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Smooth Your Partnership Journey By Learning From High Maturity Companies

How To Make Tactical Improvements To Your Partnership Program

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29% of D2C decision makers estimate a 20% or greater year-over-year revenue growth rate for 2019 from their partnership channel sales.

A quarter of high-maturity companies get 25% or more of their overall company revenue from partnerships, in contrast to only 14% of low-maturity companies.

Executive Summary

In 2019, Forrester conducted a study to understand the value of best-in-class partnership programs. Throughout the study we found that firms with the highest-maturity partnership programs do three things: 1) they generate a greater share of their revenue from the partnership channel; 2) they drive faster revenue growth within the partnership channel and at the overall company level; and 3) they are more likely to exceed stakeholder expectations on business metrics than companies with less mature partnership programs.[1]

The 2019 study revealed several key findings about the financial contributions of partnerships. Companies with mature partnership programs generated an average of 28% of total revenue from partnerships, while those with immature partnership programs averaged only 18% of total revenue from partnerships. The resulting 1.6 times more total revenue from partnerships produced $162 million annual revenue advantage, on average, for the partnership-mature companies included in our study of 454 organizations. Additionally, the partnership channel revenue growth rate advantage for high-maturity companies was 2.3 times higher than that of low-maturity companies. The company-level revenue growth rate advantage for high-maturity companies was also two times higher than that of low-maturity companies.

In January 2020, Impact commissioned Forrester Consulting to conduct another study to look at the tactical differences between high- and low-maturity companies. The end goal was to build a roadmap that helps companies improve their partnership programs. Forrester explored the topic by conducting an online survey with 454 respondents and three phone interviews with global direct-to-customer (D2C) decision makers in business development, sales, customer experience, marketing, strategy, and partnerships.

In the 2020 study we found truth in the old adage: "If you want to go fast, go alone. If you want to go far, go together." Partnerships can drive critical benefits like increasing revenue, brand awareness, and customer retention. They can also drive customer influence early in the buying journey. To propel revenue growth, companies must carefully choose their partners based on desired business outcomes and target audience. This year's study found that partnerships were still a significant revenue generator: 29% of D2C decision makers estimated a 20% or greater year-over-year revenue growth rate for 2019 from their partnership channel sales. A quarter of high-maturity companies gained 25% or more of overall company revenue from partnerships, in contrast with only 14% of low-maturity companies.

The roadmap laid out in this study provides the guidance and recommendations you need to improve your partnership program's journey to maturity — and to win with your customers.

Road To Revenue Growth Starts With The Right Traveling Companions

Choosing the right partners is a difficult but critically important decision. Leaders at the most mature companies we spoke to target partnerships that most closely connect with their target audience and align with their messaging and values. Less mature companies rely on trial and error, but learn from their failures and fail "fast and cheap." The 2020 study found:

- **Traditional affiliate is the most utilized type of partnership.** In contrast to last year's study, companies are almost twice as likely to use traditional affiliates over any other type of partnership. The 2019 study saw a nearly even use of strategic partnerships, traditional affiliates, media houses, influencers, and retailer partnerships. The 2020 study, however, only surveyed D2C decision makers — which could account for the shift. Most respondents said they use approximately 37 traditional affiliates. Dealers/agents came in a distant second, with approximately 20 partnerships on average (see Figure 1). Traditional affiliates are defined in our study as companies that specialize in driving traffic to owned channels. They typically receive a commission for leads and/or sales generated from that traffic, including coupons, cashbacks, deals, rewards, loyalty, and comparison sites. All maturity groups most heavily use traditional affiliates but low-maturity companies are the most dependent upon them. Low-maturity firms use an average of 49 traditional affiliate partnerships while high-maturity firms use 38. But high-maturity firms also use nearly 27 dealer or agent partnerships (low-maturity firms use eight) and 13 strategic partnerships (low-maturity firms use five) (see Figure 2).
- **Finding the right partner mix is critical.** Partnerships come in many shapes and sizes. Every company needs to assess the right mix of partners to meet its business goals at each phase of the partnership journey. Different types of partners drive different types of results. Influencers, affiliates, and ambassadors can help you reach your specific target audience in their moment of need. Partners that influence the buyer early in the journey may not influence renewals, retention, and expansion later in the cycle. When designing a partner ecosystem, channel managers must look at the entire buyer's journey for each stage. Understanding the journey, including buyers' behaviors and psychology, is crucial in determining whether your current channel partners will be the right ones going forward.[2] Yet finding the correct mix is one of the biggest challenges your business will face at each phase of the partnership journey.

  Traditional affiliates are the most used partnership type across all maturity groups. But we see significant differences across maturity groups with service providers/managed service providers (MSPs)/integrators (defined in our study as category specialists that sell your products and gain additional revenue by selling complementary services). High-maturity companies only use an average of seven service providers/MSPs/integrators, compared to 14 for average-maturity companies and four for low-maturity companies. Use of dealers/agents also varies widely across maturity groups: 27 for high-maturity companies, 20 for average-maturity companies, and an average of eight for low-maturity companies.

"We spend a lot of time duplicating work. There are often multiple out reaches when we are getting partnerships. It is a very manual process and things get dropped and lost."

Head of US marketing for a retail chain

Figure 1

	Average number of partners by type for total study base
Traditional affiliates	**37**
Dealers/agents	**20**
Influencers	**16**
Retailers/resellers/value-added resellers	**15**
Nontraditional affiliates/ambassadors	**14**
Service providers/MSPs/integrators	**11**
Strategic partnerships	**10**
Media houses	**9**

Base: 454 global partnership, marketing, business development, and sales professionals who lead performance-based, nonreseller partnership strategies and programs
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2020

