



What's the Channel Hotter Than Paid Search?

Partnerships: Untapped growth drivers for the modern enterprise

1 A secret but proven revenue driver

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- Loyalty programs
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3 Diversifying and activating your partnerships

CHAPTER ONE

A secret but proven revenue driver

Partnerships: Growth, without the headlines

For years, affiliates were the primary example of a partnership that could yield business growth. Recently, the partnership space has evolved and exploded, creating new kinds of partnerships with unlimited opportunity for business growth.

For some organizations, partnerships have grown to the point where they are a bigger growth driver than paid search. According to Wolfgang Digital's 2019 KPI report, the average business generates 18% of its revenue from paid search.¹

High-maturity partnership programs contribute 28% of overall company revenues, while low-maturity programs contribute 18%, according to [Invest in Partnerships to Drive Growth and Competitive Advantage](#), a study commissioned by Impact and conducted by Forrester Consulting.

This increase represents an average of \$162 million worth of incremental revenue for companies with high-maturity programs—a newsworthy increase for most enterprises.



1. Source: Wolfgang Digital, [KPI Report 2019](#), September 2018

Growth opportunities outside of traditional sales, marketing, and advertising

The companies that embrace partnerships are already growing faster than their competitors. For example, technology giant Lenovo drives 25% of revenue through the partnership channel, with 50% year-over-year channel growth.

Other organizations that have maximized the partnership opportunity are seeing their growth index even higher than that, with partnerships serving as the highest driver of new customers with the lowest customer acquisition costs.

This is in stark contrast to the decline of paid search. Paid clicks on Google properties dropped 9% from Q4 2018 to Q1 2019 (QoQ)¹, while Wordstream reports that about one quarter of all accounts have less than 1% conversion rates.²



Partnerships serve as the highest driver of new customers with the lowest customer acquisition costs

1. Source: Search Engine Roundtable, [Google Earnings Show Paid Click Growth Declining With Cost Per Click](#), April 30, 2019
2. Source: Wordstream: [Everything You Know About Conversion Rate Optimization Is Wrong](#), June 9, 2019

Yet partnerships still remain something of a secret, receiving less press coverage or consideration than more established marketing channels like search, which are considered tried and true.

Partnerships may be emerging, but they are proven growth drivers, and they exist outside of the traditional concepts of sales and marketing. Businesses from different verticals are using a variety of partnerships to reach and acquire new customers.

Partnerships	Paid search
50% or greater channel growth, YoY	9% decline in clicks, QoQ
25% of overall revenues	Less than 1% conversion rates for ~25% of all accounts

Changing consumer behavior is driving partnership growth

Changes in consumer behavior are causing an existential crisis for traditional sales and marketing.

A mere 3% of people consider salespeople to be trustworthy,¹ so cold calls and unsolicited help in stores are no longer welcome.

Making matters worse, an Ipsos study found that 69% of consumers don't trust advertising.²

Meanwhile, consumers are spending more time on mobile than their TVs,³ and with these smaller screens and fewer ad opportunities, prices and competition are on the rise. Plus regulations like GDPR and technology changes like ITP limit the ability to use third-party data to track ad effectiveness.

**3%**

of people consider
salespeople
to be trustworthy

1. Source: Hubspot, [Only 3% of People Think Salespeople Possess This Crucial Character Trait](#), April 29, 2016

2. Source: Ipsos, [When Trust Falls Down](#), June 2017

3. Source: eMarketer, [Average US Time Spent with Mobile in 2019 Has Increased](#), June 4, 2019
<https://www.emarketer.com/content/average-us-time-spent-with-mobile-in-2019-has-increased>

People trust partnerships

It's more difficult than ever for enterprises to cut through the noise with a message and acquire new customers. Fortunately, people trust preexisting relationships or other consumers, and partnerships open up new audience opportunities by leveraging this trust. Top businesses are seeing up to \$18 in earned media value for every dollar they spend on influencer marketing alone.¹

The trick is to position your organization in a way that it can leverage this trust.

