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WHITEPAPER · 2026

THROUGH-CHANNEL MARKETING AUTOMATION · WKZ / CO-OP / MDF

THE UNUSED BUDGET.

PROVIDED, BUT NOT ACTIVATED

Why dealer networks leave the marketing funds they are given untouched — and what it costs manufacturers in sell-out.



25–50 % of the co-op/MDF volume made available goes unused internationally

An analysis for sales, channel marketing and dealer network managers

Global Advertising. Local Success.

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EXECUTIVE SUMMARY

Manufacturers and brands with decentralized distribution provide their dealers, branches and sales partners with substantial marketing funds — as WKZ (Werbekostenzuschuss) in the German-speaking region, and as co-op or MDF programs internationally. The purpose is clear: local advertising is meant to drive end-customer sell-out of their own products.

In practice, a substantial share of these funds goes unused — depending on the source, international surveys put the undrawn share at **25 to 50 percent**. The money doesn't sit idle because dealers don't want to advertise, but because access is too complex, too slow and too dependent on agencies. Economically, what counts is not the budget provided but the local media pressure actually activated.

For the manufacturer, every euro that isn't drawn down is not a budget saving but lost sell-out — advertising that never ran, for a product that was sold less often as a direct result.

This whitepaper puts the available data into context, draws a clean line between the terms (WKZ ≠ co-op ≠ MDF), identifies the structural causes and shows why the German-speaking market has a particular blind spot: there are no reliable public figures on WKZ utilization. For manufacturers, this transparency gap is a steering problem — if you don't measure utilization, you cannot manage local demand, brand compliance or budget impact.

CHAPTER 01

THE PROBLEM IN NUMBERS

The most robust publicly available data comes from the US co-op/MDF market. The absolute orders of magnitude vary considerably depending on the definition used — what matters, therefore, is less any single market total than the recurring **utilization gap**.

~70 bn

USD annual co-op/MDF volume

US market, Gleanster Research [1]

~48 %

of which unused — over USD 30 bn

Market indication, not official statistics [2]

46 %

of corporate/co-op funds in manufacturing go unused

BrandMuscle, Manufacturing 2022 [3]

12 M

USD unused — two years in a row

on a USD 24 M co-op budget; ~½ of partners took part [7]

1.2 What this means in practice

Budget that is not activated generates no local media pressure, no demand impulse and no learnings that could feed into the next budget period. The problem, therefore, is not the budget itself, but its activation.

unused WKZ × local impact lever = lost revenue impulse

Important for context: all figures cited come from the US market. They show that the problem is structural — but they say nothing about the volume of unused WKZ funds in the German-speaking region (see Chapter 4).

CHAPTER 02

WKZ, CO-OP, MDF – THREE TERMS, THREE LOGICS

A precise distinction between the terms is a prerequisite for correctly applying international figures to your own context. Three common models differ in logic, entitlement and settlement.

WKZ · DACH

Advertising Subsidy

Often tied to revenue, contractually defined and tax-sensitive. The lever lies less in allocating the funds than in their verifiable use by the dealer.

CO-OP · US/INTL

Cooperative Advertising

Typically *earned* based on performance or revenue and reimbursed after the fact. Entitlement arises through sales — proof and approval are central.

MDF · US

Market Development Funds

Allocated at the manufacturer's discretion for strategic initiatives (e.g. product launches). Not earned through sales but assigned — often pre-approved.

Confusing co-op with MDF is widely regarded internationally as a common cause of misdirected channel marketing budgets. What matters most for the German-speaking market: WKZ is revenue-linked, contractually defined and tax-sensitive — what counts is verifiable use, not mere provision.

CHAPTER 03

WHY THE FUNDS GO UNUSED

Root-cause findings are remarkably consistent across industries and sources. The issue is not a lack of willingness on the partners' part, but **structural friction in the process**.

3.1 THE FIVE RECURRING CAUSES

1 **Lack of awareness**
Partners often don't know that funds are available, or don't know their current balance. [8]

2 **Overly complex reimbursement process**
Documentation requirements, approval levels and unclear rules make applying time-consuming and off-putting.

3 **Lack of marketing expertise and capacity**
Dealers, branch managers and agency partners are not marketing experts; they lack the time or know-how to run compliant campaigns.

4 **Pre-financing risk**
With reimbursement after the fact, partners bear the risk of paying up front with no certainty of approval. [9]

5 **Long approval and payout cycles**
Anyone who waits weeks for approval or payout loses the motivation to use the program at all.

3.2 A manufacturer problem, not a dealer problem

The friction arises in the process for which the manufacturer is responsible — not in the dealers' willingness to advertise. Anyone who simplifies access increases activation without having to increase the budget.

3.3 The second loss: brand compliance

Even where partners do become active, a follow-on problem arises: inconsistent, outdated or unapproved advertising materials. Without a system, more local activity therefore means more brand risk. [11] This results in a clear platform requirement: partners must not only see their budget but have immediate access to approved, localizable and billable campaigns.

