

Amy Crider: It's not whether a branch should or should not work with loyalty. It's a matter of how best to work with loyalty partners to achieve your goals.

Lenox Powell: I'm Lenox Powell, the host and producer of the Outperform podcast. On these episodes, I talk with acceleration partners, team members, industry partners, and clients to bring you a behind the scenes perspective on what the world's leading companies and performance marketers are doing to outperform in their business and marketing partnerships.

Lenox Powell: Welcome to the Outperform podcast. In today's episode, we're discussing loyalty partners and exploring what they do, how they add value to brands, and what makes these partners unique. With me to help navigate us all this is Amy Crider, an Associate Account Director at Acceleration Partners. Amy's managed numerous affiliate programs for brands in diverse industry verticals, so she has firsthand experience helping brands build strategic relationships with loyalty partners. Welcome Amy.

Amy Crider: Hi Lenox. How are you?

Lenox Powell: Good. Glad to have you on.

Amy Crider: Excited to be here.

Lenox Powell: Let's dive right in. What exactly is a loyalty partner?

Amy Crider: Great question. A loyalty partner is really a site, app or any company that incentivizes consumers with some type of reward in exchange for a desired action. Most of the time it's based on a sale. However, the reward can be given on actions like a free trial, sign up, a form fill, or even numerous steps within the client's customer funnel. And we always tell brands it's just really important that they align that reward with whatever their end goal is.

Lenox Powell: You've kind of touched on this a little bit, but what's an example of a reward in this context?

Amy Crider: Yeah, rewards can vary. There are loyalty partners out there that offer cash back. They can offer miles, in terms of airlines, points that consumers can redeem for something like a gift card or a special offer. But we also have partners, loyalty partners that allow you to save for your kid's college education or even some that pass along your reward to a charitable donation.

Lenox Powell: Interesting. From your experience overseeing a variety of different types of partner programs, how are loyalty partners different from say, a content partner or a coupon partner or a deal partner?

Amy Crider: In my experience, loyalty partners really differentiate because of their targeting capabilities and their ability to drive specific actions. Most of our loyalty partners can target customers on a more granular level than a content or coupon or deal partner. This could mean purchase history. It could mean geo-targeting or really any other type of customer targeting because they are creating a profile, and they're inputting information about themselves into the loyalty platform. And then because that the loyalty partner audience is very rewards driven, we've also been able to work creatively with them to drive consumers to complete or move down the purchase funnel.

Amy Crider: It's also important to understand the difference between a traditional loyalty partner, where the reward is being offered, and a partner that could be considered more hard incentivization. For example, something like an offer wall, usually on the back-end of a survey path or a registration path where a consumer is required to interact with a brand in order to be eligible with their reward. Whereas more of a traditional loyalty partner that we're referencing in this conversation, consumers aren't required to interact. They're voluntarily interested, yet they're receiving a reward for whatever the action may be.

Lenox Powell: I can see where all these nuances can get confusing, hence why we have a team of experts on our publisher development team to help program managers and brands really figure out what types of partners would best match them and the goals that they're looking to reach. Speaking of, what types of brands tend to work with loyalty partners in their affiliate programs?

Amy Crider: Honestly, any brand can work with loyalty partners. A couple of specific types of brands that we've worked with in the past are brands that would consider themselves sort of non-promotional, or don't want to be perceived as discount heavy. In these cases, a loyalty partner is great because the consumer is getting cashback or some type of points. So, although they're not getting the discount, they are sort of receiving something for purchasing or interacting with that brand.

Amy Crider: Brands that are also looking for a higher repeat purchase percentage. Many advertisers focus on driving new customers, which is definitely a strategy that loyalty partners can support. But they don't necessarily work to keep those new customers engaged, and loyalty is a great way to do that because of their targeting capabilities to sort of encourage and get those customers to come back. They also have the ability to help support higher average order values that can really drive up the lifetime value of a customer.

Amy Crider: Brands also leverage loyalty partners to move customers down the purchase funnel. For example, if your brand has a free trial, you can not only reward consumers for signing up for the free trial to test your product or service, but we can also re-target to those consumers that converted through the loyalty partner and try to get them to become a paying subscriber. So, kind of moving

them down that funnel. Again, kind of increasing the lifetime value of that customer.

Amy Crider: And lastly brands that need to geo-target. We talked a little bit earlier about loyalty partners ability to target more granularly. And that's just due to the profile creation within the loyalty platform. So, if you have a brand that is only offered in certain markets or certain markets are higher value to you, loyalty partners are a great strategy for your program.

