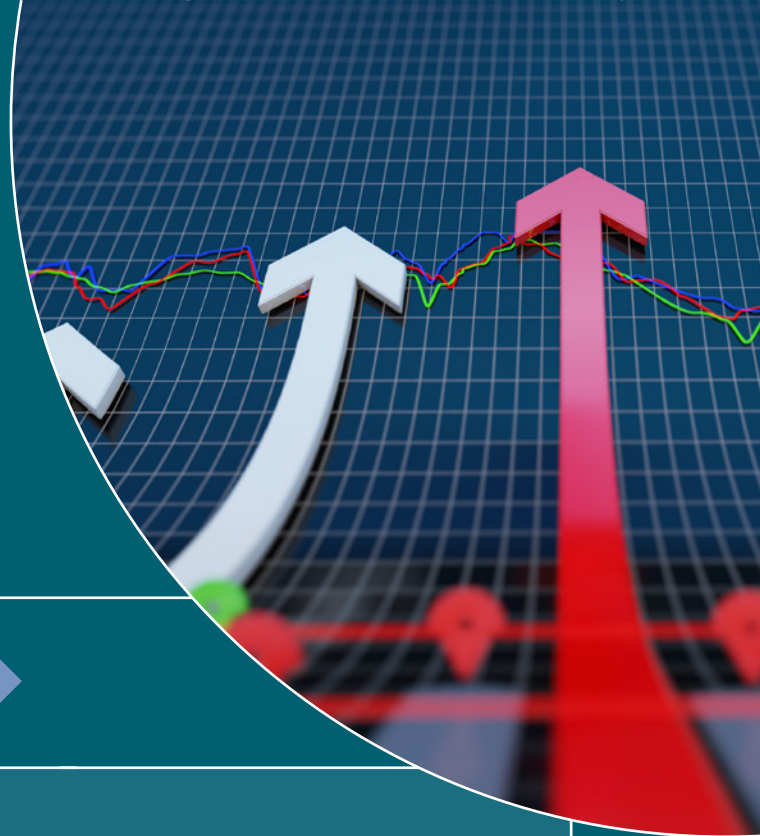




sproutloud



# Channel Marketing Transformation:

A Tactical Guide to Upgrading  
Your Channel Marketing Program

By GARY RITKES | Founding Partner and Chief Revenue Officer



Learn more at **SproutLoud.com**

In this tactical guide, we will build a project plan to help you transform three areas of your Channel Marketing program to help decrease costs, improve partner participation and reach more customers.

Indirect Distribution has always been a powerful way to go to market — if you can overcome its inherent challenges. Getting hundreds or thousands of local business owners on the same page has traditionally created problems with brand compliance, funding and local execution. But how would your brand look at your go-to-market strategy if innovations in modern **Channel Marketing** technology could eliminate these challenges?

The project plan we will build will be focused on three areas:

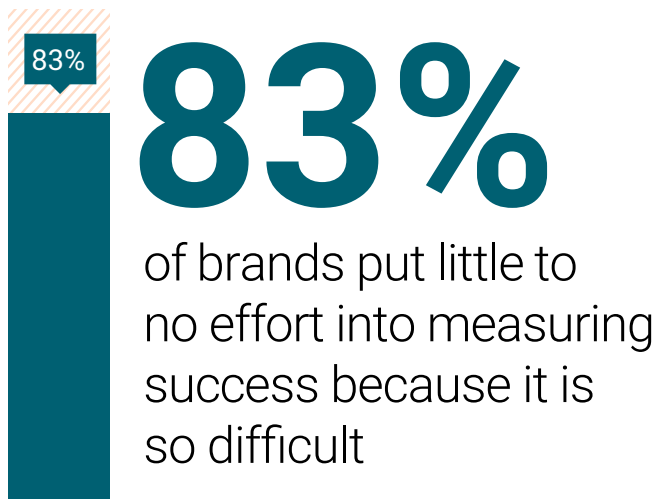
- » **Section 1: Transform Campaign Management**
- » **Section 2: Transform Funding**
- » **Section 3: Transform Local Execution**

