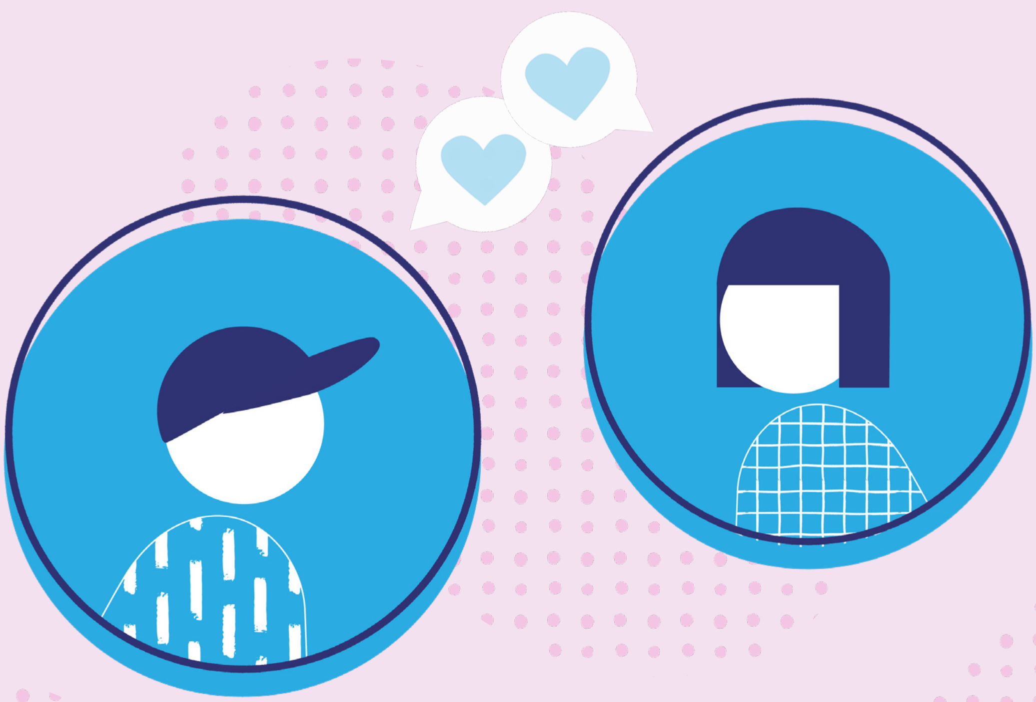
AdRoll

# Direct-to-Consumer Brand Partnerships Playbook



# Setting the Stage

As most direct-to-consumer (D2C) e-commerce brands start out, doing it alone may be rewarding enough, but most could use some help to take things to the next level. There's an old saying: "If you want to go fast, go alone. If you want to go far, go together." This is a guide for brands that want to go far.

Brand partnerships come in many flavors, but the core principle is always the same. Two brands come together to complete a shared goal or purpose. It's the details — the whys and whats and hows — that make brand partnerships interesting. Most successful brand partnerships:

1. Bring complementary value to both brands (skills, expertise, relationships, etc.)
2. Bring complementary products or services to customers
3. Expand both brands' markets
4. Result in specific, measurable outcomes
5. Achieve a defined goal

Beyond those five characteristics, brand partnerships can look like almost anything. They can be as involved as one brand manufacturing product for another brand, similar to **Virgil Abloh reimagining Nike's Air Jordan sneakers**. Or, they can include a department store **offering up floor space to a pop-up**. Alternatively, they can be as limited in scope as a blog exchange or cross-promotion. The bottom line is: as long as two or more brands are working together to accomplish something, there's a brand partnership in place.

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# Benefits of a brand partnership

Together, brands can accomplish things that would be more challenging and take more time to do alone. A partnership can provide several advantages to brands:

1

## Reach

Partnerships can greatly expand the number of eyeballs a brand has access to because they combine two audiences into one. That doesn't mean brands that partner up immediately double their exposure — there's often significant overlap between partner brand audiences — but it certainly increases how many people see each brand.

2

## Diversity

Not only can a partnership increase the number of eyeballs, but it can also change the makeup of those eyeballs. Brands with distinct but complementary audiences can use partnerships to expand their exposure beyond their core demographics.

