



The Benefits of Corporate Trade

Real world success stories, insights and recommendations extracted from surveys and intercepts.

Active International and Brand Innovators set out to gain insights into awareness, engagement, and attitudes about Corporate Trade among marketers today.



Executive Summary

Authored by: E.B. Moss, SVP, Content & Community, Brand Innovators

Brands should consider Corporate Trade as an innovative solution to transform excess or distressed assets – whether inventory, raw materials, real estate, or capital equipment – into advertising funding. Rather than discounting these assets through traditional liquidation, brands can receive greater value and use it to fund media advertising.

A recent Brand Innovators survey conducted among senior marketers from a cross-section of industries revealed that while a majority are familiar with the general concept of Corporate Trade to solve both supply chain challenges and create media buying efficiencies, a significant number lack a full understanding of the actual process or the financial benefits. Further, those who understood or were familiar with Corporate Trade were often operating with outdated perceptions.

There are clearly a wide variety of companies who would benefit from deeper insights into Corporate Trade, especially in today's challenging retail and supply chain environment.

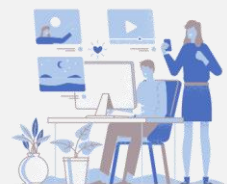
Read on to understand why companies are inviting Corporate Trade to the table to solve supply chain issues and gain media efficiencies.

In this paper, we:

- Define Corporate Trade.
- Highlight the benefits brands can expect.
- Explore real life case studies.
- Discuss common misperceptions.
- Share perspectives from brands & agencies.
- Considerations for getting started.



Non-Working
Goods



Media Funding

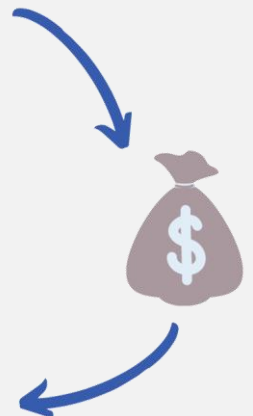


TABLE OF CONTENTS

- ▶ INTRODUCTION TO A SUPER-POWER

- ▶ WHAT IS CORPORATE TRADE?

- ▶ THE BENEFITS OF CORPORATE TRADE IN TODAY'S MEDIA ENVIRONMENT

- ▶ FINDING THE FUNDING FOR MEDIA & MARKETING THROUGH CORPORATE TRADE

- ▶ WHAT KIND OF COMPANY ASSETS CAN BE TRADED?

- ▶ LEARNING TO LOVE CHANGE

- ▶ CORPORATE TRADE MEDIA: THINGS TO REMEMBER



INTRODUCTION TO A **SUPER-POWER**

If your media budget belt was recently tightened, but you are still expected to drive consumer engagement, do you have ways of finding more resources?

What if you could help fund consumer engagement initiatives, specifically media buys, with excess products – whether unsold inventory, last season’s styles or items close to their expiration date?

Major brands have been tapping into Corporate Trade transactions for decades to transform the full value of their unproductive inventory into funding for future planned media – from linear video to digital ads, hyper-local to national media... even for premium inventory.

There’s a super-power available to companies seeking relief from supply chain and media challenges. It’s been the secret weapon of many Fortune 500 brands for years: Corporate Trade

Brand Innovators conducted an email survey among senior marketers earlier this year to investigate whether Corporate Trade is part of their consideration set when addressing supply chain and media challenges. Surprisingly, only 24% of those surveyed were “very familiar” with the practice, while a majority (58%) were only “somewhat familiar,” and 18% were “not familiar are all” with the concept of Corporate Trade, particularly to secure media.

Among those with some level of familiarity, a little more than half (51%) had engaged with Corporate Trade in some manner, past or present and generally believed they received value from the experience.



WHAT IS CORPORATE TRADE?

Let's look at what Corporate Trade is all about – from a basic definition to important terminology to examples of how some have used it successfully. We'll wrap up with some things to keep in mind to help you make an informed decision about tapping into Trade for your company.

Corporate Trade is the practice of transforming the original value of “non-working goods” (excess inventory or other underperforming assets) into funding for “working media” (media buys that are planned by a brand and its agency of record). The goal? Advertisers obtain their desired ad plan, partially funded by unwanted assets.

Here's what that means:

A Corporate Trade company buys a company's excess inventory for typically three to four times the liquidation value in exchange for the company's commitment to buy portions of their planned media buys through that Corporate Trade company. The Corporate Trade company can do this because they have two core competencies: asset purchasing/resale capabilities and media trading/buying expertise.

The assets purchased by the Corporate Trade company are usually paid for with “Trade Credits” to be used towards the purchase of future planned media through the corporate trade company. It's important to understand that:

- The assets are resold by the Corporate Trade company in pre-approved channels.
- The media buys executed by the Corporate Trade company are guaranteed to meet benchmark pricing and all planning and buying specifications dictated by the advertiser and their AOR.

IMPORTANT TERMINOLOGY



“BARTER” VS. “CORPORATE TRADE”

Often used interchangeably to describe the process of trading non-monetary assets for services like advertising media. The colloquial term is barter.