# Section 1

## Transform Campaign Management

### Challenge:

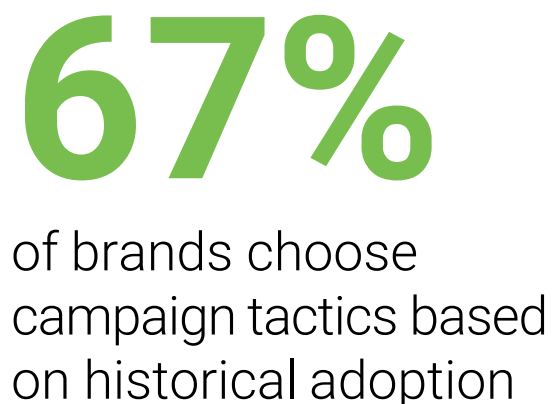
Most brands choose tactics based on historical adoption — not ROI



With thousands of partners and dozens of vendors, it's almost impossible to pull meaningful insight out of a Channel Marketing program. The bigger challenge is that most of the execution happens out of line of sight. When partners take Co-Op Marketing or MDF funds and find a local vendor to execute a campaign, brands can't access the data needed to change investment strategies based on how effective the campaign has been.

In the absence of real insight, brands usually take the historical adoption of campaign offers as their primary proof that a campaign tactic is worth funding. However, research sources confirm that brands only get up to 50% participation from their partners. Where else in the business world would a 50% success rate even be acceptable?

So let's focus on changing the trend. How do we transform campaign execution and get more relevant data at the local level?





# Centralize Campaign Operations to Reduce OpEx



of brands saw an  
increase in marketing  
vendors

To be successful in today's oversaturated market, we need to execute multi-tactic campaigns to drive customers from awareness to consideration to decision. In fact, according to ExchangeWire, customers reached through multi-tactic campaigns have a 24% higher conversion rate.

But the proliferation of digital tactics has driven brands to contract more and more vendors to provide services for their partners. This has created a vendor management and OpEx nightmare for brands. In SproutLoud's Channel Marketing Retrospective Survey, we found that 79% of respondents saw an increase in the number of marketing vendors over the past year.

Most organizations usually deal with multiple systems to deliver Channel Marketing programs to their partners. If you currently use a Digital Asset Management solution and Ad Builder and manage multiple-point solutions for digital and traditional tactics, step one of your transformation project plan is to take advantage of modern Channel Marketing innovation and centralize.

There is no reason to manage all those point solutions when an innovative Channel Marketing platform includes Digital Asset Management with ad flexing technology. This allows partners to easily customize assets according to brand guidelines through preset dynamic templates. And Channel Marketing Automation platforms also have an ecosystem of best-in-class marketing service providers already integrated with the assets. This means your partners no longer have to find local vendors and your brand can offload all the OpEx-intensive vendor management work. Even vendors you currently use can be integrated, so you get the fulfillment you are used to without all the day-to-day headaches.

No more worrying about brand compliance, local execution or fraud. No contracting, no manual processes, and no day-to-day vendor management. Brands can provide partners a robust selection of marketing tactics while eliminating much of the OpEx associated with running a multi-tactic strategy.

## From a project plan perspective, we must first calculate the total OpEx impact of your current program

- 1) Identify the number of vendors you currently have dedicated to partner marketing.
- 2) Define yearly costs of Digital Asset Management and Ad Builder solutions.
- 3) Calculate the yearly cost of all vendor software.
- 4) Estimate IT support costs at 2% of total yearly contract value for each vendor.
- 5) Define the number of headcount you have dedicated to vendor management.
- 6) Assume a fully loaded headcount cost at 1.3X an estimated salary.
- 7) Calculate agency fees spent yearly for partner customization requests.
- 8) Define the total yearly expenditures on third party Co-Op Marketing claims processing.
- 9) Add costs for software, IT support, vendor management, agency and claims fees.

