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*A White Paper for Manufacturing & Channel Leaders:*

# **Strategic Use of Co-Op and MDF Funds in Manufacturing Go-to-Market Plans**

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## **Executive Summary**

Cooperative advertising funds (co-op) and Market Development Funds (MDF) are powerful tools for manufacturing companies to extend their marketing reach through distribution channels. However, a large share of these funds often goes unutilized by channel partners, representing missed growth opportunities. When strategically deployed, co-op and MDF programs can drive significant returns on investment (ROI) and accelerate sales growth for both manufacturers and distributors. This white paper outlines how manufacturing executives and channel leaders can integrate co-op and MDF funding into go-to-market strategies to maximize ROI, engage distributors, and increase market share.

Key insights include the importance of proactive planning and simplification of co-op programs, alignment of fund usage with joint sales objectives, and the use of high-impact marketing tactics funded by co-op/MDF. Real-world case studies are presented to illustrate best practices and the impressive outcomes achievable - from multi-channel campaigns yielding triple-digit sales increases to targeted promotions delivering 20:1 or higher ROI. By adopting the strategies in this paper, manufacturers can ensure these funds are fully leveraged as a strategic advantage in their go-to-market plans.

## Introduction

Manufacturers across the industrial sector regularly allocate co-op and MDF dollars to support their distributors' local marketing efforts. These funds are intended to co-finance activities like advertising, promotions, and product training that expand market reach. Yet industry research shows that a substantial portion of available co-op/MDF money remains unused – estimates range from about \$14 to \$35 billion in manufacturer co-op funds left on the table annually. In fact, only roughly 40% of eligible channel partners actively utilize co-op programs, meaning well over half of potential funding goes untapped. This gap indicates a significant lost opportunity to drive additional demand and revenue.

Several factors contribute to low utilization: complex program rules, cumbersome approval and claim processes, and lack of marketing capabilities or awareness at some distributors. Whatever the causes, the impact is clear – valuable marketing dollars that could be generating sales are going to waste. For manufacturing firms, improving partner engagement in co-op/MDF programs is a strategic lever to unlock growth. Properly used, these funds enable a **win-win** scenario: manufacturers gain greater brand visibility and sales, while distributors receive subsidized marketing support to grow their business with minimal out-of-pocket spend.

This white paper examines how to strategically incorporate co-op and MDF funds into manufacturing go-to-market plans. It discusses best practices to maximize ROI from these programs and to increase distributor participation. We also highlight successful case examples demonstrating how creative, well-executed co-op initiatives can significantly boost sales performance and channel partner enthusiasm.

## Strategic Importance of Co-Op/MDF in Channel Go-to-Market

Integrating co-op and MDF funding into channel marketing plans is increasingly essential for manufacturers aiming to amplify their market presence. Unlike traditional corporate marketing budgets, co-op/MDF dollars directly engage channel partners in promoting the brand. This joint investment approach magnifies the reach of go-to-market campaigns: distributors can execute more robust localized promotions than their own budgets would allow, and manufacturers ensure their products and messaging receive focused attention in each region.

Strategic use of co-op and MDF funds creates alignment between manufacturers and distributors. When both parties co-invest in marketing, they naturally share common goals for the campaign's success. Distributors become more committed to promoting

the manufacturer's products, knowing that their efforts are being financially supported and will drive their own sales. Meanwhile, manufacturers see higher returns on marketing spend because the activities are executed closer to the customer by knowledgeable local partners. In essence, co-op programs turn distributors into an extension of the manufacturer's marketing team, accelerating demand generation in ways centralized marketing alone cannot.

Moreover, co-op and MDF initiatives can be targeted to specific products, customer segments or geographies, fitting them neatly into a manufacturer's overall go-to-market strategy. For example, funds can be directed to launch new products through channel partner promotions, to penetrate niche markets via distributor-led campaigns, or to counter competitors with local advertising and events. The ability to deploy marketing dollars precisely where the sales opportunities are greatest – with matching investments from motivated channel partners – makes co-op/MDF a strategic asset for driving incremental growth. Manufacturers who fully leverage these funds can capture additional market share and revenue that would otherwise be left unrealized.

