

# Getting More From Your Cash Rebates



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A cash rebate is an effective way to attract people to a product, without changing the headline price. Rebates can also be used for targeted discounting, which unlike simple price promotions don't waste an opportunity to engage with purchasers.

One problem with cash rebates has been their substantial overhead — systems for offering, receiving, verifying, and paying rebates need to be sustained. But this high overhead can now be avoided by using an online rebate offer and claim service like *Rbate.com*.

It's important to make it easy for customers to claim their rebates. Companies that attempt to discourage redemptions through arduous claim procedures only serve to destroy their goodwill, just at a time they are building it by giving their customers a reward that is more appreciated than points, vouchers, or entries in hard-to-win competitions.

Rbate's service employs unique claim codes that make the offer and claim process easy for both rebate claimers and product makers. Codes can be secured on self-adhesive labels in cases where the maker is not present at the point of sale, eliminating the need for makers to verify rebate eligibility.

The other major mistake that marketers make is to not properly exploit the potential of rebates to obtain feedback from purchasers. This feedback can form the basis of some new and powerful marketing tools.

## Improving customer feedback

By surveying your customers you can find out who's buying your products, how and why your products are chosen, and what your customers like and don't like about them. But even if you're in a position to contact your customers, how can you give them an incentive to take the time to properly answer your questions?

A common way has been to attach survey questions to warranty registration, but this is becoming less effective as more consumers realise that these registrations don't affect their statutory entitlements. A cash rebate is a better draw.

Putting such surveys online makes it unnecessary for purchasers to return their answers, and eliminates the need for makers to process them. Online surveys also make it possible for the set of questions to vary as answers are given, gathering the most valuable information in the fewest questions. Claims made through *Rbate.com* can include such personalised surveys.

The other important type of customer feedback is product reviews that purchasers write and post online. Because consumers are usually only inclined to write when they experience a problem, these reviews can damage a company and its products.

To correct this imbalance, Rbate can contact rebate claimers some time after their claim, prompting them to write about their experience, good or bad. Rbate publishes these reviews, makes them freely available to other media, and makes them easy to search. This spreads a more accurate impression of a product's real-world performance throughout the online and offline worlds. Reputation-management benefits therefore accrue to companies that use Rbate to process their rebates.

## Why am I losing sales to competitors?

Knowing why you're losing sales to competitors is invaluable for improving both your products and your pitch. But how can this be done if the nature of your business makes it difficult or impossible to keep in touch with prospects?

The only way has been to commission large market research studies that employ media



monitoring and poorly-targeted polls. But it's now possible to question these lost customers directly.

Rbate allows a product maker to bid for the right to question purchasers who claim rebates on other products in the maker's categories and markets. A high fraction of each winning bid is offered to the claimer as an incentive to properly answer the associated question. Makers aren't charged when their question isn't answered.

This system has three protections: First, Rbate manually vets each question. Second, questions can't request identifying information, preserving the customer relationship. And third, a bid credit system ensures that a maker can only receive information about lost sales to the extent that they expose themselves to such questions by paying rebates.

## Help Marketing

How does a consumer decide which product and brand would best fill a need?

They may do some research: judge the pitch at each company's website, try to find and digest some professional reviews, or navigate oceans of subjective consumer-written reviews.

They can visit full-service retailers, who only demonstrate and provide detailed advice about the products they sell, and who often limit their training and service to better compete with discount and online outlets.

Or, overwhelmed by choice, complexity, or ignorance, a consumer may make a leap of faith with the cheapest, most familiar, best promoted, or most easily available option — a choice they may later regret. (Details matter. Commoditization is usually a surface phenomenon.)

How do consumers learn about their options? One way is through the mere presence that comes from widespread distribution (for which retailers often demand concessions). Another is advertising, which bombarded consumers are increasingly ignoring, discounting, bypassing, and blocking.

Search Marketing has become popular because unlike Push Marketing it better targets people who are looking for product information. However, from the consumer's perspective, it still delivers information with an agenda, while marketers must worry about conversion rates and click-fraud.

