



**REDEFINING LOYALTY IN
YOUR CHANNEL PARTNER
RELATIONSHIPS**

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Within the world of B2B selling, your channel partners can be a driving force that fuels business growth. But there’s a catch: Your program’s success depends on how well you build loyalty with your partners.

But what does loyalty really mean to you -- and, more importantly, to them?

When we describe loyalty as marketers, we often refer to structured programs built upon a do-this-get-that construct. But as people, we think of loyalty as a state of mind, driven by emotional factors as much as rational.

When it comes to preference, mindshare, and, ultimately, loyalty, your partner relationships are influenced by more than just transactional rewards or emotions.

In fact, there are multiple elements you need to nurture simultaneously for a well-balanced program and highly engaged partners

WHAT IS THE MULTI-DIMENSIONAL LOYALTY MODEL?

So, what are these multiple elements your strategy needs to generate lasting loyalty?

We developed the Multi-Dimensional Loyalty Model to offer a better understanding of each of the four counterparts of loyalty and how they work together to create rich experiences for your partner network.

Prioritizing just one of these initiatives won't be effective long term. But when treated as synchronized objectives, you create opportunities to inspire action and develop deeper, more committed partner relationships.

The two trajectories of loyalty in this model are:

Passive vs. Active: This defines partners' levels of engagement. Passive partners are more likely to be reactive to outside factors and events, while active partners proactively engage with program initiatives.

Relational vs Transactional: This defines the program-partner relationship or dynamic. Relational attributes include deep, personal connections, and interactions, while a transactional approach is primarily based on "do this, get that" exchanges.

The four quadrants, or dimensions, of loyalty in this model are:



True Loyalty: The initiative to further a partner's connection to the brand beyond an incentive offer and focus on the experiences and interactions over transactions.



Cult Loyalty: The creation of a following, or group of channel partners who are aligned with the brand on a meaningful, personal level based in values and identity.



Inertia Loyalty: The steps taken to retain partnerships and cement long-term commitment to the brand, even if it's simply due to their barriers to exit the partnership.



Mercenary Loyalty: The use of tactics to elevate monetary rewards and motivate partners with financial gains.



WHY ENGAGE ALL DIMENSIONS OF LOYALTY?



As a channel marketer, you'll find the most success when you deploy multiple dimensions of loyalty at once. When all levers in each category are activated, you connect with sellers by drawing on their unique motivators. The result is a program that's competitive, rewarding, memorable, and meaningful.

But why else should you take a layered approach to build loyalty?

When brands focus on implementing a range of initiatives within the multi-dimensional loyalty model, there's a greater likelihood of increased sales, improved market share, and stronger partnerships.

Additionally, a multi-dimensional approach to loyalty equips you to:

- **Win out over competitors:** Partners who are loyal show preference for your brand over the competition and prioritize selling your products or services.
- **Generate reliable revenue:** Repeat sales can often be driven by loyal partners and provide a dependable source of income.
- **Strengthen brand advocacy:** Loyalty can result in partners actively promoting your brand and speaking positively about your products, which boosts market credibility.
- **Support product adoption:** From quickly adopting your newest products to attending additional training to support their sales, loyal partners will reliably help you introduce, support, and promote your latest releases.

- **Implement successful co-marketing:** Collaborative co-marketing activities and joint business planning become easier and more effective when partners are loyal to your brand.
- **Boost customer satisfaction:** A deep understanding of your brand and its offerings allows loyal channel partners to effectively communicate the value proposition to potential customers.

Remember: It costs less to keep your current partners than to onboard new ones. That's why one of the best ways to prevent churn is to approach your partner engagement strategy through a loyalty lens.

So, what elements of loyalty is your strategy currently supporting best, and what opportunities do you have to strengthen loyalty in the long-term?

To answer that, let's jump back into each of the four dimensions of the Multi-Dimensional Loyalty Model and discuss how you can support elements of each in your program strategy.

TRUE LOYALTY: OPTIMIZING THE EXPERIENCE

True Loyalty strategies prioritize creating engaging experiences that focus on interactions rather than transactions.

When these techniques are used effectively, channel partners see themselves having a direct relationship and conversation with the brand. But to sustain participation, they require valuable, tailored experiences and tools for success.

When combined with other loyalty tactics, True Loyalty strategies can be a game changer for your channel program.

But what does it look like in action?

Consider these techniques across your partnership initiatives.