**The above amount becomes your budget for centralization.**

Once you have calculated your budget for centralization the next part of your project plan is evaluating Channel Marketing technologies. Key questions to address in your RFI/RFP include:

- 1) Identify the technology you need in your marketing stack (DAM, Ad Builder, etc)?
- 2) Is the solution SaaS-based so there are limited costs for IT support?
- 3) Does the platform utilize dynamic templates to simplify ad customization?
- 4) Does the solution have the ability to integrate data driven variables automatically into ad templates?
- 5) Does the solution come pre-integrated with Marketing Service Providers for all your critical tactics?
- 6) Does the solution have integrated funds management capabilities?
- 7) Will you require data feeds from multiple systems to work seamlessly?



# Base Campaign Planning on Data



|| 27%

of brands use partner surveys to drive investment strategies

When we talk to brands one thing is clear — pulling real insight out of a Channel Marketing program is difficult because there are so many variables involved. Brands often resort to using historical adoption as their primary input for deciding what tactics to offer their partners.

This is a mistake for a couple reasons. First, partners are capable entrepreneurs but marketing is only one of their many responsibilities. Finding the time to keep up with the latest innovations in marketing is difficult when you are running a business. Brands are essentially taking direction from a diverse group of partners that don't have the most up to date information.

Secondly, digital is problematic when taking input from partners. The Channel Marketing Retrospective survey found that two thirds of brands only see about 25% of their partners utilizing digital tactics. This is really dangerous because digital is crucial to local success.

66%

of brands say less than one fourth of their partners utilize digital marketing tactics

66%

Did you know that, according to marketing research from Google, 50% of consumers who search for a business on their phones visit a store within one day? And 84% of consumers trust online reviews as much as a personal recommendation, according to BrightLocal. In today's online-focused market, these are must-win categories.

This is why an analysis of your partners' online presence should be the foundation of your campaign planning process. Channel Marketing Automation vendors have the ability to create detailed digital diagnostic reports on how each partner stacks up against top competitors in their

market. This report aggregates analysis on directory listings, reputation management, SEO, social media presence and generates a score for each partner and compares it to your partners' top competitors. In fact, we found that 81% of brands surveyed believe their partners don't execute digital campaigns because they don't understand them or know the value they provide. Giving partners real-time data on how their digital presence could

be putting them at a disadvantage is the only way to drive adoption in the tactics that could provide the greatest ROI for the brand. And analyzing these results in aggregate enables brands to more effectively invest in campaign tactics that move the needle in driving customers into your partners' businesses. The future of Channel Marketing is all based on data.

## Here's a quick project plan to get more relevant data on partner needs:

- 1) Build a file on each partner, including website addresses, social media pages and location information.
- 2) Have a Channel Marketing platform partner to run a digital analysis on a subset of partners.
- 3) Evaluate the results and see if your campaign tactic strategy matches your needs.

## Questions to ask when evaluating Channel Marketing Automation providers:

- 1) Does the solution have technology to measure local partners' digital presence?
- 2) Can this data be organized across all partners?
- 3) Can individual digital diagnostic reports be presented to specific partners?
- 4) Does the solution have integrated support to guide partners through the data?

In the highly complex world of Channel Marketing, use data to drive strategic decisions and your partners' tactical marketing plans.



# Section 2

## Transform Campaign Funding

### Challenge:

Most brands have about a 50% partner participation rate in Channel Marketing campaigns



In SproutLoud webinars, we asked our attendees: What percentage of your campaign funding is adopted by partners? Like clockwork, the most frequent response is that it's just around 50%. In SproutLoud's Channel Marketing Retrospective survey, we found that 71% of respondents reported less than half of their partners participate in brand Co-Op Marketing campaigns. The data is clear: the traditional methodology of Co-Op Marketing is broken

and needs to be replaced. We believe that the best way to solve the partner participation problem is to move from traditional claims and reimbursements to instant funding. The key here is in the transition strategy you deploy. A flash cut can adversely affect your partners if done wrong. But if you carefully move partners to instant funding the outcome can be transformational.





# Define the Cost of Traditional Claims and Reimbursement



Only  
**19%**

of brands use an instant funding model

For over a century, brands have used claims and reimbursement to protect themselves against non-brand-compliant messages and outdated imagery. Brands provide the promised funding only after "proof of performance" has been supplied by the partner and approved by the vendor. But there are some significant challenges in this model.

