

Everything
You've Been
Told About

**Channel
Marketing
is Wrong**

How Modern Technology is
Revolutionizing Go-to-Market Strategy

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There is no more powerful concept in go-to-market strategy than the Channel.

The idea of hundreds or thousands of independent Partners passionately selling your products is a wildly attractive concept. There are companies, and industries for that matter, that are solely built on Channel Sales. But long-standing challenges with messaging, funds utilization and performance management have complicated this lucrative way to get your products in the hands of potential customers:

- It takes a ton of time and money to execute Channel Marketing programs.
- Brand compliance will be subjective at best.
- Channel Partners will market the way they see fit.
- About 50 percent of the money Brands give Partners for marketing will go unused.

But these are all challenges based on a 20th century view of technology. The cloud, dynamic ad templates, intelligent funds management and centralized analytics are literally hacking the Channel Marketing model and making it better: more affordable, more efficient, more transparent and more effective.

In this article, we explore common misconceptions many Brand marketers have about getting their message into market through the Channel.

The Complex New Reality of Modern Marketing

Digital marketing is creating unbelievable new ways to connect with customers. With highly targeted digital display, SEO and programmatic tactics, you can speak directly to customers. But you can't turn your back on highly effective traditional tactics — like Newspaper, Radio, TV and Direct Mail — that create awareness. While

digital has deepened the arsenal of marketing weapons, it has also made our business much more complex.

Digital is also creating challenges for the Partners. Digital moves very fast. Partners don't have the time or training to determine which digital technologies are right

for them. Even if they did, the day-to-day management of digital campaigns would take them away from what they need to focus on: customers. But Partners really believe in digital. In fact, they believe the most important tactics are social media campaigns and local websites.

Most Brands are attacking this problem by developing more relationships with marketing vendors at the corporate level and offering their services to their Partners.

In a recent study by a Lynn University MBA class, 70 percent of Brands surveyed said that they have increased the number of their vendors in the past two years.

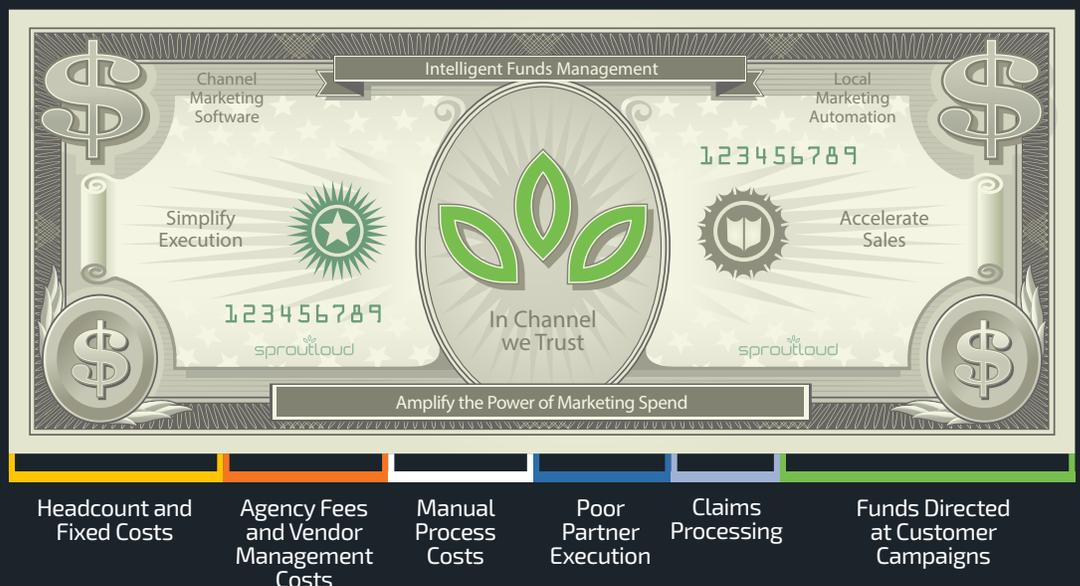
For Brands, more vendors mean more legal fees for contracting, more heads to manage the vendors and more agency fees to create assets to vendor specifications. For Partners, more vendors mean more choices but little guidance on how and where to invest their marketing funds.