3

## Reinvention

Brands looking to change their image have long used partnerships to kick-start the transformation. Partnering with a brand with a specific image can be a great way to reintroduce a company, or introduce it in a completely new way. For example, when Lexus wanted to shed its image as a stodgy luxury brand, **they went to Marvel** to pick up some action cachet with younger buyers.

4

## Resources

When brands share resources, they accomplish things that might be difficult to do alone. This can apply to sharing funds for a large marketing project, but it can also include sharing expertise, perspective, and other resources.

5

## Selection

Brands may partner out of a desire to offer a better range and selection of products to their audience. A home furnishing brand, for instance, might partner with an electronics brand to offer washing machines that match their new sofa collection. A partnership allows brands to diversify their products or services without investing in the infrastructure to do so.

So, what kind of brand would benefit from a partnership? Partnerships are flexible and can mean different things to different brands. As long as the partnership is designed to provide value, and both sides are on the same page, there isn't a brand out there that couldn't benefit — which leaves the question: how can brands create partnerships that will bring them value?

# Identifying an ideal brand partner

Just because brand partnerships can be valuable doesn't mean they always are. Partnering with an incompatible company might result in nothing, or in the worst case, lead to real damage. That's why finding the right partner is critical. Structuring the partnership to be beneficial to both parties is just as important, too.

Identifying a brand to partner with is like **identifying a target customer segment**. In fact, it's almost exactly like it. Brands need to be a match not just in product or service — some of the best partnerships have wildly different offerings — but also in beliefs, ideals, customers, and approaches.

Finding an ideal brand partner comes down to answering a few simple questions:

1

## Does the partner offer a complementary product or service?

This question can be answered very simply, or it can spiral into some pretty serious complexity. There are obvious complementary products — for example, a mountain bike from D2C bike maker Canyon and bike delivery/assembly service velofix DIRECT — and there are some much less obvious complementary products — such as the aforementioned Lexus partnership with Marvel. The goal here isn't necessarily to find two companies whose products work together as a single unit, but instead, find two companies whose products might work for the same people and make their lives better/easier.

2

## Do the partners' values align with yours?

For a partnership to work, the two companies need to see eye to eye on what the brand means to its customers. This alignment will ensure the brands are moving toward a common goal and providing a great customer experience. Make sure to ask these questions early so you can get to know your potential partner and what they care about.

3

## Do both brands gain a core competency they didn’t have access to before?

The point of a brand partnership is to uplift awareness and perception among target audiences in a way that can’t be done by the brand on its own. This is best achieved by identifying partners whose strengths add a new and complementary dimension to the existing brand. Make sure there’s an element of newness and excitement for the customer – after all, it’s about putting them first.

4

## Does the partner reach an important audience?

This doesn’t mean their audience has to match yours. Quite the contrary, some of the most productive partnerships bring together disparate but complementary audiences — groups of people who aren’t identical but share some common interests or needs. Instead of looking for brands with an exact audience match, it’s important to ask, “What new audiences can this partnership bring?” Again, it’s all about providing additional value for your customers. Value drives engagement, which drives revenue.

5

## Does the partner have any financial red flags?

One aspect born out of the COVID-19 pandemic is the importance of proactively identifying financial red flags with a potential partner. With retail bankruptcies up dramatically, many D2C brands are reevaluating any potential partner to ensure they aren’t going to go under during the partnership. Other red flags might be inflammatory executives, workplace and culture issues, bad customer support, infrastructure and logistics problems, or other disruptive issues. Don’t be afraid to dig deeper into your potential partner’s business and share insights into your own.

There are millions of brands out there, and each one has something unique to offer. Finding the right one (or the right group to approach) can be difficult — We’ve done the work for you and put together a list of amazing D2C partners in the space. Get a headstart on your partnership search by browsing the brands on **AdRoll’s small business shopping list**.

**To start meaningful conversations with potential brand partners, join the community of direct-to-consumer marketers in the Growth Guerilla Collective community Slack group.**

# Determining partnership goals

Goals come in a variety of forms, but more and more are focusing on financial accomplishments first and foremost. As e-commerce becomes even more enmeshed into the normal fabric of life, D2C brands find they no longer need to rely on brick-and-mortar partnerships to establish legitimacy.

