

# Piggyback marketing flashcard



**ASSIGN  
BUSTER**

Another way to look at the concept is to view it as when one firm lets another firm make use of its distribution channel to market its products.

McCauley, 2001 The two companies involved in the process are named somewhat differently in the literature. Trappers and Chow; Mining, in their work: Piggybacking: a Quick Road to Internationalization, International Marketing Review, (1990) use the terminology as follows: carrier, where they refer to the company which distributes the products, and the rider which supplies the carrier with products to distribute on a foreign market.

Another company could save a lot of money by tapping into a fraction of those resources to increase its own business, whilst providing something of value to the first company in return. That's where the concept of piggyback marketing and its many variations originated (implying that the concept of piggyback marketing stemmed from the realization that two businesses could save a lot of money by tapping into each other's resources, and entering into a mutually beneficial setup). A generic form of the concept would be where someone (a firm) would capitalize on popular events and/or products to bring additional business to their own shop.

Next, there is the more targeted form like running a promotion off the back of a larger promotion specific to your industry such as a product launch, for instance. For instance: landscaping and garden supply business due to a program on the TV station Channel 9. Every Friday night, the client in question is glued to the TV watching 'Burke's Backyard'. He then goes to work very early on Saturday morning to create a display of the plants and garden products that were promoted on the program the night before. Without fail, those products would sell out by the end of the day.

All it took was a few hours of his time to prepare simple signs and displays placed in high visibility areas that said, “ As seen on Burke’s Backyard”. This is a great example of regarded piggyback marketing and how quickly and easily it can be applied in a business. Similarly, big companies and even small retail outlets often follow popular television programs, and whenever they mention anything about the products or services that the company/shop offers, they make sure that they promote those products and make reference to the program in their point of sale or display material.

The more generic form of piggyback marketing can also work well for a business. The firm looking to piggyback just needs to keep its eyes open and its ears to the ground in regard to popular trends in the media and use them to its advantage. For instance: The business looking to piggyback could theme its shop to match the marketing of movie launches, touring performers or major events like the Olympics, State of Origin or FALL grand finals. It could even run a competition giving away tickets to the event that is being piggybacked (which happens to be an excellent way to add additional contacts to your database at the same time).

#### INTRODUCTION TO PIGGYBACK MARKETING WHAT IS PIGGYBACK

MARKETING? Effective marketing doesn’t need to cost a lot of money.

Marketing results are more about what you do rather than how much you spend. A little creativity, legwork and narrower might be all that is needed to generate some marketing magic. Reaching out to target markets costs money. Some small businesses spend a fortune on direct mail, print advertising, event sponsorships and other marketing activities intended to

put their brand in front of prospects. Piggyback marketing can accomplish the same results with a dramatically reduced investment.

It's a low cost marketing strategy where two or more non-competing businesses represent each other's offering in their respective markets. Piggyback marketing works best when each company's products or services are complementary and appeal to the same customers. This form of marketing can also be called reciprocal marketing and it's not just merchants that could and should be using this strategy to acquire new end users. What stands out about piggyback marketing is that all you need to employ The rule of the game is to identify products and services being purchased by your customers and approach the sellers.

By teaming up, you could significantly leverage your combined marketing reach. ; For example, Citibank introduces offers available from its partners (such as Intuit Canada and Chase Payment) to its business customers. In turn, those partners inform their business customers about Citibank. Thus, Citibank and its partners have ' piggybacked' their marketing efforts on each other. Piggyback marketing is a technique that has been used by companies for years and if it is done correctly, a company can end up with fantastic results off the back of it.

In a nutshell, companies can look at events, products, brands and news stories and come up with an idea that allows them to ' piggyback off it without having the huge cost that is often associated with big stories and launches. WHAT MAKES IT MUTUALLY BENEFICIAL? The simple act of helping a customer For instance, if a customer asks a wedding planner (carrier) to

suggest some good wedding photographers that they could consider hiring for the wedding and the carrier names a good wedding photographer (rider), the simple act of being able to help the customer adds to the carrier's goodwill.

**Reciprocal promotion** The carrier and the rider promote each other's businesses and hence add to each other's sales volume by way of word-of-mouth publicity, referrals, online presence, et cetera. It is free yet effective.

