

Cross-Promotions: The Free Form of Advertising

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Cross-promotions allow us to combine an effective message with free distribution. In a sense, it is a new advertising medium with no monthly bills. There's no newspaper space to buy or postage to pay.

That's right — free.

Free advertising is a new concept to most business owners, but the power of the cross-promotion was certainly understood some 200 years ago when used by Benjamin Franklin. In some early editions of "Poor Richard's Almanac," readers could take advantage of valuable coupons from various merchants of the day. Ben evidently felt that discount coupons added to the value of his publication, making it easier for him to sell.

Cross-promotions are sometimes called "poor man's direct mail," a term not so richly deserved, for they have made many a merchant anything but poor. Cross-promotions are truly one of the mass media alternatives that can deliver us through the '90s.

Take, for example, Nautilus Fitness Center, which implemented one of the healthiest cross-promotions that I have seen. Nautilus' manager met with the owner of a local tennis club to explain how the two companies could work together in a cross-promotion. After explaining how Nautilus' equipment could help tennis players prevent tennis elbow and increase the power of their serves, he provided the owner with special half-price coupons for introductory memberships for the members of his club. The coupons would then be distributed as a value-added service from the tennis club, giving its members a little extra something for their loyalty.

Best of all for the tennis club owner, the program cost him nothing! Nautilus paid for the paper and printing of the 1,000 coupons that were inserted into the tennis club's monthly newsletter. Nautilus had a great return on their investment: eight coupons were redeemed for introductory memberships. Five of those eight were converted to one-year memberships and one to a six-month membership. Gross sales for the promotion totaled \$1,803, and it only cost Nautilus \$40!

This scenario may sound painfully simple. It isn't. A close look at all of the subtleties involved will reveal that it is a very complex marketing tool

— a tool with a very low tolerance for abuse. Implemented improperly, it can cause some major grief. On the other hand, when used properly, it can increase your profits enormously.

THE THREE "C" S OF CROSS-PROMOTIONS

Cost

In the Nautilus Fitness Center example, the manager was able to have 1,000 coupons distributed for free. The only cost he incurred was the printing, which was very inexpensive.

Why would other people be willing to pass out your advertising for free? They wouldn't — unless there is something in it for them. Therefore, you must create a perceived value for your cross-promotion partner. The Nautilus manager supplied the owner of the tennis club with 1,000 coupons representing thousands of dollars of savings for his members. Obviously, the Nautilus manager wasn't giving up thousands of dollars, yet the owner perceived it as such.

The success of getting your advertising distributed for free depends on your ability to present the value of the program to your partner — to stress the "you" benefits. "We're providing you with these coupons to provide to your customers, at no cost to you."

Control

When advertising in a local newspaper or tabloid, you have very little control over your advertising. You can't control how many messages go out, where they go or who gets them.

For the most part, using mass media means that your message goes out to the masses, but your customer base may be a very targeted group within it. With the cross-promotion, you have numeric, geographic and demographic control.

- **Numeric Control.** If your local newspaper has a circulation of 30,000, and you place a coupon in it, you have to distribute 30,000 coupons. Many times that may be way too much exposure. When you're dealing with a limited amount of merchandise or can handle only a limited number of customers, numeric control can keep you from upsetting customers because you ran out of the item or they had to wait too long.

With the cross-promotion, you can limit the number of coupons you distribute. If the weekly customer count of your promotion partner is 15,000, and you want to pass out only 5,000 coupons, you provide only 5,000 coupons. Distribution can be limited to two or three days or until all the coupons have been distributed.

- **Geographic Control.** Even though some publications have zones that allow you to section off part of your distribution, you still have

your advertising reaching a large area. With mass media, you may be reaching many people who probably won't become your customers. If you have a number of locations, the mass media become more important, but even then you will find it valuable to have more control as to where your message is exposed.

- **Demographic Control.** In the mass media, you may be able to target by age and sex to some degree, but you are still reaching the masses and paying for it. With a cross-promotion, you can work with those merchants or organizations that will attract the type of people that will likely become your customers. For example, a restaurant may wish to cross-promote with a movie theater because after a movie, many people look for a place to eat. Likewise, customers of an office supply store may be prime candidates for quick printing services.

To determine good candidates for cross-promotion for your company, ask yourself, "What other types of products and services would my customer need?" People buying new formal wear would probably need dry cleaning services. Young couples buying engagement rings are usually in need of information about photographers and florists. Some businesses are natural complements to others.