Figure 2

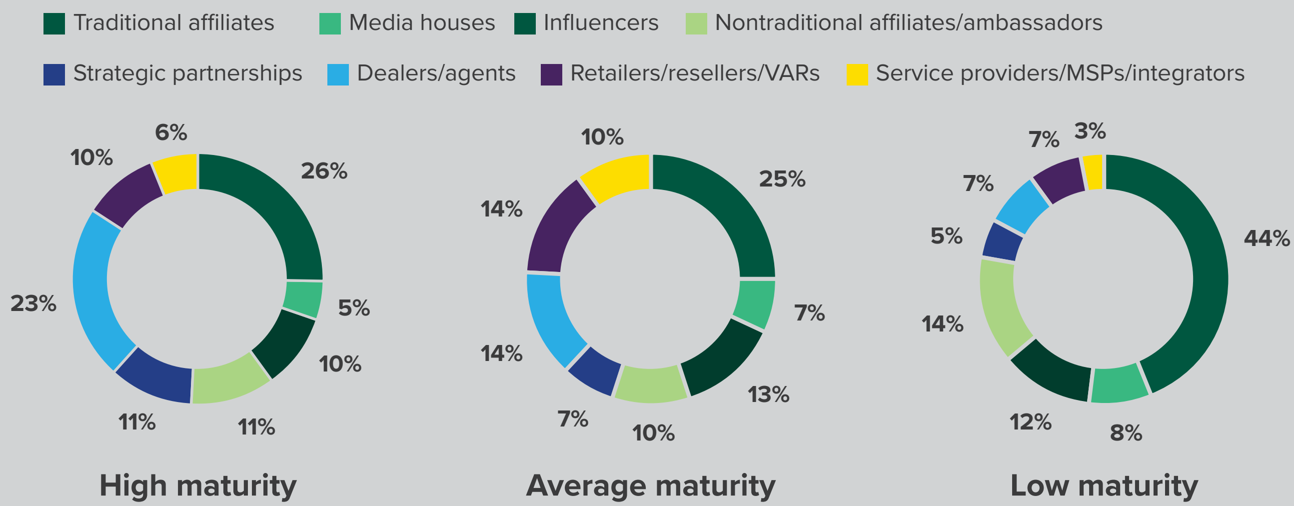
Number Of Partners By Segment

	North America	EMEA	APAC
Average number of partnerships	173	118	91

	Low maturity	Average maturity	High maturity
Average number of partnerships	111	142	118

	Financial services	Retail	Travel and hospitality	Consumer software
Average number of partnerships	110	85	160	190

Average Partner Mix By Maturity



Base: 454 global partnership, marketing, business development, and sales professionals who lead performance-based, nonreseller partnership strategies and programs
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2020
Note: Percentages may not total 100 because of rounding

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Partnership mixes vary significantly by industry and geography (see Figure 3):

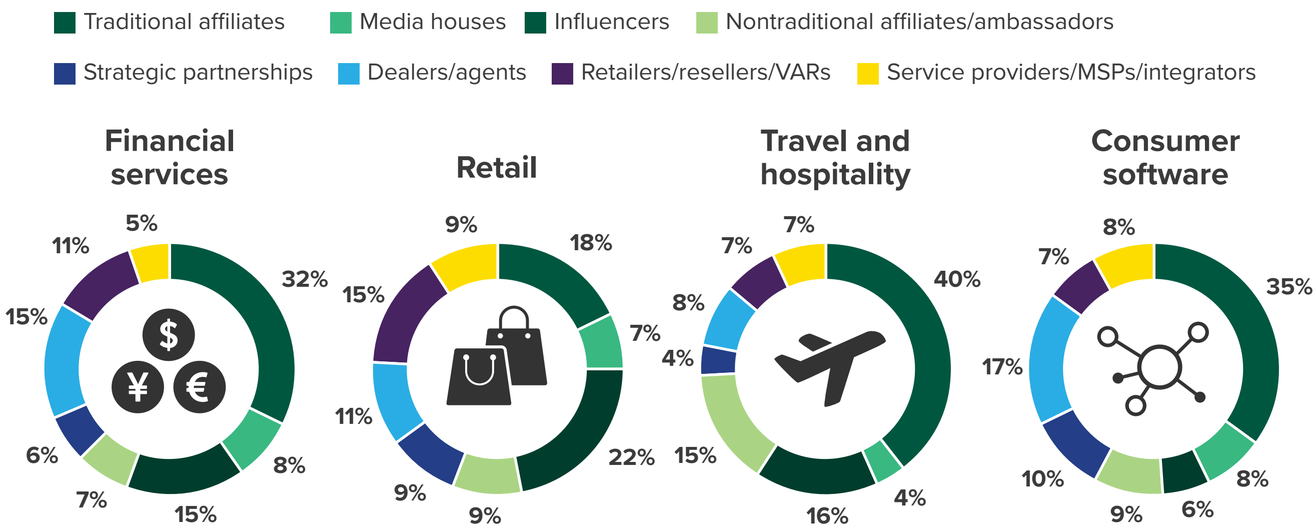
- Financial services businesses use an average of 110 partnerships, placing them just above retail businesses (at 85 partnerships). Traditional affiliates are the most common partnership type for financial services businesses (at an average of 35). Financial services businesses also use an average of 17 influencer and 16 dealer or agent partnerships.
- Retail businesses use the least number of partnerships of all industries in our study. However, retailers use a good mix of partnership types. Influencers are their top choice, with most using about 18 influencer partnerships. On average, retailers rely on 16 traditional affiliate partnerships and 13 retail/reseller partnerships.
- Travel and hospitality businesses use an average of 160 partnerships. They use an average of 64 traditional affiliate partners and heavily rely on influencers, with 25 partnerships and 24 nontraditional affiliates/ambassadors on average. In our study, we defined nontraditional affiliates/ambassadors as companies or individuals who do not necessarily specialize in affiliate marketing as a discipline but whose presence or reach align with the target audience. Examples include veterinarian groups and dog walkers that promote a pet supply retailer; beverage delivery agents that promote a food delivery service provider; and accounting firms that promote tax software.
- Of the industries in our study, consumer software businesses use the most partnerships (190 on average). Traditional affiliates are most used by software businesses (67 partnerships on average). The second most used partnership type is dealers or agents, with consumer software businesses using an average of 31 such partnerships.

"We know our customers very well. We look for partners that best match our initiatives. For example, with our airline credit cards, we target partners that focus on travel junkies, people who are obsessed with getting airline points and are loyal to that airline brand. Other initiatives, like retirement planning, are more demographically targeted. Partners that reach those demos are critical."

SVP of digital banking and lending at a US-based financial organization

Figure 3

Average Partner Mix By Segment



Average Partner Mix By Regions

	North America	EMEA	APAC
Traditional affiliates	40%	20%	10%
Media houses	5%	7%	10%
Influencers	12%	13%	10%
Nontraditional affiliates/ambassadors	9%	13%	12%
Strategic partnerships	6%	8%	12%
Dealers/agents	11%	19%	18%
Retailers/resellers/VARs	11%	12%	15%
Service providers/MSPs/integrators	6%	8%	13%

Base: 454 global partnership, marketing, business development, and sales professionals who lead performance-based, nonreseller partnership strategies and programs
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2020
Note: Percentages may not total 100 because of rounding

Recommendations for partner mix:

Improve your partner maturity mix by taking some key steps based on what we learned from high-maturity companies in this study. To move from low to average maturity, begin by diversifying your partner mix. (Low-maturity firms are far too reliant on traditional affiliates while average-maturity firms' partner with a wider variety of partner types.)