MISCONCEPTION: Multi-Tactic Marketing Means More OpEx

Many marketing leaders are looking at their marketing budgets and seeing fewer and fewer dollars actually pointed at the customer. Vendor fees, vendor management costs and manual processes to get one campaign ready with 20 different MarTech vendors are driving OpEx higher.

Draw a dollar bill on a piece of paper. Now, shade in the portion that reflects OpEx dedicated to headcount and fixed costs. Now, shade in the portion for agency and vendor fees. Next, shade in the portion you think is dedicated to administrative work and manual processes. What amount is lost on unfruitful campaigns that aren't Brand compliant or pointed at the right audience?

HOW MUCH
OF YOUR
DOLLAR BILL
IS LEFT?



Brands know that digital is a very cost-effective way to get their message in front of potential customers. In fact, Channel Marketing leaders are spending 63 percent of their budget on digital tactics. But up to now, the only way to execute a digital strategy is to have a horde of vendors supported by an army of Brand marketers.

Channel Marketing leaders



TRUTH:

You Can Expand Your Reach While Lowering Your OpEx

The increasing complexity of modern marketing is a challenge that SproutLoud has been focused on solving since Day One. Our solution is SproutLoud Launchpad.

SproutLoud LaunchPad is the Brand's one-stop shop for building and executing multi-tactic Channel Marketing campaigns. First, your team chooses pre-configured campaign assets that have been prepared in SproutLoud Studio and loaded onto LaunchPad.

Next, your team simply selects the preferred tactics to launch with that campaign. From traditional Newspaper, Radio and TV Ads to highly evolved Dynamic Local Display and Pay-Per-Click (PPC) Ads, SproutLoud has integrated over 40 best-in-class Marketing Service Providers (MSPs) directly into our Platform to fulfill the tactics your Brand chooses.

Instead of having your Brand team dedicate significant headcount and money to finding, selecting and onboarding Partners — SproutLoud does it for you. We also can easily integrate your preferred vendors into the SproutLoud Platform. This means you get the same great performance without the vendor-management headaches.

After choosing assets and tactics, your Brand team then selects the types of Partners who will run the campaign. Platinum Partners might take raw assets and create their own local execution. Gold or Silver Partners might need pre-configured assets. LaunchPad has a direct feed to your internal Partner mapping, ensuring that your team doesn't waste time trying to find the right Partners for each campaign.

Finally, LaunchPad allows you to attach Co-Op or MDF funds directly to the campaign asset. This means your money is only used on your preferred messages and tactics.

By spending less OpEx on vendor management and more on execution, your Brand will be pointing more dollars where they matter most: the customer.

SproutLoud positions your Partners to excel in digital. Digital tactics — such as Social Media Content Syndication, Pay-Per-Click Ads and more — are already integrated with SproutLoud's MSP ecosystem. Your Partners don't have to spend time evaluating, contracting or managing digital vendors. Most digital tactics on SproutLoud's Platform allow for "Set-It-and-Forget-It" automation, enabling your Partners to use more digital tactics with less effort.

■ The Necessary Evil of Co-Op and MDF

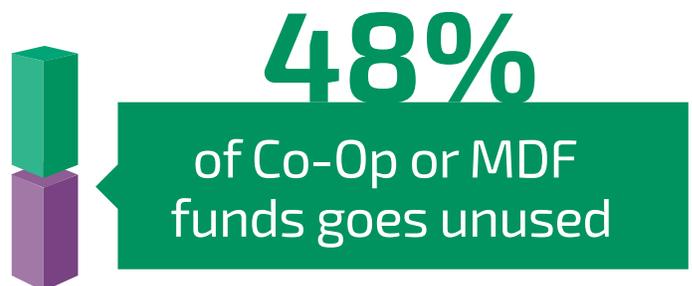


In 2015, Gleanster Research estimated that only about 52 percent of the \$70 billion that Brands annually earmark for Co-Op advertising actually gets used by their Partners. That means Partners are leaving \$33 billion of unused funds on the table each year. It is an unfortunate truth, but we all know the reasons why.

Let's say the Brand decides to fund Newspaper Ads at 50 percent. That means if the Partner is willing to spend \$1,000 on a Newspaper Ad, then the Brand might pick up \$500 of it. But to prevent fraud, the Brand applies controls. This means approval requests, denials, resubmissions — an administrative nightmare.

