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# Taking Your Channel to the Next Level: An Innovative Approach to Generating True Loyalty Among Partner Reps

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Most athletes strive to take their game to the next level. Golfers crave a repeatable, precise swing and an impeccable short game. Runners seek endurance and speed. Basketball players want accuracy and strength. It's what every athlete needs to win.

To win in business, channel loyalty is critical. It's essential to increasing profits, building stronger brands and improving end-customer satisfaction. In fact, between 40 and 90 percent of technology sales can be attributed to a channel partner.<sup>1</sup> For this reason, it's never been more important for vendors to take their channel to the next level. Through an innovative approach that blends loyalty marketing and channel incentives best practices, vendors can move channel partners and their sales reps beyond the traditional definition of loyalty, generating major shifts in their attitudes to create true loyalty and brand advocacy.

While athletic success is built on hard physical work and dedication, the foundation of channel loyalty is solid, sustainable relationships with channel partners and their sales representatives, who represent the vendor's brand to customers. Despite significant investments in partner programs, vendors still struggle to identify the partners who will generate the greatest value and struggle to assess the effectiveness of individual sales reps. According to a Channel Management Group study, 56 percent of vendors do not believe their channel partners will align to future goals and expectations.<sup>2</sup>

The reason: typical "one-size-fits-all" programs and promotions for partner reps often fail to create true partnerships or brand loyalty. While promotional and market development funds are still the dominant approach used to focus the efforts of partners and their sales teams, these tactics can miss the mark and be less effective over the long term. Vendors often rely on quick-hit, "reactive" tactics that fail to provide the foundation necessary to build an engaged, high-performing channel. The result can be limited partner participation, lack of sales rep engagement, lost opportunities and wasted resources.

With vendors looking to create stronger bonds with the channel and partners looking to vendors to help them build their business, vendors can win by developing advocacy and true loyalty among their partners' best reps.



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## The Game Winner: True Loyalty

The Maritz strategy for building brand advocacy among channel partners is based on three critical principles (Exhibit 1):

### 1. Understand ...

- Who the most valuable partner reps are and will be in the future

### 2. Enable ...

- The most valuable reps to be more engaged and effective
- Partners to realize greater rep contribution and less churn
- An enhanced rep hiring model

### 3. Motivate ...

- Greater rep production through targeted incentives
- Partner support of vendor initiatives
- True brand loyalty over time

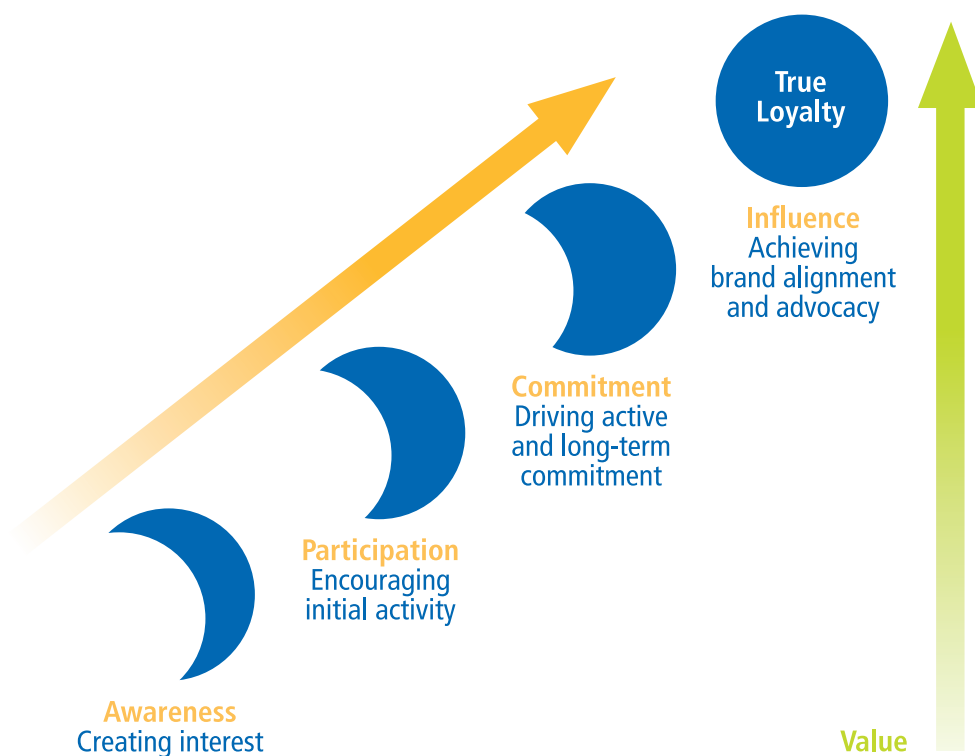
Exhibit 1:



This methodology allows vendors to identify their most valuable partner sales reps, and segment offers and communications in order to generate and maintain the ultimate channel success: true loyalty. True loyalty occurs when the partner representative is an advocate for the vendor's product or service, and is resistant to competitive offers.

