

Generating Revenue and Decrease Costs

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Generate Revenue and Decrease Costs

Marketing partnerships that use smart collaboration can help a brand achieve its revenue growth objectives. These partnerships have a direct link to driving revenue, and performance metrics can be easily measured if properly established.



New Customer Acquisition

Attract and convert new customers through strategic partnerships



Increase Average Transactional Value

Boost revenue per customer transaction



Increase Average Number of Transactions (ANT)

Drive more frequent customer purchases



1. New Customer Acquisition



Partnership marketing programs can enhance customer acquisition and reduce costs. Acquiring new customers can be achieved through a mix of strategies such as buying customer lists, advertising, online marketing, direct marketing and referral arrangements, leveraging social networks, email marketing, and inside sales teams.

Cost per acquisition (CPA) is a key challenge for marketers. Traditional marketing channels are becoming more costly and less effective. Mass advertising and direct marketing are less cost-effective as competition increases. A shift toward more cost-effective marketing channels is needed for sustainable profitability.



New Customer Acquisition Strategy

An optimal acquisition strategy meets customer acquisition targets while keeping the overall CPA low. Partnership marketing can be more cost-effective, as the partner brand is often responsible for marketing expenses.

📄 Case Study: Phone Service Partnership

A long-distance phone service company (PSC) partnered with a digital home phone manufacturer (OEM) to offer a free month of service to new customers, with the goal of lowering the CPA. The PSC calculated their costs for the program, and projected their CPA to be between **\$41.20 and \$82.40**, compared to **\$125 and \$175** from their previous direct mail and cold-calling campaigns.

Tracking customer acquisition activities and programs can show the value of a partnership.

Partnership Program—CPA Projections

\$103K

Total Program Cost

Marketing collateral, shipping, and web design

\$41.20

Best Case CPA

1% response rate scenario

\$82.40

Conservative CPA

0.5% response rate scenario

Scenario	Units	Response Rate	New Customers	CPA
Scenario 1	250,000	1%	2,500	\$41.20
Scenario 2	250,000	0.75%	1,875	\$54.93
Scenario 3	250,000	0.5%	1,250	\$82.40

All scenarios are based on 250,000 units distributed with a total program cost of \$103,000.



Keys to Partnership Success

Target the Right Customers

Partnerships work when they target customers with a relevant offer at the right time

Cost-Effective Execution

Partnership marketing can help meet customer acquisition objectives at lower costs

How to Track a Partnership Marketing Program?



01

Assign Unique Identifiers

Each partner company receives a unique identifier linking new customers to that specific partner

02

Use Promotion Codes

E-commerce businesses use promotion codes or pre-populated account numbers in online registration