Marketers should instead be able to encourage and reward professionals who make consumers more aware of and more informed about their company's products, making it easier for consumers to find the independent purchasing help they crave.

Affiliate Marketing works along these lines, and has the advantage of operating on a cost-per-sale basis. However Affiliate Marketing has several problems from the perspective of both consumers and marketers.

First, affiliates often only provide a referral service. The affiliate may help the consumer find a product, but offers no help in choosing a product (that is, they're ads). In such cases product makers can incur significant affiliate costs on sales that consumers may have found, selected, and purchased in other ways.

In some industries affiliates often give consumers more help. Examples are mortgage brokers, financial advisors, and the increasing number of websites that offer advice on products such as insurance, utilities, and credit cards. But most of these services require product makers to negotiate individual deals, even to receive coverage.

Affiliates interpose themselves in the sales process, which has three consequences: First, only one source of help can be rewarded on each sale, no matter how many a purchaser has consulted. Second, affiliate systems can only work when it's easy to register an affiliate's involvement, such as through a Web link, or after a face-to-face consultation. And third, affiliates' direct relationship with product makers raises concerns in the minds of consumers about the independence of these services. (Online affiliate relationships are rarely properly disclosed.)



An alternative to Affiliate Marketing is the Help Marketing service offered by Rbate.

Purchasers who claim rebates at *Rbate.com* are given an easy way to list the sources of purchasing assistance that they found helpful. Help sources that register with Rbate are issued a short code that can be placed on articles and business cards. Rebate claimers can enter these codes. Even easier, a rebate claimer can select helpful sources from a list of help bookmarks that they automatically accumulate when they use these sources.

Any online or offline source of professional purchasing assistance can become a registered help source. A source may be a product review, a summary of consumer-written reviews, a phone, online, or in-person advice service, a demonstration or trial service (including retailers), a source of product information, or a complete purchasing service.

A help source accrues credit points whenever a rebate claimer cites it as helpful, improving that source's ranking in the purchasing help search engine that Rbate makes available to consumers.

There are also two ways in which a help source can receive a portion of a consumer's rebate. First, purchasers are given the option of donating part of their rebate to a source they have cited as helpful. And second, a help source may charge its users a deferred fee, which is recovered from any rebate. Thus a product maker, simply by using Rbate to pay their rebates, can provide some support to organisations that help their customers.

Makers can go beyond this by offering helping organisations a bonus payment for assisting customers who buy particular products. Each registered source that a rebate claimer cites as helpful is paid an appropriate fraction of this bonus.

This system provides the most support to the media and services that have provided the greatest amount of independent pre-sales assistance to the maker's customers. Moreover, because helping organisations can choose to

view bonus offers, the offers encourage these organisations to provide increased coverage of products that carry a bonus. Makers don't have to make individual deals.

Bonus and rebate revenue can supplement any fee, sales, or advertising revenue, allowing help sources to provide a better, cheaper, and often more personalised service.

Organisations are rewarded for the help they give, rather than the sales they mediate. So unlike affiliate systems, a bad review of a product can earn helpers income from consumers who are inspired to buy another product that carries a rebate or bonus. Advisors can be paid no matter how and where a product was purchased, which makes some new types of free help viable, such as category experts that consumers can call. Comparison shopping becomes less uncertain and exhausting.

Just as when help is funded by advertising or sales, there is a natural tension between marketers, who want helpers to act like salespeople, and helpers and consumers, who want to give and receive fearless advice. Rbate allows helpers to choose what bonus information they see, and whether they wish any bonus payments they opt to receive to vary with the product a consumer buys. Consumers can view both these choices and helper editorial policy statements on Rbate's website. Along with reputations and rankings, this allows consumers to find helpers that they know will work in their best interests.

### **The potential of the rebate**

It can be seen that cash rebates can do more than just attract and reward customers. By surveying both your own customers and your lost customers you can learn what your target market is thinking. By soliciting consumer reviews you can moderate the consequences of isolated problems. And by using rebates and associated bonus payments to support consumer advisors you can affordably increase the number of people who understand and seek out your product, giving you another tool besides distribution and advertising.