First, it slows down execution. Brands provide extensive guidelines to partners and about 74% of the respondents in our Channel Marketing Retrospective survey say it is the partners' responsibility to maintain brand compliance. Partners have to find resources or pay agencies to customize ads and manage a labor-intensive process of submitting and obtaining approvals for their Co-Op ads.

More importantly, partners have businesses to run and paying out of pocket for advertising on behalf of a multi-million dollar corporation reduces adoption. And 42% of respondents in our survey said it takes at least four weeks for a partner to receive a reimbursement check. When you have limited capital, waiting for over a month to get paid back for advertising creates a burden, especially when you consider that partners could be using that money for inventory or payroll.

This is where a Channel Platform with integrated vendors begins to pay serious dividends. When you are using a Channel Marketing Automation platform, all funding exchanged between a brand and a partner can only be used through those integrated vendors. This eliminates the opportunity for fraud, allowing brands to start distributing their Co-Op or MDF funds to partners instantly.

Brands can attach funding to campaign tactics in the platform. Partners who want to participate select tactics and customize them using dynamic ad building technology. Once the ad is ready, the partner places the order and their portion of the Co-Op funding and the brand's funds are applied instantly. The order is then auto-routed to the integrated vendor. No fraud. No claims. No waiting.

Instant funding is the most disruptive technology available in Channel Marketing today. It is the best way for you to get more partners investing with you to sell your brand's products. However, you can't go "cold turkey" in changing your approach. You must have a "blended" strategy allowing the partners the ability to still have some traditional claims and reimbursement functionality alongside the instant funding approach.

## Let's calculate the potential partner investment that brands lose when their partners do not participate because of the red tape of claims and reimbursement:

- 1) Calculate the total number of dollars that are not adopted by partners.
- 2) Assume an average 50% Co-Op percentage offer from your brand.
- 3) Divide the total dollars unused by 75% and subtract your original amount.
- 4) The result is the amount of partner investment your brand is leaving on the table.

**If this number shocks you, then it's time to reengineer your Channel Marketing philosophy. And in an environment when marketing budgets are tightly controlled, you can't afford to walk away from your partners' investment in your advertising.**

## When evaluating new Channel Marketing technologies, ask the following questions:

- 1) Does the solution allow for traditional claims and reimbursement and instant funding?
- 2) What is the cost per claim that is being charged for traditional reimbursement?
- 3) Can you run parallel claims-based and instant funding offers to ease transition?
- 4) Does this platform support Co-Op and MDF funding?
- 5) Can you convert loyalty points to purchase marketing tactics and see available balances in real time?

At the center of every campaign is money. Leveraging modern technology to change your funding strategy will increase partner participation and get your partners investing with you to create more sales.

# Section 3

## Transform Local Execution

### Challenge:

Brands commit significant time and money to maintaining brand compliance



50%

of brands report funds used on fraudulent or ineffective tactics

As discussed, according to marketing research, brands are spending about \$70 billion a year on Co-Op Advertising programs. But only about half of those funds are being used. While that is troubling, what happens after a partner gets engaged is also concerning. About 50% of the respondents to our Channel Marketing Retrospective survey said they had seen instances of fraud or ineffective tactics. This is primarily caused by how funding is used in the last mile. Brands put strict controls on brand compliance and the

process to claim and get reimbursed for advertising. While this is great, it misses the single biggest threat to waste in a Co-Op program — the local execution.

If we know one thing about marketing, it's that it must be managed on a daily basis. Choosing the tactics, building the ads, selecting vendors and ensuring they deliver the required results takes a lot of time that partners just don't have. In fact, that 57% of partners do not participate in Co-Op programs because they are just too difficult.



# Make Marketing Easy on Partners



57%

**of partners don't participate  
in Co-Op Advertising because  
it is too difficult**

It is clear how difficult it is to manage marketing programs if you are a local business owner. Particularly with digital marketing like paid search, directory listings management, reputation management and social media — these programs require almost hourly review and updates to make sure we are optimizing for success.

Using a Channel Marketing Automation platform with integrated marketing service providers, partners can select a campaign and then the execution is handled by a best-in-class vendor that delivers excellent results. No more searching and vetting vendors. No more day-to-day management or follow up.