## Best Practices for Maximizing ROI and Distributor Engagement

Implementing co-op and MDF programs effectively requires careful planning and execution. The following best practices help ensure strong ROI while also encouraging channel partners to fully participate:

- **Plan Proactively and Strategically:** Treat co-op/MDF funds as an integral part of your annual go-to-market planning. Identify key campaigns or product focus areas where these funds can have the greatest impact, and coordinate with distributors well in advance. A long-term plan (beyond just quarter-to-quarter) allows funds to be used in a timely manner for strategic initiatives rather than rushed at year-end.
- **Simplify Program Processes:** Make it as easy as possible for distributors to access and use funds. Streamline the proposal and approval steps and provide clear guidelines on eligible activities. Wherever possible, reduce paperwork and shorten reimbursement cycles. Many partners lack dedicated marketing staff, so a cumbersome process will deter participation.
- **Align Objectives and Incentives:** Ensure that funded activities tie directly to mutual sales goals. Focus co-op investments on campaigns that promote the manufacturer's strategic products or target markets while driving revenue for the distributor. In addition, structure incentives to encourage full use of funds – for instance, offer tiered benefits or bonuses for partners that utilize a high

percentage of their allocation. When distributors see direct sales growth from co-op campaigns, they become more eager to engage regularly.

- **Support Partner Capabilities:** Often, distributors don't use co-op funds simply because they lack marketing capabilities or ideas. Manufacturers should offer support such as marketing concierge services, agency assistance, or a menu of co-marketing programs that partners can opt into. Providing training or creative resources helps ensure funds translate into effective campaigns. By lowering the execution burden, vendors can turn more partners into active marketers and ensure allocated dollars are put to use.
- **Monitor, Measure and Share ROI:** Establish metrics and require basic reporting on co-op funded initiatives to track performance. Key measures include lead generation, sales uplift, and ROI (revenue gained versus funds expended). Capturing these results not only demonstrates the value of the program but also allows for continuous improvement. Importantly, share success stories and results with both internal stakeholders and other channel partners. Highlighting, for example, that one distributor achieved a 20:1 ROI or a 300% sales increase with co-op support builds confidence across the channel.
- **Celebrate and Reinforce Success:** Publicly recognize and reward top-performing distributors who effectively use co-op/MDF funds. This can be done through case study spotlights, awards, or even increased future funding for those partners. Such recognition not only rewards engaged partners but also signals to others that co-op participation is a priority and a profitable endeavor. Many manufacturers find that once a partner achieves a great outcome with co-funded marketing, they become far more committed to these programs - in one instance, a distributor tripled their co-op fund usage after seeing a 35:1 ROI campaign succeed, creating a virtuous cycle of participation and growth.

By following these practices - from upfront planning to simplification, alignment, partner support, and rigorous measurement - manufacturers can significantly improve program adoption and impact. The goal is to make co-op marketing not an afterthought or administrative hassle, but rather a seamless, attractive opportunity for partners to grow their business (and yours).

## Tactical Deployment Strategies for Co-Op and MDF

Co-op and MDF funds can fuel a wide range of high-impact marketing tactics. Leading manufacturers employ these dollars in creative ways to connect with end customers and drive channel sales. Below are some of the most effective deployment strategies and examples of how they deliver results:

- **Integrated Multi-Channel Campaigns:** Coordinated campaigns spanning email, social media, digital advertising, and video content amplify a consistent

message and broaden reach. Co-op funds are often used to produce promotional assets (e.g. a product demo video or targeted email series) and to underwrite advertising spend. When executed jointly by vendor and distributor, multi-channel efforts can generate substantial demand – in some cases yielding **triple-digit percentage increases** in product sales as a direct result of a focused co-funded campaign.

- **Product Sampling and Demo Programs:** Providing free samples or demonstration units to targeted customers is a proven tactic to boost awareness and uptake, especially for new or under-the-radar products. Co-op dollars help cover the cost of sample kits, giveaways, and related promotions. These campaigns often achieve some of the highest ROI for physical goods, as first-hand experience drives immediate orders. Distributors have seen **double-digit-to-1** ROI ratios and dramatic sales spikes from co-funded sample programs – in one case, multiple products saw sales jump well into the triple digits after a distributor’s sample kit campaign.
- **Digital Content and Video Marketing:** Many manufacturers co-invest in creating rich digital content – such as how-to videos, webinars, or interactive e-brochures – that distributors can deploy in their local marketing. Funding content creation and search engine optimization via MDF enables even smaller partners to engage customers online with professional materials. Such content has lasting value (it can be shared on social media, used in sales presentations, posted on websites, etc.) and often results in greater web traffic and lead generation. For example, a series of short product videos funded through co-op led to over **35% growth in organic web traffic** for one distributor, translating into sustained customer inquiries.
- **Clickable Catalogs:** These interactive catalogs create the ideal bridge to ecommerce. Designed to look like a traditional print catalog, **Clickable Catalogs** detail product information and offer readers links to product videos and ecommerce ordering. One recent Clickable Catalog project drove more than a 20% increase in safety apparel purchases in a 90-day period.
- **Sales Promotions and Incentives:** Co-op funds also shine when used for targeted, sales-driving promotions – such as limited-time discounts, rebates, or gift-with-purchase offers. These incentives create urgency and can quickly accelerate pipeline conversion for specific products. Joint promotions are especially effective when a distributor’s sales team is engaged and promoting the deal to customers. Even modest efforts can deliver outsized results; for instance, a co-funded giveaway tied to product quotes **doubled the order volume** for one tool line in a matter of weeks. The relatively small cost of freebies or discounts is easily justified by the surge in sales volume and market share that such promotions generate.