“EXCESS” OR “DISTRESSED” ASSETS

Any corporate asset that is underperforming financially: a surplus of product, real estate, equipment, media commitments or even debt. These are often the result of missed sales forecasts, changes in consumer demand, reformulated product, overstocks, out styles, etc.



“TRADE CREDITS”

An alternative currency issued by a corporate trade company as payment for an asset. It is used to offset a portion of a cash media buy.



“PLANNED MEDIA”

Your agency-created plan, based on the media goals you set for your brand, including pricing, added-value, terms, and specifications.



“NO ADDITIONAL FEES”

Just as it sounds: fee-free media buying. Corporate Trade companies earn money on the assets you trade to them and through their trading leverage with media providers.

EXAMPLES OF CORPORATE TRADE SUCCESSES

We spoke to one marketer who described just how Corporate Trade proved to be a multi-faceted solution for Colgate-Palmolive:



“ Delivering on sustainability goals and Colgate’s corporate mission to improve the world for people, planet and pets is critical. Corporate Trade programs have helped provide Colgate the resources to amplify Campaigns such as ‘Save Water’ and ‘Every Drop Counts’.”

- Jim Lawenda, Indirect Procurement Manager, Colgate-Palmolive



Offering another example of how Corporate Trade has contributed to media objectives, Lisa Bialecki, Senior Director Communications from Rust-Oleum, a well-known manufacturer of protective paints and coatings, adds:

“ We use our Trade Credits to purchase media. Our media agency, Empower, works closely with Active when they’re preparing RFPs and makes clear to our desired media partners that we’re purchasing with Trade. Empower has conducted audits to ensure the value we received for Trade purchased advertising was on par with a cash buy, and it was. We felt very good about that.”

- Lisa Bialecki, Senior Director Communications, Rust-Oleum



TAKEAWAY #1:

When underutilized assets can be turned into advertising to help achieve marketing objectives– from “wish list” allocations to executing agency-created plans with no additional fees -- the benefits of Corporate Trade are crystal clear.

TAKEAWAY #2:

While 45% of executives in the Brand Innovators study report opting to “just dispose of” excess assets, wouldn’t it be better to receive media credit for the full value of goods so as not to be perceived as wasteful or unconscientious?



BENEFITS OF CORPORATE TRADE **IN TODAY'S MEDIA ENVIRONMENT**

Persistent inflation, shifting consumer purchasing habits, and accelerating media fragmentation are putting unprecedented pressure on marketing dollars. So, it's not surprising that marketers cite "managing media budgets & return on ad spend (ROAS)" and "addressing supply chain challenges & redistribution of distressed assets" as the top challenges they face today.

When Brand Innovators asked: "Why has your company engaged in Trade?" the number one response from survey participants was: "It helps solve company issues while still satisfying media goals."

Top 3 reasons to use Corporate Trade

- 1 *"It helps solve company issues while still satisfying media goals."*
- 2 *"It helps fund unbudgeted media opportunities (like high profile media & sponsorships)."*
- 3 *"It helps preserve or increase my media budget."*

Source: Brand Innovators Email Survey

FINDING FUNDING FOR MEDIA & MARKETING THROUGH CORPORATE TRADE

Many marketers are feeling pressure to allocate a large percentage of their media budgets to high-profile, reach-based initiatives, leaving little room for performance-based, results-driven activities. For instance, in answering the survey question "What would you allocate extra budget to?" most said they would invest in Digital/Social, SEO/Search, OTT/CTV, and podcasts. In fact, of those who do use Trade, most (62%) apply it to Digital Video and Display, followed by Print, Linear TV (scatter and premium), and OOH.

But the second biggest reason given for using Trade was "It helps me fund unbudgeted media opportunities (like high profile media and sponsorships)." Lisa Bialecki, from Rust-Oleum, brings this to light by describing the company's experience securing an opportunity outside of the budget through trade: "Through Active's Media Investment model, we secured a local Super Bowl schedule outside-our planned budget using Trade Credits".

We asked our interviewee, Jim Lawenda, Indirect Procurement Manager from Colgate-Palmolive to describe how Corporate Trade has helped his company achieve media objectives:

“In addition to a lot of the work that we do around sustainability, Colgate has focused for many years on [Every Drop Counts](#), which aims to make sure people around the world have access to fresh, potable water. We had an opportunity to do a program with Cirque de Soleil around a benefit concert with all of the proceeds going to the ONE DROP Foundation. It was something that wasn’t in our media or marketing plan; it just became available because Active International was working with the program’s director. We were able to utilize a blend of cash and the Trade Credits we received through a Corporate Trade program to become an Official Sponsor. We received lots of B-roll and opportunities for public relations, as well as the significant exposure one gets with a television broadcast around this worthy cause.”

WHAT KIND OF COMPANY ASSETS CAN **BE TRADED**?

Underperforming assets are not limited to product inventories. The leading Corporate Trade companies can provide the same value multiple for other balance sheet problems, like media sponsorships or even real estate.

