

Co-op Advertising: Free Money is Still There for the Taking

Newspapers are allocating staff positions specifically for co-op

By Jennifer Streisand

Newspapers are helping clients tap into cooperative advertising dollars, and in the process, papers are benefiting from an increase in incremental revenue.

Some newspapers have found that the value in helping clients secure co-op money merits at least one full-time staff member devoted to the effort.

In 2004, a cooperative advertising coordinator position was established at The Post and Courier in Charleston, S.C., said Michele Guilford, who holds the position. The newspaper's co-op program is designed to help customers find and use co-op money for advertising.

The newspaper takes care of the logistics in designing the ad to meet the manufacturers specifications, in addition to the billing and paperwork. Co-op money can be found in all categories of advertising, including classified, said Guilford.

"We research co-op for the retailer, determine what programs exist, let them know what they may be eligible for, then work with them to accumulate contact information and account numbers," she explained. The newspaper then offers the client two choices for design of the ad: a spec ad that will fit the manufacturers criteria for co-op, or a newly created ad that will also meet those specifications. Finally, the newspaper sends the invoices to the manufacturer so the client can get reimbursed.

The newspaper uses MultiAd® software to facilitate the research and invoicing, she noted.

Co-op advertising was in its heyday in the 1970s, but now manufacturers require a lot more paperwork and documentation, and many clients find the process too labor intensive, said Guilford.

"So they say, 'I don't have the time. Why bother?' That is where our program comes in, and we handle that paperwork for the client. They say, 'We don't sell enough, so we don't have a lot of co-op available.' You would be surprised how far \$200 goes if you use it and see the benefits of newspaper advertising."

In addition to getting free money from the manufacturer for advertising in the local newspaper, which is the fundamental idea behind co-op, newspapers are finding that helping clients secure the money often means clients will spend additional money out of their own budgets for advertising.

Incremental advertising revenue at the newspaper then goes up as a result of aggressively pursuing co-op funds, said Guilford.

An example is a Charleston company that initially had only \$1,500 of co-op money available, she explained. The company used the co-op money, but also signed a contract rate for additional advertising, which is lower than the open rate for buying an individual ad. They signed the contract because they began to see the results of advertising in the newspaper.

"They have actually upgraded twice now, and they are spending almost \$10,000 this year, when they still only had \$1,500 of co-op available," said Guilford.

The establishment of a co-op position for the newspaper has also paid off for the newspaper with increased advertising from co-op money, which means more advertising in the newspaper.

“In 2004, we increased co-op by \$700,000. Those numbers reflect only what we claim in-house for clients through our program,” noted Guilford. Many clients, including automotive dealers, find and track their own co-op money.

In fact, in the Charleston market, there is an average of \$200 in co-op or dealership marketing funds available per new vehicle sold, she explained.

The newspaper also includes boating, watercraft equipment and agricultural products in the automotive category, and there are co-op dollars to be accumulated in these categories as well.

Securing co-op advertising can also mean getting the manufacturer to provide a free product to lure customers to a store or service, said Guilford.

“For a lot of retailers, free product is money.”

In the recruitment category, co-op money is available through the CareerBuilder network, and it is arranged market-by-market, said Craig Besant, vice president of recruitment advertising at the Chicago Tribune.

The Dallas Morning News also has a staff member who is solely devoted to helping clients secure co-op money and taking them through the entire process.

Arnetta Harris, co-op specialist at The News, noted that advertising from co-op money has increased steadily at the newspaper since 2004, in addition to increasing advertising revenue.

The Dallas Morning News uses software from Admall® and Recas by MultiAd for research and billing the manufacturer, said Harris.

“Say, for instance, you are an automotive sales rep, and you ask, ‘Does this particular client have co-op available?’ I will plug in automotive, using the broad search function, and it will bring up every vendor or every manufacturer that offers co-op in that particular category.”

In the automotive category, a lot of co-op money is available for accessories and parts, noted Harris.

The newspaper is working hard to obtain more co-op money for classified, she said.

“We are trying to work that angle because a lot of the automotive advertisers use the Internet,” Harris explained. “To date, a lot of the co-op programs have been generated for print only, but I have been working with a couple of vendors to secure reimbursement for advertising online and that seems to be catching on. I anticipate seeing a lot more co-op advertising in classified during 2007.”

Janie Houston Pace, advertising co-op coordinator at the Fort Worth Star-Telegram, also uses recas for researching the availability of co-op money.

“The software helps find co-op for the small mom-pop businesses and place advertising using the information provided in the co-op plan.”

Pace also devotes full-time to helping clients secure co-op money. She produces a newsletter entitled Cha-Ching, which educates the sales executives on the availability and process of securing co-op dollars for their retail clients. Pace was recognized in 2003 with the John Maione Award for exemplary service in meeting the goals of the Cooperative Marketing and Sales Committee of the NAA Display Federation. In

addition, her co-op blog, www.co-opqueen.blogspot.com, lists up-to-date announcements of manufacturers offering co-op money.

“There are co-op programs with manufacturers in every market, you just need to know how to go after it,” Pace said. “Co-op comes from the manufacturer to the retailer, not to the newspaper, so we provide the experience and the link to help both parties.” The co-op link at the Star-Telegram market guide (www.star-telegram.com/marketguide), provides a good explanation of the newspaper’s role in securing co-op dollars for clients.

Educating clients about co-op money and how to obtain it is a large part of the equation, said Guilford. To that end, in 2005, The Post and Courier ran a campaign consisting of house ads, a direct mail piece and a seminar for local companies explaining how the newspaper can assist them in obtaining co-op money for advertising. The campaign was awarded the 2005 ACME Award of Merit for Co-op Advertising Promotion.

Co-op serves as a branding and marketing tool for the newspaper, said Pace.

“Especially when the economy gets tougher, a small individually owned business loves you when you can help put money back in their pocket!”

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