



Overview

Where next for the third party deal companies? With their Big Data and serious backers, deal offer companies have proliferated in the past couple of years and they have been a mixed blessing. Some operators have fallen into the trap of relying on them for all of their marketing presence. Some have carefully managed their foray into this marketing tool whilst others have steered clear altogether.

Business Benefits

Whichever camp you fall into, there are some serious points of experience that we can share.

There is one key benefit of utilising these services

- **Mass distribution of your product or service**

Planning

Other than that what are you getting? Well, your brand will certainly get exposure and you can be sure of getting some bookings for your property which is good news too. The important thing is to think it through and plan carefully your third-party campaign to get what you need from it.

Some things to consider:

1. What is the net income you want to achieve (after costs, VAT, staff time handling bookings and administration and so on)?
2. How many bookings of this value do you plan to include in your overall sales mix?
3. What about timing? Will an ill-timed deal simply displace higher rate business?
4. Done too often deal offers can become dangerously, the only business you end up with.
5. Is it part of your year round strategy? A knee-jerk reaction to a low period of bookings may be the reasoning, but is it the right decision and especially if it's just responding to a good salesman at the deal company?
6. Do you have the resources in place to handle the administration of the bookings and the accounting - some systems are easy, others not so. Remember the hidden cost of this.

Evaluation

Deal companies can be good for your business if managed well. They are probably here to stay for some time but remember that it's your product or service and you should remain in control.

For more briefing notes and insights please visit:

Approach

On the basis that your decision to work with them is for the right reasons then it's important to think about your approach.

- Get to know your contact well at the deal company - the right relationship is important just as it is with your customers.
- Learn about their customer base - what demographic profiles are they?
- Obtain past examples of deals they have done for similar businesses to yours.
- What have been the outcomes in volumes?
- Examples of successful packages will confirm for you price levels and volumes.

Take care on selling price - just because they say it will sell at a lower price, making it easier for them, doesn't mean you have to do that - if you have done your earlier calculations you know how many you want to sell and at what price.

- Calculate commissions based on your net figure requirement and negotiate with your contact reduced commission based on their likely revenue from the deal not just the commission % rate.
- Consider paying a fee rather than commission - commission based deals may help cash-flow as a 'pay as you go' but after your first paid deal you can take bookings direct, probably pay in arrears and then pay the deal company after the revenue has arrived.
- Be prepared to walk - they cannot sell anything without your product.

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