At the same time, there are still plenty of non-financial goals that make sense for some D2C brands, such as letting customers try out products in person without having to invest in a full retail experience or simply growing awareness of your brand. In cases like this, focusing purely on the immediate bottom line can miss powerful opportunities for growth.

Still, even when sales aren't the immediate goal, there should be intermediate metrics set up to measure progress towards eventual sales. No brand wants exposure without tangible benefits. So as goals are formulated, it's important to make them real, measurable, and trackable. A framework for goal setting, such as **SMART**, ensures whatever goals are set ultimately lead to positive business outcomes.

Example goals might include:

1

## Increased overall revenue

The simplest and most obvious goal is a rise in sales. If sales go up above a specified threshold, the partnership was successful. Measures can include sales, revenue, or **CLTV**. Brands have multiple avenues for tracking conversions/sales from a partner: from dedicated partner landing pages, to URL tagging with UTM parameters, to specific partner discounts and promo codes.

2

## Increased profitability

Related but not the same as increased revenue, a partnership can increase profitability by cutting expenses or raising revenues enough for economies of scale to kick in. Measures can include profit per customer, overall margin, **cost per acquisition**, or other measures of cost.

3

## Access to new customers

If reaching a specific demographic is most important to your brand, it may be worth trading off some short-term revenue for that growth. However, there still needs to be measurable goals so progress can be tracked. This is where doing your homework comes in: you need to enter with an understanding of how much traffic the partner is likely to send, and what those visitors' conversion rates are likely to be. Combine these factors into projections (make sure to go conservative rather than "best case scenario"), add those projections to your own, and evaluate success based on these numbers.

4

## Traffic

Sometimes what you really really want is traffic — traffic to a blog, to a social media page, to an e-commerce website, anything. Just be careful: This approach is great for brands with a well-oiled conversion machine. Otherwise, all that traffic may turn into a lot of noise but few sales.

Of course, this is hardly an exhaustive list, but it's a good place to start. Remember that the keywords are measurable and well-defined, and those measurements should lead to concrete business goals.

# Determining what's in it for your partner

You know who you want to partner with and what you'd like to get out of it, so now it's time to ask, "What's in it for them?" Remember, partnering is a big ask. Unless you're Nike or Ford or another brand whose name sells itself, most other companies will need something other than a public association. So, what can you offer brands in exchange for partnering with them?

What potential partner brands want shouldn't come as a surprise — more sales, more customers, cheaper acquisition. But creating a compelling offer takes something unique — something one brand can offer that no others can. It might be a positive reputation among a niche audience. Or a particularly well-developed email list. Or even a product that can't be found elsewhere. The more unique it is, the more likely it will draw attention.

Some offers that work well are:

1

### Impressions, opens, likes, and other engagement metrics

These seem like an obvious benefit to propose, but it's important to remember that these numbers don't mean much without a connection to bottom-line metrics, like revenue or profitability.

2

### Access to marketing databases

This is a little more concrete than just impression counts. Will your brand give a potential partner access to email lists, phone numbers, or other marketing databases? There are many different ways to share access — from mostly closed options, like allowing partners to submit banners and copy, to fully open ones, such as gaining access to the actual list — though that option will require some extra work to ensure compliance with privacy regulations and opt-in best practices.

3

## Revenue sharing

If the partner is expected to sell a product or service from your company, the most obvious benefit they can receive is a percentage of sales. Revenue sharing agreements are very common, but they need to be carefully considered and planned against short- and long-term revenue goals and profitability.

Again, these are hardly the be-all and end-all. Some brands may have a specific and unique value proposition for partners that trumps any specific metric: music brands can co-host a party or concert, video game brands can include products in a game, and apparel companies can put logos on clothes.

# Creating a blueprint for success

With all of the under-the-hood details taken care of, the last to-do before launching into an exciting new brand partnership is figuring out exactly what the partnership will look like. What will the brands partner on exactly? How will it work? Who has responsibility for what? And how long will the partnership last?

This is one of the reasons brand culture fit is so important for partnerships — not only do both brands need to represent the same things to consumers, but their teams need to be able to work smoothly and efficiently together.

Setting up a collaborative environment ahead of time is especially useful for brands planning time-restricted partnerships, such as partnering for a big holiday. When there are three months left until Christmas, every minute counts, and partners need to work together to make the most of that time. As always, with big projects, budget extra time for back and forths — even the best partnerships can have hang-ups that cause delays.