CHAPTER 04

THE BLIND SPOT IN THE GERMAN-SPEAKING MARKET

For the German-speaking region, there are no reliable public figures on the utilization of WKZ funds in manufacturer–dealer networks. This is not a research oversight but a finding in its own right: in a market where WKZ is contractually, fiscally and commercially relevant, the very metric that determines the instrument's effectiveness is missing. [12]

WHAT NOBODY MEASURES, NOBODY CAN MANAGE.

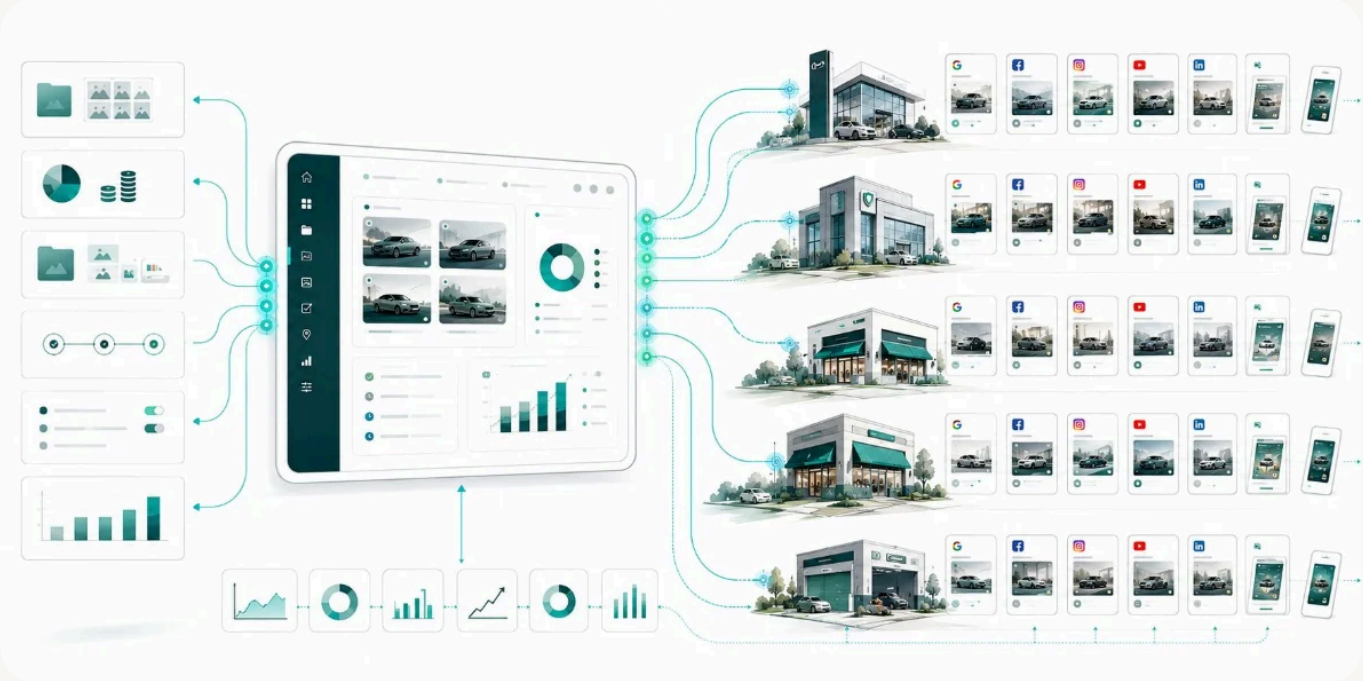
Manufacturers who don't know their WKZ utilization are giving away impact without being able to quantify it. What isn't measured isn't managed.

There is also a specifically German compliance issue: the VAT treatment of WKZ — as an advertising service rendered by the dealer to the manufacturer — makes clean documentation and processes a legal matter, not just a question of efficiency.

CHAPTER 05

THE DIGITAL LEVER – AND WHY IT REMAINS UNTAPPED

Digital channels are where target audiences do their research, compare options and prepare purchase decisions — and also where local advertising impact is easiest to measure. Where WKZ funds flow into manually documented or unmeasurable activities, proof of impact remains weak.



Here too, the bottleneck is not willingness but complexity: digital channels, formats and creative requirements overwhelm local partners. This is exactly where a **TCMA platform** has to come in.

THE REQUIREMENT IN ONE SENTENCE

Preconfigured, brand-compliant campaigns that partners localize in minutes, fund with available budget, approve and launch.