Each of these tactical approaches can be tailored to the manufacturer’s goals and the distributor’s local market. Importantly, they are not mutually exclusive – in fact, the

highest returns often come when multiple tactics are combined. For example, a campaign might include a product sample kit, an educational video, email outreach, and a rebate incentive all working in concert. The case studies below further illustrate how such initiatives play out in practice and the scale of results achieved.

## Case Study Highlights

To demonstrate the potential impact of strategic co-op and MDF use, here are several real-world examples from manufacturing channels. These condensed case studies showcase the outcomes of well-planned co-funded initiatives:

- Multi-Channel Campaign Boosts Equipment Sales:** A Northeastern U.S. distributor partnered with a manufacturer on an intensive 2-month co-op marketing campaign for generators. The distributor executed weekly email blasts, social media posts, and a promotional video targeting its customer base. As a result, generator orders increased by over 300% and overall sales of the line grew 168.7% during the campaign period. (*Why the disparity in orders vs. sales? The distributor ran out of inventory.*) This dramatic growth underscored how synchronized multi-channel efforts can rapidly drive demand when backed by co-op funding and strong distributor execution. One final note, given the impressive results, we checked for weather events like hurricanes or blizzards that may have driven unusually high demand for generators. There were no mass weather-driven purchases during the campaign. Additionally, there was no end-user incentive or discount. This success was driven exclusively by product marketing.

Another similar campaign for a packaging consumables and equipment distributor drove **56% sales growth**. The campaign focused on two vertical markets: food processing and pharmaceuticals. Rivet created cross-channel campaign for both and also generated a list of prospects in the client's geographical footprint to supplement their end-user database.

- High-Impact Sample Campaigns:** In one co-funded effort, a distributor sent out summer "heat stress & hydration" sample kits stocked with safety products from multiple manufacturers. The campaign achieved an extraordinary 20:1 ROI in the first month (and over 50:1 within a year), with sales of several featured items surging **465%-480%** immediately. In another instance, a lighting manufacturer funded a program promoting a 95%-off utility rebate through a distributor's sampling program, leading to a 321% increase in sales for the new energy-efficient bulbs in that region. These examples show how

creative sampling and rebate initiatives co-funded by vendors can dramatically accelerate product adoption.

- **Cross-Sell Initiative Delivers 32x ROI:** A long-time distributor of industrial chemicals had historically focused on just one product line from a supplier, underutilizing the supplier's other categories. With the manufacturer's MDF support, the distributor launched a cross-selling campaign to promote a complementary line of disinfecting products via demo videos, an interactive digital brochure, targeted emails, and social media outreach. This strategic pivot [generated an incremental \\$236,961 in sales for the new line, a 32x return](#) on the marketing investment. The success convinced the distributor to continue actively marketing the expanded product range using co-op funds, benefiting both parties.
- **Small-Scale Promotion, Big Gains:** Not all co-op campaigns need to be large-scale to be effective. A regional distributor ran an ultra-low-budget promotion offering a free accessory with every quote of a certain power tool brand, using co-op funds to cover the cost of the giveaway items. This simple campaign - promoted with basic counter displays, a brief email blast, and social posts - [quickly doubled orders for the featured tool line](#). The manufacturer and distributor both saw a fast uptick in revenue far exceeding the minimal cost of the promotion, illustrating that even modest co-op tactics can deliver a strong ROI.

Each of these cases reinforces the central message: when manufacturers and their channel partners work together to deploy co-op/MDF funds on smart, targeted marketing initiatives, the payoff can be substantial. From triple-digit sales growth to multi-fold ROI, the outcomes speak to the value of fully leveraging these often-underused programs.