At a minimum, a partnership blueprint should include:

1

## Timeline

When does the partnership start? When does it end? What are the key milestones that need to be hit along the way? The more exact the timeline, the better the results will be.

2

## Division of responsibility

Who is in charge of what? What is each partner responsible for providing? Tie this into the timeline to create accountability for each partner. This will help ensure everything goes smoothly. The **RACI Framework** a very simple rubric you can use to set out who is Responsible, Accountable, Consulted, and Informed for each task connected to the partnership. This helps ensure there's clarity and agreement around who does what.

3

## Channels and creative

Where will the partnership take place? What channels will be used to promote it? How will it be promoted? Who will be responsible for what channel and when? And, most importantly, who will build out the creative and get it approved?

4

## Process agreement

How will decisions be made? How will reporting be handled? All of these processes that are simple when executed internally can grow when a collaborator is brought in. Advanced discussions will help smooth out potential problems later.

The best way to build a blueprint is to think of it as a series of steps. Each layer should seamlessly connect to the layers above and below, so the timeline matches up with the responsibilities, the processes, the creative, and so on. Separating a complex partnership into simpler layers will allow everyone involved to get on the same page with fewer hiccups.

# Partnership Success Stories

Talking about the heavy lifting isn't nearly as helpful as showing the results. What do these brand partnerships look like when everything comes together? In short, they include fantastic ways to expand reach, broaden audiences, and build new sales. Here are a couple of our favorite examples to get you inspired. They range in size, from massive, global brands to small indies — but each one offers a lesson that every brand should follow.

## Star Wars and Covergirl

Star Wars is a brand that skews heavily male. Covergirl is the opposite. But over the last several years, there's been a noticeable uptick in women interested in Star Wars, and men interested in makeup. Disney and Covergirl saw that trend and decided to get an early jump with the release of Star Wars: The Force Awakens.

Using a combination of social media — specifically Instagram — and out-of-home ads, the two brands briefly combined into one mega-marketing campaign. Covergirl developed two looks — one for the light side of the force and one for the dark — and co-branded them with the iconic film franchise.

The campaign was incredibly extensive. The looks didn't simply reuse existing Covergirl products and slap another brand's logo on them. Instead, the products were designed from the ground up to fit the theme, with new lipsticks, mascaras, and nail polishes. This was a partnership with serious time, money, and thought.

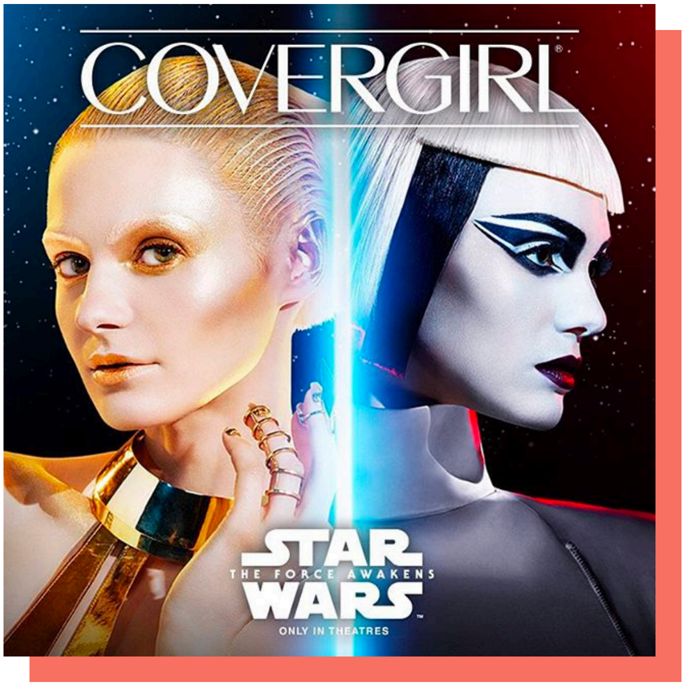


**Image** ©Covergirl and ©Lucasfilm Ltd.

The result was a win for both brands. Aside from the revenues and licensing fees, the campaign allowed the two companies to break into new markets where they previously had limited success. In essence, the campaign granted the two companies to exchange audiences, creating an unlikely crossover that expanded marketing for both.

