

## **Reaching New Markets: The Power of Partnership Marketing**

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We marketers are a compulsive and efficient bunch. We set goals. We design programs. We measure sales results. We adjust our programs. And we start again. We do this because of a fundamental truth: We are never satisfied with what we have achieved. We want more market share. More brand equity. More profit. And even when we hit or exceed our goals, we are still not satisfied, still seeking more.

At the same time, we know that the cost to attract and retain the next customer is probably higher than for the last customer. Are we making money or are we losing money?

Clearly, what's needed is a low-cost solution to reach new markets. A solution that Davidoff Communications Inc. ([www.DavidoffCommunications.com](http://www.DavidoffCommunications.com)), a Chicago-based consulting firm, often recommends is tapping into the potential and power of partnership marketing. It's a world where one plus one equals three, where three times one equals five. Done right, it's a win-win proposition.

### **WHY CONSIDER MARKETING PARTNERSHIPS?**

Powerful partnerships fall under the umbrella of "affinity" or "affiliation" marketing. They have a defined form and special characteristics that deliver specific results.

Look to the power of marketing partnerships if:

- Your sales have reached a plateau and you want to surpass it.
- You are looking for a strategy to enter new markets.
- You want to reach a new segment of your current market.
- Your marketing budget is low.

- You think that partnering with a well-recognized organization will produce some “rub off” effect on people’s perception of your enterprise.
- You’re looking for new distribution channels.
- You are looking for ways to create line extensions or new product concepts.

Just about any organization – a business, a not-for-profit, a mass media outlet, even government agencies, colleges, and universities – can participate and benefit from a powerful marketing partnership program.

Who should *not* participate? If your organization is really strapped, not fully developed, and largely does not have resources to bring to the partnership negotiating table, then you should wait until you have more solid assets to offer into a partnership. You need a different kind of strategy. But if your organization is solid, well-respected, and successful, then you are a partnership marketing candidate.

### **CASE STUDY: The Baby Experts & The Baby Company**

Zero to Three ([www.ZeroToThree.org](http://www.ZeroToThree.org)) is the nation’s pre-eminent research organization for early childhood development. Based in Washington D.C., with a western office in Los Angeles, Zero To Three’s mission is to “support the healthy development and well-being of infants, toddlers and their families.” ZTT is a national, not-for-profit, multidisciplinary organization – founded by childhood expert Dr. T. Berry Brazelton – that advances its mission by informing, educating and supporting adults who influence the lives of infants and toddlers.

Johnson & Johnson (NYSE: JNJ; [www.jnj.com](http://www.jnj.com)), based in New Brunswick, N.J., is a company well known for its health-care products for the consumer, pharmaceutical and medical device markets.

JNJ and ZTT have enjoyed a long term relationship. Through its JNJ Pediatric Institute, JNJ commissioned ZTT to develop a series of booklets – “The Magic of Everyday Moments” -- on the well-being of babies and toddlers. The booklets have been used for years as a consumer

offer as well as being distributed to doctors' offices and other professional offices whom parents of young children visit.



The partnership has been a great match between The Baby Experts (Zero To Three) and The Baby Company (Johnson & Johnson). For JNJ, the partnership provides a competitive advantage as JNJ has exclusive rights to the proprietary content of ZTT. ZTT, in turn, has received incremental funding – in exchange for researching and producing the publications – and a wider-reaching audience to inform and educate.

Another important distinction of the JNJ/ZTT partnership is that ZTT, the not-for-profit, functions as the subject matter expertise for content that is of value to JNJ. This is in contrast to a sponsorship relationship, or cause marketing program, where the for-profit organization simply writes a check to the not-for-profit as a financial contribution and promotes its support of the charity. In the JNJ/ZTT relationship, JNJ not only supports the cause ZTT advocates – supporting the health and wellness of babies and toddlers – but JNJ also advances the cause by utilizing its own communication vehicles to the very audience ZTT is trying to reach. This distinction is a fundamental difference between partnerships and sponsorships.

## **WHAT MAKES POWERFUL PARTNERSHIP MARKETING DIFFERENT?**

The marketing and advertising world is full of affiliating organizations. There's co-branding, co-marketing, co-op advertising and more.

