

Complete Guide for Implementing **Minimum Advertised Price (MAP)** Policy



GrowByData
Unlocking Competitive Advantage

Minimum advertised prices also known as MAP are difficult to enforce across highly competitive markets like Amazon, Google Shopping, Walmart, etc. Just enforcing the MAP does not mean that you only verify your MAP agreement is in place, but you also demonstrate to your resellers and retailers that you are serious about doing business with them. This is especially true on a platform like Amazon, where the stakes are high, and the costs are competitive.



There are a lot of things that should be considered right now to initiate the MAP process, but first and foremost you need to develop a concrete plan for preventing future MAP violations. So, let's get started. In this guide, we'll cover:

- [What is MAP?](#)
- [What is MAP policy?](#)
- [Is MAP policy legal?](#)
- [Key benefits of setting MAP policy](#)
- [How to enforce MAP policy?](#)
- [Guidelines for implementing effective MAP policy](#)
- [How to set-up competitive MAP policy?](#)
- [Steps to formulate detail MAP policy document](#)
- [What is MAP violation?](#)
- [Why should you track MAP policy violations across all online channels?](#)
- [How to track MAP policy violations?](#)

Minimum Advertised Price is the minimum retail price the manufacturer sets for its product that resellers or retailers agree not to go below in advertisements.

What is Minimum Advertised Price (MAP)?

Minimum Advertised Price is the minimum retail price the manufacturer sets for its product that resellers or retailers agree not to go below in advertisements. For instance, if a manufacturer sets a MAP at \$500, all authorized resellers who want to promote the product must advertise the product at \$500 or higher. However, retailers may offer the product below the MAP by using discount coupons and offers.

What is MAP policy?



MAP Policy is a mutual agreement between the manufacturer and retailer to ensure the displayed price of the product does not fall below the MAP. This means that even though retailers can sell these products below the MAP through coupons and discounts, they cannot advertise below the MAP established by the manufacturers in the MAP policy.

Is MAP policy legal?

Yes, under U.S. antitrust statutes, MAP is legal. It is not considered a form of vertical price fixation between retailers and manufacturers because it allows resellers and retailers to sell below the set price. Therefore, it is legal, and retailers must strictly follow the MAP policy.

What are the key benefits of setting a MAP policy?

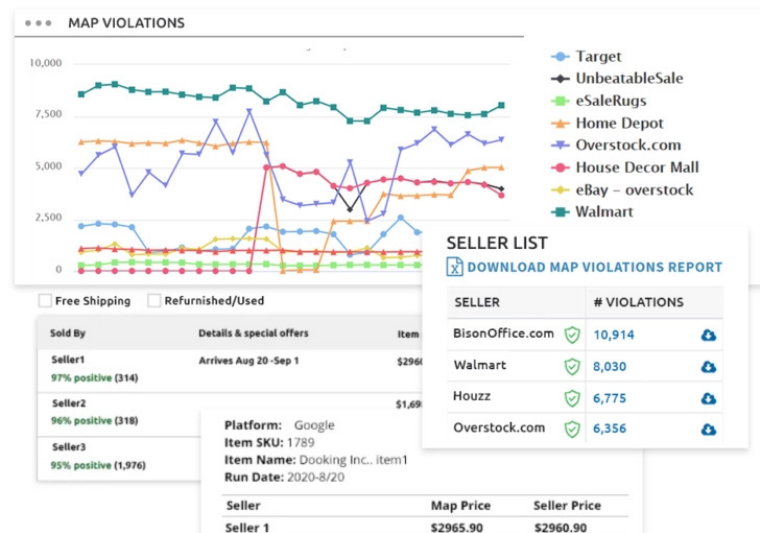
- Manufacturers set the MAP on their products to maintain the brand value and image. MAP violations can have a devastating impact on a brand's image. Consider this situation: a manufacturer discovers its \$250 product is priced on Amazon at \$50. This is a violation of the MAP agreement. The manufacturer can potentially lose customers and market share. Thus, a violation like this may destroy years of hard work that had established the manufacturer's brand value, image, and reputation in the market; essentially leading to brand erosion. With a MAP policy, unauthorized retailers won't be able to destroy the brand image and negatively impact sales from honest and compliant retailers who abide by the policy.
- Minimum Advertised Price (MAP) is the minimum price at which a brand allows its products to be advertised in multiple channels it has approved. Retailers usually try to be very price competitive to win market share. MAP helps prevent price wars between retailers and helps maintain good margins. However, with MAP policy, retailers shift their focus to factors such as after-sales service, shipping, and other customer-centric features. This is beneficial from the consumer's point of view, driving them toward retailers who deliver an exceptional customer experience and shoring up brand loyalty. It's essentially a win-win.