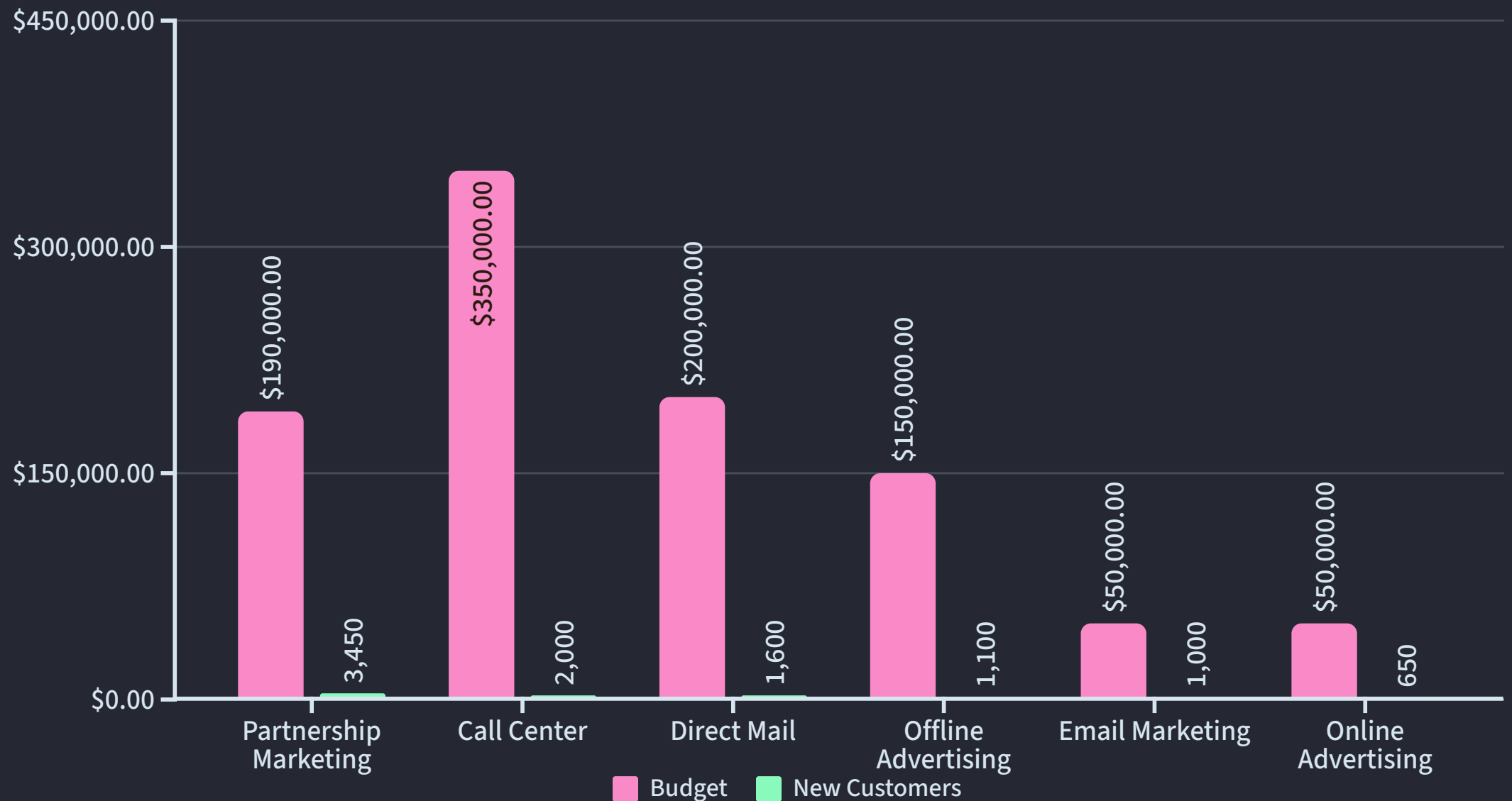
03

Measure Key Metrics

Track performance with essential metrics to measure partnership success

How to Achieve Customer Growth While Reducing CPA?

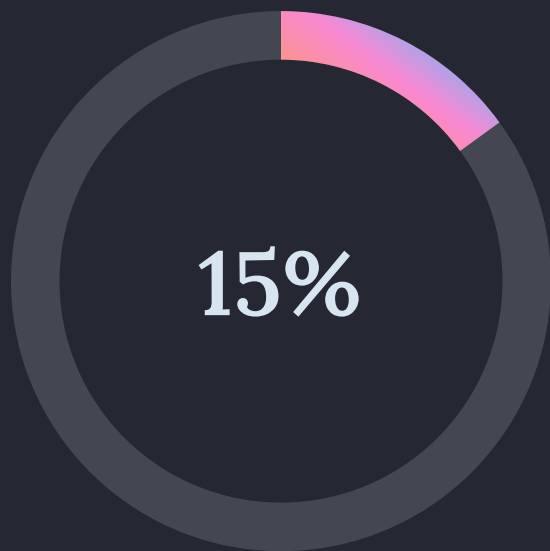
Marketing channels may need to change as products move through different stages of their life cycle. Starting with a marketing budget of \$1 million to acquire ten thousand customers, the optimal mix could look like this:



Year 1 results show partnership marketing delivering 34.5% of customers at a CPA of \$55, making it the most cost-effective channel with an overall CPA of \$100.

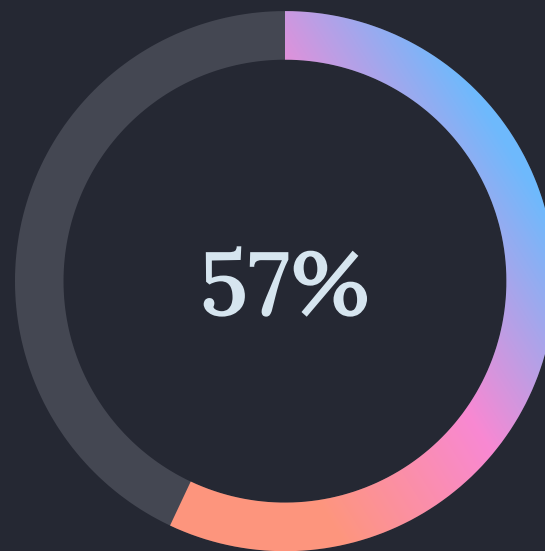
Adapting to Budget Constraints

Companies may need to lower their CPA targets while maintaining the same customer acquisition goals. When the target CPA drops from \$100 to \$85, the marketing budget must be revised to \$850,000 while still acquiring 10,000 new customers.



Budget Reduction

From \$1M to \$850K



Partnership Share

Of total customers in Year 2



Partnership CPA

Most cost-effective channel

Channel	Year 1 CPA	New Customers in Year 1	Year 2 CPA	New Customers in Year 2	% Change in budget
Partnership Marketing	\$55	3,450	\$62	5,675	↑ Budget increased 84%
Online Advertising	\$77	650	\$80	1,875	↑ Budget increased 200%
Call Center	\$175	2,000	\$176	850	↓ Budget decreased 57%
Offline Advertising	\$136	1,100	—	—	Eliminated

Strategic Channel Optimization



The Path Forward

A detailed analysis of each marketing channel can evaluate maximum potential and opportunities for customer acquisition.

