

COOPERATIVE ADVERTISING AND  
CHANNEL COMMUNICATION, INVOLVEMENT, AND CONFLICT

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Cooperative advertising is a growing trade practice. In order to function effectively, cooperative advertising arrangements require a high level of interorganizational management effort. As an offer or deal associated with a merchandising transaction, cooperative advertising entails the management of information flow. As a joint promotional activity, its practice requires the participation of appropriate parties. Finally, as a body of norms constraining promotional activity, cooperative advertising can generate conflict and create a need for conflict management.

Problems in information flow include the restricted availability of complete information on cooperative offers and the nonstandardization of such offers both between different manufacturers as well as within individual manufacturers over time.

Involvement of various parties in the cooperative advertising "channel" may not always be appropriate or functional. Wholesaler involvement, for example, appears to have posed some problems. More functionally involved parties include input material producers, specialized service organizations, and the media and its representatives--particularly newspapers and newspaper trade associations.

Cooperative advertising can be a source of conflict insofar as manufacturers and retailers may have less than congruent promotional goals. To some extent such conflict rests on the fundamental question of whether the brand or the outlet is receiving the bulk of the benefits from a given cooperative advertisement. More subtle problems may arise from such issues as promotional budget synchronization and the possible negative effect of so-called horizontal cooperative advertising on store image differentiation. However, the trade literature indicates that most complaints are about control over advertisement content and the failure of retailers to use accrued allowances.

The study of cooperative advertising can illustrate the potential complexity of interpreting the effects and assessing the effectiveness of advertising when more than one channel member stand to benefit. Its study also provides an illustration of the public policy problem of providing free-flowing transaction information as a foundation for equitable participation by competing retailers. Furthermore, cooperative advertising, as a uniquely interorganizational marketing tool, constitutes a pedagogical supplement to the traditional dichotomy between "push" and "pull" promotional strategies.