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- Minimum Advertised Price is different from MSRP price. In general terms, MSRP is the upper limit of the price targeted towards the consumer, but it is an unofficial limit. However, MAP Pricing is an official lower limit of the product price and is targeted towards resellers and retailers.

How to enforce MAP policy?

The process to enforce MAP pricing is to detect all MAP violators across various marketplaces and advertising platforms, proclaim MAP enforcement policy, and if needed, ban non-compliant retailers from selling certain branded products. The ultimate decision to ban the seller is left to the seller and the marketplace. This means retailers must use the MAP compliance monitoring tool, analyze data, and produce accurate evidence to swiftly report MAP pricing violations across multiple platforms.



Our GrowByData [MAP Monitoring Software](#) solves this retail industry problem. Along with our powerful [price intelligence](#) for your repricing strategy, our price monitoring software provides the bonus of resolving key challenges to MAP violation monitoring and enforcement.

Guidelines for implementing effective MAP policy

MAP is the lowest price assigned to a product by the manufacturer so that retailers or resellers cannot advertise the product below that price. The MAP policy is very important for manufacturers and brands, helping them to maintain brand integrity and a good relationship with their authorized and loyal retailers by ensuring good margins on a brand's products. Therefore, it is crucial to create an effective MAP policy that starts by finalizing the MAP of products.

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How to set up a competitive MAP policy?

To ensure your MAP policy is followed by your retailers, you need to ensure your MAP is competitive enough in the market compared to similar products from other brands. You must also consider the price which establishes your brand authority in the market. The price should be optimum for consumers in the market willing to spend while ensuring your retail partners are getting a good margin from your product.

With these goals in mind, setting up

a competitive MAP is the trickiest process of MAP policy formulation.

Deciding on a price without solid market information in hand can negatively impact your brand. The most effective way to have market visibility is to analyze the market and gather information on products closely related to your product specifications. Price intelligence and ad intelligence tools can help you scan huge marketplaces like Amazon, Google Shopping, Walmart, and even your close competitor's website, providing insight on their pricing and product specifications. These insights will enable you to formulate good MAP guidelines. These tools also come with capabilities such as MAP compliance monitoring and violation alert services which are important for implementing successful MAP policies.

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Steps to formulate a detailed MAP policy document

The following are the steps to formulate a detailed MAP policy document:

1. [Clearly define the MAP policies of your product](#)
2. [Define the scope of the MAP policy](#)
3. [Describe the MAP compliance monitoring process](#)
4. [Clearly state the MAP enforcement process](#)
5. [Provide the process retailers can follow to claim Map violation](#)
6. [Create a reward system](#)

The policy document should be created with all the criteria and details included from the actual MAP policy of the product. It also needs to include violation enforcement processes and reward systems for loyal retailers. The document should be motivating to you as a manufacturer and your authorized retailer, who cares about the profit margins. These measures will ensure retailer MAP compliance and control possible price wars between retailers. The document should also define a clear process for retailers to claim violations by other retailers and motivate them to join hands with you.

Now, let's learn more about the aforementioned steps.

1. Clearly define the MAP policies of your product:

The MAP policy must clearly define the set minimum advertised prices of your product across every channel. Defining prices reduces any possibility of misusing the MAP policy. Your trusted retailers as well as other retailers will have full trust with a clearly defined MAP policy.

2. Define the scope of the MAP policy:

The policy must mention the scope of your MAP. There are different versions of MAP based on its scope.

- IMAP: It stands for 'Internet Minimum Advertised Pricing Policy' and covers all the internet channels.
- EMAP: It refers to the 'Electronic Minimum Advertised Pricing Policy' and includes all electronic channels covering advertising prices on emails, text messages, and more.
- Lastly, a broader MAP policy covering the Internet, Electronic channels, and physical stores.

Therefore, the policy document should clearly state the scope of your MAP policy.

3. Describe the MAP compliance monitoring process:

Manufacturers and brands need to monitor retailers' prices across all channels to protect their brand image/value. However, the MAP compliance monitoring process can be tedious if done manually. To achieve an optimum tracking system, one can use MAP monitoring software. Tracking retail pricing across various channels such as Amazon, Walmart, Big-commerce, and more must be thorough so that retailers will be alerted if they violate the MAP policy. Therefore, MAP policy needs to cover the process of MAP monitoring and the condition of violations i.e., "what is a violation" and "what is not".