**Commissions** The rider and the carrier usually pay commission to each other only for effective referrals. No extra out-of-pocket costs need to be incurred. For instance, in the wedding planner example, if the customer actually ends up hiring the photographer (rider) the planner (carrier) had suggested, it is an effective referral and so, the rider will pay a commission to the carrier.

**Other incentives** The rider and the carrier can think out of the box and come up with innovative incentives to keep each other motivated to accord importance to the piggyback agreement. For instance, if a bridal salon agrees to put up promotional posters for a wedding photographer, he could reciprocate by doing some product and fashion hydrotherapy for them. The type and amount of incentive that is being offered depends largely on what type of and how much involvement the rider and the carrier are requiring of each other.

Less commitment/involvement = Less impact/results

**PIGGYBACKING CAN TAKE TWO FORMS: Offline Piggyback Marketing ONLINE PIGGYBACK MARKETING** The Internet makes piggybacking a lot easier. It works best if you're already getting traffic, because then you can leverage that traffic to

get more traffic. In its most basic form, online piggybacking can be as simple as exchanging links to each other's websites. However, the main Points of Contact that the parties to an online piggyback agreement focus on are: – The email opt-in process. The purchase process. – Other communications (email, social media, software updates, et cetera) Email opt-in confirmation pages are the best place to get fresh leads. Purchase thank-you pages or sales confirmation pages are the best place to get red-hot buyers as they target customers who are already on a shopping spree. Competitors are often good prospects for piggyback marketing partners, particularly in the online world. There's a wider range of what's complementary in online commerce, and even more-so when it comes to information products.

Even products that seem to be substitute goods may be complementary. For example, a prospect who is interested in learning about a particular topic WILL buy more than one book on that topic. Examples of Online Piggyback Marketing: Example one- Merchant. Com (A) has an opt-in list of its customers for mailing purposes. Incomprehensibility. Com (B) has an opt-in list of its customers for mailing purposes. (Both have similar demographics) Merchant A could add a promo about merchant B in their newsletter. Merchant B could add a promo about merchant A in their newsletter.

Example two- Merchant A has an order confirmation page. Merchant B has an order confirmation page Both the parties could add a link to their non-competitor in their respective order confirmation pages. This method often triggers impulse purchases. Example three- Merchant A has to post out orders to their customers. Merchant B has to do the same. Both the parties could set up a promo, get it printed on to a flyer and use it as an insert.

Offline piggyback marketing and its strategies, examples and suitability have been discussed in detail in the following section.

Basically, it is an offline strategy in which two or more businesses work together to market their products/services whilst enjoying the benefits of a mutually beneficial setup. Is Piggyback Marketing a Good Tactic for YOUR Business? Which businesses is Piggyback Marketing suited for? To benefit from a piggybacking arrangement, the relationship between the carrier and the rider must fulfill the following criteria: There must be no element of competition between them They need to be going after the same target audience They must be able to provide some benefit to the other company or organization engaged in the ‘ piggyback

Any firm, irrespective of size or industry can make use of piggybacking techniques to cut down on its marketing costs whilst enhancing the reach and effectiveness of its marketing efforts. However, such techniques are most commonly employed by the following types of businesses: 1. SMALL BUSINESSES: Small businesses frequently make use of piggybacking techniques to reduce the costs of their marketing efforts whilst enhancing the effectiveness and reach.

Since they usually do not have a sizeable marketing budget to promote their products or services, they offset that bothersome reality by thinking “ outside the box” and cabbaging their marketing efforts to that of another (usually bigger) firm. Piggybacking is a situation where your company benefits another company or organization while at the same time marketing your own product or service. Thus, by knowing and understanding the target

market, a small business owner will be able to identify other businesses that would be ideal candidates for this tactic.

However, the carrier and the rider do not necessarily need to deal in complementary goods that are jointly consumed. An example of how Small Business owners employ Piggybacking to market their reduces/ services more effectively: Let's take the case of a dentist functioning out of businesses, put on his creative glasses and look around. It doesn't have to be a business that is similar to his. In fact, the more different from yours, the better. Let's say that there is a bakery down the street from his home.