Lenox Powell: When the first segment of a brand that you touched on, kind of the non-promotional brands, we hear that all the time, right? We're either a more expensive brand or we have a higher average order value and we don't want to come across as cheapening our brand or be too overly promotional. And I think that's such a key point that you touched on, is how loyalty partners can really solve that issue for those types of brands.

Amy Crider: Yeah, absolutely. Consumers are becoming so much more savvy that if they can't find a discount or a deal, their next step is likely going to be, okay, well then, how do I get cash back? How do I get miles for shopping and buying products that either I'm going to buy or even just deciding between two different brands that offer a very similar product. So it can really sway consumers.

Lenox Powell: Mm-hmm (affirmative). I love that you also touched on the lifetime value. We actually did a podcast episode about that, and we hear that a lot with our subscription services clients. And that's something that they can be challenged with a lot. They of course want to drive new customers, but really what's crucial for their business model is to keep those customers long term. The feedback that we've gotten is, a lot of those types of brands partner with loyalty partners because it's just such a symbiotic relationship to do that.

Amy Crider: Yeah, absolutely.

Lenox Powell: Well, it sounds like there's a lot of ways that brands in all kinds of verticals are able to work effectively with loyalty partners to drive strong performance, which is awesome.

Amy Crider: Yeah, there really are. Loyalty partners, they can offer so many customized and unique incentives for consumers that can equate to strong targeting for brands, especially loyalty partners because of the data that they have. Another great example of how to work with a loyalty partner that can be really effective is creating demand during non-promotional times.

Amy Crider: It's not a holiday where maybe shoppers are actively going online to shop, but if they know that a loyalty site or app is having a double cash back or double points, triple cash back, whatever it may be, they're more inclined to make purchases that they probably weren't going to make. And so, all it takes is a

brand to work with those partners to increase commission accordingly so that they can pass that increased reward back to the consumer. Again, great way to kind of increase demand during some slower times of the year.

Lenox Powell: You noted that loyalty partners tend to have more user data. Share more about that?

Amy Crider: Yeah, absolutely. Because consumers have to create a profile, because typically for cashback they have to know where to send your check or the money or even fill points like there... you're going to have to put it in, usually your name, your email address, probably a zip code. These loyalty sites have the ability to target on that information that you entered during the signup process, which I think is really great not only for brands but for the consumers as well. Some loyalty partners, they can also target based on your behavior because when you sign up as a consumer for a loyalty app or site, everything gets tracked so that you're able to be credited the way that you should be when you make a purchase.

Amy Crider: Loyalty partners for brands can then understand, has that consumer shopped with this brand yet via their platform? Have they shopped with competitors within the platform? And so, they can really help brands target new customers, target existing customers and customize that, their ability there. They can also, we talked about earlier, the zip code targeting, which I think is very crucial for several different industries, especially services that may offer different campaigns or different offers based on the geo-location.

Lenox Powell: How have you seen, kind of firsthand overseeing a lot of different kinds of accounts? How have you seen some brands leverage that user data within their affiliate programs?

Amy Crider: We've definitely worked with brands that need to geo-target. That's absolutely a way that we've seen brands leverage this data. We've also worked with loyalty partners in terms of the retargeting and moving consumers further down the funnel. We've done it as far as even two touchpoints, two up to four different touchpoints where we can change that messaging and understand where a consumer is at, and then we can offer them an incentive to continue to interact and work with those brands, whether it be, again, a further down the funnel signup or a purchase. There's so many different ways that we've been able to work with them and use that data.

Lenox Powell: It seems like loyalty partners for many brands, obviously not all, but many brands checks a lot of boxes of what they're looking to accomplish within their marketing and being strategic and savvy and sophisticated with their marketing. But some brands don't partner with them. And usually that's due to sometimes misconception. What are some misconceptions around working with loyalty partners that some brands might have?

Amy Crider: I would say two of the biggest would be around the idea that they loyalty partners don't drive a high percentage of new customers as well as incrementality. To the first point around the new customers, with the targeting capabilities, and I don't want to sound like I've broken record, but depending on the partner, loyalty partners have the ability to drive a significant number of new customers for brands because they're able to leverage that data within their site to say, "Hey, this particular member has not shopped with your brand." Now, although that's on site and not necessarily holistically or the customer's lifetime, as you work with those loyalty partners and as you get more data, you will start to see, and we do see with many of our programs that loyalty partners drive a significant number of new customers.