People trust pre-existing relationships, and partnerships open up new audience opportunities by leveraging this trust.

1.Source: [Influencer Marketing Hub, Influencer Marketing Benchmark Report: 2019](#), Feb. 25, 2019



To what extent is your organization prioritizing the following actions/initiatives to drive success in partnership program(s) over the next 12 months?

Implement tech to optimize partnership management

29%

33%

62%

Increase share of revenue generated from partnerships

26%

39%

65%



Critical priority



High priority

According to Forrester, 62%¹ of organizations feel that implementing technology to optimize partnership management is a critical or high priority over the next 12 months. Nearly two thirds (65%) of organizations see increasing revenue share as a critical or high priority.

To learn more about partnership automation technology, and how it can help manage thousands of partnership opportunities, read our eBook, [Partnership Automation Is the Future](#).

CHAPTER TWO

The new Partnership Economy

The importance of diversification

With people, process, and technology in place, it's easier to drive depth and breadth of partnership coverage. Ten strategic partnerships might drive growth, but 100 can kickstart an entire department, achieving the same or greater level of growth as sales and marketing. The most mature organizations have thousands of partnerships, giving them a competitive edge.

New partnership business models and channel types are growing to take advantage of the modern buyer and buying process. In the next section, you'll see:

- How companies are using these emerging referral-based partners to grow their businesses
- A guide to the new Partnership Economy™ and its bountiful opportunities



The many choices from across the partnership landscape

You've seen how partnerships are growing and how to work them into a business effectively, but what do partnerships look like in practice?

You may be surprised to learn about the sheer number of ways that you can collaborate with another company to help grow an enterprise. "Partnerships" refers to the full spectrum of business relationships and alliances, including strategic B2B partnerships, native software integrations, loyalty programs, social influencers, app-to-app integrations, corporate responsibility/charity, traditional affiliates, premium publishers, and ambassadors. Let's take a look at what each of these types of partnerships look like in practice.



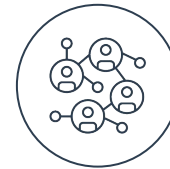
Strategic B2B
Partnership



CSR/Charity



Mobile App
Partnerships



Affiliates



Influencers



Publishers, News
and Content



Ambassadors



Sponsorships



Strategic B2B partnerships

These partnerships are mutually beneficial programs that leverage complementary industries or customer needs, which are set up to increase sales, customer engagement, and/or mindshare for all businesses involved. The originating business usually enjoys a new customer, while the partner business receives a payout for each transaction it delivers.

In action: Airbnb and Qantas

Airbnb has a strategic business development partnership with Qantas and other airlines. From Qantas.com, travellers can [book a stay at an Airbnb](#) at the same time they're booking a flight. It's positioned on the company's site as "Fly There, Live There."

Travellers earn one Qantas point for every \$1 they spend booking an Airbnb through the cobranded portal, and earn 500 bonus points for their first Airbnb booking.





Strategic B2B partnerships

B2B partnerships are often a collaboration between two companies with complementary customer needs, so they work well for many types of businesses. For example, subscription-based businesses identify partners with an overlapping target audience, and can add new subscribers and deliver a payout to the partner helping put them in front of new audiences.

In action: Shipt and healthcare businesses

Shipt, an online grocery service, partnered with businesses across different verticals to drive member subscriptions. These partners included like-minded businesses, such as meal planning services, healthcare companies, corporate benefits providers, and healthy eating blogs. Overall, they had a common goal of promoting healthy eating habits.

Shipt drastically reduced its customer acquisition cost by paying partners for the true value they generated, rather than just for the initial action. Shipt used a hybrid payout model whereby the company shared a small payout for free trial signups, and a larger payout if the same customer ended up subscribing to Shipt's membership plan.



