do for your brand.

I then give insight into the assets that you can leverage in your marketing partnerships, like customers, marketing vehicles and your brand, as well

as how to measure each type of asset and where to use them to your benefit. If you want to really excel at partnership marketing, you need to know your partner brand very well. In fact, you need to know theirs just as well as you know your own so that you can leverage the right assets in the marketing partnership to meet your goals. The only ways to grow your business without acquiring or merging with another company are to add new customers, increase the number of transactions that existing customers make with you or increase the average transactional value that you are currently getting. You will learn how partnership marketing can foster all of the aforementioned growth strategies and get a glimpse at where you can apply them to your world.

We also examine the foundation of what ultimately makes for a successful marketing partnership—ECP, economic connection as partners. The economic connection as partners and just how much ECP you exhibit in your relationships with partner brands will not only assess whether they see your marketing partnership as valuable to their organization or not, but will provide you with some insight on why most partnerships fail and are doomed even before they are launched. We look at what to seek out in a partner brand as well as what can inevitably go wrong if you associate with the wrong brand, and the ramifications that may result.

I share some case studies from brands that really excel with partnership marketing, with a special focus on why Google is so successful as a result of their partner programs. You may have heard of the famous ‘4 Ps of Marketing’; this book gets indepth on the 4 Ps of successful marketing partnerships. Later on in the book, I provide you with some of the tools that you will need to get partnership marketing going within your organization so that you can put a plan together and streamline your efforts. In addition, we do an overview of the principles and practices of ‘smart collaboration’, such as your referral process, engagement strategy and how to train your partners to be more effective when marketing your products and offers.

Finally, we take a look into the future. I give some insights on where I think partnership marketing is heading and what we can expect to see from brands in years to come. I break down some of the current partnership

marketing trends that we are seeing in retail, loyalty and product development as well as how small businesses and entrepreneurs will partner with larger corporations.

Every brand sells and markets their products directly, but not every brand leverages partnership marketing. You can try to do it all on your own, yet it's likely easier to spend at least a small part of your time collaborating with others. My goal is to demonstrate the techniques that will get you started on your partnership marketing journey or enhance your existing marketing strategy so that you can create even more success for your organization and your brand.

Acknowledgments

I WOULD LIKE TO THANK all of the people who took the time to share their experiences and insights in order to make this book possible. Included in that list are former colleagues of mine, clients, industry experts and professionals whose contributions have been extremely crucial to bringing it all together. Your willingness to participate and go above and beyond is greatly appreciated and I couldn't have done it without you. I feel like I am extremely lucky to have such a professional network that spans the globe and is filled with so many people from so many diverse industries. Thanks for being there for me.

I would also like to thank my wife, Gillian, and our daughter, Michelle. You have been a huge support to me and I appreciate it more than you know.

Finally, I would like to thank all the people at John Wiley & Sons in Toronto, especially my editor Karen Milner and her amazing team, including Liz McCurdy, Pam Vokey and Brian Will. It's been a pleasure to work with all of you.

Introduction

Welcome to the World of Partnership Marketing

WELCOME TO THE WORLD of partnership marketing, where exciting marketing synergies are occurring between organizations large and small, private and public, not-for-profit and for-profit. More than ever before, brands are coming together to create commercial value for themselves and their partner brands by practicing smart collaboration and putting partnership marketing into play, because

1. Partnership marketing enables brands to reach their target audiences.
2. Partnership marketing provides access to underserved markets.
3. Partnership marketing leverages another brand's assets.
4. Partnership marketing strengthens brand image.
5. Partnership marketing builds stronger relationships with customers.
6. Partnership marketing generates new streams of revenue.
7. Partnership marketing increases customer retention.
8. Partnership marketing fosters innovation.
9. Partnership marketing blocks or befriends the competition.
10. Partnership marketing is cost-effective to implement.