

IMAP, UMAP and UMRP Explained

by Taufik Islam



After years of being in online lighting retail, many of us have been bombarded with terms such as IMAP, UMAP and UMRP. With all the the internet jargon out there, it's easy to get confused about what these terms mean. So let's dig in, shall we?

While you and I struggle through this economy, keeping our retail prices low to barely cover our overhead, what if a fly-by-garage-guy shows up and offers 25 percent less than your price? My friends, herein lies the beauty of IMAP, UMAP and UMRP.

Say you have been in the lighting retail business for more than 20 years. You've made your manufacturers a lot of money by loyally displaying and recommending their products. What if a fly-by-garage-guy sells the exact same items you do for a much lower price? Where does that leave you and your loyalty for your suppliers?

This is where IMAP, UMAP and UMRP come into the picture. Manufacturers created these pricing structures to make the internet a fair playing field. Let's get into the details of these terms.

IMAP (Internet Minimum Advertised Price)

The Internet Minimum Advertised Price refers to a manufacturer's pricing policy that does not permit retailers to advertise prices online that are below the specified amount. This prevents retailers from competing too fiercely on price, thus lowering the manufacturer's reputation as a creator of quality products.

A little caveat is that you may sell below the IMAP by having the customer interact with you in some fashion, such as calling or sending an email. Also, some retailers will not show the price of an item until the customer initiates a buying action. For example, in order for the customer to see your fixture price, he or she has to add the item to the shopping cart.

Because the IMAP is for online only, some manufacturers will allow you to show lower prices in your showroom. However, please refer to individual manufacturers' IMAP policies.

UMAP (Unilateral Minimum Advertised Price)

The Unilateral Minimum Advertised Price is similar to the IMAP, only the UMAP refers to a manufacturer's pricing policy that does not permit retailers to advertise prices *online or in your showroom* that are below the specified amount. You may not show a price below the UMAP, either on your website or on the sales tag in your showroom. Please refer to the advertised price guidelines of your suppliers.

UMRP (Unilateral Manufacturer's Retail Price)

The Unilateral Manufacturer's Retail Price is the rock-bottom price you can't sell below regardless of IMAP or UMAP. Manufacturers have strict rules, and you can get reprimanded if you sell below this price. Each manufacturer has their own rule regarding their UMRP policy.

Oftentimes manufacturers overrule their own UMRP by offering special promotions. Just be aware that typically this happens when they are promoting overstocked or discontinued items. These promotions may have expiration dates.

IMAP, UMAP and UMRP have been designed not only to help you maintain your shop but also to help manufacturers maintain the integrity of the product. After all, Mercedes-Benz will not allow a brand new "S" class car to be sold for \$10,000 at any showroom. This maintains the product value as well as the reputation of the manufacturer.

Remember, IMAP, UMAP and UMRP alone can't save you from losing money. As with any business, you have to have good marketing plans to survive. We have seen internet sales up last year. Hopefully this trend will continue through 2012. Keep yourself updated with the constantly changing rules and always ask for product, operational and selling suggestions from your manufacturers and their reps.

Taufik Islam is the president of FazTrack Technology, which provides a personalized, turnkey e-commerce solution to lighting retailers and manufacturers.