

SPROUTPAY

IS THE NEW

BLACK



→ sproutcloud.com

sproutcloud

➔ You might think that “the new black” only refers to innovative fashion trends or ground-breaking television shows. But there is a “new black” in Channel Marketing that is disrupting outdated and under-performing claims based Co-Op programs that are tying up Brands and Partners with endless red tape. We call it SproutPay Instant Funding. SproutPay allows Brands to get Co-Op or MDF funds to their Partners instantly while providing Brands more control than ever before on which messages and tactics are being marketed.

TABLE OF CONTENTS

- What's the Big Deal About Co-Op?1
- The Old Paradigm: The Submissions and Claims/Reimbursement Model.....2
- The New Paradigm: Why SproutPay is the New Black3
- Bridging the Gap5
- If You're Stuck in Co-Op7
- Conclusion9



BRAND-SUPPORTED FUNDS
+
LOCAL FUNDS

WHAT'S THE BIG DEAL ABOUT CO-OP?

When it comes to using Co-Op, effective fund management at the local level is the key to your overall marketing success. You spend a lot of time and energy designing and deploying a Co-Op program for your Local Partners to promote Brand awareness and drive sales. But these funds often go unused because of complex business processes

and requirements the Brands place on their Local Partners. When funds are used, you often lack visibility into how these marketing dollars are being spent or which marketing tactics are performing the best at the local level. This limits your marketing team's ability to make intelligent decisions.

THE OLD PARADIGM:

Submissions and Claims/Reimbursement Model

One problem with Co-Op today is there is no clear visibility into how the money is spent. Most programs have no way of linking sales lift to marketing expenditures. To a large degree, Co-Op has become a relationship tool rather than a branding or a sales tool. Brands sometimes offer Co-Op to Partners because they feel like they have to in order to maintain the partnership. Otherwise, the Partner might stop buying their product and go to competitor Brands.

Another problem lies in the multiple steps Partners have to take to make it work. First, Partners create marketing materials according to the Brand's creative requirements — rules that are often unclear. This means it could take two or three rounds of creative review before the Brand finally approves the work. Then, Partners have to fund their marketing up front so they can get reimbursed later.

Once Partners get their vendor invoices, they submit them to the Brand as part of their reimbursement claim. If the Brand rejects the claim, the Partner has to go back to get more paperwork, resubmit, and wait for approval — or maybe another rejection. Because of all these steps, Partners can wait up to six months to get their money back.

This long Co-Op reimbursement process doesn't hurt just the Partners. It also puts stress on Brands, who devote plenty of resources to completing each step of the process. They have to staff entire teams just for reviewing claims and processing paperwork. With all the reimbursement documents coming in, teams spend a lot of time verifying proper media rates and Brand compliance. This sometimes requires your team to go back and forth with Partners, who also have to go back and forth with their vendors.

IT'S NO WONDER THAT BILLIONS OF CO-OP DOLLARS GO UNUSED EVERY YEAR. PARTNERS ARE TIRED OF HURTING THEIR OWN COMPANIES BECAUSE THEY HAVE LIMITED MARKETING RESOURCES. WHEN PARTNERS GET TIRED, THEY DISENGAGE AND STOP USING THE TOOLS THE BRAND GIVES THEM. IN TURN, BRANDS ARE LEFT FEELING THE PAIN FROM LOW ROI ON THEIR SPEND.

THE NEW PARADIGM: Why SproutPay Is The New Black

Brands distribute accrued funds to Partners in real time. This means they can access their funds as soon as they're ready to invest in a marketing initiative. You are joining pre-approved Brand marketing content with the money itself. The higher the copay percentage that Brands offer to pay, the easier it is for them to drive marketing behavior and increase program adoption and engagement. With this improved adoption comes greater insight for the Brand to access local reporting on how the campaigns are performing.

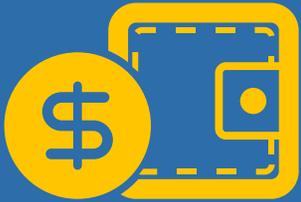
SproutPay brings immediate visibility into where money is spent. In the Brand's world, reimbursement programs essentially have Partners who can choose any Brand they want to work with and spend Co-Op money how they want across various marketing mediums. Ultimately, provided the Partner stays within the Brand-approved guidelines, they get their money back at some point. What gets lost is the ability to understand performance and react based on what's

working. There are no standardized processes in the way a Partner needs to report back on how the money is performing. The key is to entice Partners to use a local marketing automation platform that provides Partners with real-time funds and management with real-time program performance.