Once you test the waters with new partners, refine your mix based on buyer type, geography, product, and market vertical. High-maturity companies in our study still use numerous traditional affiliates and dealers/agents, but they also meet desired outcomes by using nontraditional affiliates and strategic partners.

With this year's study, Forrester wanted to understand what high-maturity partnership programs look like. We also aimed to identify the tactical differences between high-maturity and low-maturity firms. Examining differences in capability allowed us to build a roadmap that can help low-maturity companies level up partnership programs at every phase of the partnership lifecycle. We also noted key tactical differences across regions and industries during the partnership journey.

› **Maturity is assessed based on overall capability.** We looked at three different components to determine maturity: 1) the ability to leverage an automated approach; 2) the level of challenges; and 3) self-assessed status, ranging from beginner to expert, for each partnership phase (see Figure 4).

In both the 2020 study and the 2019 study, we found that partnerships are increasingly crucial to revenue growth. They come in many shapes and sizes, with industry, location, and maturity all impacting the ideal partner mix. This year's study lays out recommended tactics for each phase of the partnership journey, with the goal of helping your organization build a high-maturity, best-in-class partnership program that drives revenue growth, brand awareness, and market share.

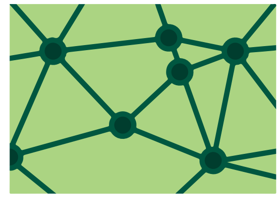
Figure 4

Partnership Program Maturity Model Overview

Base: 454 global partnership, marketing, business development, and sales professionals who lead performance-based, nonreseller partnership strategies and programs
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2020

Roadmap For The Partnership Journey

Partnership decision makers undertake a long journey when building best-in-class partnership programs. However, it is unrealistic to master every single tactic at each phase of the partnership journey. We defined the seven phases of the partnership journey as: planning, discovery and recruitment, contracting and payouts, tracking, engagement, protecting and monitoring, and optimization. This study provides the necessary framework to improve your partnership journey — regardless of your organization's level of maturity, industry, or region. It also explains how to gain success at each phase.



"Planning and tracking are where we struggle the most. We don't have a clear way to evaluate the lifetime value of our partnerships. Similarly, in the planning phase, most partners can't tell me what they will do for my business in terms of measurable impact. That's really where a lot of partnerships never make it over the threshold because they may do a great job showing how it ties to my market segment and they can show me the impressions, but they can't tell me what it's going to do for my business."

Head of US marketing for a retail chain

BEGIN WITH THE PLANNING PHASE

- The planning phase is crucial. It is also the second most challenging phase after discovery and recruitment (for high-maturity companies) and optimization (for low-maturity companies). Planning includes forecasting, understanding routes to market, coverage mapping, and your capacity plan and targets. Knowing your objectives helps make your plan a success. Fifty-eight percent of high-maturity firm respondents in our study ranked *understanding if their organization has the channel capacity, staff, and budget in place to have successful partnerships* in their top three most important planning tactics. This area is also where high-maturity firms spend the most time (26%), closely followed by *defining a go-to-market strategy* (24%).
- The planning phase is where you design your go-to-market (GTM) strategy. It must include very specific goals. *Defining a GTM strategy* is the most important tactic for high-maturity businesses in the planning phase, with 58% of respondents ranking it in their top three most important planning tactics. As you set your goals, it is important that your partners understand your growth targets by buyer type, geography, product, and market vertical.

Tactical Tip: *The world is growing, and partnerships and their influence are changing. Take off your blinders and look at a wider aperture of partner types earlier in the journey to see who may have influence over your customers.*

- Our global study revealed several key tactical differences across regions during the planning phase:
  - *Defining a GTM strategy* is the top tactic for both North America (24%) and Europe, the Middle East, and Africa (EMEA, 27%). Organizations in those regions spend most of the planning phase working on it.
  - *Defining a GTM strategy* is far less important to D2C marketers in Asia-Pacific (APAC), with only 17% selecting it as their most important tactic. *Evaluating channel readiness and partner experience* is the top planning tactic in APAC, with 28% of APAC respondents selecting it as most important. This is by far where they spend a majority of the planning phase.

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- The planning phase is important in building your partnership journey, but it does not look the same across all industries. Top planning tactics by industry include:
  - Financial services: 32% *defining a GTM strategy*
  - Consumer software: 25% *defining a GTM strategy*
  - Travel and hospitality: 29% *evaluating channel readiness and partner experience*
  - Retail: 28% *evaluating channel readiness and partner experience*
  - Respondents in financial services, retail, and travel and hospitality said their organization spends the most planning time *evaluating channel readiness and partner experience.* Consumer software companies spend the most time in this phase *performing a partner gap analysis.*

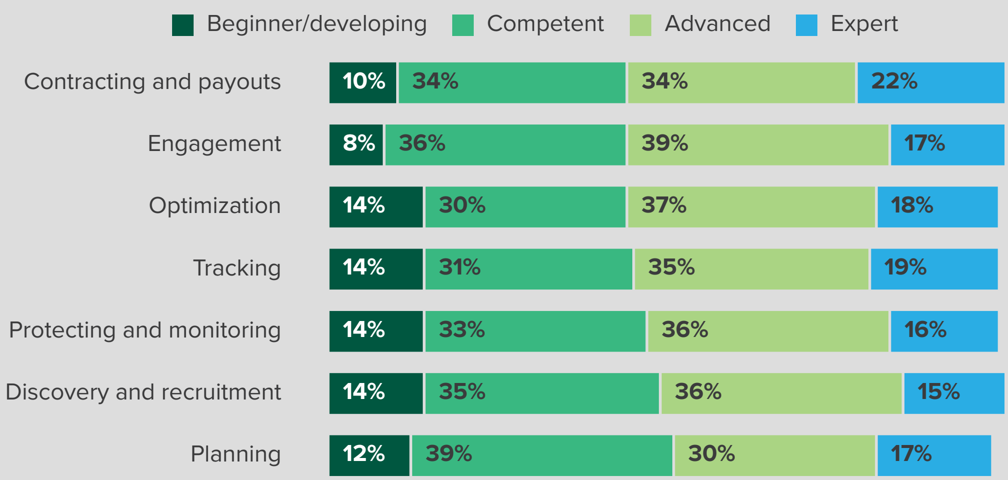
Recommendations for maturity level:

Based on the high-maturity behaviors we saw in the study, taking a few key steps during planning can improve your company's maturity level. Most D2C marketers can improve at this phase since 51% consider themselves *beginner to competent* at planning (see Figure 5). If your company is at low maturity, begin by *defining your GTM strategy.* Ensure that it includes a clear definition of your end goals since success cannot be measured if you do not know which success metrics matter to you. Identify the targets you want to reach with partners. If you fall in the average maturity group, focus on *building coverage maps* and *capacity planning.* You also need to know where your customers are — and whether you are reaching them at the right time and on the right channels. Build *persona maps and profiles* to gain deep customer understanding.