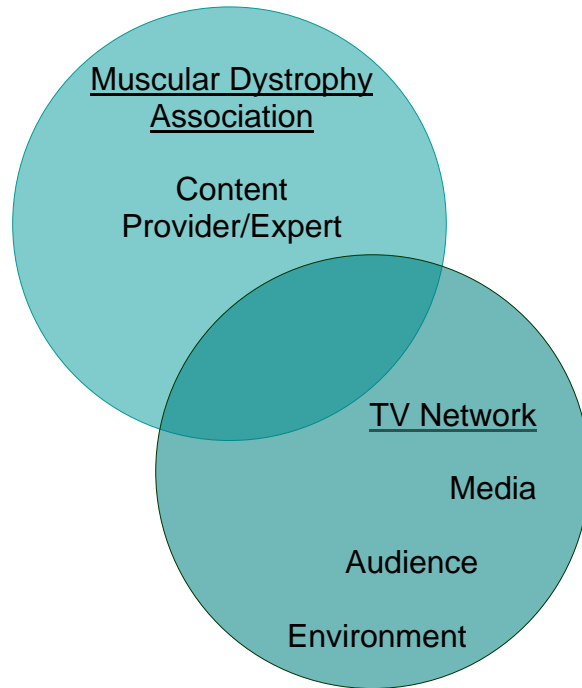
Plus, there is the growing world of sponsorships, where one entity pays another entity to be associated with its brand. In the view of Davidoff Communications, partnership marketing has been built on the same premise as sponsorships, but the parameters of the relationship between the parties is longer term and broader. Table 1 elaborates.

| Table 1: Sponsorships vs. Partnerships      |  |
|---|--|
| SPONSORSHIPS                                | PARTNERSHIPS   |
| Marketing driven                            | Mission driven   |
| One party pays the other                    | Non-financial benefits for all parties                       |
| Short term                                  | Longer term  |
| Promotion & advertising focus               | Education & influencing focus                                |
| Tactical Benefits<br>(e.g tickets, signage) | Synergistic benefits<br>(e.g. image, p.r., brand perception) |
| "Deal" orientation                          | "Collaboration" orientation                                  |
| Limited and highly defined agreement        | Open-ended and evolving relationship                         |

## **DECONSTRUCTING POWERFUL PARTNERSHIP MARKETING**

Any television viewer who came of age in the 1960s or 1970s is likely to have seen the marathon fund-raising efforts for muscular dystrophy. Comedian Jerry Lewis hosted a star-studded telethon on TV, and perhaps you or your friends went out on your street to solicit donations to fight muscular dystrophy. In my house, the "Jerry Lewis Telethon" was an eagerly anticipated September event. We marveled in turning on the show, day and night, always finding big-name entertainers joining Jerry Lewis on the telethon's stage.

Stripped to its essence, the Jerry Lewis telethon looked like this:



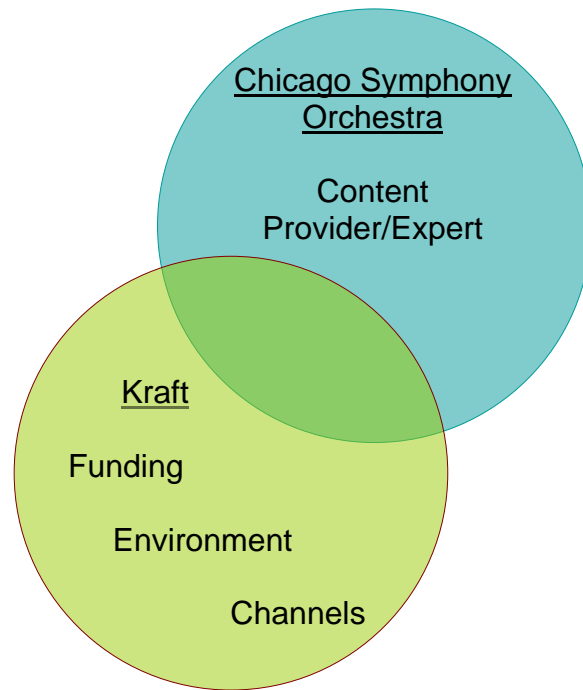
*Figure 1*

In Figure 1, Jerry Lewis personally and the Muscular Dystrophy Association both collaborated to create what today we call “content.” Muscular Dystrophy provided solid stories about progress in fighting MD. Jerry Lewis brought stellar Hollywood contacts. In our model, Jerry Lewis and the Muscular Dystrophy Association cooperated to produce the telethon. They produced the program, what the viewer saw on the screen. They were each “subject matter experts,” one about a dreaded disease, the other about the nation’s entertainment community.

A network of television stations nationwide – a network created just for this annual event -- brought the media attention. This special network illustrates the role of a partner -- which ideally is an established communications outlet. It could be a broadcaster, a publication, or a website.

\* \* \*

Now, let's look at a simple sponsorship.