To delve deeper into the kind of assets that can be traded, we asked Kevin Farkas, President of Sales Operations & Chief Risk Officer at Active International. In one example, Mr. Farkas explained: “Let’s say a financial services company wants to exit sponsorship of a major sporting event. Instead of engaging in an expensive legal process, Active can buy the financial services company out of the sponsorship. In exchange, the financial services company agrees to run some of their marketing spend through Active’s buying group in the future.”

In another instance, Mr. Farkas describes a major CPG brand that sought relief from a large block of baseball tickets as part of their stadium sponsorship. Active purchased the block of tickets (including suites and promotional giveaways), then worked with both the brand and the baseball team to ensure discrete resale of the tickets in pre-approved channels. In exchange, the CPG company executed their planned media through Active across multiple platforms, applying the value received for the tickets as partial payment.

In a final example, Mr. Farkas explained that “these days, with office buildings underutilized, companies are seeking relief from hard-to-sell commercial real estate. In one case, in collaboration with our real estate consultants, we facilitated the purchase of the property’s full book value.” The brand then used the value towards the purchase of their future planned media.

LEARNING TO LOVE CHANGE

Even something as well-established as Corporate Trade can feel unfamiliar and require some internal vetting and reassurances that it's not "too good to be true!"

Some believe it to be a cumbersome process; others worry that engaging with a Trade company might compromise their media agency relationship. As Rust-Oleum's Lisa Bialecki also advises:

"I think there can be that initial feeling of 'wait a minute, is this legit...?' So, yes, it's a little challenging to fully grasp, but the finance team needs to be fully involved in making decisions. Ours fully vetted it and feels very comfortable about the process. I also think it's important to understand the differences between possible Trade blends across the media, titles, or networks that you prefer; some companies account for Trade as cash on their books and some don't. But that's why you go with an experienced partner that has great inventory and relationships; you'll get a stronger buy because of that."

Agencies and marketers fear they may not receive credit for the media acquired through Trade or secure the premium inventory their media plans demand. While more than half of those surveyed say their agencies are supportive of Trade, 22% feel their agencies are "resistant."

One agency CEO, Carl Fremont of Quigley, weighed in on an agency's responsibility for seeking out the right solutions to reach their clients' consumers, including Corporate Trade:



“ Agencies are the trusted advisors, and our role is to find the best, most effective, efficient, and creative way for our clients' brands to reach their audiences and make an impact. Media is the conduit for that. So, it's incumbent upon us to find the most efficient and creative ways to connect brands to consumers through media. ”

- Carl Fremont CEO of Quigley

When the Trade benefits are clear, agencies become more supportive of using this approach -- especially when they see that "price improvements can be delivered without impacting media strategy or ad creative," according to another agency CEO.

CORPORATE TRADE MEDIA: THINGS TO REMEMBER

As noted, many marketers surveyed primarily use Trade for Digital Video and Display, followed by Print, Linear TV (scatter primarily, then premium TV) and OOH. But virtually any media plan goals can be followed and accomplished. The Brand Innovators survey revealed that some marketers were surprised to learn that there is no real limit to the type of media which can be acquired through Trade...and that it can be, in fact, premium inventory. Here's some things to remember when considering a Trade program for media:

- ▶ Your Trade company should guarantee that the media buys purchased through Trade are executed to the agency's precise media standards and specifications, including desired dayparts, impressions, and KPIs.
- ▶ After the media executed through Trade has aired, both the client and the agency should receive confirmation of fulfillment and performance.
- ▶ Value needs to be commensurate and measurable from an ROI perspective - although some feel that this is not a significant roadblock.

So, it may be time to sit down with your team and review if you're ready to explore how working with a Trade partner might benefit your specific objectives.

We hope this information will help you better understand the process, help inspire your internal partners, and arm you with questions to ask of your agency when considering using Corporate Trade. The more confident you feel about tapping into a potential Trade program to solve excess asset challenges while achieving higher returns on media expenditures, the happier all parties will be!

ADDITIONAL RESOURCES

About the Survey

A focused survey of senior marketing executives was distributed via email in Q4 of 2021 by Brand Innovators, Inc. in collaboration with Active International. The results referenced in this white paper are based on submitted responses as well as one-to-one intercept interviews conducted with C-Suite level executives across multiple companies.

Active International is dedicated to helping clients reach sales goals, optimize media buys, and find innovative ways to fund operating expenses. Powered by Corporate Trade, Active delivers maximum value for the broadest range of corporate assets and improves ROI across planned customer engagement platforms. Independent, with an unrivaled vantage point of the media industry, Active helps large and small brands and agencies retore and create value for nearly four decades. For more information, please visit: www.activeinternational.com

The goal of **Brand Innovators** is to accelerate the digital transformation of the marketing and media industries. Established in 2011, the Brand Innovators community includes over 25,000 senior brand marketers from Fortune 500 and other leading brands from coast-to-coast, making it the largest professional network of its kind. The Brand Innovators Advisory Board and Professional Councils include some of the most innovative brand marketers or change agents in the marketing and media industries today. For more information, please visit: www.brand-innovators.com