Planning is the second-most challenging phase behind discovery and recruitment for high-maturity companies and behind optimization for low-maturity companies.

Figure 5

"How would you describe your organization's capability in each of the following phases of partnership programs?"



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Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2020
Note: Percentages may not total 100 because of rounding

FOCUS ON AUTOMATION DURING DISCOVERY AND RECRUITMENT

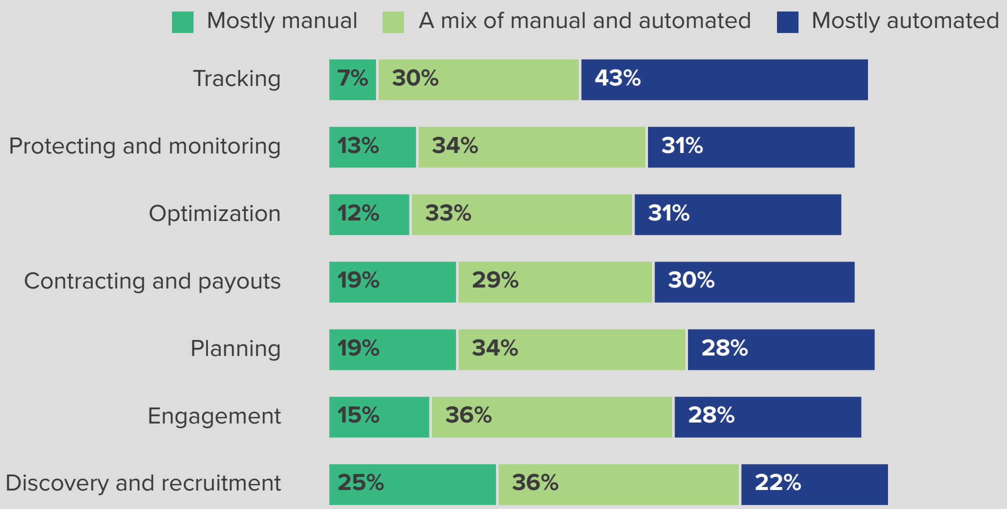
› Discovery and recruitment comes after you have completed the planning phase and understand the kinds of partnerships you desire, your routes to market, and your target. During this phase, define your recruitment strategy and where best to recruit partners. Leverage what your target partners read, who they follow, and where they go as key indicators of their fit with your buyers.

› The first section of this study revealed that companies work with potentially hundreds of partners to create large, complex, and sometimes disconnected partnership programs that need streamlining and automation. Not surprisingly, 25% of respondents said their company's discovery and recruitment phase is mostly manual. Another 36% said it is a mix of manual and automated processes. This feedback indicates that discovery and recruitment is the most manual phase of the partnership journey (see Figure 6).

› You can work with any combination of partner types, but keep in mind that finding the best partner fit is not an exact science. As the head of US marketing for a retail chain notes, "Finding the right partner mix has involved a lot of trial and error over the last year." Dozens of macro variables come into play as you build your partnership program. Consider business details such as product, geography, industry/subindustry, sector, size, and your partner(s) business model(s). Each factor impacts which partners work best for your GTM strategy and how they meet the goals you defined during the planning phase.

Figure 6

"Which of the following best describes the automation at each of the following phases of your partnership programs?"



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- Understanding key micro variables about a partner's business is also important in formulating your partnership program. What is the partner's audience? Does it complement or overlap with yours? What value does the partner deliver to its audience? How does it connect with your audience and improve the customer experience? What are your shared goals? What is the value exchange with the partner? How does the partner fit with your brand? If the answers to these questions align with your partnership expectations, you have identified a good partner to move forward with on your journey.
- Geography is a key category that impacts success during discovery and recruitment. We found key differences in discovery and recruitment tactics between the three regions in our study, including:
  - North America: 22% *identifying and qualifying partners*
  - EMEA: 19% *defining the standards and criteria for partner acceptance*
  - APAC: 21% *finding partner recommendations and look-alikes*
  - Respondents from all three regions said their organizations spend the most time during discovery and recruitment *finding partner recommendations and look-alikes* and *identifying and qualifying partners.*
- Industry is another key category of impact on partner discovery and recruitment. Top discovery and recruitment tactics by industry include:
  - Financial services: 25% *identifying and qualifying partners*
  - Travel and hospitality: 20% *finding partner recommendations/look-alikes*
  - Retail: 22% *setting recruitment goals*
  - Consumer software: 17% *setting recruitment goals and targeting by partner segment and personalization*
  - Respondents in financial services, consumer software, and travel and hospitality said their organizations spend the most time in this phase *finding partner recommendations/look-alikes.* Respondents in retail said their organizations spend the most discovery and recruitment time *identifying and qualifying partners.*
- Only 15% of respondent D2C decision makers consider themselves discovery and recruitment *experts.* In fact, 49% of D2C respondents consider themselves to be *beginners* or *competent.* When a company finds a partner that delivers above average or excellent results through the partnership, D2C decision makers prioritize finding *look-alike partners. Identifying look-alikes manually or utilizing models that recommend partners that match brands/advertisers* is a top three capability for both high-maturity (55%) and low-maturity (46%) companies. *Relying on partner recommendations* is part of the tactic. It is important to remove the guesswork and piggyback on your previous successes.

A quarter of respondents said the discovery and recruitment phase is the most manual phase of their organization's partnership journey.

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Tactical Tip: *Analyze partners by their role for buyers, subvertical, geography, size of customer and product area, and locate the segment of partner that is driving the most sales. Expand your program along these areas of strength instead of recruiting completely new classes of partners.*

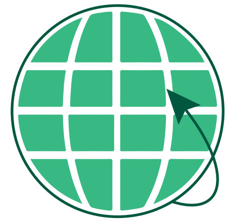
- High maturity most strongly correlates with successful execution during the optimization, protecting and monitoring, and discovery and recruitment phases, in that order.