# Warby Parker x Arby's

Image ©Warby Parker and ©Arby's

Not all partnerships make sense at first glance. For instance, take a popular fast food meat chain famous for being expert memesters on social media paired with an e-commerce eyewear company that helped kick-start the D2C revolution. But apparently, some comedian on the marketing team realized that Warby Parker sounded a lot like Arby's, launching an April Fools' joke of a partnership that manages to go too far yet work perfectly.

"WArby's," as the **unlikely partnership** was called, seems like the most bizarre partnership possible. Product-wise, the brands have little in common. In some ways, they can even be seen as completely antithetical: one is a banner of the new economy, founded out of an elite incubator on the East Coast's tech corridor, aggressively targeting young, hip, savvy millennial consumers; the other is a legacy fast food chain (millennials, any number of articles will tell you, hate fast-food) founded in the heart of the Midwest's rust belt in the 1960s.

But it works. Arby's has spent the last decade masterfully working social media to become a fun, retro, **meme-friendly** alternative to traditional fast food. The brand has turned its humble roots into a kind of self-deprecating, 140-characters-at-a-time humor that aggressively appeals to millennial audiences. Warby Parker has waged a similar war against the Lenscrafters of the world by appealing to young consumers' sense of style and presenting a strong value buy. But to appeal to demographics outside their core of hip, urbane young professionals? That's where Arby's comes in.

The WArby's partnership works because both brands have an audience the other wants. Arby's wants to appeal to cool millennials in cities, which is Warby Parker's bread and butter. Warby Parker wants to make inroads into the midwestern suburbs that often get overlooked when demographers talk about millennials, and Arby's has those customers in spades. And both have audiences that appreciate a good joke as much as they appreciate a good roast beef sandwich or pair of direct-to-consumer eyewear.

# Ice Shaker and Cardillo Weight Belts

Image ©Ice Shaker

**Ice Shaker** is no stranger to partnerships, having worked with numerous brands to get their customizable shaker bottles in front of fitness buffs. They've been so effective at partnerships that they've developed a process for making finding a partner easier and more successful. They sat down with us and gave us some of their best tips for making partnerships work.

For finding potential partners, Ice Shaker likes to look to their audience for inspiration. "We find companies to reach out to by looking at customer posts that are tagging our products and seeing what other companies they are posting about as well." This approach helps ensure potential partners are on the same page — after all, if your audience likes their products, chances are they'll like yours.

This has the added benefit of making partnerships faster and easier. The care that Ice Shaker puts into selecting partners allows them to negotiate product cross-posting partnerships in as little as a week. However, they note that it's important to not be so focused on sales that you alienate the new audience you're trying to reach.

"If you are partnering up, don't just ask your partner to post your product with a coupon code — this will not lead to sales. Your partner's audience has most likely never heard of your product before and instead of trying to sell, just try to introduce the product with an authentic post."

As a result, Ice Shaker has managed to build partnerships that have lasted for years and turned into friendships. Their partnership with Cardillo Weight Belts, one of their most successful, has been ongoing for over two years and has resulted in a tremendous uplift in reach.

Doing the legwork upfront and focusing on complementary brands has turned partnerships into an easy, ongoing, and scalable strategy for Ice Shaker. Brands looking for holiday partners can apply those lessons to help get all their partnerships off the ground in time — rather than going for the biggest potential partner available, find one that clicks.

# You Don’t Have to Grow Your Brand Alone

Partnerships and collaborations have taken off as one of the hottest tactics for brands to expand their reach — and it’s easy to see why. Partnerships allow brands to reach new audiences, but also to bypass some of the defenses consumers put up against traditional marketing. They can be more cost-effective than traditional outreach options and allow brands to piggyback off of the brand equity developed by others.

But building a successful partnership isn’t something you can turn on at a moment’s notice. A good partnership requires having the right partner, and it takes time to identify one. It also requires having a good idea of what you want to accomplish and knowing what kind of value you can offer prospective partners and their customers. And lastly, it takes commitment to tracking, measuring, and following up on partnerships to ensure they achieve real business objectives. You don’t have to grow your brand alone — do these things right and reap the rewards that countless other D2C brands have found in collaboration.

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