After approval, it is time to run the Newspaper Ad. But instead of paying their \$500 portion prior to publication, the Brand stipulates that a "proof of publication" is

required to avoid fraud. This requires the Partner to front the full \$1,000 to run the ad. After the ad runs, the Partner sends proof to the Brand and awaits reimbursement.



Most claims and reimbursement processors take anywhere from four to six weeks to process the claim and actually pay the reimbursement. From the time the Partner decides to take the Brand's Co-Op offer for a Newspaper Ad, about eight to 10 weeks could pass before they see the money. No wonder only half of these Co-Op offers ever see the light of day.

Meanwhile, the Brand has dedicated headcount focused on providing administrative approvals and paying third-party claims processors between \$8 to \$15 for

every claim. And the funds to cover all this come directly from one place: campaign budgets.

MISCONCEPTION:

Co-Op is the Only Way to Make Sure Brands Get Their Money's Worth

Brands and Partners are stuck in this unproductive system where it takes significant hours on both sides to get an ad to market. Independent Partners are being asked to "float" funds on behalf of multi-billion-dollar corporations. There is a lack of trust between the Brand and the Partners, and third-party claims processors often deepen that divide with excessive red tape and slow reimbursements.

This whole process is irrevocably broken and needs to be discarded.

TRUTH:

Amplify the Power of Your Marketing Spend

At the heart of every marketing campaign is one constant: money.

At SproutLoud, we have developed a system that lets you get the most out of every dollar, while getting rid of Co-Op permanently. What if Brands could intelligently attach funds directly to campaign assets and preferred behaviors? What if those funds were available to your Partners instantly? And what if the execution of that campaign were handled by a trusted Marketing Service Provider that delivers best-in-class performance? Welcome to SproutPay Instant Funding.

SproutPay Instant Funding is a totally disruptive way of looking at the Partner marketing equation.

With SproutPay, every dollar a Brand offers for Partner marketing is attached directly to assets that the Brand wants to see launched. The Partner selects the tactic they want to

run from their Partner Portal — anything from Direct Mail to Dynamic Local Display — and immediately contributes their portion of the cost with just one click. The Brand's funds are instantly applied to the tactic, and the order is routed directly to the appropriate Marketing Service Provider (MSP). This entire process takes minutes instead of weeks.

For Partners, there are no more approval requests, no dealing with local vendors, no need for proof of publication and no waiting weeks for reimbursement. Simplicity and time savings will drive more Partners to participate in Brand campaigns, amplifying the power of your Brand's marketing spend.

For Brands, there are no rogue campaigns, no need to worry about fraud, no poor execution choices and no massive queues of customization requests. Simplified execution, increased speed to market and reduced overhead mean stronger local campaigns.

And because the money is tied directly to the execution of the marketing, you can track how that money is performing — self-reported data is replaced with real analytics. Knowing what's working helps your Brand direct your funds more wisely.

■ The End of Marketing Magic



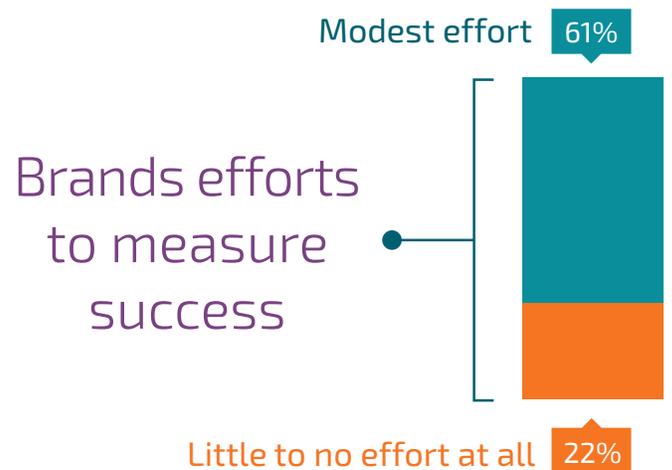
For a lot of individuals on your corporate team, marketing has always seemed a little bit like magic (raise your hand Finance team). No one is exactly sure how you do it, but they definitely applaud when it works.

When you are marketing through a distributed Partner network it can get even more “magical”— and that is not a good thing.

