



Rethinking the rebate

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Businesses have long used **rebates** as their go-to strategy to try to influence sales results within the channel ecosystem. Rebates can certainly be a good tool to gather purchase information, capture demographic data, drive product awareness, promote trial and move inventory.

However, rebates have become ubiquitous in the channel and are not impactful in capturing the attention of channel partners or differentiating your business and products from the competition. Often rebates are hastily implemented as a reaction to a competitor's offer of a rebate for a similar product at a lower price. What if your competitor's products are always at a lower price point?

A rebate's visibility frequently gets lost within the channel, lacks solid metrics when measuring effectiveness and treats all of your channel partners the same. Further, poorly structured rebate programs may result in:

- Unnecessarily discounting your products and blindly paying for no noticeable results or change in purchase behavior
- Conditioning your partners to only purchase when there is a rebate
- Emphasizing new products/business, rather than a focus on existing customers or repeat business

Overall, rebates are viewed as a temporary price reduction; **when the rebate is removed there is a negative perception of a price increase.**

Are rebates effective in driving sustained purchase behavior change with channel partners? In short, **no**. Should you be offering rebates in your portfolio of channel incentives? **Yes**. Rebates serve a purpose within the channel. The question is how do you create a marketing plan to maximize results with your channel partners?

By allocating a portion of your channel incentive budget to a loyalty program with a diverse rewards strategy, you can drive long-term results with existing customers and promote continued purchases with new customers. Successful loyalty and brand affinity programs

reduce the dollar-to-dollar comparison among competitive products allowing you to create buying habits where your brand is the default. The captive audience within a long-term loyalty program allows for a direct line of ongoing, personalized, conditional communications and





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content with your channel partners (both direct and indirect), with the ability to reward for transactional and non-transactional activities (e.g., brand engagement, product training).

Review your current rebate spend with the channel. Evaluate the effectiveness of those rebates. Determine if rebates are measurable and driving the results you want. Then consider allocating some of your budget to a long-term loyalty program and non-cash rewards.

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