



# Channel Incentives Building Partner Loyalty and Advocacy

PRODUCED BY



SPONSORED BY



“ In a wildly competitive marketplace, where every other enterprise seems to be on the fast track to hypergrowth, you must find new and innovative ways to capture and retain the loyalty of one’s partners.

In the March 22nd webinar, ***Channel Incentives: Building Partner Loyalty and Advocacy***, Paolo Del Nibletto, President, Canadian Channel Chiefs Council, and Ian Hutchieson, Global Director, Channel Loyalty, ICLP, discussed the methods a company or individual should employ to build and maintain customer loyalty. In the webinar, Hutchieson and Del Nibletto offer a definition of loyalty, what it is supposed to be, and explore real-life examples as lead-ins to suggestions on how one can build a robust — and successful — channel incentives program.

### **What is loyalty?**

Merriam Webster defines “loyal” as the state of being unswerving in allegiance, such as: faithful to one’s lawful sovereign or government; faithful to a private person to whom such is due; or faithful to a cause, ideal, custom, institution, or product.

In business, the word “loyalty” is used when measuring commitment based on obligation or simply as a measurement of how satisfied a customer is with a company, product, or brand.

Hutchieson told the webinar audience there must be a move beyond the old “What am I going to get for being loyal?” question. By thinking about loyalty as a strategy and incentives as tactics, Hutchieson says you can achieve partner loyalty when you successfully deliver a relevant, motivating experience.

Hutchieson dismisses the use of money as the prime tool for building partner loyalty. A company that relies too much on offering incentives will never be on a firm footing with partners. Loyalty, he maintained, should be seen as multi-dimensional and not merely a matter of throwing cash in the direction of the challenge.

As futurist and award-winning author Brian Solis puts it in his bestselling book X: The Experience When Business Meets Design:

“Experiences are more important than products now. In fact, experiences are products.”

### Selling the experience

Airbnb, the online marketplace and hospitality service that allows anyone in the world with an extra bedroom and a mobile phone to start their own hospitality business, is a shining example of how, through simplifying and personalizing the customer experience, you can create an experience, and in turn an emotional connection. Over time this evolves naturally into loyalty. Companies like Airbnb drive partner loyalty by executing well and never losing focus on the things they do best.

### Common features

Hutchieson noted that most successful businesses are:

- **Commercial:** There is little to no cost associated with their financial incentives/rewards
- **Differentiated in strategy:** They focus on more than just pricing, products and brands
- **Data-driven:** They invest in and make excellent use of customer data
- **Consistent:** They offer a rich, seamless customer experience across all touchpoints
- **Innovative:** They are original and come up with novel ways of keeping their customers engaged
- **Agile:** They respond promptly to criticism and don't get stuck on challenges.

### Driving greater loyalty

Companies that put effort into analyzing their loyalty program are smart, but too often don't go far enough, said Hutchieson. Only when they ask the question, "How do we use our partner program as a bridge to driving greater loyalty?" does a company begin to put itself in the best possible position for long-term success. The answer to this question has many parts and takes in many aspects.

Think of loyalty as a strategy as opposed to a tactic, urged Hutchieson. While tactics are the means to reach an objective, a strategy is the overall plan or design, and this can involve complex operational elements that ultimately govern the execution (tactics). Thinking of customer loyalty as a matter of strategy, keeps "the plan" front of mind. You don't get lost in the details. You know there is an overarching rhyme and reason for why one is doing something, and the end goal is always the same: loyalty.

Hutchieson advocated that vendors think about partners as customers, remembering that without partners, the enterprise is bound to fail. A partner-first strategy is always the best strategy.

#### POLL: Where does responsibility for partner loyalty sit in your channel organisation?



He also advocated the development of a channel incentives audit to address issues of multiple incentive programs — too many tiers or programs that may not necessarily align with a company’s overall loyalty strategy.

Hutchieson discussed the potential good that could come of formalizing loyalty as a channel-wide initiative. The key here is in asking questions, most importantly who is or should be responsible for partner loyalty. The active idea is that loyalty is complex and involves thinking on many different levels and in many different areas. There should be single, uniform view of loyalty, and the means and methods by which it is to be achieved, across an entire enterprise.

He went on to discuss the building of a more robust channel incentives framework, which comprises: an earning proposition, including consolidating and simplifying to reduce costs and enriching without having to spend a lot of your own money; a redeem proposition, including establishing key differentiators; and a communications proposition, which involves making sure your strategy is clear and embedded in all your communications.

Hutchieson stressed the value of “read and react.” A company that is serious about building up and keeping the loyalty of its customers must be constantly learning. Data collection and measurement are imperative to understanding customers’ needs, which can and often do change over time. A company must be willing, in such an environment, to measure and adapt, which will ensure the bond of loyalty it shares with its partners to remain intact.

### **About ICLP**

From 15 offices in 12 countries, ICLP combines expertise with powerful global and local insight to understand customer needs and deliver against business objectives. ICLP's experienced team of loyalty specialists are committed to translating expertise into results, helping clients on their customer journey from acquisition to advocacy. Together with colleagues, ICLP is devoted to driving loyalty and increasing profitability.

[www.iclployalty.com](http://www.iclployalty.com)

### **About ITWC**

ITWC is a privately-owned digital media and content services company. Building on over three decades of solid relationships with Canada's technology decision-makers through award-winning excellence in journalism, ITWC delivers incisive, relevant information to executive and managerial audiences. It also provides leading, integrated marketing content strategies to clients, including over 200 global Fortune 1000 companies. ITWC is the exclusive Canadian affiliate of International Data Group (IDG) which publishes more than 300 publications worldwide.

[www.itwc.ca](http://www.itwc.ca)

### **About the Canadian Channel Chiefs Council (C4)**

The Canadian Channel Chiefs Council (C4) is the voice of technology channel professionals in Canada. Membership consists of IT vendors, solution providers and distributors that are on the front lines of solving major IT business challenges. C4 is dedicated to advancing the growth of channel professionals through education, research, events, and advocacy. C4 is a not-for-profit corporation affiliated with Computer Dealer News (CDN), a media property of IT World Canada.

[www.channelchiefs.ca](http://www.channelchiefs.ca)