As a very simple start to piggyback marketing, he could buy a couple of dozen cookies from the bakery. He could then package the cookies individually in cute little bags tied with a ribbon that has his own business card as well as the bakery business card attached. He may even declare Tuesdays to be Chocolate Chip Cookie Day from Amoy's Bakery, and he post it all over Faceable and other social media platforms and he could even write a blob post about how unbelievably fun Tuesdays are at his office because every patient gets a delicious chocolate chip cookie from Amoy's.

THAT is piggyback marketing at it's simplest. The dentist is promoting his business along with another business in the hope of gaining the attention of two streams of customers- his own, and Amoy's. It's almost always a win/win. 2. BUSINESSES SELLING COMPLEMENTARY PRODUCTS:

Complimentary products are products that are jointly consumed and are not in direct competition with each other. Businesses dealing in complimentary products benefit greatly from a piggybacking arrangement, as the buyers of



a particular product or service also comprise high potential consumers of its complimentary products.

Thus, by adopting a piggybacking strategy, both the firms to the piggyback agreement can leverage their combined reach, resources and consumer base to enhance the effectiveness of their marketing efforts whilst saving money and time, and adding to their profits and sales. We can think of a shopping mall as one giant department store, with separate retailers making up different sections of the store. The mall-as-department-store image seems to describe what's actually going on because people who go to the mall even if they have a particular purchase in mind usually duck their heads into a few other stores " as long as they're here. So, even if person A originally goes to the mall to buy a sweater, he may check out the displays on other outlets and he may end up making unplanned purchases. Retailers both at departmental stores and at the mall know this. Indeed, they count on it. They figure that people attracted to one kind of merchandise will like similar items. Thus, a lot of companies make use of Market Basket Analysis and other such data mining techniques to analyses sales trends and identify products that are purchased jointly. Consequently, these products are housed in close proximity to each other at the store to encourage more purchases.

Example: These days, some people are taking this idea a step further. They're opening their stores not next to a retail store that offers related merchandise, but within it. Larry Marigolds offers car phones from inside automobile dealerships and at car washes. In every such instance, overhead is virtually nonexistent. There are no stores to lease, no utilities to pay, no

fixed operating costs to be met whether there are any sales or not. Usually, a store-within-a-store pays a percentage of revenues to its host in exchange for taking up what is most often less than 100 square feet of space.

And to Larry Marigolds, 21, who started the Parsimony, N. J. -based Car Phone Connection Inc. Two years ago. “ Our start-up costs are nothing, and anywhere there is a good stream of traffic we could open a store. ‘ But the biggest advantage from Marigold’s point of view is that his stores, by definition, are instantly profitable. “ If a store sells four or five phones a week [at an average price of \$1, 200 each], it is doing K,” says Marigolds, who has sold 33 Car Phone Connection franchises so far. “ We don’t have a huge overhead nut to meet. On average we pay the host, such as the automobile dealer, \$75 to \$100 per unit.

So if we don’t sell a lot of phones, there’s not a lot of rent. ‘ 3. BUSINESSES DESIROUS OF PIGGYBACKING ON A TREND OR EVENT: When you’re marketing your business/service on a tight budget, piggybacking suddenly seems like a very attractive idea. When a business markets by “ piggyback”, it connects with larger events that are going on in the community: parades, school carnivals, festivals, holiday events, business expositions, et cetera. Somebody else (or a group) pays the freight for setting it all up, but they invite businesses to set up booths and displays.

This is where the concept of piggybacking comes in. A real life example of how a pet shop owner piggybacked on his daughters’ elementary school harvest festival: The pet stoneware’s child’s elementary school was going to have a harvest festival. So, he contacted the person supervising the plans

and made the arrangements for him to set up a display. He gave away free goldfish to the children in plastic packets bearing his shop's name and address. Guess where the parents had to go to purchase a fish tank, filter, and other "fish" gear?

Right. That pet stoneware got more dollars from the attendees because he made appearance at the carnival. The in-person, one-on-one contacts a business can make at a public event may well bring in customers in a way the proprietor could have never considered. A business could also piggyback on current trends by teaming its shop to match the marketing of movie launches, touring performers or major events like the Olympics, PL, or FIFE. It could even run a competition giving away tickets to the event that is being piggybacked.