## Insights from the 2025 Rivet|MRO Co-op Survey: A Manufacturer's Perspective

The 2025 Rivet|MRO Co-op Survey Report offers rich, data-driven insight into how manufacturers and distributors approach co-op marketing—and where gaps in understanding, usage, and expectations persist. For manufacturers, the findings underscore critical opportunities to align co-op strategies with distributor behavior, ultimately enhancing fund utilization, ROI, and channel partner engagement.

**Underutilization: A Wake-Up Call:** While **over 85% of suppliers offer co-op funds**, nearly **three-quarters estimate that less than 25% of their funds are claimed**. This disconnect mirrors broader industry estimates noted in the white paper—confirming that despite generous allocations, most co-op dollars remain on the table.

Distributors often believe they're using most of what's available, but supplier data says otherwise. For manufacturers, this signals an urgent need to demystify programs, simplify processes, and ensure distributors are fully aware of their entitlements.

**Misaligned Marketing Priorities:** The survey reveals a **notable mismatch in preferred fund usage**. Distributors lean heavily toward traditional and tangible activities such as **promotional items, wearables, print, and events**. Meanwhile, suppliers prioritize **measurable, digital tactics** like **clickable catalogs, video, and email marketing**. Sales promotions are a rare point of alignment. This gap highlights a need for manufacturers to educate partners on the efficacy and cost-effectiveness of digital channels, and to provide easier access to content creation support where internal marketing resources are limited.

**Engagement and Planning Are Everything:** One of the most striking findings is the **correlation between early planning and higher fund utilization**: 50% of distributors who begin planning co-op campaigns before June claim significantly more funds than those who wait until year-end. Manufacturers can drive better outcomes by initiating planning discussions with partners earlier in the fiscal year and providing prebuilt campaign frameworks that reduce time-to-execution.

**Resource Constraints Impede Execution:** The majority of distributors—**over 56%**—either have a single marketer or no dedicated marketing resource at all. Many handle marketing as a shared responsibility across non-specialist staff. This resource gap directly limits their ability to engage in complex or digital campaigns. However, **distributors that partner with agencies or external experts tend to claim more funds**, suggesting that providing access to third-party support or vendor-managed marketing services can dramatically improve fund activation and ROI.

**ROI Matters—But Isn't Measured:** Although **nearly all suppliers (94%) express willingness to increase co-op support if ROI is evident**, both distributors and suppliers admit to inconsistent or nonexistent tracking of performance. This presents a major opportunity for manufacturers to take the lead in defining success metrics, offering simple ROI reporting templates, and investing in analytics tools that give partners clarity on campaign effectiveness.

#### ***Strategic Implications for Manufacturers:***

- **Simplify** access to co-op funds through transparent guidelines, automation, and pre-approved program menus.
- **Educate** distributors on high-ROI digital tactics, including training and co-branded templates.
- **Support** partners with limited resources by offering turnkey campaign kits or agency assistance.



- **Track and share** results from successful campaigns to reinforce participation and demonstrate value.
- **Engage early** in the fiscal cycle with joint planning, rather than reactive end-of-year claims.

In short, the survey confirms and contextualizes the core thesis of this white paper: when co-op and MDF funds are strategically planned, thoughtfully executed, and transparently measured, they become a catalyst for growth across the manufacturing-distribution ecosystem. [Click here to see a presentation of these survey findings and to download the the survey report.](#)

## Conclusion

Co-op and MDF funds represent a strategic opportunity in manufacturing go-to-market planning that too often goes unrealized. By proactively engaging distributors and embedding these funds into channel marketing strategies, manufacturers can unlock significant incremental growth. The key is to move beyond treating co-op as a bureaucratic reimbursement process, and instead manage it as a targeted investment program with clear goals, support, and accountability.

The best practices outlined above – simplifying access, aligning incentives, supporting partners, and measuring impact – all serve to increase partner participation and effectiveness. And as the highlighted case studies demonstrate, the returns from well-executed co-op campaigns can be remarkable: higher sales, new customer acquisition, and stronger distributor relationships, all achieved with shared cost and shared effort.

In an increasingly competitive industrial marketplace, manufacturers who maximize co-op and MDF utilization gain an edge. Those funds, already budgeted, can fuel local demand generation that would be hard to attain through corporate marketing alone. Manufacturing executives, sales leaders, and channel/marketing managers should view co-op/MDF not as a cost center but as a high-yield investment in growth. By strategically using the “free money” on the table – and guiding their channel partners to do the same – organizations can extend their market reach, boost ROI on marketing spend, and ultimately drive more revenue through their distribution channels.

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