

Increase Revenue through CO-OP ADVERTISING



Cooperative advertising, or co-op advertising, is a partnership between a retailer and a manufacturer to share the cost of advertising, at the local level, to increase product sales.



TYPES OF CO-OP ADS



Single signature ads include a single retailer's contact information along with a single manufacturer's product. This type of ad is prevalent with jewelry stores and specialty stores.



Dealer group ads include contact information for multiple retailers in the same geographic area appearing in the same ad, co-funded by one manufacturer. Retailers benefit from pooling funds together for a larger, more frequent ad campaign. This type of ad is popular with outdoor power equipment dealers and recreational vehicle retailers.



Multi-product ads include products from various manufacturers, usually non-competing, in the same layout. The retailer pools available co-op funds from each manufacturer to cover the cost of the ad. This type of ad is common with grocery stores, department stores and discount stores.

Understanding Co-op Advertising

HOW CO-OP WORKS

Retailers accrue co-op credits, or dollars, from making qualified purchases from a distributor or manufacturer. Typically, a retailer earns 2-3 percent of purchases, by product or manufacturer, for future co-op spending.

TYPES OF CO-OP PROGRAMS

Accrual based co-op programs are the most common. Based on product or manufacturer purchases, the retailer earns a percentage of purchases for future co-op spending. The retailer commits to an advertising program, and then the manufacturer covers the cost of the ad or advertising schedule, in part, or in full, up to the amount of the accrual.

Non-accrual based co-op programs involve a manufacturer offering co-op funds for a specific product, season, or time period, or an established amount per dealer. If the retailer meets the minimum purchase requirement, it is eligible for a certain amount toward future co-op ads.

Negotiable co-op programs provide manufacturer funds to retailers on an individual basis, or only when the retailer asks for them. The retailer must demonstrate that the investment will be a win-win for both parties in order to receive consideration.



TIMING OF CO-OP PROGRAMS

Formal co-op programs are generally based on the calendar year or the manufacturer's fiscal year. Other manufacturers limit the availability of co-op funds to a fixed time period such as a seasonal promotion. If the available co-op funds aren't spent by the end of the year, or within the designated period of time, they revert back to the manufacturer – often a key selling point for ad sales reps encouraging retailers to use the funds before they lose them.



Why Co-op Advertising Is Important to You

Co-op advertising can help you bring in new advertisers

Only 15.5 percent of local advertisers participate in a co-op program. Eighty-two percent of manufacturers include newspapers as a media option in their co-op programs – the highest percentage of any medium offered.

Co-op advertising can help you increase the size of your current ad contracts

Sixty-four percent of retailers who use co-op have a marketing budget of \$25,000 or more each year, whereas only 31 percent of non-co-op users have a similar budget.

Co-op advertising can help improve your client relationships

There are many reasons why local advertisers do not participate in co-op advertising, including: Too much paperwork, being unaware of when funds are available, and too little time to evaluate the program. Help your clients cut through the red tape, and drive more business to their location, by helping them to understand, and utilize, the valuable co-op dollars available to them. Offer to do the research and legwork for them.



Why Co-op Advertising Is Important to Your Clients (and Prospects!)

Co-op advertising increases brand recognition and association

Co-op advertising associates a retailer with a manufacturer's national advertising campaigns, and identifies them as the local source for the national brand – providing an easy and effective way for retailers to maintain a high profile without spending a lot of money.



Co-op advertising increases reach and frequency

Co-op advertising increases the reach and frequency, not only of the advertised brands, but also of the store's name, and helps to sell other products once the consumer enters the store.

Co-op advertising helps to grow sales

Unused co-op accruals cost retailers money in terms of lost potential sales to consumers – don't let these valuable co-op dollars go to waste.

TIPS FOR SUCCESSFUL CO-OP ADVERTISING SALES

Establish a relationship, and earn the trust of your clients, before discussing co-op.

Educate retailers on the benefits of advertising, and more importantly, on the benefits of newspaper advertising. Retailers have the option of spending their co-op accrual on things other than advertising, such as signage and floor mats, so it's critical that they understand the value of spending their co-op dollars on reaching their desired audience through newspaper advertising.

An advertising plan should be developed before there is any discussion about co-op. Once the plan is presented, co-op funding, as part of a payment plan for the ad schedule, should be discussed.

Ask the retailer to identify their top 10 best selling products.

Determine the type of co-op program available from each of their top vendors, and familiarize yourself with the details of their programs.

Encourage retailers to locate and share their vendor number with each manufacturer with you, so that you can verify their co-op accrual.

Identify ad requirements for co-op reimbursement, and verify that your newspaper is an eligible media outlet.

Incorporate manufacturer brand names into your retailers' spec ads so they can visualize what the ad will look like.

Key Co-op Advertising Terms

Accrual – retailer-earned funds, resulting from qualifying purchases, that can be used toward future co-op advertising expenses.

Accrual percentage – rate used to accrue co-op funds based on retailer purchases from the manufacturer – typically 2-3 percent.

Accrual period – time period established by a manufacturer for current accruals – typically the calendar year or the manufacturer’s fiscal year.

Ad specs – manufacturer’s criteria that qualifies co-op advertising for reimbursement – includes eligible media types, ad sizes, manufacturer logo, and content requirements.

Claim form – manufacturer-supplied form used to submit retailer claims for reimbursement of advertising costs.

Claim period – manufacturer requires submission of the claim within a specific time period after the ad schedule runs.

Prior approval – required process of contacting the manufacturer to verify co-op allowances and confirm that ad content meets co-op program requirements.

Proof of performance – a print or digital image of the newspaper ad as it appeared in publication. This must be submitted as confirmation that the ad ran in order to receive reimbursement.

