



▶ Retailers who ignore *co-op dollars* are leaving money on the table.

# share the wealth

BY MICHAEL HODGSON

**in** the world of retailer-manufacturer discussions about “what have you done for me lately,” co-op advertising gets decidedly little mention. Manufacturers are essentially offering free money for retailers to use to promote both the manufacturer and the retailer, and yet as much as half of all co-op dollars get left on the table, unused and unloved. And that’s puzzling to many manufacturers.

## WHAT IS CO-OP ADVERTISING?

Co-op advertising is a cost-sharing arrangement between a manufacturer and a retailer whereby the manufacturer agrees to split the costs of advertising with the retailer in exchange for the retailer mentioning the manufacturer or manufacturer’s product in the ad.

The amount available to be used depends on the total net sales from a vendor to a retailer for the year—in other words, what a vendor actually sold and delivered to a retailer, not just what was ordered. In talking to vendors, such as Marmot and The North Face, the percentages of sales that are available for co-op dollars vary depending on the retailer, but in general they average 1.5 percent to 2 percent of net sales. That means on a \$10,000 order, a particular vendor will likely also be willing to give you \$600 toward co-op advertising efforts.

One company, MultiAd.com, an advertising and marketing services company that specializes in co-op advertising, provides benchmark data for various industries as a means of knowing what the norms are for co-op percentages. The company’s 2005 data for the sporting goods segment reports that just under 44 percent of manufacturers offer co-op dollars up to 2 percent of net sales. Forty-one percent of manufacturers offer co-op dollars ranging from 5.1 percent to 10 percent of net sales. And 11 percent offer fixed co-op dollar packages, tied to sales, but not a percentage of sales.

Depending on the size of your operation, this can easily add up. One retailer, with four stores in Connecticut, told us his business utilizes in excess of \$60,000 in co-op ad dollars each year for things like billboard advertising, logos on the company truck, promotional items from a vendor carrying the retailer’s logo, print advertising and more.

## WHAT ARE THE BENEFITS?

For a retail owner, executive or marketing manager, co-op ad dollars received offer a variety of benefits.

- » They offer a way to reduce the overall cost of an ad budget, or pad an existing one.
- » They permit a retailer to create bigger, more creative or more colorful ads in print.
- » They allow tapping into new markets unable to be previously reached. That’s because co-op dollars can often be used in so many promotional ways, like TV, radio and print ads, online banners, yellow pages, event sponsorship, POP programs and product giveaways.

For the manufacturer or supplier, co-op ad dollars spent also provide a variety of benefits:

- » Co-op ads increase overall awareness of a company’s brand at a local market level that would be more difficult to reach otherwise.
- » Local advertising rates available to the advertising business are at least 20 percent lower than national advertising rates, according to advertising experts with whom GearTrends® spoke. This means that a manufacturer’s dollars go further to increase brand recognition within a local market, not to mention helping further cement a relationship with a good retail customer.
- » Done correctly, co-op ad dollars help a manufacturer increase sales of product. As a result, co-op ad dollars well spent can help a manufacturer increase market share in a local market.

All of which begs the question, if there are so many upsides and so little downsides, why is it estimated that hundreds of thousands of co-op ad dollars go unused every year? Surprisingly, many retailers told GearTrends® that way too many dollars get left on the table either because the co-op programs by vendors are too small to make the effort worthwhile unless the retailer places a huge order, or the retailer simply doesn’t have the bandwidth to manage an effective ad program, let alone one with the added paperwork and work required by a co-op one.



