



45 Using joint ventures

What is a joint venture?

A joint venture is when you are given permission to use other people's customers to get new business. Joint venture marketing is the process of marketing to customers of complementary businesses. Joint venture means that you get the cooperation of the businesses that acquired the customers in the first place and that the relationships you create with your partners is win-win. The relationship you set up might involve your joint partner endorsing your product or service through their own customer database in return for the same or an agreed commission on sales made. This can also be known as affiliate marketing. Many web-based businesses use this method to increase sales.

Examples

An interior design company could potentially share customers with landscape gardeners, builders, bedroom furniture companies, antiques, bathroom and kitchen companies.

A hair salon could share customers with a gym, a beauty salon, a nail bar or nutritional therapist.

A hotel with restaurants, bars, tourist attractions or the theatre.

Joint venture marketing can be carried out by email, direct mail, sales letter or newsletter.

Why are joint ventures valuable to you?

Many businesses share common customers. These common customers all have the potential to spend money on related products and services. With so much choice available to customers, any short-cuts to a reliable and trusted supplier endorsed by someone you already do business with will be appreciated.

Joint venture marketing is your short cut to getting your product or service in front of more people in a fraction of the time it would take you to create the same customer list yourself. By using joint partners you will end up marketing to a very warm and highly targeted market.

Your challenge

Your challenge will be to open your mind to all the possible complementary joint partners available to you, then find and educate them to the potential benefits of joint ventures. You will need to understand their interests, possible objections and be able to offer an incentive that is attractive enough to motivate them to take part.

What makes a joint venture successful?

- When it is win-win and both parties are comfortable and trust the arrangements.
- When it is properly planned and professionally implemented.
- When you can give your joint partner a simple method of letting their customers know about your products and services. Provide a sales letter or copy for an email as this will make it easy for your joint partner. The easier it is, the more likely they are to do it.
- When you can let your joint partners know how much business their list generated and reward them for it.
- When it is risk-free for the joint venture partner.
- When you offer something to the joint partner or your joint partner's customers that is perceived as valuable. Some joint partners will see that being able to offer their customers something extra, getting them a free consultation or a discounted introduction will rub off on their own business relationship.

HOW TO SET UP JOINT VENTURES – SPECIAL RESPONSE CHECKLIST

- ▶ Think about how this could potentially work for your business.
- ▶ Make a list of potential complementary or related products or services.
- ▶ Make a list of all the businesses that sell those products and services in your target geographical areas.
- ▶ Get the names of the business owners.
- ▶ Send a letter introducing yourself outlining your idea and proposing a meeting to explore further. You can ask in your letter whether they could be interested in making extra money with no extra effort.
- ▶ Make a follow-up call to set up the appointment.
- ▶ At the meeting explore their interests and discuss a win-win case for a joint venture.

How to use this information

Joint ventures are an excellent way for small business owners to leverage the goodwill each has established with their individual customer bases. Open your mind and make the most of the opportunities that exist for this. It may not be something that you have ever thought of doing before. Try it out.

Think joint venture and double up on your customer contact