Recommendations by maturity level:

Improving your company's maturity level during discovery and recruitment requires a clear understanding of your partnership needs. Mirror high-maturity companies from this study to improve your tactics at this phase. Low-maturity companies are *finding look-alike partners* based on where they have already seen success. This is a good place to start. But in order to move up to average maturity, look at your channel data and begin *identifying and qualifying partners that reach your customers across their trusted channels.* Once you have taken this step you can move toward higher maturity in this phase. Begin by *defining clear status and criteria you require for partner acceptance.* Then automate and scale your application and agreement process to streamline workflows. Additionally, *target by partner segment and personalize outreach.* To ensure the broadest success, select partners that meet your needs across as many of your business criterion as possible.

BUILD PARTNER LOYALTY DURING THE CONTRACTING AND PAYOUTS PHASE

- Contracting and payouts is the next phase. Now is the time to figure out the financial relationship between you and your partners. There are more than a dozen ways to pay a partner: as an affinity partner, an affiliate, an advocate, an ambassador, an alliance, a digital influencer, a super connector, and more. Think of this phase as "onboarding." Successfully onboarding partners at this point correlates to long-term partnership success. It also requires personalized education, training, and certification.
- With so many ways to build financial relationships with partners, it is important to understand business relationships and what makes each partner tick during the early phases of your partnership journey. The payout process is complex, with countless global currencies and tax systems to consider across partners and geographies. Respondents from companies in the three regions of our survey agreed that the most important capability during contracting and payouts is *building segment-specific terms in their contracts* (North America: 26%, EMEA: 26%, and APAC: 22%). This area is also where companies in each region spend the most time.



"There are a few key markets that we are looking into partnering with — some in Japan, some in Korea, and some in China. But China is a little bit different because of its prevalence of using digital ePayments. Right now in Asia, eCommerce platforms are very popular, especially with the proliferation and maturity of the internet or globalization of travel and the logistics."

Senior manager for a global hotel brand

Tactical Tip: *Look at your indirect channel like an ecosystem where intrafirm value creation, leveraging each other's networks, and joint innovation are key objectives. Give them a "home" inside your partner program regardless of their business model and market focus where they can build specialization, collaborate with other noncompetitive firms, and better serve the customer.*

- We found minimal variation in the top contracting and payouts tactics by industry. These include:
  - Consumer software: 33% *building segment-specific terms into contracts*
  - Financial services: 28% *building segment-specific terms into contracts*
  - Retail: 25% *building segment-specific terms into contracts*
  - Travel and hospitality: 22% *setting behavioral bonuses, tiered incentives, and rebates for partners*
  - *Building segment-specific terms into contracts* is the tactic all industries spend the most time on during the contracting and payouts phase.
- Beyond the financial and legal necessities of this phase, now is the time to build loyalty with your partners. *Running partner loyalty programs* is one way high-maturity companies stand out. Eighteen percent of respondents with high-maturity companies ranked *running a partner loyalty program* as the most important contracting and payouts capability, compared to just 13% of respondents with low-maturity companies.

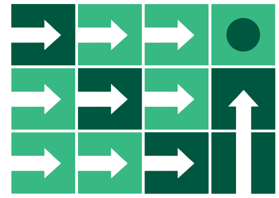
18% of high-maturity companies ranked running a partner loyalty program as the most important contracting and payout capability compared to only 13% of low-maturity companies.

Recommendations by maturity level:

Lower-maturity companies can improve performance during contracting and payouts by moving away from a focus on contests and rewards. Instead they can work toward building loyalty along the same lines that high-maturity firms prioritize partner loyalty programs. Partners that feel valued and have a positive experience are more likely to remain loyal and build more robust partnerships that yield success for both parties. Once you have built loyalty, gain higher maturity by turning your focus to setting behavioral bonuses, tiered incentives, and/or rebates. These types of bonuses promote positive behaviors and set expectations for partners.

DEFINE SUCCESS DURING THE TRACKING PHASE

- The tracking phase is when you decide how to measure partnership success. We also found that tracking is the most automated phase of the partnership journey. Forty-three percent of D2C decision makers said that tracking is mostly automated within their company, while only 7% said it is mostly manual (see Figure 6). High-maturity companies are more than three times as likely to have this phase mostly automated (67% compared to 20% of low-maturity companies). As the senior manager for a global hotel brand commented: “We try to automate as much of our tracking process as possible. We have prioritized automating tracking to support our payment methods. Automating our tracking allows us to track a lot of information about our partnership programs and our customers. It allows us to be up to speed during personal interactions with our customers. Service is still at the core of what we do.”
- During the tracking phase you must make critical decisions about which metrics are most important to your company, how to measure them, and how to report them. Most metrics do not require real-time or near-real-time measurement (except during seasonal events like Black Friday), but you may want to check some daily and others weekly or monthly. This is where the ability to automate and scale measurement becomes critical. Fifty-five percent of respondents from high-maturity companies ranked *tracking granular category or item-level data by providing partners with product feeds and APIs* in their top three tracking capabilities.
- The most important tracking capability across all maturity groups is tracking the role the customer plays in the journey of new versus returning acquisition. Respondent D2C decision makers want to know if a specific partner introduces a lot of new traffic into the customer journey that ends up eventually converting. This is also where D2C decision makers said they spend the most time in this phase. Twenty-one percent of respondents from high-maturity firms ranked this capability as most important. The rankings for average and low-maturity companies were 22% and 27%, respectively. They can then leverage these learnings to find look-alikes for future partnerships .
- We found minimal variation in the top tracking tactic by industry, including:
  - Retail: 29% *integrating tracking granular category or item-level data by providing partners with product feeds and APIs*
  - Consumer software: 27% *integrating tracking granular category or item-level data by providing partners with product feeds and APIs*
  - Financial services: 25% *tracking the role the customer plays in the journey of new versus returning acquisition*
  - Travel and hospitality: 20% *integrating tracking granular category or item-level data by providing partners with product feeds and APIs* and *tracking the role the customer plays in the journey of new versus returning acquisition*
  - *Tracking the role the customer plays in the journey of new versus returning acquisition* is the tactic financial services, retail, and consumer software companies spend the most time on during the tracking phase. Respondents in travel and hospitality said their organizations spend the most time on *integrating tracking granular category or item-level data by providing partners with product feeds and APIs.*



“We track tons of KPIs. The most important metrics are around engagement. We mostly focus on an older, retired customer, so we are still tracking the number of times people call our 800 number or respond to our direct mail campaigns. But we are still tracking the clicks online and our online marketing campaigns.”

SVP of digital banking and lending at a US-based financial organization

High-maturity companies are more than three times as likely to have the tracking phase mostly automated than low-maturity companies.

