

Share Ad Expenses, Boost Profits :Co-Op approach to marketing

helps Small Businesses cut costs

By Will Dylan

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The challenges of the small business owner are well documented. They must battle for market share against larger competitors, run all aspects of their business, and even pay higher rates for advertising and other marketing related expenses. Small businesses generally do not qualify for volume discounts when it comes to buying advertising space or marketing materials, and thus they end up paying higher rates for the same ad space or marketing materials purchased by their corporate counterparts.

In recent years, there have been some changes in the marketplace that are of benefit to small business owners. For example, Internet procurement sites have emerged offering discount rates on everyday office supplies such as toner or paper. However, the high cost of advertising has not been formally addressed. That's why many small businesses are taking matters into their own hands and joining forces in marketing "co-ops".

Here's an example of how it works. Andy's Accounting Firm and Larry's Legal Firm are both small businesses operating in the business-to-business sector. Andy services small businesses with their accounting needs, and Larry is a lawyer specializing in small business issues. Andy and Larry both wish to purchase advertising space in a popular small business magazine. The rate they are quoted individually is \$5000 for the back page of the magazine. Since they are not repeat advertisers, neither Andy nor Larry receives any kind of discount. So how do they save money on this advertising venture? A co-op approach on one of two fronts will cut their advertising costs significantly:

Share the ad: Since they are not direct competitors, Andy and Larry could split the ad space 50/50, acting almost as if they were partners although their businesses are distinct. This drops the cost to \$2500 for each business and they still receive broad exposure in their chosen publication. In fact, by putting their heads together they should be able to promote their collective business expertise as "Total Solutions for Small Business".

Purchase separately at a discount – There may be some occasions where a business does not wish to share its ad space. Even in these cases a co-op approach can offer a lower cost. Andy could call the publication and ask for a quote on the back page for next month. Once the price of \$5000 is quoted, he then offers the publication a deal "What if I bring on another advertiser for you. Would I get a small discount?" Most publications live or die on the sales of their advertising space, and are

usually willing to offer someone like Andy a 10% discount for bringing someone like Larry in to purchase an ad elsewhere in the publication. Andy and Larry split the savings and Andy ends up paying \$4750 for a \$5000 ad. Although the savings were smaller in this case than the shared ad example, remember that Andy now has the entire back page to himself and saves \$250.

Advertising is not the only example of co-ops at work. Web Designers would jump at the chance to line up two clients in one shot, and would likely offer a discount to do so. The same applies to a printing company that prints brochures or business cards. The possibilities are endless, including the size of the co-op you choose to join.

When faced with a major advertising buying decision or the need for new marketing materials, find out how much you will have to pay as a small business. Then form alliances with similar small business, and negotiate a better deal for all parties involved.

About the Author

Will Dylan is the author of Small Business Big Marketing and owner of <http://www.marketingyoursmallbusiness.com> . Will also offers article and news release writing services through his website.

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