4. Clearly state the MAP enforcement process:

■ According to a study by Ayelet Israeli on nearly 500 MAP policies, only 41% of them were clear about the consequences of MAP violations.

The success of any MAP policy can only be achieved if they are enforced. Unenforced MAP policies can degrade and deteriorate your brand value/image. If the MAP monitoring process tracks any kind of violations, the policy must cover the consequences and after-effects of such violations. According to a study by Ayelet Israeli on nearly 500 MAP policies, only 41% of them were clear about the consequences of MAP violations. He states that a lack of clarity when it comes to MAP enforcement can make a company seem indecisive and timid which can invite resellers to see what they can get away with. Therefore, a MAP policy needs to cover:

- Violations will need to be corrected within a certain period for the first violation (the rules can be different for authorized retailers vs. unknown retailers). The first violation can be corrected with an official warning process.
- The second violation should be stricter. Banning the retailer for a certain period can be a good practice to implement for a second violation.
- The third violation cannot be overlooked. Consequences can be from banning for an extended period to banning retailers from selling your products altogether.

5. Provide the process retailers can follow to claim MAP violation:

The policy should also cover the process where loyal retailers can report MAP violations. The policy should also cover the channel through which such retailers can report any violations from others. Collaboration between such trusted retailers can motivate them to follow the rules in the MAP policy.

6. Create a reward system:

Rewarding retailers who have always followed the guidelines in your MAP policy helps you ensure loyalty and trust with them. It is recommended to cover any kind of reward system for such trusted retailers.

Now, let's learn more about the violation of MAP policy, why you should track it, and how to track it.

What is MAP policy violation?



If any retailer advertises a product below the outlined price set by a manufacturer in the Minimum Advertised Pricing Policy, then it is called a MAP Policy violation or simply put MAP violation.

Why should you track MAP policy violations across all online channels?

As numerous sellers are advertising and selling your products online, some may be authorized, some may not. Therefore, it is of utmost importance for you as a manufacturer or brand to track MAP policy violations across all online channels. This protects your brand image among customers and saves the profit margin of your loyal authorized retailers. Monitoring MAP compliance and taking necessary actions for non-compliance eliminates unauthorized retailers and allows you to reap maximum benefit.

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We know Amazon, Walmart, Target, eBay, etc. are some of the biggest online channels where anyone can join as a retailer and sell their product. A recent study done by the Harvard Business Review on manufacturers who use MAP policies found that unauthorized retailers had violated the policies 50% of the time. Similarly, authorized retailers had a 20% violation rate. From this study, we can determine that not tracking MAP violations across all channels can potentially destroy your brand image and undermine your authorized retailers. Consumer buying behavior involves shopping for products on multiple online channels, comparing prices, and searching for the best deal before purchase. If a consumer sees your product or brand advertised at a very low price, it may not be a great representation of your brand value, or they may think a product is a counterfeit or from the “grey market”. This is an example of degrading or destruction of your brand value.

Retailers in today’s world are equipped with cross-channel intelligence to stay competitive in the market. They constantly analyze the product prices of their competitors and reduce their own prices to win the sales, triggering a price war among the resellers, and degrading your brand image in the process. Cross-channel monitoring is very important to avoid a chain reaction as it creates a very serious situation for your brand.

How to track MAP policy violations?

A manufacturer or brand should monitor the market prices of the product advertised by the retailers, to track if the MAP policy is compliant or not. It is the only way to track and take necessary actions on non-compliant retailers.

Enforcing MAP policy in the eCommerce world is very crucial, as it has a huge audience compared to other mediums. A powerful MAP Monitoring Software can help track retailers' prices across multiple online channels. These tools can alert you about violations with evidence compiled in a PDF format to immediately claim and take swift action enforcing the MAP policy.



In Conclusion

Minimum Advertised Pricing (MAP) policies can significantly impact the way you do business and should be at the top of your mind for your pricing and marketing initiatives. So, it is imperative to strictly enforce your MAP policies and build brand loyalty among your retailers and customers while maintaining your brand value.

While selecting MAP monitoring software for your company, you should ensure that you opt for the software that tracks and monitors all the channels like Amazon, Walmart, Google Shopping, etc.

Talk to an expert today by contacting info@growbydata.com or visit us at growbydata.com