- Geography is less of a factor during tracking. The top tracking tactics by region include:
  - North America: 21% *integrating tracking granular category or item-level data by providing partners with product feeds and APIs* and *tracking the role the customer plays in the journey of new versus returning acquisition*
  - EMEA: 24% *tracking the role the customer plays in the journey of new versus returning acquisition*
  - APAC: 30% *integrating tracking granular category or item-level data by providing partners with product feeds and APIs*
  - Organizations in all three regions spend the most time in the tracking phase, *tracking the role the customer plays in the journey of new versus returning acquisition.*

***Tactical Tip:** Automate key areas of your partner monitoring and measurement. Build your program with the ability to scale from the very beginning, and make sure to reduce processes, business rules, and workflows that rely on human touches.*

Recommendations by maturity level:

Tracking is the phase of the partnership journey where companies at all levels of maturity feel most confident. They have the tools to automate the measuring and reporting of key metrics. However, low-maturity companies can mature even further by mirroring high-maturity companies. Start by improving your ability to *build cross device customer journeys.* Since today's customers leverage multiple devices across multiple channels, stitching together a customer's full partner journey across devices can set you apart from competitors. Next, move from average maturity to high maturity by *expanding the scope of tracking partner conversions in-app.* Now is time to think beyond your website. Track across all your channels, including mobile app, to understand where you see the most engagement and conversions from customers across all partners platforms.

EXPAND YOUR ENGAGEMENT CURVE TO PROTECT YOUR BUSINESS

- To successfully engage with customers, it is critical to have clearly defined business relationships with your partners at the earlier stages of the partner journey. These solid foundations give you the leverage you need to activate partnerships and effectively communicate with partners during the engagement phase.

"We track lifetime value closely. We want to know as much information about our programs as possible. It is really important to know as much as we can so we can better tailor campaigns and target more converting customers."

SVP of digital banking and lending at a US-based financial organization

- The 80/20 rule applies to engagement for most partner relationships. The truth is that 80% of your partner revenue is driven by about 20% of your partners (see Figure 7). The goal is to stretch your success rate as much as possible. Losing one of your highest-performing partners to a competitor, for example, can have a devastating impact on your business. The rule sometimes can be as extreme as 90/10, making it even more critical to protect high-performing partnerships by expanding your engagement curve.

Figure 7

Partnership 80%/20% Rule

Tactical Tip: *Build your partner-facing portal and tools to be fully self-service, flexible, and easy to use. Drive engagement around sales and marketing while automating operational and financial functions.*

- The engagement phase is one of the least likely to be "mostly automated" because it is usually human-based. Channel account managers are often on the road shaking hands and building relationships. There are opportunities to automate some key tactics, however, such as *setting up education, training, and certifications.* Other tactics, like *mentoring partners or promoting and marketing partners via marketing and social channels,* still require a hands-on approach.

› Respondents in the industries in our study said they address engagement tactics differently. These are the top engagement tactics by industry, based on needs:

- Financial services: 31% *promoting and marketing to partners via marketing/social channels*
- Consumer software: 31% *promoting and marketing to partners via marketing/social channels*
- Retail: 26% *executing partner onboarding processes and having partner playbooks*
- Travel and hospitality: *25% setting up education/training/certification/ development*
- *Promoting and marketing to partners via marketing/social channels* is the tactic all respondents' industries spend the most time on during the engagement phase.

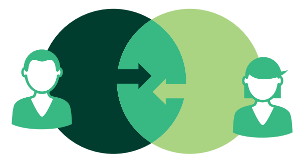
› However, top tactics by region are similar during the engagement phase. They include:

- North America: 31% *promoting and marketing to partners via marketing/social channels*
- EMEA: 25% *building and maintaining partner portal/sales enablement/content sharing*
- APAC: 33% *promoting and marketing to partners via marketing/ social channels*
- Organizations in all three regions spend most of their engagement time *promoting and marketing to partners via marketing/social channels.*

› **Maturity makes a big difference at the engagement phase.** Twenty-six percent of respondents with high-maturity companies ranked *building and maintaining partner portal/sales enablement/content sharing* as their top engagement capability compared to only 16% of respondents with low-maturity companies. High-maturity companies are also *acting as mentors to partners and leveraging executive sponsors,* with 64% of respondents from those companies ranking this engagement capability in their top three compared to 52% of respondents with average-maturity companies and 46% with low-maturity companies. Expanding your engagement curve is critical to improving maturity during this phase of the partnership journey.

Recommendations by maturity level:

To expand your engagement curve, start by making the partnership as easy as possible for your partners. High-maturity companies have *built and are maintaining partner portals, focusing on sales enablement,* and *allowing easy content sharing with partners* at a much higher rate than low-maturity companies. Once companies have established better communication and content sharing, they can move from average to high maturity by *acting as mentors to partners and leveraging executive sponsors.* This builds a personal and professional connection between parties and makes partners want to improve and deepen engagement.



Engagement is the second-least-challenging phase of the partnership program for companies just above contracting and payouts.

DETECT FRAUD AT SCALE DURING THE PROTECTING AND MONITORING PHASE

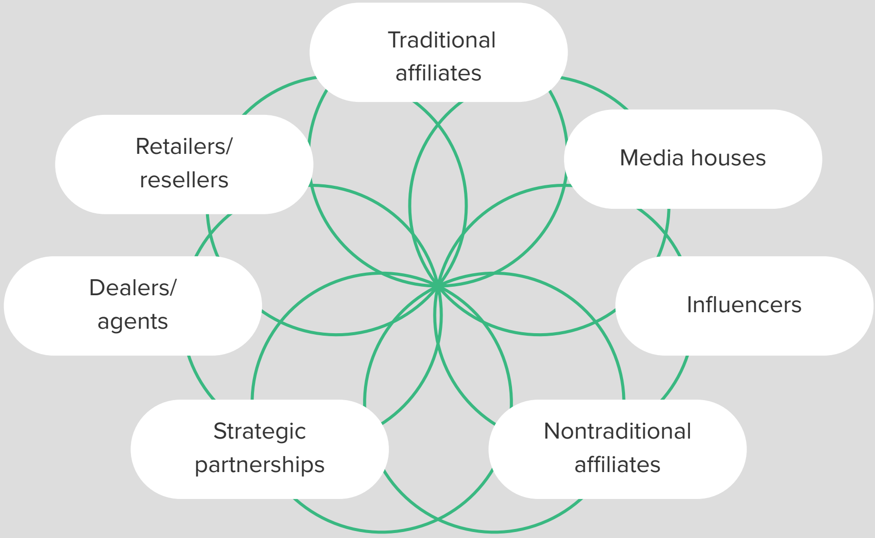
- Creating a partnership program that ensures regulatory compliance is critical to building a good partner relationship. The route your GTM strategy takes could cross dozens of places, which requires clear rules of engagement that everyone at your company follows. These rules must have sharp guidelines for brand and regulatory compliance. For example, partners require clear guidance on whether they need to immediately remove expired coupons, and whether they can bid on trademarked key word terms that drive up the price of your branded cost-per-click (CPC) campaigns.
- An important tactic during the protecting and monitoring phase is *monitoring and managing conflict.* Every business has a natural amount of positive conflict. You do want some friction because if your market routes do not encounter each other you are not covering the marketplace. Think of your partnerships as a Venn diagram rather than a series of stacked boxes (see Figure 8).
- D2C decision makers must be cautious of overpayment and fraud during this phase of the partnership journey. Payment parameters must be clearly defined, whether performance-based or, for influencers, based on workflows that allow the partner to submit work. To avoid fraud, ensure that payments are approved by a person or a system. You will require skilled staff members with a deep understanding of the data and an ability to find suspicious patterns within it. Over a quarter (26%) of D2C decision makers said that finding staff members with the right skill sets is challenging at this phase. Many turn to third-party solutions to identify suspicious devices and device farms, flag anomalous conversion paths, reverse-engineer fraud techniques, and detect session-level spoofing.