For example, we have often seen that as the PL season commences, a lot of restaurants, eateries and sports bars capitalize on the event by adding new items to the menu like Decca Chargers Barbeques Chicken Pastry, Delhi Daredevils Devil Chicken, Kola Knight riders Spiced Meat Balls, et cetera. Some sports bars also hold match screenings and encourage casual speculation. That is- they ask people to vote in favor of one of the playing teams and offer discounts to those who had voted in favor of the team that goes on to win the match.

Another common Indian example could be how a lot of eateries come up with a Special, all-vegetarian Navigator menu during the Navigators. Similarly, during the festive season, sweet shops and chocolate manufacturers release special festive packs for gifting purposes. Piggyback marketing is one of the

least expensive methods of market entry. It involves positioning the rider's product or service in close proximity to its carrier's. This means letting the carrier create the demand and then the rider benefits from the traffic that the carrier attracts.

Hitching a ride on the marketing of another many can save the new business time and capital. For instance, perhaps James wants to open a motel. Big motel chains have a lot of people who do research to decide where to build their motels. They look at traffic patterns and population figures, and spend a lot of money in deciding whether a motel will be successful before they build it. James can't afford to do that, but he can piggyback on their work. All he has to do is find a successful motel and build his across the street from it.

He can offer cheaper rates and advertise the place with billboards and signs. When people get ready to stop at the motel, some of them will see his signs and decide to stay at his place instead. He is thus piggybacking on the demand that his competitor has created. We see this strategy at work in shopping malls and shopping centers. Let's say you want to open a dress shop. You are really good with sewing and embroidering and you have some dress designs that you think will sell if only people can see them.

You can't afford to spend a lot of money in advertising and you can't afford to travel to a lot of dress shops all over the country trying to persuade them to stock your dresses, but you can rent a store location in the mall next door to a big department store. You know that a lot of people will walk by your store on their way to the department store or while they are window shopping in the mall. You put your best designs in the window and you

piggyback on the traffic that the other stores in the mall create. It works with services, too.

Let's say you decide that you want to open a beauty parlor. You are good at cutting and styling hair and you want to start your own business. A good strategy might be to rent a location next to a grocery store in a strip shopping center. That would mean that everyone who comes to the grocery store would have to walk past your place. They will remember it better and be more likely to use your services than if they had to make a special trip to some out- of-the-way location. Thus, Piggyback marketing is one of the best ways for a business to get started.

It can be used for most products and services and it is cheap and effective. It can be used to reduce risk, and a more established company (the carrier) can leverage its brand and market reach to help the rider very quickly pick up the credibility and awareness needed in new market segments. As the world is shrinking because of the development in transportation and immunization, companies have seen the opportunity to broaden their market to the international market which in turn has led to an increasing competition for customers in almost all the markets in the world.

Companies that want to conduct business on the international market must take an informed decision about what mode of entry to choose when entering a foreign market. Many different modes of market entry are available to a company when it decides to go global. The decision of what method to use is a critical one as it may amount to the difference between success and failure on the international market. The flow of products,

technology and capital over national boundaries is increasing every day and no market or company can be safe from international competition.

If a company decides not to exploit the international opportunities, they can be assured that their competitors will since not even the largest companies can survive on domestic sales alone. Also, it is a good competitive edge to be first on a market as that can serve as an entry barrier for potential competitors. Piggybacking has been defined by Trappers and Chow-Mining (1990) as when one company from the same country as the second sells the other company's product, alongside its own on a foreign market. The carrier is the company which brings the good to the foreign market, and the rider is the company that supplies the product.

A rider with limited resources and a narrow product line is likely to be eager to piggyback its products. Also, firms which perceive some opportunities in an international market but have a low level of experience or expertise, will surely try, if they have the opportunity, to piggyback their products.

Although, even if the desire of the carrier will be of interest for the rider, in terms of what product to choose for cabbaging, the rider will likely want to piggyback certain product if it has some felt international potential, or if it has different marketing requirements which the rider firm can not provide for on its own.

The same goes if the market of interest for the rider firm has high entry barriers. Album et al suggest that the piggybacking agreement is an easy, low risk way for a company to begin its export marketing operations as the rider can piggyback its products on to the international market, without

incurring the marketing and distribution costs associated with exporting.

Moreover, it is well suited for manufacturers that are either too small for direct exporting, or who do not want to invest heavily in foreign marketing.