Much like there is a profound difference between amateur and professional sports, there is a distinct difference between narrowly-scoped promotional programs and an approach that creates true loyalty. One is a tactic, the other represents lasting behavior change as a partner sales rep moves up the Engagement Continuum (Exhibit 2).

Exhibit 2: The Partner Rep Engagement Continuum



Well-designed loyalty programs take the channel to the next level by moving partner representatives along this continuum from awareness to brand alignment and advocacy.

## Identifying the Best Channel “Players”

Sports teams can have superior athletes, but still lose the game if their players aren't performing in the right positions. Similarly, identifying and segmenting sales reps by their “lifetime value” is a fundamental driver of the true loyalty methodology. Lifetime Value scores predict the Net Present Value (NPV) of a partner rep's profit contribution over time. The scores are derived from a statistical model that can be used to estimate the NPV of all future profits generated by a given partner rep, identify rep segments for targeted communications campaigns, provide enhanced reward and recognition offers, and identify high-value and at-risk representatives. Ultimately, NPV enables more confident decision-making by focusing investment on those reps that matter most.

With sales reps' Lifetime Value established, vendors can become less product-centric, and more customer-centric. Partner rep performance data can be used to develop a segmentation strategy that addresses the differences between segments of reps. Typically, the Lifetime Value process will identify more than two, but less than 10 unique segments. The segmentation strategy can leverage rep differences, enabling the delivery of marketing treatments and messages that vary by segment – and create higher levels of rep engagement. With a segmentation strategy, program impact can be tracked and fine-tuned over time.

Part of planning the tracking process includes rep “touchpoint mapping.” This process maps the lifecycle of sales reps and the associated opportunities to communicate and involve them at each stage of the Engagement Continuum ... from awareness through commitment. The map also identifies any gaps in communications or missed opportunities for engaging the rep. Finally, the tool serves to help optimize communications spend and response rates by reinforcing the creation of a long-term relationship between the rep and the vendor brand.

## Motivating to Win

The most successful athletes aren't always the most gifted, but typically the most driven and motivated. To inspire partner reps to reach new heights of performance, vendors must provide incentives that are meaningful and lasting. While points-based programs are a proven way to motivate certain behaviors among partner reps, strategic loyalty programs take motivation to the next level through a multi-dimensional approach that uses targeted means to influence rep behavior within individual segments. Some of the strategies and tactics include:

- **Perks and Privileges:** In addition to targeted merchandise and travel rewards, offer participants the opportunity to earn special brand-based perks that help them grow their business.
- **Communications:** Use integrated, life cycle-based communications across multiple touch points to establish and maintain an engaged relationship.
- **Partnership Networks:** Offer participants increased value opportunities by partnering with complementary brands.
- **Communities:** Leverage social networks and group affinities to influence engagement.

A best-in-class, next-level channel loyalty program starts with segmentation and includes non-monetary rewards and communications that are meaningful and motivating to that particular participant base.

## Rewards That Matter

Vendors need to recognize and reward partner reps in meaningful ways that correlate to vendors' increasing expectations for achievers who are at the top of their game. Maritz uses a research-based approach that identifies precisely what rewards, recognition and perks will reinforce true loyalty within each segment, especially top performers. With an effective segmentation strategy built on NPV, vendors can design and match rewards with performance expectations for each segment. Sales reps can become eligible for a host of vendor reward offerings based on where they are on the engagement continuum – with non-monetary incentives and perks structured to keep them moving toward brand advocacy. Reward options can include:

- Merchandise, experiential travel and retail experiences.
- Inclusion in certification programs with performance incentives.
- Membership in an advisory network that provides vendor feedback.
- Inclusion in customer-focused marketing events.
- First access to new services and products.
- Inclusion in exclusive referral opportunities.
- Priority access to vendor support services and expertise.

To sort through the various options, vendors must first determine what matters most to each rep segment. A clear understanding of reps' attitudes, experiences and preferences can be gained through research. This insight is imperative for driving engagement and optimizing program investment. To determine the right mix of program features, Maritz uses conjoint analysis, a research methodology that allows participants to make decisions based on trade-offs associated with different combinations of program elements.