**WEB EXTRA!** To read more co-op advertising tips from manufacturers and retailers, as well as a list of instructional resources, an added benefit for SNEWS® subscribers, go to [www.gearrends.com/extras](http://www.gearrends.com/extras).

www.european-outdoor.com

**Your World ...  
Your Business!**

**Outdoor**

**The European Trade Show**

**July 19 – 22, 2007**

**Friedrichshafen, Germany**

**Trade visitors only**

- ➔ The undisputed No. 1 in Europe!
- ➔ With the top 100 brands in the world
- ➔ 675 exhibitors from 39 countries, 77 % international
- ➔ 15,511 trade visitors from 65 countries, 60 % international
- ➔ Full overview of the outdoor market

MESSE  
FRIEDRICHSHAFEN

For more information please contact:  
Mrs. Luann Alesio, U.S.A. Agent  
Phone: 949-489 9982, Fax: 949-489 9299  
e-mail: lalesio@cox.net



**EXTREME**  
BACK COUNTRY TERRAIN  
HIGH TECH  
**KOMPERDELL**  
POLES REQUIRED

**POWER LOCK** locking system  
can be adjusted fast and safely even  
at low temperatures and wearing gloves

**5½**  
ounces  
introducing the  
**C2 Carbon Tour Power Lock**  
made of real carbon by  
european craftsmen

Visit our **BOOTH**  
no. 28032  
at the Outdoor Retailer Show

the amazing backcountry experience you've been looking for your whole life

**KOMPERDELL**  
www.komperdell.com  
the lightest | fastest | proven poles

### IS IT REALLY THAT DIFFICULT?

One retailer who emailed us in response to a series of questions we posed about co-op programs said, "We don't do it. It's stupid because there's a lot of money there. We used to, but it takes a lot of time. I'd like to get it started again."

Another part of the reasoning behind not utilizing any or even some of the co-op dollars available, retailers tell us, is because manufacturers have so many different programs and rules that it makes it extremely difficult to find out just how many dollars a retailer might have available in a particular manufacturer's co-op account to begin with.

Joe Flannery, vice president of marketing for The North Face, told GearTrends® that the company realized out of frustration that far too many co-op dollars (as much as 30 percent) were being left on the table each year simply because, he said, "as one year ends and the next year begins, retailers are worried more about previews, line shows, product orders and deliveries, and are simply not as concerned with co-op dollars that may now exist from orders received the previous year."

To help with that, Flannery and team have invested in marketing staff in regions around the country whose primary responsibility is to remind retailers early on in the year what co-op dollars they currently have available and what tools, including designing of ads and more, The North Face has to assist them.

While the results are promising, with nearly 98 percent of available co-op dollars now being used as a result of the program, Flannery said the system is far from perfect.

"Right now, the process is too manually intensive, and requires us to pick up a phone to tell a retailer what dollars he or she has available," said Flannery. "Our goal is to have a computerized system where a retailer can view live order status for applying co-op dollars, designing ads, determining what the lifetime accrual is based on net shipments, and how many co-op dollars are currently available for a spend."

For most manufacturers and retailers, though, it appears the system remains one of catch-as-catch-can, and sometimes, that means a lot gets missed. Still, despite the difficulties and challenges, retailers tell us that people who don't take full advantage of co-op dollars are just wasting money that should be in their pockets.

"There is really no best way to use your co-op because each retailer has different needs for different markets," Dawson Wheeler, president and co-owner of Rock Creek Outfitters in Chattanooga, Tenn.,

**SNEWS® Hits the Airwaves with SNEWS® Live Podcasts!**

Now you can download and listen or watch the SNEWS® insider scoop.

» Hear the latest at [www.snewsnet.com/podcasts](http://www.snewsnet.com/podcasts)

# Backcountry Oxymora

Calm Winds, Found Missing, Minor Disaster  
Restless Sleep, Short Distance, Cold as Hell  
Near Miss, Waterproof-Breathable Softshell