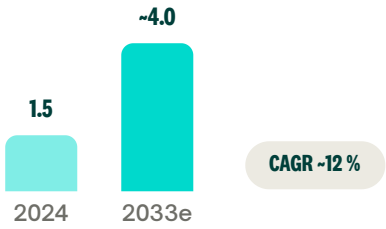
CHAPTER 06

MARKET CONTEXT: WHY THE ISSUE IS GROWING IN IMPORTANCE

75 %

of global trade flows through indirect sales channels — dealers, resellers, franchises, partners. [13]

TCMA MARKET · USD BN



Estimates vary considerably by methodology. [14]

TOP INDUSTRIES BY REVENUE IN THE TCMA MARKET [15]



For manufacturers with dealer networks, this means competition is shifting from the question of *whether* budget is provided to the question of **how quickly, measurably and brand-compliantly** it is activated on the ground.

CHAPTER 07

CONCLUSION AND IMPLICATIONS FOR ACTION

Across industries and countries, the data clearly point in the same direction: a substantial share of the marketing funds that are made available never reaches the market. The lever lies not in providing more funds, but in a process that local partners actually use.

BUDGET MADE AVAILABLE IS NOT THE SAME AS BUDGET ACTUALLY USED.

FIVE KEY QUESTIONS FOR YOUR DEALER NETWORK

- ? Do you know your WKZ utilization per partner and per channel — or does your data end at the reimbursement receipt?
- ? Do you have impact data — can you see what the funds actually achieved in the market?
- ? Is brand compliance ensured by the system — or does every local campaign create new brand risk?
- ? Can local partners localize, fund and approve compliant campaigns in minutes?
- ? Are you actively reducing pre-financing risk and long approval cycles — or are they slowing down activation?

THROUGH-CHANNEL MARKETING AUTOMATION

PROVIDED BUDGET BECOMES AN ACTIVATABLE, MEASURABLE AND BRAND-COMPLIANT GROWTH LEVER.

Localyzer is a TCMA platform built precisely for this lever: WKZ/co-op logic, local campaign execution across online, print and social, automated proof and reimbursement processes, and transparency on usage and impact — in one system.

- WKZ, co-op & MDF budget logic
- Local campaigns — online, print, social
- Self-service & central bulk booking
- Proof & reimbursement processes, audit trail
- Brand-compliant templates & approvals
- Reporting on usage, budgets & impact

WHAT IS YOUR WKZ UTILIZATION RATE?

Talk to us about measurable local activation.

localyzer.io →

Methodological note · The quantitative data come predominantly from the US co-op/MDF market, the only systematic public data source. They demonstrate the structural nature of the problem but cannot be transferred one-to-one to the German-speaking WKZ market. Vendor and industry sources are not official statistics, but are relevant as a consistent market indication. Ranges have been deliberately retained.

SOURCES & NOTES

1 Gleanster Research, “State of Co-op and MDF” (2016), cited by Street Fight and SproutLoud, among others: approx. USD 70 bn annual co-op/MDF volume; approx. 48%, i.e. over USD 30 bn, unused.

2 Context: many public co-op/MDF figures come from industry and vendor publications, not official statistics. Used as a market indication, not as a transfer to DACH.

3 BrandMuscle, “The State of Local Marketing in Manufacturing” (2022): manufacturing partners leave an average of 46% of their corporate/co-op funds unused.

4 Vendor and industry sources such as 360Insights, PowerChord and SproutLoud/Gleanster repeatedly describe untapped co-op/MDF funds.

5 PowerChord and comparable sources cite lack of awareness, complex rules, documentation requirements, pre-financing and local capacity constraints as barriers to use.

6 360Insights, “MDF versus Co-op”: co-op funds are typically earned based on performance or revenue; MDF is allocated at the manufacturer’s discretion or in advance.

7 Illustrative case from industry literature: USD 24 M annual co-op budget, of which USD 12 M went unused in each of two consecutive years; not used as a general market rate.

8 PowerChord and SproutLoud/Gleanster describe lack of awareness of the funds and lack of local capacity as recurring causes.

9 360Insights and PowerChord describe pre-financing and uncertain reimbursement as key friction points in co-op/MDF processes.

10 SproutLoud and PowerChord describe manual proof, approval and reimbursement processes as obstacles to transparency, partner participation and ROI management.

11 Brand management and local marketing studies cite inconsistent or missing brand guidelines as a recurring hurdle to brand-compliant local execution.

12 For the German-speaking region, no reliable public metrics on WKZ utilization in manufacturer–dealer networks are available (own research, as of 2025).

13 Industry figures on the share of indirect sales channels in global trade (> 75%); order of magnitude, not a single official source.

14 Market estimates for Through-Channel Marketing Automation (TCMA): ~USD 1.5 bn (2024), with forecasts of around USD 4 bn by 2033 (CAGR ~12%); sources vary considerably in methodology.

15 Industry breakdown of the TCMA market: Technology/Telco ~20%, Retail/Franchising ~20%, Automotive ~17%, Manufacturing ~10%, Healthcare/Pharma ~7%.

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