The process uses a two-step, bottom-up research methodology. First, qualitative research is collected via live focus groups or using a dynamic insights method that leverages online focus groups and "chats" with up to 50 partner reps per session. Second, a quantitative survey with discrete choice and conjoint analysis guides program development – including the reward combinations with the greatest appeal.

A critical success factor is providing reps with the opportunity to accumulate award value and build status over time in order to regularly reinforce behaviors associated with true loyalty.

## Effective Communications

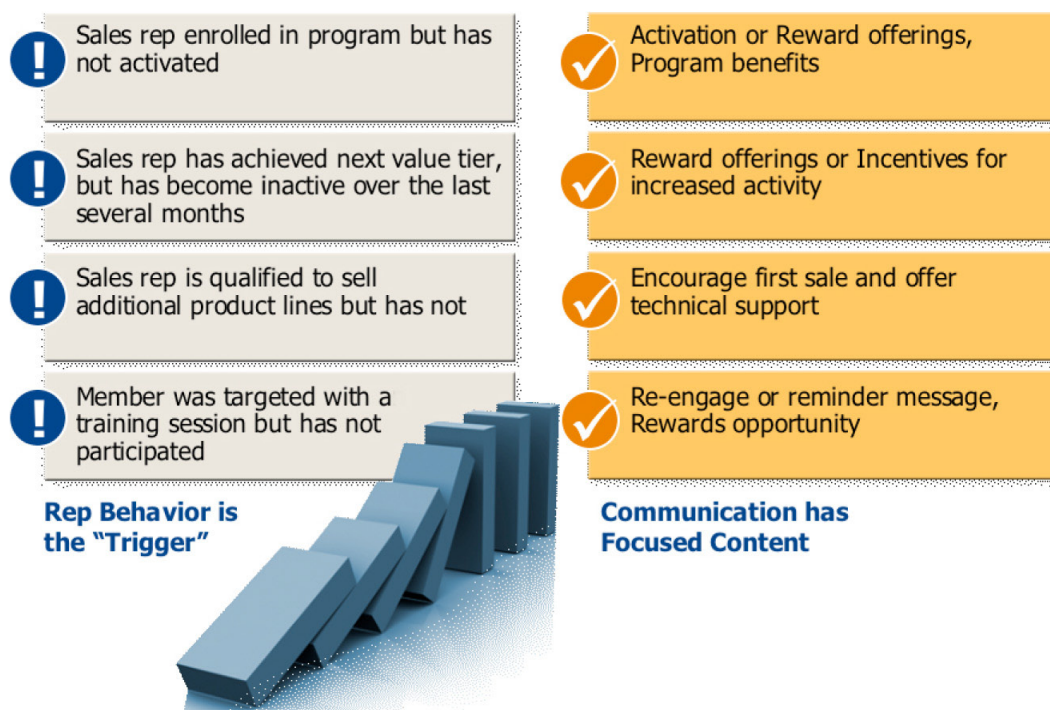
To take channel communications and promotions to the next level, Maritz uses response modeling, an approach that predicts who is likely to respond positively to a given campaign. Through response modeling, the economic benefit of future campaign design elements can be assessed. This "test-and-learn" approach allows vendors to not only identify better prospects within a campaign, but to close the loop between results of past campaigns.

A variety of communications messages and deliverables are critical to any effective dialogue marketing program. And a flexible technology platform must be at the heart of driving a segmented communications approach that facilitates the right message to the right rep at the right time. The Maritz technology platform can facilitate incentive program communications, individual promotional campaigns and other types of brand communications – both online and offline.



Rewards reinforce  
true loyalty within  
your channel.

## Exhibit 4: Behaviors that Trigger Communications



At a baseline level, the platform delivers welcome messages, performance statements and promotional messages. The platform can also set up event-triggered communications (transactions, training completion, claims activity, etc.) for communications and reward activities that reinforce every aspect of true loyalty behavior (Exhibit 4). Finally, the platform can manage targeted promotional campaigns, such as upselling, cross selling, solution selling, new product launches, etc.

## Conclusion

Advocacy and true loyalty among partners' best sales reps is a powerful and winning weapon in today's marketplace. Likewise, channel partners have multiple vendor options and actively seek relationships that will help them advance their own business to the next level.

By combining the best practices of both loyalty marketing and channel incentives, vendors can create a program that steadily builds advocacy and true loyalty among their partners' best sales reps. By leveraging the best in research techniques, lifetime value analysis, reward options, segmented communications and technology enablement – vendors can move partner sales reps to new levels of brand loyalty, and channel program investments to new levels of effectiveness.

1,2: Channel Management Group Research, 2007



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