

# THE DEFINITIVE GUIDE

TO

# MAP POLICIES

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Protect your brand and  
increase your profits

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# The importance of consistent pricing

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# The importance of consistent pricing

Price remains one of the most significant factors affecting the decision to purchase a particular product or service. In addition to other factors, such as the item's quality, customers assess **whether the price is competitive** and what is on offer from other competitors.

Pricing is equally important across all your sales channels, distributors, and sellers, so it is crucial to maintain a **consistent pricing strategy across all channels**.

How can you make sure your sellers respect your brand's recommended prices? **With a MAP pricing policy.**



# What is a MAP pricing policy?

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# What is a MAP pricing policy?

The acronym MAP refers to “**Minimum Advertised Price**”. A MAP pricing policy determines **brands’ perception of the minimum price at which sellers and distributors should sell their products**. It is a document that protects manufacturing businesses from potential conflicts with retail stores. As well as minimum prices, brands can sometimes include several conditions associated with selling their products. A MAP policy also sets out the measures that will result if the retailer does not comply with specified prices, such as stock withdrawal or termination of the business relationship.

Before implementing a MAP policy, you must compile **all the information in a single document**. The policy details the relationship between the brand and the seller, the type of price agreement, and provisions in the event of non-compliance. It can also compile permitted commercial or marketing activities or activities that the brand will carry out that may benefit the seller.



# What is a MAP pricing policy?

## How do you define a brand's MAP prices?

If you are a brand that wants to set MAP prices, you have to consider the following:

- The **costs associated** with producing each item, both direct and indirect.
- The **perceived value** of the product and its **positioning** in consumers' minds.
- The **price** that users are willing to pay or their 'willingness to pay'.
- Brand **corporate image**.
- **Direct competitors selling prices**.

These factors **determine minimum selling prices that will generate profits**, remain competitive, and align with your business and brand image. Too low a price for a product considered mid-high range can put its perceived image into question and affect final sales.



# What is a MAP pricing policy?

## Differences between MAP and MSRP

Along with MAP pricing, manufacturers can also use MSRP pricing. As the name suggests, the **'Manufacturer's Suggested Retail Price' are prices recommended by the manufacturer**. It is a guide price that the seller may or may not follow when making the products available to the public. The main difference is that MAP prices are mandatory, while MSRP prices are simply the brand's recommendation.

The only hitch for sellers is that customers usually know brands' regular prices and the value of products, so higher prices will make them run for the hills, straight into the arms of other eCommerce. To sum up, we could say that the **MSRP is a recommended upper price limit, and the MAP is an official lower limit** that all sellers must respect.



MRSP



Recommended retail price

MAP



Minimum price not to be exceeded

# What is a MAP pricing policy?

## What is IMAP

Adding an 'I' to the acronym MAP gives you the acronym IMAP, **Internet Minimum Advertised Price**. Although its starting point is the same, the **online pricing compliance policy may include other clauses exclusive to this channel**, such as the terms of sale, or how products are advertised and promoted in virtual catalogues.

IMAP prices may be lower prices, used to attract users' attention online. Then, when items are added to the shopping basket, prices increase. This happens in Zalando when you select the shoe size, for example.



# **Why you should implement a MAP policy**

# 3

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# Why you should implement a MAP policy

Implementing a MAP policy allows you to **manage your products' prices better**. Especially in today's digital age, where online sellers are spreading like wildfire, it is challenging to keep a tight rein on multiple distributors and retailers. Price control brings direct benefits to the brand:

## Advantages and disadvantages: Beware of international laws



### ADVANTAGES:

- **Consolidating the brand image** can translate into a better shopping experience and a more long-term relationship with your key target markets.
- **Prevent possible price wars**, both upwards and downwards.



### DISADVANTAGES:

- **It is not legal in all countries.**

In the United States, minimum advertised pricing policies are legal under federal antimonopoly legislation. However, in the **European Union and the United Kingdom, minimum advertised prices are generally considered to contravene** current competition law.

# **How to monitor whether your distributors comply with your pricing policy**

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# How to monitor whether your distributors comply with your pricing policy

Once you have fixed MAP prices and established a binding agreement with the sellers, the challenge may be tracking who does, and doesn't, comply with the agreed policy.

For your MAP policy to be effective, **you must identify sellers infringing the policy and take screenshots** to show their failure to comply with the price, which is ammunition when requesting a price change.

To obtain this information regularly and simplify tracking, you can use **price and catalogue monitoring software to track any retailer**. The software automatically tracks your distributors' websites and sales channels.

## Use Minderest to monitor your distributors' prices

Minderest's advanced pricing tool makes it possible **to monitor your distributors' prices daily, in any country, currency or online store**, avoiding price wars, or deviations from minimum advertised prices. Among its functionalities, it is possible to get automated screenshots and configure unlimited alerts that will send email notifications when there are changes in price, product, or stock. The data can be organized in a dashboard to improve brand productivity and speed up decision-making.

# **Conclusion: Develop an effective MAP policy**



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## Conclusion: Develop an effective MAP policy

In short, having a MAP pricing policy adds value to brands. It also gives an element of protection against possible fraudulent activity by sellers and distributors. But it is also **necessary to have tools to help check whether distributors comply with this policy**. To make the most of its advantages, start by knowing the competition legislation of the markets in which your brand operates. Where possible, establish what your minimum advertised prices will be, to ensure they are in line with your goals and growth expectations.

**What are you waiting for?**



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