With national campaigns, Brand marketers have direct feedback on what is working and what isn't. You can launch a digital ad and if the click-thru-rate stinks, you know you have to make a change.

But if you are running a wide variety of tactics through hundreds or thousands of Channel

Partners, getting a consolidated picture of how those dollars are working is very difficult. In fact, Brands find it so difficult to measure success that 61 percent only put in a modest effort to get performance metrics, while another 22 percent put little to no effort at all.



MISCONCEPTION:

Pulling Performance Analytics Out of a Channel Marketing Hat is a Trick that Doesn't Work

First, all your marketing vendors give you separate reports. Measuring the effectiveness of Email Marketing compared to Pay-Per-Click (PPC) Advertising can be difficult. Consolidating these statistics to get meaningful insight takes a lot of work.

If your Partners are using local vendors for campaign execution, the performance metrics get even more "magical." Trying to consolidate metrics across all the tactics and all the Partners would take a team of data-crunchers forever and a day. The reality is that we live with less-than-perfect analysis of Channel Marketing performance, then we use this bit of magic misdirection: *"Channel Marketing is as much a competitive tactic as a marketing program. We have to put these programs out there or we risk losing Partners to the competition. The actual performance of the spend is almost secondary."* Talk about sleight of hand.



TRUTH:

Comprehensive Analytics for Channel Marketing is Not an Illusion

At SproutLoud, we believe in that tried-and-true business axiom: If you can't measure it, you can't manage it. That is why we have put so much effort into developing SproutLoud Analytics. SproutLoud Analytics offers performance analytics on every tactic launched

through the Platform. Your Brand and your Partners can see simple, easy-to-digest reporting on the success of every campaign. This historical reporting is crucial to guiding investments at the local level.



And because all executions run through our Marketing Service Provider (MSP) ecosystem, your Brand can get consolidated views of performance by tactic across all your Partners. For example, you activate a Dynamic Local Display Ad campaign on your program at an 80 percent SproutPay contribution. Three hundred Partners from coast to coast take part. Each Partner will get a performance report on the impressions and click-thru-rate at the local level. But the Brand can get a 10,000-foot view of the total spend associated with that tactic and the nationwide roll-up of performance analytics.

SproutLoud Analytics doesn't stop there. Through our innovative Call-Tracking technology, Partners can attach a local exchange phone number as the Call to Action (CTA) for almost any type of campaign. While it is easier to track performance in Dynamic Local Display or PPC Ads, we can now provide response rates on Newspaper Ads, Direct Mail and more. This allows Partners and Brands, for the first time, to accurately see the value of different tactics within your Channel Marketing program.

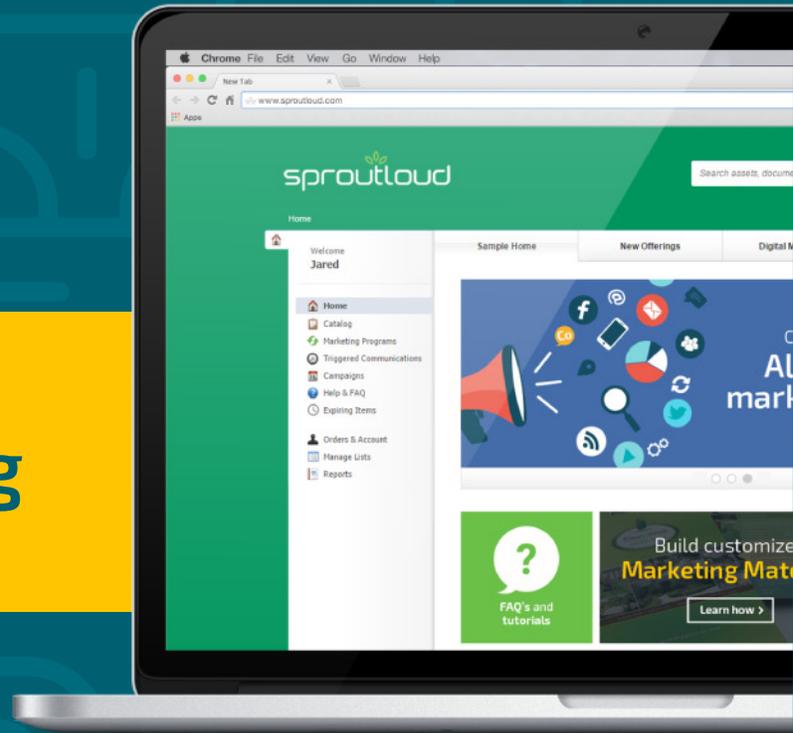
SproutLoud Analytics is redefining the way we think about Channel Marketing through centralized performance reporting, aggregated tactic metrics and campaign insight.