The real efficiency comes with local marketing automation. Local marketing automation takes all the pressure off your partners by allowing them to select and subscribe once to a campaign that will run automatically over a period of months. This is particularly powerful when driving adoption of digital tactics. This means everything from online directory listings to reputation management to social posts will be automatically executed without direct engagement from the partner. This ensures that customers can find your partners and your products locally.



To determine whether it's time to take your Channel Marketing program to the next level, **important statistics to develop include:**

- 1) How many partners participated in your Co-Op programs over the last year?
- 2) How many of those partners participated in more than three tactics?
- 3) How many of those tactics were digital?

If these statistics reveal a very small number, then it's clearly time to start using local marketing automation to simplify campaign execution for your partners.

Here are some key questions to ask when evaluating Channel Marketing technologies:

- 1) Does the platform make it simple for partners to enroll in campaigns?
- 2) Does the platform provide real-time lead generation alerts?
- 3) Are marketing vendors integrated with the assets so partners will not have to search for local execution?
- 4) Can digital tactics be automated so the partner can subscribe once and then continue to receive benefits without day-to-day oversight?

The background is a solid teal color. It is decorated with various white and yellow geometric shapes and lines. There are several hexagons in shades of green and blue, some of which are nested or overlapping. There are also diamonds and circles in similar colors. White lines of varying thicknesses and shapes (straight, curved, and L-shaped) are scattered across the background, some connecting the geometric shapes. A yellow triangle points downwards on the left side, and another yellow triangle points upwards on the right side. A yellow diamond is located on the right side, and a yellow circle is on the left side.

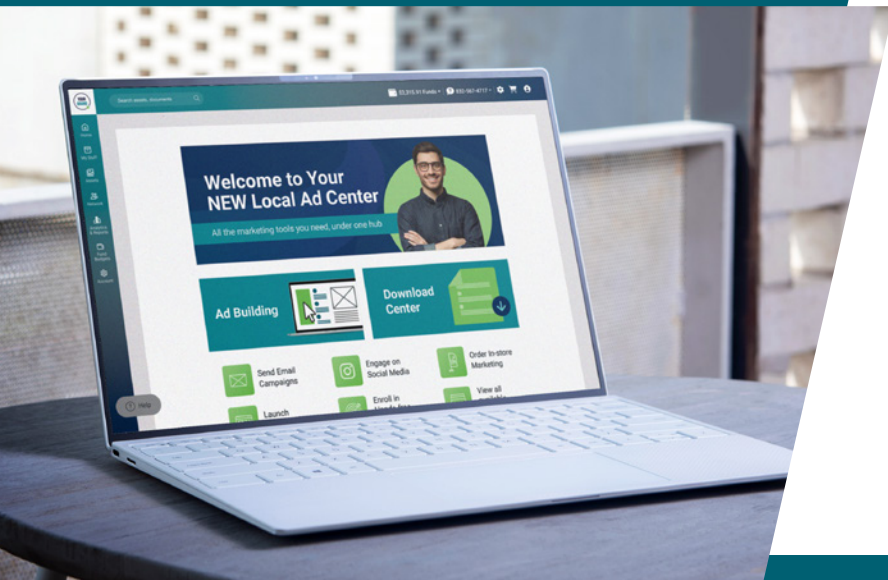
# Conclusion:

## It's Time to Transform

This is a highly complex and competitive era in modern business. The market is flooded with established competitors and disruptive challengers. Consumers are overwhelmed with a barrage of messages across every device they use.

The critical truth is that you cannot expect to compete in this market with outdated marketing strategies.

With the ground-breaking innovations Channel Marketing Automation puts at your fingertips, you have the opportunity to overhaul your go-to-market strategy and make more relevant connections with your partners and prospects. **The time to transform is now.**



Learn how to find local marketing automation solutions that meet your brand's needs

**Read:**

How to Buy a Distributed Marketing Solution →

→ [SproutLoud.com](https://sproutloud.com)

→ T 954.476.6211

© Sproutcloud. All rights reserved.