Native software integrations

Some types of strategic B2B partnerships are more technologically involved than others. In order to activate personalized partnerships, some sort of integration needs to be enabled to share relevant data with the partner (or vice versa).

In action: Ticketmaster and Spotify

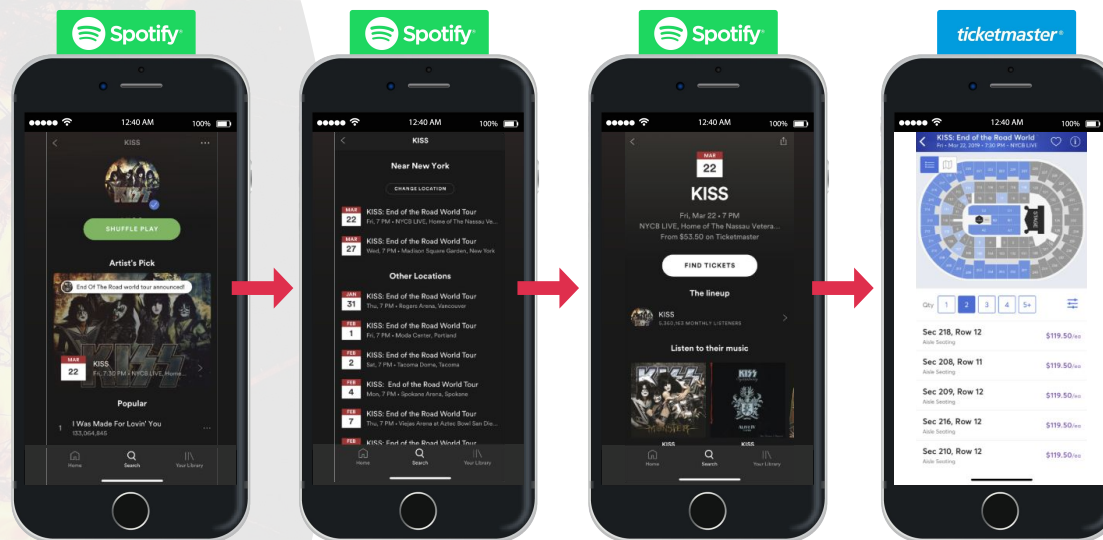
With 70% of its performance traffic coming from mobile devices, and deep relationships with major video, social, and music platforms, Ticketmaster looks to capitalize on discovery intent through native integrations with third-party apps that allow users to purchase tickets directly from fan pages, concert listings, and music streaming apps like Spotify.



70%

of its partnership traffic comes
from mobile devices

Here's how Ticketmaster's native software integration works with Spotify: If a person is listening to an artist on Spotify, they can tap through different content there, see a list of concert events, click on a date, and pass through into the Ticketmaster ticketing experience to purchase a ticket.



It's not an ad, but a native software integration with deep linking from one brand to another, in a way that makes sense—and makes it easier to purchase—for the purchaser.

To learn more about how deep linking helps drive in-app transactions, read our eBook, [Exploring the Deep Linking Frontier](#).



Loyalty programs

Loyalty programs represent a special class of strategic B2B partnerships. Consumers often indicate that their choice of retailer is influenced by where they can earn loyalty points or rewards. That's why many enterprises choose to partner with different businesses through their loyalty program.

In action: Barclaycard and Home Depot

The Home Depot has a loyalty partnership with Barclaycard via Cartera Commerce, where Barclaycard members earn 1 point for each dollar spent on their Barclays credit card at the Home Depot online store.

Users can access this rewards information by logging into their Barclaycard account and going to their rewards portal. Customers that go through this shopping experience get a discount on products purchased at the Home Depot. The brand benefits from getting exposure and sales from banking customers.



1 point

for each dollar spent on their
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Home Depot online store.