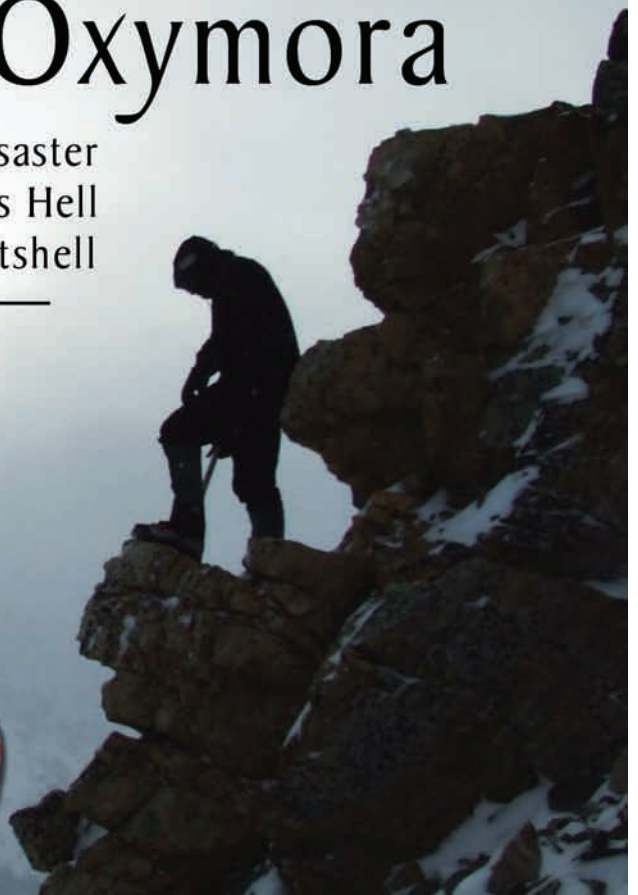
Get a real Softshell!



The Ability Softshell

*water resistant  
wind resistant  
unmatched breathability  
adjustable insulation*

[www.versalayer.com](http://www.versalayer.com)



[WWW.GOLITE.COM](http://WWW.GOLITE.COM) OR CALL TOLL FREE 888-5-GOLITE



**WOMEN'S CAYENNE JACKET**

ONLY **110Z**

DON'T MISS GOLITE'S HOT NEW 800-FILL,  
LOW-PROFILE DOWN PROGRAM AT ORWM  
BOOTH #23001



**deuter**  
backpacks since 1898



**German Engineering  
Taking you Further.**

[www.deuterusa.com](http://www.deuterusa.com)  
booth 11040

photo: Robert Metz



THE MOST ASKED-FOR NAME IN WATERPROOFING:

# NIKWAX

## WATERPROOFING



HOW TO BE DRY.



OFFER YOUR CUSTOMERS THE BEST!  
ask about **NEW Base Wash!**

FOR MORE INFO: CALL **800.563.3057**; SEE US AT **OUTDOOR RETAILER #15004**

said. "But there is certainly a wrong way and that is not taking advantage of the co-op dollars you have earned."

### USING CO-OP DOLLARS


For retailers, the ability to use co-op dollars depends largely on whether they can meet manufacturer guidelines; however, as we found out, everything is negotiable to those who plan well.

"While all vendors have co-op guidelines, we have found that most vendors, when presented a logical plan, will support your efforts if they fit into the guidelines or not. After all, the goal for both the vendor and retailer is the same," said Wheeler.


Roanne Miller, vice president of sales for the technical apparel platform of K2, told us, "Co-op dollars are just that—co-operative advertising that benefits both the vendor and retailer equally. We will not say 'no' to an idea if it is both a good idea and an effective use of advertising dollars that serves to promote both a K2 brand and the retailer."

To that end, we asked dozens of key retailers and manufacturers to share some of the top ways retailers used co-op dollars effectively in the last year. Topping the list:

- » event promotion
- » an appearance by a sponsored athlete to the store
- » creation of direct-mail pieces (with companies like Catalyst) in cooperation with the manufacturer
- » logo items to give as gifts with purchase
- » local TV and radio spots
- » newspaper and regional magazine print ads
- » direct mail and key word marketing
- » product drawings and giveaways
- » billboards
- » POP displays and fixturing
- » manufacturer-provided store uniforms
- » CRM (customer relationship management utilizing permission-based email communications for promotional programs)
- » sales incentive programs for sales staff
- » shop window displays
- » shopping bags
- » calendars for customers

The only bad idea when it comes to co-op advertising, it seems, is one that leaves co-op dollars unused and wasted. 