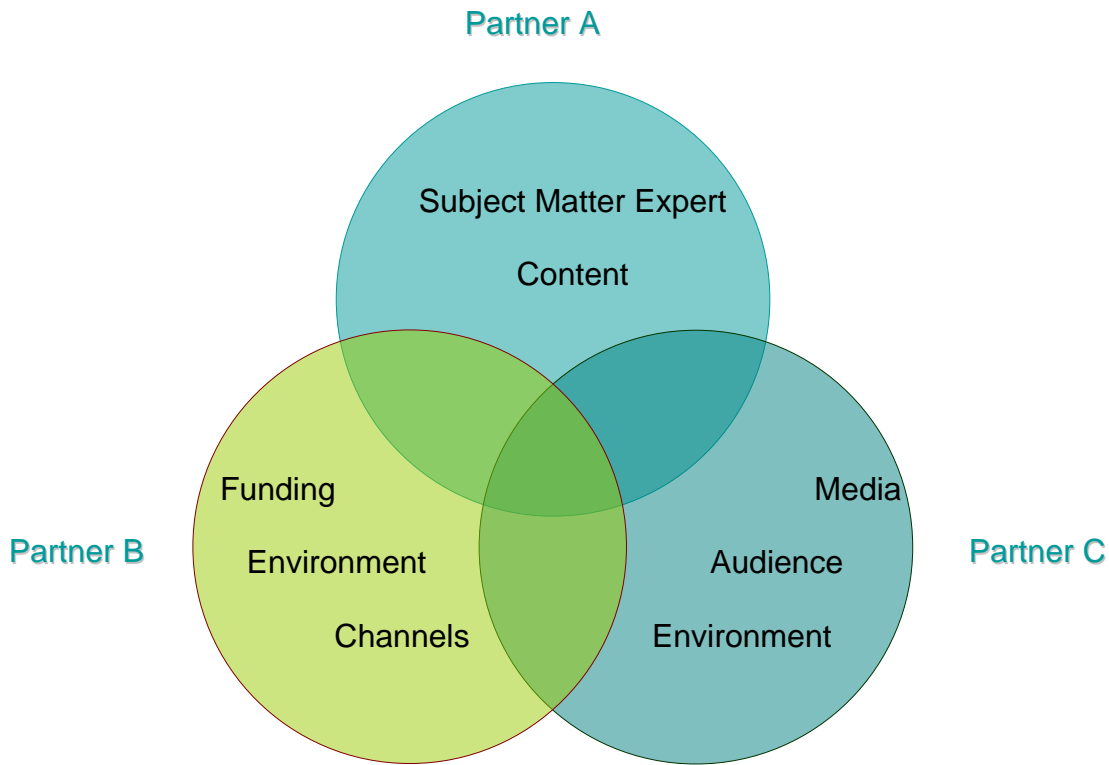


*Figure 2*

In a sponsorship agreement, a company lends its name and financial muscle to a good cause. This often happens with not-for-profit civic institutions, as shown in Figure 2. In my home city of Chicago, the children's concerts of the Chicago Symphony Orchestra have long been sponsored by Kraft, which is based in a Chicago suburb. (Kraft also sponsors a series of children's concerts during the summer months at Ravinia, an outdoor performance venue in Chicago's north suburbs.)

\* \* \*

Now let's put these two models together. When we do, the power of partnership marketing will be revealed.



**Figure 3**

The partnership between Johnson & Johnson and Zero to Three, illustrates the power of this model.

The role of “Partner A” is played by Zero to Three; subject matter expert and provider of content.

Partner “B”, JNJ in our case study, is a producer of goods or services that is looking to satisfy new marketing objectives. It provides the funding, database, and distribution channels associated with its product or service, which provides another set of locations to expose the content.

The role of “Partner C” is played by a communications vehicle (web, print, broadcast) that is looking for relevant content for its targeted audience – in this example, parents of young children. It provides the medium, an audience, and an overall environment to the specific

audiences the other parties seek. That could be all, or a significant portion, of Partner C’s general audience.

Table 2 reviews the parties and their roles:

| Table 2: Partner Role Categories |  |  |
|----------------------------------|--|--|
| PARTNER                          | TYPE   | ROLE   |
| A                                | Not-for-profit or for-profit organization      | Content provider or subject matter expert                                  |
| B                                | Marketer                                       | Funding, customer database, sales distribution channels, marketing support |
| C                                | Communications vehicle (web, print, broadcast) | Content distribution   |

This synergistic partnership can last a long time. Zero to Three receives funding to develop content, and it receives the benefit of an audience on J&J’s websites. J&J reaches new markets, namely people who rely on the World Wide Web for information, and holds onto them because of the quality of Zero to Three’s content. J&J is also relieved of the responsibility to produce content; instead, it effectively purchases content. In the world of the web, content is king. Keeping content fresh attracts more audience with more frequency than static content.