Smart marketing partnerships can reduce the overall cost of customer acquisition by leveraging the assets, budgets, and resources of both companies.

2. Increasing Average Transactional Value (ATV)

Business growth depends on what customers spend on products or services and the volume they are willing to buy. Increasing ATV per customer can be achieved through several strategic methods.

Bundle Services with Products

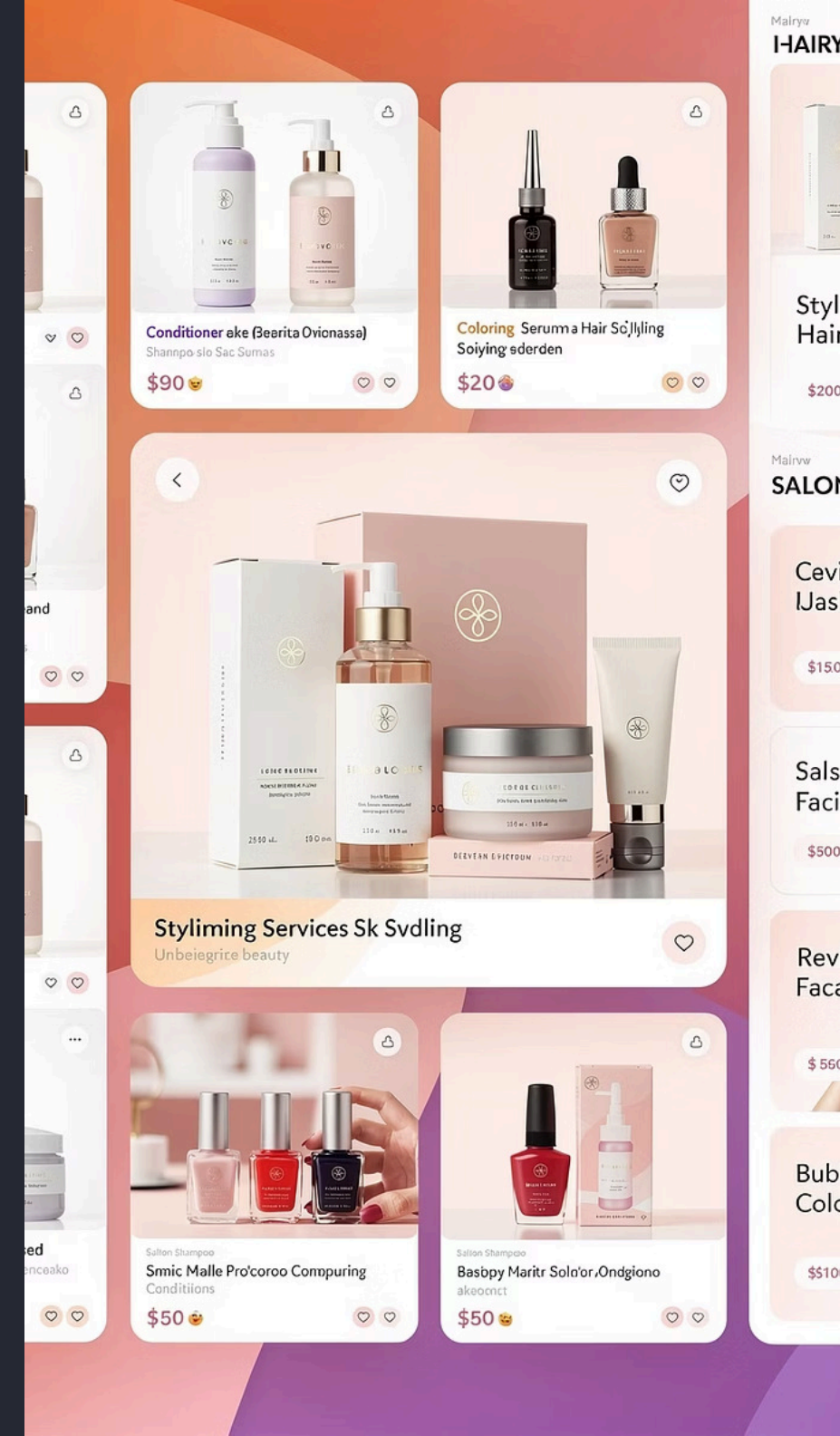
Beauty salons offer special prices on products when purchased with services

Cross-Sell Complementary Offerings

GoDaddy.com offers web design, security, and hosting services alongside domain purchases

Create Value Packages

Packaging complementary products together increases perceived value and justifies higher prices





3. Increasing the Average Number of Transactions (ANT)

Increasing the ANT from customers is another way to grow a business. Partnership marketing can help offer additional products and services, especially if the core offering is limited.



Enhance Customer Experience

The Bell and Starbucks partnership offered free wireless internet, encouraging customers to stay longer and make additional purchases



Expand Product Selection

Amazon.com's Seller Central program allows partners to leverage traffic to sell products, expanding offerings and increasing transactions



Implement Loyalty Programs

Loyalty programs, potentially funded by a partner, can incentivize customers to increase their number of visits