Social influencers

Influencers are individuals and brands with a large following who promote a business on social channels, blogs, and newsletters, typically receiving a fixed fee per post and/or a commission for leads generated. This kind of partnership is seeing an uptick in popularity, as businesses look to distance themselves from "traditional" looking ad messages to drive growth.

In action: TechStyle and Marla Catherine

TechStyle is an up-and-coming collection of women's fashion brands, including Fabletics. The Fabletics brand has an influencer partnership with Marla Catherine, a popular YouTube personality with more than 1.3 million subscribers. At the start of [one video](#) about her fitness routine and eating habits, Marla talks about the brand and how much she loves their leggings, all while wearing different pieces of apparel.

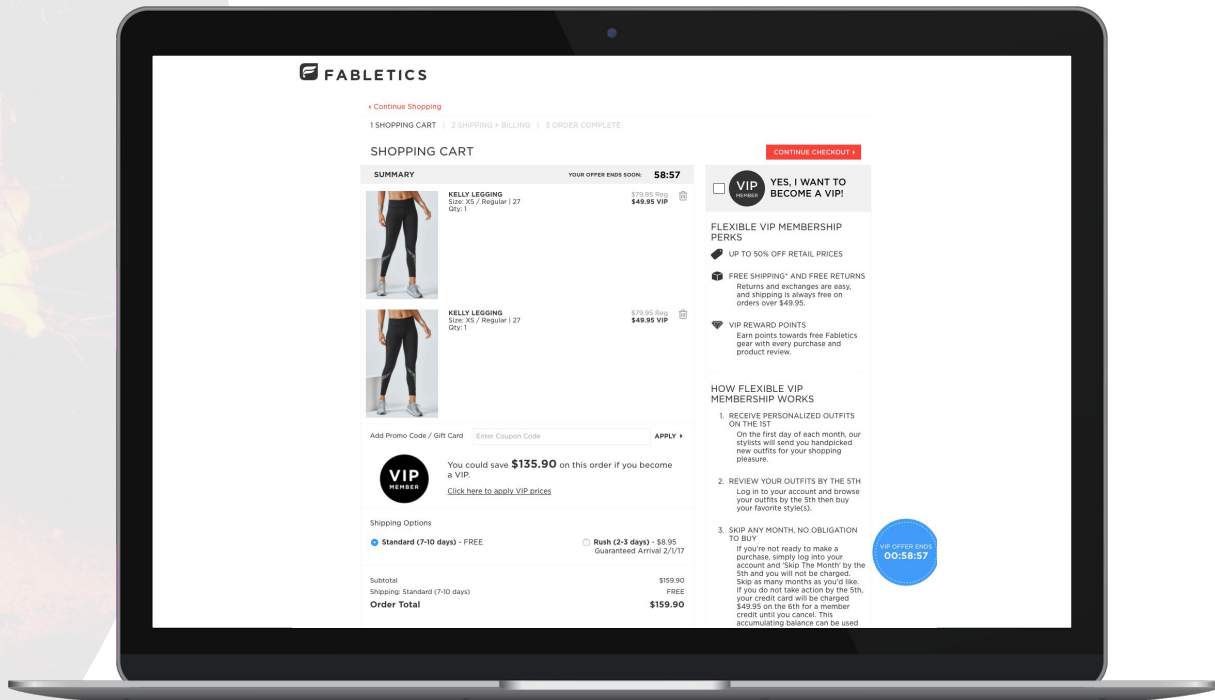




Social influencers (cont.)

Within the YouTube description, there is a vanity URL link that sends Marla's viewers to the Fabletics shopping experience to buy those leggings and other products.

To learn more about how influencer marketing is evolving to become more ROI-driven, see our eBooks on [Managing Different Types of Influencers](#) and [Driving Performance Through Influencer Marketing](#).





Mobile apps

The mobile app space represents 70% of all mobile transactions. It's no surprise considering users are three times more likely to convert in-app versus the mobile web. Thus, businesses are keen to have partners drive prospects deep into their mobile app experience, particularly with deep linking. Mobile partnerships represent a red-hot part of the strategic B2B partnership landscape.