"Since we are an international business, we deal with lots of types of currency and lot of different internet laws. One of our biggest partnerships is with a mega-retailer out of APAC. Due to the way the Chinese internet works, we are constantly trying to get more transparency into the processes. It requires a lot of expertise and a lot of negotiations, and sometimes it goes beyond the two companies that are working together."

Senior manager for a global hotel brand

Figure 8

Create Natural Friction To Cover The Market



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- The data from our study show that respondent D2C decision makers from all maturity groups, regions, and industries agree that *monitoring the quality of actions* is the most important protecting and monitoring capability and where they spend the most time in this phase. In other words, they monitor the quality of referral traffic for intent, for example, how many visitors bounced? Do some have low intent and never end up converting?

Tactical Tip: *Look for opportunities to automate processes and workflows that can be governed with strict business rules and audited for compliance. Move exceptions into to a human-monitored approval queue.*

Over a quarter (26%) of respondent D2C decision makers said finding staff with the right skill sets is challenging at this phase.

Recommendations by maturity level:

Protecting and monitoring has the second highest correlation with high maturity. It is important to get it right by mirroring tactics used by high-maturity companies. Some key tactics can improve your maturity during this phase. Low-maturity companies need to *ensure regulatory compliance of partner creative*. Compliance is critical to ensure success and meet regulatory requirements. While all industries must meet regulatory requirements, it is particularly critical in financial services. Move from average to high maturity by paying particular attention to fraud. High-maturity companies *are clawing back overpayments and preventing fraudulent payouts to protect their business.*

OPTIMIZE YOUR PARTNERSHIPS BY THROUGH FINE-TUNING

- Once you have taken the necessary steps in previous phases of the partnership journey, you are ready to optimize. Every partnership can use some fine-tuning or course correction, including making changes to your partner mix. For example, you would not run a global incentive plan by mailing a coffee gift card to everyone on your partner list — not everyone has the same coffee shop brand nearby and not everyone drinks coffee. Instead, use elasticity testing to optimize your incentive program to drive higher traffic to your properties until you see the best return on your investment.

The optimization phase has the highest correlation to high maturity in our study.

- All these moving parts mean that the optimization phase most strongly correlates to high maturity in our study. As you gain experience and data you continue to improve. You have in place the right staff with the right skills, find better technology, automate more of the process, and find your ideal partner mix. While making all these adjustments, try to avoid negative impact on your business by “failing fast and cheap.” The head of US marketing for a retail chain said her company is still figuring out this strategy in its partnership journey: “I would love to tell you that our partner mix is more intentional than it is. In previous jobs, we have had a clear rubric of how we decide on partnerships, but that is not true here. As long as the risk doesn’t seem too high and the cost is low, we’ll try it. We try to fail fast, if we do fail.”

Tactical Tip: *Look for market opportunities to grow adjacent to areas of strength. Experiment with partners that influence a similar type of buyer in a different department, an adjoining geographic region, or a related subvertical by running small pilots.*

Respondents from many industries in our study each ranked a different optimization capability as most important to their business. The top optimization tactics by industry include:

- Consumer software: 30% *measuring partner ROI and incrementality of each partner*
- Retail: 28% *forecasting and revenue management*
- Financial services: 27% *measuring partner ROI and incrementality of each partner*
- Travel and hospitality: 27% *testing elasticity of partners*
- Travel and hospitality and consumer software companies spend the most time during optimization *testing elasticity of partners*. Financial services companies spend the most time on *forecasting and revenue management.* Retail companies spend the most time on *measuring partner ROI and incrementality of each partner.*

› The most important optimization tactics by region include:

- North America: 34% *measuring partner ROI and incrementality of each partner*
- EMEA: 18% *testing elasticity of partners* and *segmenting and analyzing partners' audiences in detail*
- APAC: 27% *forecasting and revenue management* and *testing elasticity of partners*
- Respondents from all three regions said they spend the most time on different optimization tactics. North American companies spend the most time *measuring partner ROI and incrementality of each partner.* Companies in EMEA spend the most time *maintaining partner KPI scorecards.* APAC companies spend the most time *testing elasticity of partners.*

"Many of our partnership programs are optimized to work with Alibaba. We are in the APAC market, and that platform is the best fit."

Senior manager for a global hotel brand

Recommendations by maturity level:

High-maturity companies use some key optimization tactics that can elevate low-maturity companies to average maturity. Start by *maintaining partner KPI scorecards* to gain a clear view of partnership performance. Additionally, *segment and analyze your partners' audiences in detail.* Learn where synergy exists and where your partnership budget is wasted. Average-maturity companies should not spend too much time on *changing your commission structure for a given partner to see the impact on traffic or sales* (e.g., testing elasticity). *Benchmark your performance against your competitors and against your industry* to optimize where you are underperforming.

Think of your partnerships like the layers of an onion; start on the outside and work your way in. You will find many moving parts at each phase of the journey. Rushing in and then finding yourself lost because you did not build solid business and financial relationships with your partners at the start does not benefit your company. Consistently look for ways to improve your process, people, and technology, and your organization's maturity will grow.