With SproutPay, you can collect data across hundreds or thousands of locations to determine how these programs are performing. You can use this data to improve your Channel Marketing programs. In addition, when a Brand marries the money with the content, the Brand is putting processes in place to ensure specific reporting data points are captured to illustrate the effectiveness of the local marketing spend. You can now understand how that money is performing across different markets and different campaigns. Now your Channel Marketing team can make changes based on actionable data.

SPROUTPAY MAKES IT EASIER TO SEE HOW YOUR LOCAL MARKETING IS PERFORMING.





WITH SPROUTPAY, PARTNERS ARE NO LONGER OUT OF POCKET FOR MONTHS AT A TIME.

Brands that also work on the direct side constantly monitor how their costs are converted via cost per call or per click (depending on the KPI they choose). They understand the baseline data point they have created and then compare it to how the Channel medium or promotion is performing. The Brand can then understand how to optimize spend and where they should allocate their money at the Channel level. For example, Brands may pay 25 percent on premium items because it's important for branding, but it's not the best use of their money. The Brand knows that paid search is more impactful, so Brands are willing to pay 70 percent or 80 percent through SproutPay so their Partners engage. Brands know what works, they can offer highly incentivized programs to the Partners because they trust the data.

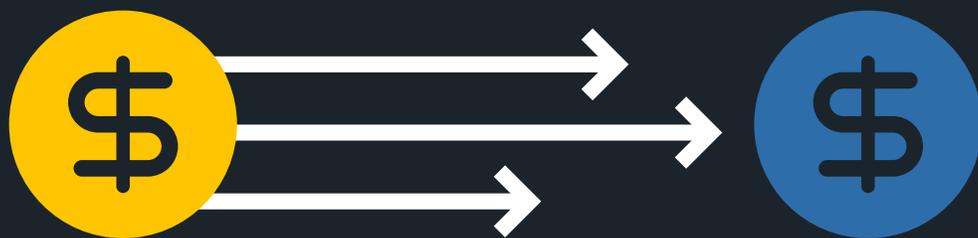
The Co-Op model has always been a reimbursement paradigm that makes sure Partners are abiding by Brand-approved guidelines. It's not a very strategic process, but it's a very practical and typical one. With SproutPay, Brands can get messages to market quicker and be more strategic about how to get Partners to advertise their products.

With SproutPay, Partners are no longer out of pocket for months at a time. A Brand can have a seemingly well-intentioned Co-Op program in place, but if a claim is rejected or takes too long to get approved, Partners get angry. What was originally intended to be a smooth process causes the opposite effect. In SproutPay, none of that happens because everything is already pre-approved. The Brand offers money so that Partners don't have to pay as much out of pocket.

SproutPay is seamless, easy, and accountable. There's no question about whether the money or creative qualifies for funding. Partners should feel comfortable in participating in these kinds of programs, but some might still feel more comfortable with a Co-Op model. Part of the reason that Partners would prefer a reimbursement program is that they end up having more flexibility with the ad creative. They can create an entirely fresh, unique marketing piece themselves rather than having to buy into a pre-formatted or co-branded template. While many Partners still see change as disruptive, they also see that the pros far outweigh the cons and will happily move over to the new model.



BRIDGING THE GAP



CHANGE IS HARD, ESPECIALLY FOR LARGE ORGANIZATIONS WITH MANY PARTNER ECOSYSTEMS.

The Partner is informed that the old way of requesting a claim is going by the wayside and that the new way will be to use an automated marketing platform with pre-created and pre-approved campaigns. The platform is built in such a way that there is little out-of-pocket expense for the Partner. You're now giving Partners options. If you need to continue with reimbursements, you could start introducing SproutPay into your Channel business model so you can gradually switch off reimbursements when the timing is right for you.