Take a moment to think about your own partnerships. How are you showing them they're valuable to you? And how are you aiming to create meaningful experiences for them?



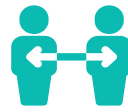
PROGRAM DESIGN & STRUCTURE

- **Rule Structures That Are Not Just Transaction Based:** Reward partners for non-transactional factors, such as behaviors that support the sales process, product expertise, and partnership longevity.
- **Learning & Enablement:** Empowering partners through seamless training access and incentivized learning promotes knowledge, confidence, and customer satisfaction.
- **Market Development Funds:** Symbolize commitment to partner success and nurture long-term relationships with MDF programs, backed by easy-to-use platforms and various payout options.
- **Gamification & Status:** Use gamification tools like leaderboards, progress trackers, and achievement badges to maintain partner engagement and promote accountability.



BENEFITS, INCENTIVES, & REWARDS

- **Meaningful Rewards:** Motivate partners through meaningful rewards tailored to their individual preferences, ranging from merchandise and gift cards to travel opportunities, to enhance engagement and performance.
- **Surprise or Secret Rewards:** Trigger excitement and novelty with surprise rewards such as delivering rewards for undisclosed milestones.
- **Business-Building Incentives & Rewards:** Encourage business growth through revenue sharing and co-marketing opportunities that foster mutual value and strengthen partner relationships.
- **Soft Tier Benefits & Perks:** Offer non-financial benefits, like dedicated support and exclusive resources to enrich the partner experience and create a sense of value and accomplishment.



PARTNER ENGAGEMENT & REPLATIONSHIP MANAGEMENT

- **Engaging Partner Portal & Seamless Platform Experiences:** Create an engaging partner portal experience with user-friendly design, mobile accessibility, and automation.
- **Personalization:** Craft personalized experiences that engage partners through data-driven segmentation, customized promotions, individualized incentives, and tailored communications.
- **Feedback & Surveys:** Seek partners' opinions on program elements like communications and incentives to demonstrate commitment and promote trust.
- **Recognition & Appreciation:** Recognize partner efforts with personalized gestures, shoutouts, and invitations to build loyalty, motivation, and emotional connection to your brand.
- **Easy Processes & System Interactions:** Add value by saving partners time and effort with seamless data flow and easily accessible information.
- **Supportive Field Representatives:** Cultivate a supportive ecosystem by building strong relationships between field representatives and partners through regular communication,

CULT LOYALTY: OPTIMIZING THE COMMUNITY

Cult Loyalty strategies support value alignment, affinity, and your partners' ability to identify with the purpose and values of the brand and the partner program.

When Cult Loyalty tactics are successfully activated, partners perceive themselves as more than a representation of your brand and, instead, as a counterpart with a shared identity and mutual values.



How often do you think of your partner network as an active community?



RELATIONSHIP BUILDING &

- **Value Alignment:** Align brand values with channel partners to cultivate strong relationships through shared purpose and understanding.
- **Communities & Forums:** Enable partner communities and forums to build a sense of belonging and support, bolstering confidence and product advocacy.
- **Group Incentive Trips:** Promote camaraderie among your partner groups with incentive trips that offer exclusive experiences.
- **Learning & Enablement (Upskilling & Business-Building-Focused):** Promote partners' professional growth beyond product knowledge in areas like sales strategies, pricing workshops, entrepreneurship, and soft skills.



PROGRAM CONSIDERATIONS

- **Strong Program Branding:** Reinforce your brand's reliability in a competitive market to build trust, loyalty, and familiarity among partners.
- **Referrals & Advocacy Programs:** Offer programs that harness partners' intrinsic motivation to share positive experiences, deepen relationships, enhance brand credibility, and drive revenue growth.



SPECIAL RECOGNITION

- **Titles & Certifications:** Instill a sense of accomplishment in your partners by offering titles and certifications for milestones such as goal achievement, training completion, and partnership longevity.
- **Swag & Wearables:** Integrate branded swag and wearables into your program to nurture loyalty, promote your brand, and create a sense of belonging among channel partners.
- **Rituals:** Establish rituals around partner events, awards, seasons, and gatherings to promote a sense of tradition and community.
- **Generational Loyalty:** Foster generational loyalty among family-owned resellers or distributors by acknowledging their legacy, preserving traditions, and incorporating heritage marketing.