Key Recommendations

Our study found areas of great disparity between responses from D2C decision makers at high-maturity organizations and those at low-maturity organizations (see Figure 9). These disparities indicate some of the best places in the partnership journey to begin to make improvements that grow maturity. We recommend mirroring high-maturity organizations at each phase.

Figure 9

	MOST IMPORTANT CAPABILITY High maturity	MOST IMPORTANT CAPABILITY Low maturity	Recommendations to low-maturity companies
Define go-to-market strategy	26%	16%	Increase
Create persona maps/ partner profiles	7%	16%	Decrease
Identify/qualify partners	14%	25%	Decrease
Target by partner segment and personalization	12%	4%	Increase
Run contests and awards	9%	19%	Decrease
Build and maintain a partner portal and focus on sales enablement and content sharing	26%	16%	Increase
Test elasticity of partners	16%	29%	Decrease

PLANNING PHASE | DISCOVERY AND RECRUITMENT PHASE | CONTRACTING AND PAYOUTS PHASE | ENGAGEMENT PHASE | OPTIMIZATION PHASE

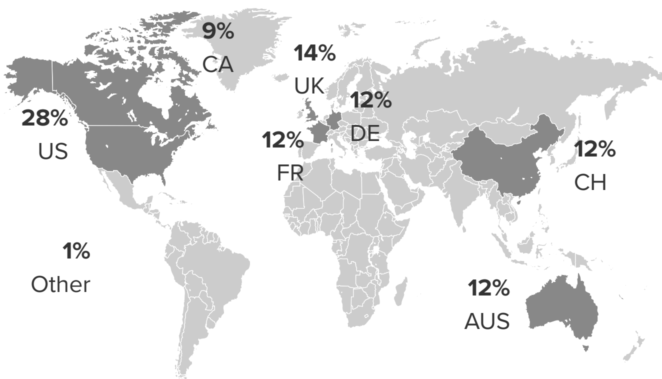
Base: 454 global partnership, marketing, business development and sales professionals who lead performance based, nonreseller partnership strategies and programs
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2020

Appendix A: Methodology

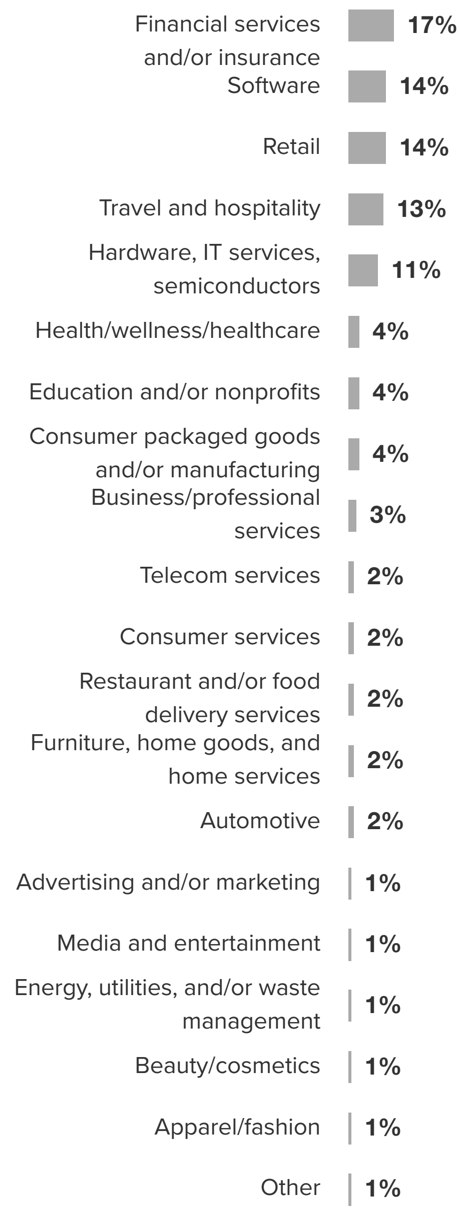
In this study, Forrester conducted three interviews and an online survey of 454 global professionals in partnerships, marketing, business development, and sales who lead performance-based, nonreseller partnership strategies and programs. We asked this group to evaluate the tactical ways their high-maturity companies run partnership programs. Survey participants also included decision makers in business development, sales, customer experience, marketing, strategy, and partnerships. The questions provided asked this group about their levels of automation and expertise, challenges with partnerships, and the importance of specific tactics throughout the partnership journey. The study began in January 2020 and was completed in April 2020.

Appendix B: Demographics/Data

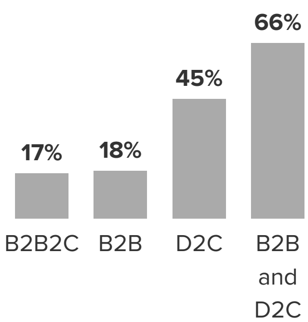
COUNTRY



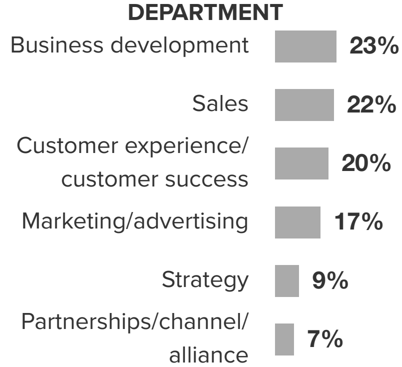
INDUSTRY



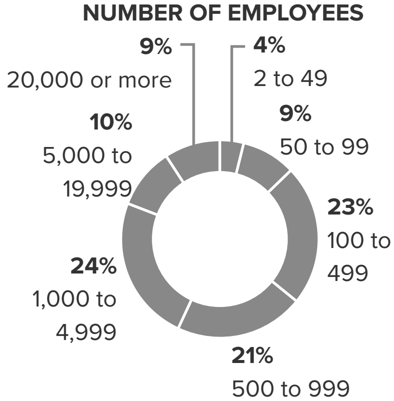
BUSINESS MODEL



DEPARTMENT



NUMBER OF EMPLOYEES



94% have direct contact with the end customer.

Base: 454 global partnership, marketing, business development, and sales professionals who lead performance-based, nonreseller partnership strategies and programs
Note: Percentages may not total 100 because of rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of Impact, April 2020

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Appendix C: Endnotes

[1] "Invest In Partnerships To Drive Growth And Competitive Advantage", a commissioned study conducted by Forrester Consulting on behalf of Impact, June 2019

[2] Source: "Succeeding With An Increasingly Bifurcated Channel Requires Advanced Automation," Forrester Research, Inc., October 9, 2019.