In action: Target and Samsung

Target has a mobile partnership with Samsung, where a Target quick-access link is pre-installed within the web browser on Samsung devices. Samsung can make recommendations through its quick-access web browser and AI to refer Samsung phone users to buy Target products. The company also has the option of targeting users by device, browsing history, geographic location, and demographic data.





Mobile apps (cont.)

This partnership is available on 50 million eligible Samsung devices, with the Target quick icon viewed an average of 580 million times a month. Users click through 1 million times per month, driving direct store sales through the mobile placement.



Users click through 1 million times per month, driving direct store sales through the mobile placement

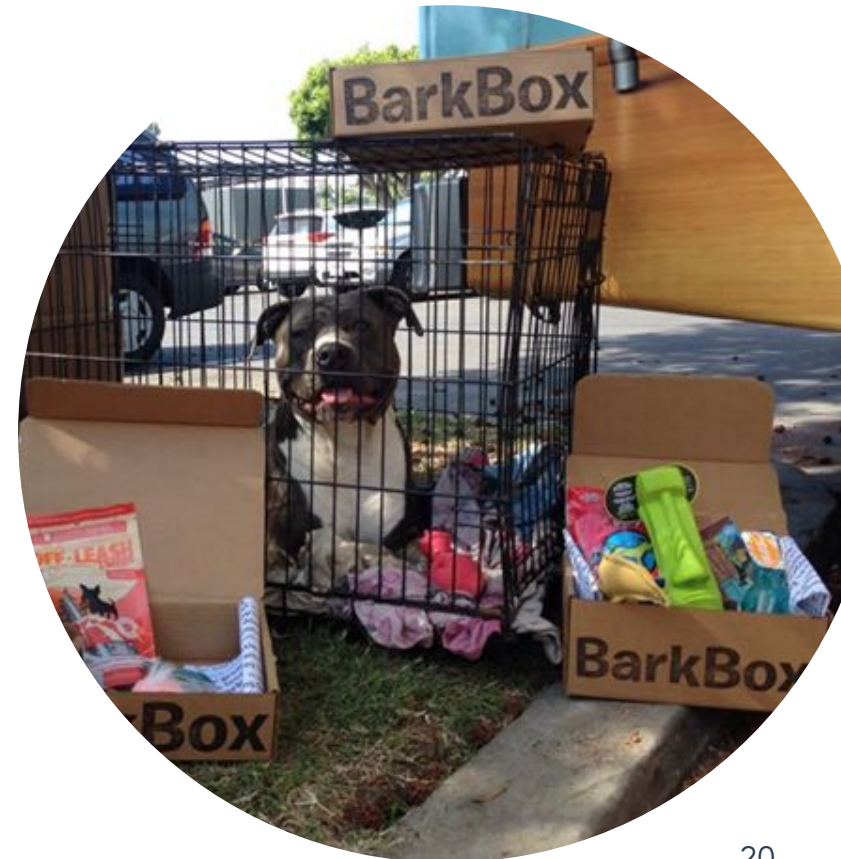


Corporate social responsibility/charity

Companies that embrace a purpose-driven brand strategy or strongly advocate for a robust corporate social responsibility program can look toward cause-based partnerships. Smaller companies may not have deep pocketbooks to donate outright, but cause-based partnerships provide an economically accessible way for them to create a win-win scenario while helping causes they care about.

In action: BarkBox and [Downtown Dog Rescue](#)

[BarkBox](#) has a unique social responsibility partnership with pet shelters that ties into their mission of making dogs (and their owners) happy. Barkbox products are mailed to shelters, allowing the dogs that are coming and going to play with the toys and treats. New pet owners can easily sign up for a BarkBox subscription at the location, and when Barkbox wins a new customer, the company donates a commission fee to that pet shelter.