INERTIA LOYALTY: OPTIMIZING THE BARRIER TO EXIT

What's different about Inertia Loyalty is that you're not trying to launch it - you're aiming to identify it. When present in your channel partner relationships, commitment to your program is mainly reinforced by challenges to exit the partnership.

When there's a healthy balance between Inertia and other loyalty strategies, partners should feel more like their participation is a choice, rather than an obligation. If it's the latter, your partnerships remain intact, but it could be at the cost of their active participation.

That's why the true purpose of Inertia Loyalty isn't to create obstacles that trap or trick partners into commitment. It's to acknowledge where it already exists and ensure it's not acting alone.

So, how is Inertia Loyalty taking shape in your program? And is it working to your benefit, or are there opportunities to optimize?

- **Existing or Established Integrations:** Integrate your brand's technology and systems to provide convenient interactions that strengthen retention and increase dependency, familiarity, and commitment to your brand over competitors.
- **Upfront Investments:** Allow partners to make upfront financial or time-oriented investments, like covering product costs or participating in specialized training to grow their expertise and deepen commitment to your program.
- **Contractual Terms, Auto-Ordering, or Subscriptions:** Utilize commitment-based measures, like contractual terms, auto-ordering, or subscriptions, and support these actions through continuous retention and nurture initiatives to maintain long-term partnerships and drive renewal.
- **Strong End-User Marketing:** Stay focused on marketing initiatives that promote customer interest, which may contribute to stronger partner loyalty as their opportunities to profit increase with demand.
- **Generational Loyalty (again!):** Elevate your shared history with partners, their personal ties to your brand, and the ease of participating in your program to make "The way we've always done it" the mentality that drives partners' long-term commitment.

MERCENARY LOYALTY: OPTIMIZING THE INCENTIVES

Mercenary Loyalty involves utilizing monetary rewards and the transactional side of channel partner relationships to drive action and participation.

With this approach, the goal is to attract greater commitment from the program members aiming to maximize their point-earning potential and grow their status.

As incentives, rule structures, or rewards for driving revenue or transactions for your company become actionable and attainable, partners gain a sense of accomplishment from making the most of the program's financial benefits.

Even though incentives and rule-based rewards are table stakes for entering the competitive market and attracting channel partners, simply having the richest incentive or reward structure isn't sustainable long-term.

As with other loyalty strategies we've discussed, a successful program will establish a balance to maximize the effectiveness of mercenary tactics as they're used in tandem with other approaches.

So what elements of Mercenary Loyalty should you aim to support?



CORE PROGRAM CONSIDERATIONS

- **Value Propositions:** Offer tangible incentives, diverse rewards, and promote the ease of participating and earning in the program with lucrative rule structures and compelling value propositions.
- **Transaction-Based Incentives:** Link incentives to measurable and quantifiable activities, establish an ongoing base rule structure, and offer partners a way to track their progress.

Are your rewards and incentives compelling enough to motivate your partners?



REWARD MECHANISMS & OPTIONS

- **Rebates & Cash Incentives:** Consider monetary benefits, which can be provided through various methods, like prepaid cards, virtual payments, checks, and more.
- **Discounts:** Entice partners by granting discounts on crucial program-related expenses, including pre-purchased inventory, showrooms, and training resources.
- **Tiered Benefits:** Enhance partner loyalty through tiered benefits, which offer opportunities to progress and unlock greater rewards, like preferential pricing or priority delivery.
- **Promotions & SPIFs:** Align short-term, transactional-based incentives, like promotions and SPIFs, with specific goals, like selling particular products, closing a certain number of deals, or entering new markets.
- **Points Programs:** Implement points-based programs where participants earn, accrue, and redeem rewards from a program catalog or marketplace.





YOUR NEW LEASE ON LOYALTY: CLOSING THOUGHTS

As you reflect on the Multi-Dimensional Loyalty Model and assess your current strategy, it's important that you don't think of these four dimensions through the lens of, "Which one do we want to be in?" or "Where do each of my channel partners sit?"

There's no single program structure or silver bullet when it comes to building loyalty. However, we know the strongest programs reflect a deep and nuanced view of their members. They also employ and support multiple dimensions of loyalty to best engage and motivate.

At the end of the day, a well-rounded approach does more than help your channel program stand up and stand out from competitors. Nurturing loyalty from all sides is what tells partners they've made the right commitment to stand by you, too.

For more information contact your Maritz account manager or visit [maritzmotivation.com](https://www.maritzmotivation.com).

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