# FORGING ROI

## Vendor Supported Advertising


Vendor supported advertising programs are an organized method of periodically securing special promotional allowances from a retailer's key vendors (suppliers) then pooling these funds to fully pay for a large multi-product promotion for the retailer. These are not co-op dollars and are considered I 100% free for the retailer. Once the funds are raised for a local I retailer, the dollars will be earmarked for television advertising.

**STEPS**

**1. QUALIFY THE RETAILER**

Study purchase figures from a retailers top 50 vendors. Evaluate last year's actual figures, plus projections for the present year. These figures not only qualify specific vendors, but allow a total promotional projection. This information is confidential.

**2. DATES AND THEMES**
**(Objectives)**

A. Create a well-planned and timely promotion.
B. Plan two to four week promotion(s) since it potentially involves a sizeable budget.

**3. THE VENDORS**

A. Analyze a retailers purchase figures, create either a departmental or storewide event.
B. Vendors should be as aggressive as retailers.
C. Annual purchases from each vendor will determine which vendors to work with, and what type of budgets to expect.

**4. THE PROMOTION PACKAGE**

A. Once budgets have been determined. Media and promotion plans can be sold to the vendor.
The plan will tell each vendor exactly what the retailer and the station is offering and the cost to him.)
B. Contingency plans should be determined in case of unexpected occurrences.

**5. PRODUCTION AND FOLLOW-UP**

A. Promotions should be created with vendors and retailers as well as special events in mind.
B. Billing invoices must get to vendors rapidly. Sales should be tracked to do a better-than-average job of qualifying the vendors investment. Let the vendor know the results of how well their product sold during the promotion/event.
Vendor programs allow television to do what it does best to motivate consumer buying at the retail level.

**BENEFITS**

When retailers compound increased billings with creative promotions, the retailer will benefit from increased sales volume geared to support regular advertising.

## POTENTIAL PROSPECTS

1. Most retailers who purchase a total of $500,000 worth of retail goods per year are potential prospects. This will be roughly the equivalent of $750,000 in total annual sales.
2. Most retailers with two or more locations.
3. To be qualified the retailers operation must carry "name" brand merchandise. Retailers should stock at least 15-20 different name brands and high sales volume for each product.

(Outlet stores that carry private label merchandise will not qualify.)
4. The retailer should be ranked high in the market in their particular retail category.

(Rankings refer to the total retail sales.)

Categories refer to merchandise:

• Auto Parts . Department Stores . Shoe Store, etc.

Note: Vendors will not generally give support funds to the smaller retailers in the market for fear of upsetting the larger retailers.

## TOP PROSPECTS
1. Mass Merchandisers
2. Auto Parts
3. Consumer Electronics
4. Appliances
5. Floor Coverings
6. Shoes
7. Building Supply Centers
8. Grocery Chains
9. Convenience Stores
10. Camera Stores
11. Department Stores
12. Catalog Showrooms
13. Furniture
14. Drug Stores
15. Sporting Goods
16. Office Supplies
17. Computers

## PROCESS

1. Determine Special Event.
2. Determine potential vendors.
3. Develop a media plan.

A


television schedule should deliver a set number of GRP's for the participating vendor. (This program is packaged and presented to selected suppliers' who are asked to participate for a specified sum of money.)

The Vendors are asked, in effect to buy the retail program in return for featuring their products. When negotiating the deal for participation, manufacturers may consider the normal amount of co-op accrued by a retailer's purchases. However, the level of manufacturer participation is more often based on the value of being part of the ad campaign.

## SELLING SPONSORSHIPS WITH VENDOR SUPPORTED PROGRAMS

1. Plan in advance special promotions that relate to retailers needs, i.e. 32 NCAA Basketball games to a sporting goods chain, coordinating vendors funds for the special event.

2. Target qualified retailers whose demographics ideally suit the program.

3. Create media programs and promotional concepts geared towards the retailers and vendors needs. Explain the total sponsorship cost and how it could be divided up among vendors.

Example: $40,000 Cost. Divide the expense among ~ vendors or $5,000 each. Place 2 vendors in each commercial and rotate the commercial through the programs on an equal basis. The retailers only expense is to produce 4 commercials.

It's a relatively simple process which can allow retailers who could not normally even dream of major sponsorship to become a valid prospect.

## MANUFACTURERS CAN BE BIG WINNERS

Manufacturers have a lot to gain from these joint advertising programs.

1. They have the assurance of being included in a professionally handled retail advertising program that is designed to give a set level of market exposure.
2. Support from the originating retailer. This is often better than depending on the random and uncoordinated exposure so frequently produced by normal co-op advertising.
3. Vendors also have a guaranteed level of TV penetration in the retailer's market often at a lower cost since manufacturers are normally paired with another supplier which reduces cost dramatically.
4. The last point is a critical one. Manufacturers of well known consumer items are far better off spending their advertising expenditures where it can be connected with a price and a retail source.

These programs are always short-term and strictly sales oriented, and they accomplish what retail advertising does best, which is sell price, store, and urgency.