A screenshot of the SproutLoud Reports interface. The top navigation bar includes the SproutLoud logo, a search bar with the text "Search assets, documents", and icons for home, refresh, and user profile. The main content area is titled "Reports" and features an "Email Summary" chart. The chart is a combination bar and line graph with two y-axes. The left y-axis is labeled "Number of Emails Sent" and ranges from 0 to 100. The right y-axis is labeled "% of Email Rates" and ranges from 0% to 30%. The x-axis represents time periods. Green bars represent the number of emails sent, and an orange line with circular markers represents the percentage of email rates. The data shows fluctuations in both metrics over time.

Period	Number of Emails Sent	% of Email Rates
1	65	15%
2	40	18%
3	40	12%
4	65	25%
5	25	15%
6	40	18%
7	10	12%
8	25	15%
9	40	18%
10	10	12%
11	10	12%



The Next Evolution of Channel Marketing is Here

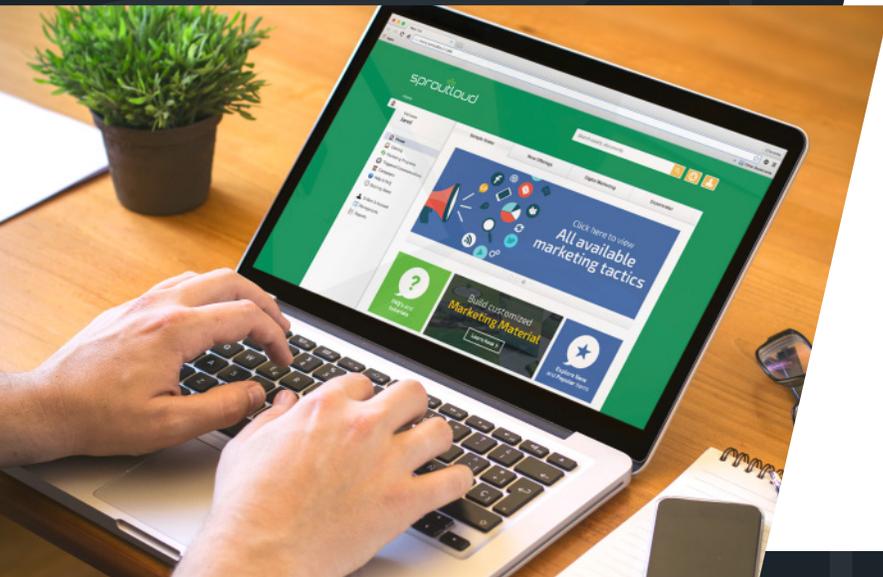


Channel Marketing allows Brands to get their key messages directly in front of customers in the context of their local community. Of course, the special sauce in Channel Marketing has always been the Partners. There is no substitute for a meaningful one-on-one conversation between a Partner and a potential customer when it comes to closing a sale. The challenge has never been that part of the equation.

But unfortunately outdated processes, bureaucratic controls and lack of local execution keep Partners focused on marketing instead of sales. Decentralized vendors and administrative overload have driven OpEx higher for the Brand and reduced the amount of funding dedicated directly to potential customers.

The business of getting messages to market through Channel has been complex and often exasperating. But at SproutLoud, we have dedicated years to reverse engineering every single part of the Channel Marketing system in an effort to develop new solutions to age-old problems. With innovative technology, integrated execution and white-glove concierge service, we have created a new vision for Channel Marketing.

SproutLoud's Channel Marketing Platform gives you the intelligence to simplify campaign execution, amplify the power of your marketing spend and accelerate growth through your Local Partners.



Learn more about Channel Marketing solutions →

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Read: Channel Sabotage: Is Your Channel Marketing Strategy Undermining Your Sales Team? →

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