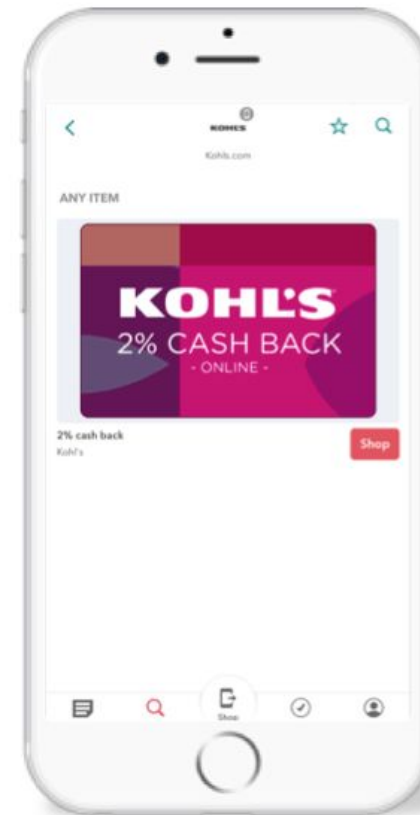


Traditional affiliates

This type of partnership focuses on businesses that specialize in driving traffic to a company's owned channels, typically receiving a commission for leads and/or sales generated.

In action: Kohl's and Ibotta

The retailer Kohl's has a traditional affiliate partnership with [Ibotta](#), a popular mobile-first cashback technology company that refers its members to shop at Kohl's. Through this arrangement, Kohl's pays a commission to Ibotta for leads or sales generated by Ibotta referrals.





Publishers, news, and content

Premium publishers that seek to diversify their revenue are starting to embrace a more pay-for-value-delivered model, where they promote a business natively within their content to drive traffic to owned and earned channels. This counteracts the trend that keeps a majority of online ad growth flowing to Google, Facebook, and increasingly, Amazon. These three walled gardens alone will account for just under 70%¹ of total U.S. digital ad revenue in 2019, forcing publishers to diversify their revenue streams.

Unlike advertising, pay-for-value partnerships align the incentives for both advertiser and publisher, and "affiliate revenue" is now a growing share of many publishers' bottom line, as advertisers seek out more win-win opportunities to partner with them.



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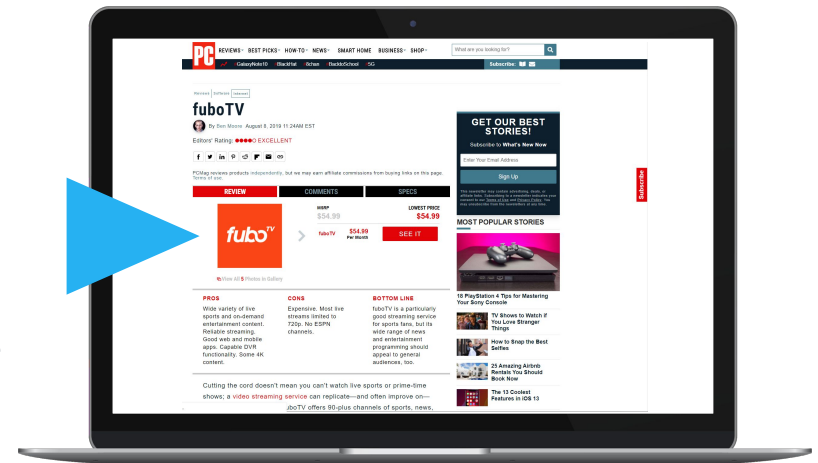
1: Source: eMarketer, [US Digital Ad Spending Will Surpass Traditional in 2019](#), Feb. 19, 2019



Publishers, news, and content (cont.)