One way to expedite the transition into a SproutPay model is to provide stronger incentives to adopt this model. For example, consider increasing the percentage of the amount you will sponsor from 50 percent to 75 percent for a limited time. This is a lot easier than it sounds. What Partner would rather pay entirely out of pocket for something to get reimbursed later than have the Brand pay for some of it up front? When you explain the benefits to them, they come around quickly.

Another way to facilitate transition is to replicate what you're doing now on your new platform. In a perfect world, Brands engage their Partners efficiently and effectively. In reality, Brands already have processes in place and don't know how to establish a newer, more efficient system. What if you could replicate what you have now on your new platform? By doing so, engaging with Partners in a new way is much more seamless. It also reduces the amount of claims requiring auditing, which saves you and your Partners money.

Education is a critical part of the Co-Op to SproutPay transition. One way to educate Partners is to display an opening video on the new platform homepage that explains the two different models. You can also provide the Partner the choice to enroll in the SproutPay model or go through the reimbursement process. You can then allow both models for a set time until all Partners are using the new model.



IF YOU'RE STUCK IN CO-OP

IF YOU AREN'T YET READY TO MAKE THE TRANSITION TO SPROUTPAY, HERE ARE SOME ATTRIBUTES YOU CAN TRACK TO HELP MEASURE YOUR CURRENT CO-OP PROGRAMS

Co-Op Fund Usage

It is important to know if your Partners are opting into the programs that you're funding. After all, you are incentivizing them for a reason. Determining which Partners are pulling their weight and which ones aren't can help you tailor future campaigns and award extra Co-Op dollars. This can also show you how programs are performing regionally and provide insight into local marketing performance.

Co-Op Requests

If your Co-Op system requires Partners to request Co-Op funding for approval before disbursement, then you can easily track what campaigns are in demand from your Partners. This will allow you to build out similar campaigns, change Co-Op rates and make other informed decisions.

Effective Marketing Campaigns

Effective marketers will zero in on this immediately to build on success. You should be able to determine how much was spent on a campaign and what media that campaign utilized. If specific mediums are too expensive and not generating enough ROI, you can cut Co-Op funding and reinvest in a medium that will be more successful for your Local Partners. You should also be able to see where your marketing dollars are successful and where they are falling short. This could be different based on geography, Partner type, product/service or many other variables. You can use the variation of success and failure to incentivize future campaigns and Co-Op rates. Cut out what doesn't work and fund what does.

Now that you know what works and what doesn't, you can inform your sales team and invest your Co-Op marketing dollars in a more intelligent manner. This is where you can really start ramping up your marketing ROI. Stop spending in the dark, and use Co-Op to drive your Brand's marketing success.



CONCLUSION



CONCLUSION

Co-Op is a money and time expense for Brands and their Partners. Co-Op reimbursement programs struggle with the connection to performance because of the logistical hurdles in bridging the gap to local-level data. Performance reporting has never been more important than it is in today's competitive environment. SproutPay essentially links Co-Op funds and MDF to pre-approved, Brand-run marketing programs. Because these programs are interconnected, Partners pay less of their money to fund their marketing. This also means you are in greater control of your Channel Marketing budget. You can allocate some of that money towards a local marketing automation platform, which improves marketing efficiencies and helps you understand your local marketing performance.

If you decide to establish the SproutPay model for your Channel business, that's not to say the entire submission process goes away. Sometimes that's a process that takes time to overcome, so some Partners may still need to go through it. The long-term goal is to remove the entire approval process in favor of providing pre-approved, customizable Partner assets. It's a matter of simply choosing successful tactics that will deliver sales lift and exposure for the Partner and the Brand.

Broken Channel Marketing programs are now performing. Engagement is up. It's all because there is a better way to engage with Partners.

That way is SproutPay.



ABOUT SPROUTLOUD

SproutLoud is a hyper-local marketing platform that helps brands across dozens of verticals manage their marketing campaigns and programs with the local businesses that sell their products or services. The platform has four distinct strengths: providing the most robust Co-Op funds management tool on the market, automating the customization and distribution of local marketing activities, aggregating best-in-class Marketing Service Providers, and delivering real-time business intelligence to the brand.

SproutLoud is a privately held company and is headquartered in Sunrise, Florida.

→ sproutloud.com

→ T 954.476.6211