

USING CO-OP ADVERTISING DOLLARS MORE EFFECTIVELY

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As we roll into the first of the year, we tend to look forward with hope and optimism. The economy is robust. Inflation and scarcity are making our profitability look better than ever before. Come on, let's be realistic here. That double digit revenue growth didn't come from anything you did exceptionally well. If you had product on the shelf, you sold it for more than expected. Rather than rest on our laurels and hope for more of the same external influences, I am inviting you to make a conscious effort to drive the growth rather than surf the wave. As the famous founder of Columbia Sportswear, Gert Boyle, once said when asked what her key to success was, "Early to bed, early to rise, work like hell and advertise." If we are going to be better drivers of our success, we need to muster all our available resources to achieve this goal. Advertising takes dollars and it doesn't always have to be our own.

Many of you are very familiar with supplier sponsored co-op advertising dollar programs. Essentially, the manufacturers you represent, through your purchases, typically allocate a bucket of money for you to promote their brand through your marketing efforts. In the old days, we used these funds to create paper catalogs, produce co-branded logo wear, and occasionally host a customer appreciation event. Then along came digital and we started to use funds for web banners and email marketing campaigns. It seems like the potential uses far outpaced the antiquated rules for use dictated by the suppliers. They want you to showcase their brand, but they put handcuffs on the way you could use co-op to do it. Very confusing indeed.

Last month, this was the discussion topic for two of my distributor groups. How do we effectively manage the use of co-op advertising dollars? What can we do, and what should we spend it on? How do we track the use of funds and measure effectiveness? Can it actually be translated to dollars? These were the questions we tackled. In both groups, we quickly came to the conclusion that the best way to get the most out of these funds was to plan ahead. Really? Planning, huh? While many of you are rolling your collective eyeballs, I hate to break it to you. It is really that simple. If you want to maximize the use of these funds, create a marketing master plan.

Determine the Availability

It shocked me that so many distributors don't know how much money they have available to use in their co-op advertising funds. In most cases, the program is stated in black and white. I would challenge the keeper of the records to create a master spreadsheet of all the suppliers with co-op advertising programs. Too often, we only look at the high-volume suppliers; but I would argue that many of your B and C players have funds available. Some of the secondary suppliers might just have a few extra nickels in the hopes of becoming a larger part of your spend. Make sure those are included as well. Finally, look at some of your suppliers that don't have a formal program and find out why not. I am not above shaming people into putting a program together.

Determine the Rules

For every one of these programs, we need to determine if there are

boundaries to the way we invest the money. Some highly enlightened suppliers trust the good judgment of the distributor and allow the marketing team to invest at will. Others will be slightly more restrictive and ask the distributor to match investment dollar for dollar. Essentially, the marketing investment becomes a 50/50 split. Some of the suppliers will only allow the funds to be invested in specific areas such as events and logo wear. More enlightened suppliers have embraced the use of funds for digital marketing programs. This is where we start seeing funding for social media campaigns, paid placement on search engines, and geo-targeting programs. Ultimately, we need to know what we can do before we start allocating the funds.

Divide the Money into Buckets

This was a really great piece of advice from one of my marketing professionals. Once the availability was clear, she began to create her budget based on three buckets: digital, events, and wearables. By creating the buckets, she could start to determine how the money was going to be allocated and which suppliers would participate in each type of medium.

Build a Master Calendar

Now that we know what we have available, start building out the year. It has been my experience, that manufacturers are way more inclined to fund your initiatives if they can see a well thought out plan. I always encourage distributors to align certain campaigns with pre-existing manufacturer media campaigns. The synergies can be really effective. Work

with the sales teams, both your own and that of the supplier, to determine what can be funded and where it makes the most sense. Why invite the supplier to the table during the planning phase? This is where we start to tap into the “hidden funds”. Yep, most manufacturers have a little extra to throw at those campaigns they find particularly appealing. That slush fund can either help you or your competitor. I vote me every time.

As you are creating the calendar, most distributors are good at putting together scheduled events like counter days, project blitzes, and large incentive travel events. Don't forget to look at how the digital bucket can be part of your planning calendar. I happen to like to do a monthly promotion of underperforming product categories. These “did you know (we stock this)” campaigns can be heavily augmented by social media. Leverage new product launches into your paid placement campaigns. Taking the time to think through the digital spend will help suppliers modify their programs to support your initiatives.

Unique Ideas

No discussion on the use of co-op advertising dollars would be complete if we didn't talk about some creative ways to use the funds. This is especially true when you get to the end of the year and don't want to leave any funds on the table. Here are a few that were shared:

- Buy a demo trailer with supplier logos plastered on the exterior walls
- Buy tablets for the salespeople so they can access manufacturer websites in the field
- Create a hot product video for web use
- Co-branded logo gear – beyond the hats and coffee mugs
- Secret shopper spiffs – call in to see if your inside people recommend a certain brand

- Wrap delivery vehicles with supplier logos
- Paid after hours training sessions
- Fund your new box packaging with logos around the bottom

Obviously, there are way more unique ideas out there and I would love to hear yours. The whole point of this discussion is to help you think more strategically about the way you go to market and how you are going to pay for it. Distribution marketing teams have become more sophisticated over the last decade. We have finally come to the realization that they are not a subset of the sales team. These teams can influence and drive revenue. It's high time that we move beyond the “throw it against the wall” approach and get formalize the activities of this powerful part of your organization. Good luck and know that I am always here to help.

About the Author:

Jason Bader is the principal of The Distribution Team. He is a holistic distribution advisor who is passionate about helping business owners solve challenges, generate wealth and achieve personal goals. He can be found speaking at several industry events throughout the year, providing executive coaching services to private clients and letting his thoughts be known in an industry publication or two. Last year, he launched his first podcast, Distribution Talk. Episodes can be found at www.distributiontalk.com and most podcast applications. He can be reached at (503) 282-2333 or via email at jason@distributionteam.com. You can find additional resources on his website: www.thedistributionteam.com