An aspect of this model that may escape notice at first is the opportunity to barter, easing demand on cash flow. Content can be traded for audience. If this example had included an independent website rather than a corporate website, the registered audience for the website could be traded for access to the corporate partner’s own list of customers (in both cases, within the bounds of customer information privacy policies).

**MORE EXAMPLES OF POWERFUL PARTNERSHIP MARKETING**

*APPLE COMPUTERS AND NIKE / APPLE AND (RED)*

Apple is an intriguing company to examine for partnerships. For example, last summer, Apple (NYSE: AAPL, [www.apple.com](http://www.apple.com)) and Nike (NYSE: NKE, [www.nikebiz.com](http://www.nikebiz.com)) began co-

marketing a “Nike + iPod Sport Kit” that allows the user to stow their Apple iPod in their Nike shoe. That’s great co-marketing. But it’s not partnership marketing because there is no educational content and because the cross-promotion is clearly designed only to sell products: iPods, sneakers, and the device that joins them so you can workout while conveniently listening to your favorite music or podcast.

But Apple is a terrific example of global partnership marketing. Apple’s decision to market a bright red iPod nano in association with the “(RED)” campaign constitutes a powerful partnership marketing arrangement.

(RED) – found at [www.JoinRED.com](http://www.JoinRED.com) -- was established by rockstar Bono and philanthropist Bobby Shriver, chairman of DATA. (DATA is an acronym for “Debt, AIDS, Trade Africa”)

The Apple-(RED) partnership possesses all the elements constituting powerful marketing partnerships, according to our model. There is funding from Apple, content from the (RED) campaign, a cause -- to raise funds to battle AIDS in Africa -- and multiple audiences. The audiences include visitors to Apple’s website, visitors to the Join(RED) website, and visitors to the websites for other retail and service brands participating in (RED). The visitors to other participating marketers, ranging from Giorgio Armani to American Express, can click through the websites of that brand to (RED), and from there click into Apple’s website. There are also tie-ins to many websites for Bono’s entertainer friends, creating yet more audiences.

#### *GREEN MOUNTAIN COFFEE ROASTERS AND PBS (PUBLIC BROADCASTING SERVICE)*

Last December, Green Mountain Coffee Roasters partnered with PBS to produce a special “PBS Blend” of coffee. The coffee is “fair trade certified” and organic – two qualities PBS sought. A share of the coffee revenue supports PBS programming.

Is it a powerful marketing partnership? Definitely.

Green Mountain Coffee Roasters (NASDAQ: GMCR, [www.GreenMountainCoffee.com](http://www.GreenMountainCoffee.com)) provides funding, distribution, and even developed a new product for PBS, its not-for-profit partner (website at [www.PBS.org](http://www.PBS.org)). In contrast with the Apple-(RED) example, the for-profit company in this case plays the role of content provider and subject matter expert. PBS brings its media capabilities and its audience to the partnership.

The fair trade certification indicates that Mexico's coffee farmers are guaranteed a fair price for their coffee harvest and enables them to reinvest in their communities. The coffee is also environmentally-friendly as its beans are grown using agricultural practices that preserve biodiversity and vital habitats for migratory birds and other wildlife.

Fair-trade certification and/or the organic farming practices are likely an attractive benefit to the affluent and educated PBS audience. This is an elegant strategic marketing partnership that expresses transcendent values – fair trade coffee grown organically – in addition to the product itself – coffee -- which is largely a commodity.

### **CONCLUSION: PARTNERSHIPS ENGAGE THE HEART, OPEN NEW OPPORTUNITIES**

To sum up, all powerful marketing partnerships are forms of affiliation or affinity marketing. But the unique qualities of powerful marketing partnerships make them especially attractive. They link together people and organizations to attract customers in new and exciting niches. Moreover, in the experience of Davidoff Communications, everyone associated with a brand – be it for-profit or not-for-profit – becomes more excited about the brand when the end game is not just creating profit, but creating new value for customers.

Our economy is being transformed by the creation of ever more narrow niches, each of which needs content to make it attractive. Building powerful marketing partnerships solves the content problem, opens new markets for products and services, builds good will, and provides an enhanced positive experience for customers – experiences and values that will bring customers back again and again.

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About the author...

With 25 years of working with national consumer brands, John Davidoff is recognized as a leader in integrated marketing. John's blue chip clients have included Anheuser-Busch, Discover Card, State Farm, Allstate, Blue Cross Blue Shield, Ralston Purina, Maybelline, Brown Forman, VISA and Pepsi. John has held executive positions with DDB, Omnicom's Radiate Group, General Growth Properties and Entertainment Marketing, Inc..

Davidoff Communications is a consulting firm specializing in partnership marketing, integrated marketing and business development.

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