Amy Crider: And then incrementality is another one. Some advertisers will say that these partners aren't driving incremental value for their brands. But it's really important to understand what a brand views as incremental and work with the loyalty partner to ensure that those KPIs are being met. Whether it's a new customer offer, whether it's A/B testing, targeted placements or just working with them in these non-promotional periods or slow times for whatever industry that your brand is in to help drive demand. Those could be ways to overcome sort of the misconception that loyalty partners are not incremental.

Lenox Powell: Let's flip this around a bit. What do loyalty partners look for when determining whether or not to partner with a brand?

Amy Crider: That's a great question, and something that our team works a lot on in developing the relationship with the partners and really making sure that it's a mutually beneficial partnership for both the loyalty partner and our brand. One of the things that we're seeing more of, from loyalty partners, is that they're getting more selective on who they want to partner with and the brands that they want to partner with. It takes a lot of resources to manage the stores, to build out the campaigns and all of the management along with order inquiries and set up of tracking.

Amy Crider: It's important that brands really do start to understand and take into account what loyalty partners are looking for. One of those, one of the main pieces is commission rates. Many loyalty partners now are looking for either a minimum commission rate or just a brand that's willing to be competitive within the vertical that they're in. Because of their nature, loyalty partners are passing back a piece of their earnings in the cash back or points format. So, it's just important that brands are willing to work with them and be competitive.

Amy Crider: They're also looking for brands that are easy to work with. That keep things simple in terms of a commission structure. A lot of loyalty partners are willing to work on different tiers, but ideally one main commission structure is good. They're also looking for brands that are open to increasing commission during special cashback events where the partner can offer double or even triple cashback or points to the consumer.

Amy Crider: They're also looking for brands that understand the impact of some of the program set up. For instance, locking periods or cookie duration that can play a part in terms of attribution. And lastly, brands that are responsive. Whether it be order increase or just general requests, if a partner has to wait too long to be commissioned and also to support their customers within their platform, it doesn't bode well and they want to build a good customer service for their loyalty platform members. And in order to do that, they need clients that are going to support them with responsive answers and support as well.

Lenox Powell: I think that's really important that you touched on all of these elements because sometimes brands don't know what they don't know. And some think, oh, if we build it, they will come. If we build this awesome, incredible business and these spectacular products and services, partners will just kind of be knocking down their door to want to promote them. Which happens sometimes, and it's awesome when it does. However, I guess what we're also really trying to convey here with this particular episode is, it's a partnership. It's got to be a give and a take. There's got to be benefit to both parties. To all parties really involved. So, I love that you touched on so much about what's in it for the brand, but also what has to be in it for the loyalty partner to actually want to promote that brand.

Amy Crider: Yeah, and that's really our goal at AP. It is a partnership and we want everybody to be successful and you have to understand both sides and really come to the right strategy and the right structure to make it work.

Lenox Powell: You've shared some really helpful information here, Amy. Any final thoughts about loyalty partners that you want to leave our listeners with?

Amy Crider: Yeah, I think that the biggest thing that I would say is, it's not whether a brand should or should not work with loyalty. It's a matter of how best to work with loyalty partners to achieve your goals. From data that AP has gathered and we've worked with 90 plus brands, looking at Q2 of this year, the top 10 largest loyalty partners in terms of revenue drove an average of 30% of a client's total program revenue. That's a really big category in terms of contribution of revenue.

Amy Crider: And so, clients that aren't able to understand how to work with these partners can potentially miss out, and if they're on revenue. So we really want to help our clients scale, and I think a big piece of that is just really understanding our approach; that as long as we understand the goals and we align with the partner, we can come up with the right strategy, whether it be targeting, whether it be commission and it can include a deal, but it doesn't necessarily have to. But there's so many levers that we can pull that will help a loyalty partner align with whatever goals that a brand is looking to achieve.

Lenox Powell: Excellent. Thank you so much Amy. I really appreciate you taking the time to share your expertise and experience working with loyalty partners. And it

sounds like, as you said, when the partnership is managed and structured correctly, these types of partners can really offer so much opportunity for brands.

Amy Crider: Yeah, thanks Lenox. I definitely agree, and it's been great coming on and getting to share some of my experiences and I appreciate you having me.

Lenox Powell: To everyone listening, we will include everything Amy and I have talked about in the show notes along with some additional resources, which as always, you can find on our website at accelerationpartners.com. I hope you found some value from this episode and thank you for tuning in. Until next time, keep outperforming.