» To read more business-related articles, go to [www.snewsnet.com/trainingcenter](http://www.snewsnet.com/trainingcenter).

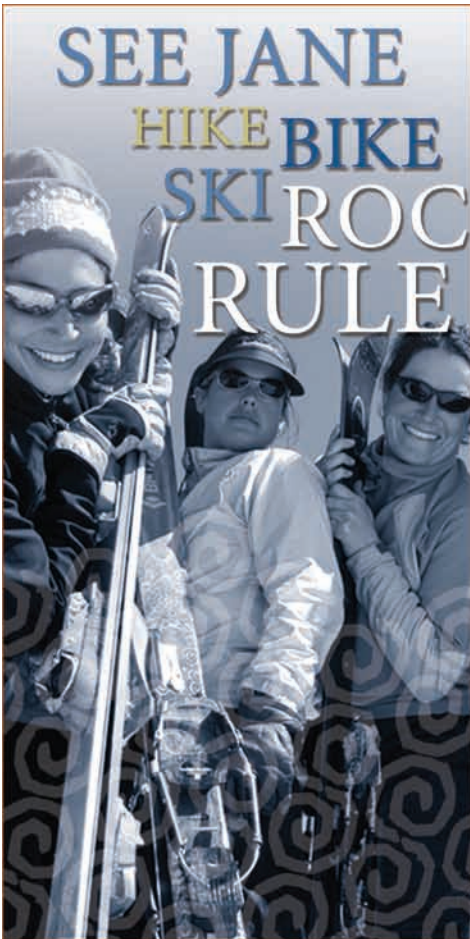
**RYAN**  
*Michael*

Visit us at:

Outdoor Retailer  
Booth # 38129

MAGIC - See Men's  
directory for Booth #

[www.ryanmichael.com](http://www.ryanmichael.com)



# SEE JANE HIKE BIKE SKI ROCK RULE

Ramp up your game by joining OIWC, an association of outdoor women passionate about their fitness of mind and body.

As a member, you'll be inspired by other women who play as hard as you do, in the office, on the road, and in the outdoors. You'll hone your skills via educational opportunities, network with like-minded women across all types of business platforms, and enhance your influence via leadership training.

As a business partner, you'll send a powerful message to the outdoor industries that your company is dedicated to the success of women.

Ready to join? Visit us online at [www.oiw.org](http://www.oiw.org).



720-249-2524  
[www.oiw.org](http://www.oiw.org)

Come see us at **Outdoor Retailer Winter Market in January 2007**

- Jan. 26:** Backcountry Betties  **BrandAmp**  
9am-4pm Located at Big Cottonwood Canyon, classes include skate, cross and downhill skiing.
- Jan. 26:** Leadership Seminars. Located in Salt Palace, the focus is Getting the Right People on the Right Team.  
3-7pm
- Jan. 28:** OIWC Winter Gathering. Located in Abravanel Hall, featuring presentation of Pioneering Woman Award and slide show by Skip Yowell of Jansport.  
6-9pm

**EASTERN  
MOUNTAIN  
SPORTS**



**FoxRiver**



Photo: Stouff/Dominus Photographs | Design: Colleen Cahill



**PO Box 18297**  
**Asheville, NC 28814-0297**  
**828.252.7956 ph 828.252.3145 fax**  
**[www.eora.org](http://www.eora.org)**



**Mid-Atlantic Region**  
Riverside Sports  
Scranton, PA  
January 16-18, 2007

**Southeast Region**  
Palmetto Expo Center  
Greenville, SC  
February 11-14, 2007



**OutdoorIndustryJobs.com**

➔ Find a Job - Post a Job



**Follow your Passion**

**Also Featuring:**  
**Sales Rep Marketplace**  
Email [jobs@outdoorindustryjobs.com](mailto:jobs@outdoorindustryjobs.com)

powered by  
  
**Outdoor Mind**  
1-800-276-0770  
[outdoormind.net](http://outdoormind.net)