Credibility

Perhaps the most interesting and beneficial aspect of cross-promotions is credibility. It is also the most subtle of the three C's. However, it can be responsible for saving you thousands of dollars that might have been forfeited due to overdiscounting or overcouponsing.

When you advertise a discount or coupon in the newspaper, there is no doubt in any reader's mind that you are buying that space to discount your products or services. You are, in effect, telling the public that you are willing to give them a break in price. Your regular price becomes meaningless since you are willfully disregarding it. People will respond to these ads, but if you coupon constantly, you may train your customers to expect a coupon all the time.

This problem is further compounded by having your employees asking customers if they have a coupon. That customer has just been informed that somewhere out there people have coupons and are paying less for the same items than he or she is.

As you'll recall from the Nautilus example, the coupons they passed out said "compliments of" the tennis club. When those 1,000 members of the tennis club received their coupon, they didn't think the Nautilus club was providing them. "Compliments of" implied that the tennis club had

secured the coupons for them. The responsibility of the discount was transferred to the tennis club.

In some cases, your cross-promotion partner will like the idea so much that they will want you to do the same for them in a two-way cross-promotion. You will then each have coupons for the other partner's business to distribute in an effort to trade customers without spending a large amount of money on advertising. In this situation, all printing and paper costs should be evenly split between both companies.

Whether you are setting up a one-way or two-way cross-promotion, it's important to include all the proper disclaimers and qualifying information on your coupons. For example, you may want to limit the coupons to one per customer. It's also a good idea to mention that your discount cannot be combined with any other coupons or special offers. Also, don't forget an expiration date.

In essence, cross-promotion is people working together to help each other get the most from their advertising budget. It's brains over bucks, mind over money. It's creating an "everyone wins" situation. Cross-promotion is boundless, limited only by your imagination.

SETTING UP CROSS-PROMOTION

When approaching a potential partner for a cross-promotion project, your attitude is important. You shouldn't think of it so much as selling, but as an offer to participate in a valuable promotion. By building up the perceived value, you will most likely get cooperation from your partners in both accepting the project and in implementing it.

Approach the person in charge and introduce yourself. Make sure you're talking to the decision maker, not an assistant; relying on someone else to explain your proposal rarely works.

Be prepared to show some sample coupons to illustrate the proposed cross-promotion. It's important for your credibility that the sample is real, not a photocopy or rough sketch.

Explain that you'll pay for paper and printing costs for the coupons. Position the cross-promotion as a nice surprise for their customers when they pay their bills.

Agree on a time span for distribution; usually about one week. Ask for an average customer count during that time span so you know how many coupons to print.

Ask for a copy of their logo, preferably black on white.

If you want to make the coupon compliments of the manager, it's nice to have his or her signature. Get it in a couple of different sizes in black ink.

Issue the manager a free card or token gift certificate of some kind. This

is not a bribe, nor should it be treated as one. It's merely a thank you for their cooperation. It will also help ensure that your coupons are distributed properly.

The next step is called the "glue," because it helps hold the entire promotion together. Determine how many employees your partner has, and provide each one with a small token of appreciation. It can be a 10 percent discount card or anything else of more value than the coupons that the customers will receive, but less than the value of the manager's gift. This will let the employees know you realize that stuffing these coupons in the bags or handing them out to customers is a little extra work, so you are making it worth their time.

Take the information to be printed on your coupons. Give yourself enough time to get it all done properly. Don't promise to have the coupons ready in less than a week — you don't want to risk any mistakes.

About the Writer: [Jeff Slutsky](#) is a professional speaker, consultant to many Fortune 500 firms and author of *Street Smart Marketing* and *Streetfighting*, which is based on finding low-cost advertising for companies. Reach him at (614) 337-7474 or (800) 758-8759. This article originally appeared in the Summer 1996 issue of *Entrepreneurial Edge*.

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The Edward Lowe Foundation was created by Ed and Darlene Lowe in 1985 to "champion the entrepreneurial spirit." Headquartered near Cassopolis, Michigan, the foundation works with entrepreneur support organizations nationwide to encourage peer learning among second-stage business owners. Before his death in 1995, Ed Lowe, the creator of Kitty Litter, had become an advocate for entrepreneurship as the key to the success of the free-enterprise system.

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