In action: [fuboTV](#) and Ziff Davis

fuboTV has a partnership program with several Ziff Davis brands. This summer, a Mashable reader could find the 2019 FIFA Women's World Cup schedule on the site as well as information on how to stream the matches live through fuboTV. The visibility given to fuboTV refers new subscribers to the streaming service. In addition, fuboTV's partnerships provide snackable sports content or live streaming to mobile and connected TV apps.





Ambassadors

Ambassadors can mean anything from customer and employee referral programs, offline locations that promote your products, organic influencers, and more. Ambassadors may sometimes be standalone businesses (like your local bar promoting discounts for ride sharing services), but more often than not, they represent individuals who have an affinity toward your brand.

In action: DSW and "Friends & Benefits"

DSW has converted its entire [loyalty program](#) into a promotional machine, driving incremental revenue by enticing loyalty card holders with a friends and family referral program. These ambassadors are rewarded with corresponding loyalty points for any successful transactions they refer.



CHAPTER THREE

Diversifying and activating your partnerships

Finding the best kinds of partnerships for your business

Just as marketing channels like paid search have established themselves as valuable customer acquisition channels, partnerships will soon do the same for growth-oriented companies.

Well-run marketing teams know that there is a wealth of options for reaching people and acquiring new customers. The same is true for partnerships, and organizations can choose the models that best align with their business and acquisition strategy. By diversifying and adding new types of partnerships to your program, businesses can create sustainable growth opportunities from this proven but often underutilized channel.



Connections that make sense

Partnerships perform best when the end user understands the logical connection between the two partners.

The examples highlighted in this eBook have easy-to-grasp connections, like streaming music and concert tickets, or airfare and lodgings. The trick is finding what makes sense for your enterprise.

Some businesses may see the value in investing to build out their API in order to streamline strategic in-app integrations, allowing partners to create experiences from the data. Meanwhile, others may have an easier time running shared loyalty programs. Some may already have affiliate relationships that can bring in greater revenue if they are optimized as part of a larger partnership program.

Partnership maturity counts

No matter what, partnerships offer a competitive advantage. **Companies with the most mature programs are 4x more likely to strongly agree that partnerships are “instrumental to their competitive advantage,”** compared to companies with low partnership program maturity.¹

1: Source: Forrester Consulting, commissioned by Impact, [Invest in Partnerships To Drive Growth and Competitive Advantage](#), June 2019

Data: The lynchpin to partnership success

Being smart with your data is important too: Forrester found that the effective use of real-time partnership data improves a speed-to-market, provides actionable insights for making in-flight adjustments, develops a new level of location intelligence to better understand their customers, opens up data accessibility to reduce payment errors, and helps quantify the return on invested capital (ROIC) in the channel.¹

Partnerships: The channel hotter than paid search—and blazing brighter every day

In this eBook, you've learned about a wide range of partnerships that have already been actively increasing revenue and impact—social influencers, B2B partnerships, mobile integrations, social responsibility programs, and so on. Undoubtedly, the types of partnerships available to enterprises will continue to expand, opening up new channels of revenue as well. Paid search, while still integral, is not the channel full of opportunity for enterprises. By committing resources, especially the right technology such as Impact's Partnership Cloud, which is needed to build a leading, diverse partnership program, enterprises across all verticals can boost their customer acquisition efforts and grow their revenue.

1: Source: Forrester Consulting, "[Channel Data Is a Competitive Differentiator](#)," January 11, 2019.



About Partnership Cloud

With global capabilities, Impact's Partnership Cloud™ provides an integrated, end-to-end solution for managing all of an enterprise's partnerships throughout the world.

From discovery, recruitment, and contracting to tracking, optimizing and commissioning – essentially the whole partner lifecycle – the Partnership Cloud answers enterprises' need to drive revenue growth from partners across the spectrum: traditional affiliates, influencers, strategic partners, app-to-app, premium publishers and more.

To learn more, visit

<https://impact.com/partnership-cloud/> or contact sales@impact.com to schedule a free demo.

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