



## Are You Getting All of the Manufacturer Support You Can?

Have you developed your 2002 marketing plan yet? If not, you're behind the proverbial eight-ball.

Why, you ask, since you typically develop your plan throughout the year? Three reasons:

1. To know where you want to go and have a roadmap to get there.
2. To create or enhance your marketing budget. The fall is when manufacturers develop plans and have dollars available for commitment to proactive distributors.
3. If you are part of a marketing group, now is when manufacturers come to you to develop 2002 business plans.

But how can you get more manufacturer monies since you already use co-op funds (and max out your earnings)?

Aggressive distributors, independents and national chains routinely involve manufacturers in their marketing process and develop programs that are funded by manufacturers, above and beyond co-op earnings. Why do they get more money? Because these distributors develop a plan, present them to selected manufacturers and sell their commitment to these manufacturers. Manufacturers know that they will receive a ROI on their dollars.

But this only works for larger companies you say. Wrong! Any company that develops a plan for growth, commits to targeted manufacturers and sets expectations of the manufacturer (and his salesperson) can gain support. I have seen it work for companies as small as \$15MM!

Let's look at two funding tools – co-op marketing and market development funds (MDF). (*See sidebar for definitions*)

### Co-op Marketing

First, use all possible earned dollars, from every manufacturer that you earn at least \$100. And once you use your "allotment", if you still want to do a marketing activity with them, *ask for more*.

Then –

2. Keep track of program performance – manufacturers invest in you if they know that you deliver.
3. Ask what promotions / marketing tools your manufacturers have available. While they may not tell you what they will offer (product or awards) they do know when they will offer something. If your rep doesn't know – tell him to find out
4. Fairness is key. Everyone knows the tricks that are used, and everyone expects them – what manufacturers want, however, is fairness in promoting them and responsible usage of their funds.

A typical \$20 million distributor should have access to a minimum of \$72,000 in co-op funding. Enough for some type of marketing effort? While many co-op programs require co-investment, these are dollars that if you do not use, someone else will.

### MDF

MDF is marketers', and manufacturers', answer to stimulating growth – and how distributors grow and become more profitable.

Obtaining Market Development Funds takes work. It requires





- understanding your needs, your customers' needs and your manufacturers' needs
- developing a marketing plan
- being flexible enough so that you can sell, implement and deliver results, and
- consider those manufacturers that are important to you – selectivity is required.

These programs focus manufacturer and distributor efforts and create closer working relationships between parties because each becomes vested in the outcome. According to one manufacturer, they are willing to divert national awareness marketing funds to fund well-organized distributor initiatives.

Manufacturers beware – most manufacturer salespeople do not like these programs because they require work - some marketing knowledge and marketing-related expectations of your sales force (next month's topic). But don't back away from MDF – they enable you to channel your distributor marketing investment to those distributors that are your top performers, or where you have opportunities for growth, and enable you to target specific market segments, products and/or geographic areas.

Distributors – this is the future of manufacturer co-funding – delivering support to those distributors who have a plan to grow their business. And, in many instances, you can still use co-op dollars.

With the increasing polarization of the industry, at both manufacturer and distributor levels, companies will focus their limited resources on those who can best help them. In speaking with marketing-oriented manufacturers, two comments are frequently made – “Smart distributors examine their strengths and focus their marketing to assure maximum return on their/our marketing investment,” and “Distributors should consider their support needs and challenge manufacturers to respond.”

Now is the time to challenge them.

*David Gordon principal of Channel Marketing Group, Raleigh, NC, a marketing consulting firm specializing in marketing strategies for distributors and manufacturers. He can be reached at 919-488-8635 or at [dgordon@channelmkt.com](mailto:dgordon@channelmkt.com)*





#### *Sidebar*

**Co-op Marketing** – Marketing professionals along the channel work together to develop systems that are leaner, more directed and effective (integrated, collaborative, focused strategies).

**Co-op Advertising** – Advertising run by a local company in cooperation with a national company. Costs are shared and both names are mentioned. Funded through an automatic accrual.

**MDF (Market Development Funds)** – Provided on an ‘as needed’ basis to meet specific marketing objectives. Generally negotiated between parties, fund customer-driven initiatives and are performance-oriented.

Generally, the electrical industry focuses on a mix between co-op advertising and co-op marketing (depending upon if the distributor has someone responsible for marketing). Leading manufacturers and distributors focus on MDF, however, these programs are generally not promoted. MDF is used as a targeted, tactical tool with significant discretionary usage – and typically better results. According to a January 2000 Hand Consulting Group survey, 78% of respondents indicated that they received more in MDF funds than in accrued co-op funds.

In the words of a distributor, “co-op is ‘use it or lose it’” whereas “if you develop a plan and show a return, you can get monies.” And from a manufacturer viewpoint “Any manufacturer who still views all distributors as equal with regards to marketing needs a reality check.”

#### **Looking for Manufacturer Co-op Programs?**

Visit:

1. [http://tedmag.com/images/Encyclopedia\\_AUG00.pdf](http://tedmag.com/images/Encyclopedia_AUG00.pdf) (Mike / Laurie- this points to the 2000 posting, do you have the 2001 yet? Could also use graphic)
2. If you are an IMARK member, a number of manufacturer programs are listed on at [www.imarkgroup.com](http://www.imarkgroup.com).
3. A number of manufacturers post their co-op programs online, in either their public area or in their distributor-only section.

Or, ask your rep

