Table of Contents

BOOKMARKS
Click on the title to to be directed to that page.

Building a successful platform for promotions can be challenging...

01

What is the plan for the year? Will my vendors support my offers? What did we do last year for this event? What month is Easter in this year? Will I be able to get product in time? Is there space in the store for this display? What's my forecast? Is the offer strong enough? Is the event strong enough? What offer will I do in the West? Is this the right product image for the ad?

Just a few of the questions that pass through the minds of buying teams on a nearly daily basis in retail. Pulling these details together and getting the right information to the right place at the right time are critical to the success of a promotion strategy. For most retailers, many systems and applications are used to manage promotions. Integrating the systems presents a major hurdle for IT departments. SAP solutions for promotions leverage standardized, out-of-the-box integration to address these issues.

SAP Solution Set for Promotions

- SAP Promotion Management for Retail (PMR)
- SAP S/4 HANA for Retail / SAP Retail / SAP Fashion Management Solution (FMS)
- SAP Customer Activity Repository (CAR)
- SAP Marketing Cloud
- SAP Omnichannel Promotion Pricing (OPP)

Promotions Process

02

Retailers perform the promotions process with various levels of systems support. Some companies perform the process in a very manual fashion and others are heavily dependent on systems to help them do it. The process can be very siloed or very interconnected. It truly depends on the character or culture of the organization. If the process is disjointed it can produce inefficiencies that require increasing amounts of time and effort to manage. This is particularly true if internal marketing organizations are continually pushing the envelope to stay abreast of the latest trends.

Whether the process is very manual and siloed or interconnected with heavy systems support or somewhere in between, there are SAP Solutions that can help manage the process with positive outcomes.

From a process perspective, promotions may be as simple as setting a discount price for an item. It can also be a 26-week cycle that may include some or all the following:

01 Planning

In this phase the balancing of the budgets/targets to the promotional sales plan is the primary focus. Are we able to achieve the sales goals needed to make plan? Building an attractive offer, planning the required product quantities, and placement in the store are a few key considerations.

- Event/Promotion Pre-Planning
- Promotional Space Allocation
- Mass Promotional Space Management (In-Store)
- Promotional Item & Offer Selection
- Promotional Vendor Funding
- Promotional Supply Planning
- Promotional Review & Integrity Management

02 Analytics

Having views of the promotional activity prior to, during, and afterwards are the keys to success in this space. Being able to accurately measure the viability and the success of a promotion are necessary for an effective program.

- In-Flight Promotional Review Management
- Promotional Post-Mortem Management

03 Execution

Communication to the stores is top of mind for these activities; informing of incoming promotional product, where to place it, pricing for the items, and labeling requirements are needed.

- Promotional Allocations
- Promotional Store Communications Management
- Promotional Media Creation
- Label & Signage Management
- Outbound POS Offer Communication Management

Integration

03

The SAP solution set supports these processes and provides the ability to manage them in an integrated fashion. Three points of integration within the solution set provide retailers with key advantages over other products and can produce a positive return on investment while introducing some rigor to the promotions process overall. The three points of integration are:

- Master Data integration

- Vendor Fund Integration

- Offer Integration

MASTER DATA INTEGRATION

In the SAP solution set, the SAP S/4 HANA for Retail system is the core for all processes in the retail suite. It manages the Enterprise Structure, Financials (General Ledger, Accounts Payable, Accounts Receivable etc.), Order to Cash, Purchase to Pay, Pricing, and most importantly the Master Data behind all these functions.

Master Data at its core are the items to be bought and sold, the vendors/suppliers that provide the items, the channels/locations where the items will be sold, and the customers who purchase them. As an extension of this core are the costs, retails, vendor terms, sources of supply, and attributes of the data. SAP has data models for these that are shared across the software products.

The primary destination in the promotions space that the master data travels to is the SAP PMR system which resides on the SAP CAR platform. The PMR system is the Promotion Planning tool that provides Event Management, Offer Management, and Vendor Fund Management for retailing.

The benefits of sourcing this data from the S/4 HANA system are:

- Data can be managed centrally in one place
- The data used for promotions is accurate
  - o Descriptions are the same across the organization
  - o Pricing is consistent – costs and retails are "shared"
- No end user intervention is required, the data is simply used

The data flow is managed by a standard interface that requires no intervention and can be set up to run on any frequency the business requires. As changes occur in the SAP S/4 HANA system.

SAP S/4HANA for Retail
(Core Retail System)

Products
Locations
Vendors
Prices
Sourcing

SAP Promotion Management for Retail
(Promotion Planning)

VENDOR FUND INTEGRATION

Central to the ability to provide customers with great promotional deals is the practice of Vendor Funding. It has many flavors but is usually a rebate process by which the vendor agrees to pay the retailer in some fashion to account for the margin hit associated with a price discount.

In the SAP PMR tool, Vendor Funding agreements can be authored using the integrated Master Data to support promotional activity for a single purpose (one item, one deal) to activity that spans the year for an entire category of product.

The PMR Vendor fund can then be sent to the SAP S/4 HANA system via a standard interface to create a contract (Condition Contract) for the purposes of settling the rebates associated with the sale of the product that is featured in the associated promotions.

The benefits associated with this process are:

- Standard integration
- Automatic settlement of rebates via creation of Vendor charge backs
- Quicker receipt of payment for rebates (in some cases before promotion end)

The automated nature of the process after vendor fund creation provides a process that is light touch and efficient when implemented properly

| SAP PMR Vendor Fund Creation | Vendors Funds | SAP S/4 HANA for Retail Contract Management | Contract Settlement Details | SAP S/4 HANA for Retail Automatic Chargeback Creation |

OFFER INTEGRATION

Providing the deal to the customer is the heart of the promotions process. The Offer that is created in the SAP PMR system whether a 20% off discount, a $5.00 off discount, or a Buy X, Get Y scenario needs to be communicated downstream to the point of sale system (POS) or to the ecommerce system. These types of offers travel back to the SAP S/4 HANA for Retail system for communication and visibility purposes within the central system. The standard point of sale interfaces can communicate these offers so that they are available to the customer where they shop.

Communication of a single promotional offer can be triggered manually or en masse with other offers in a Promotional Event via standard on screen functions or through a scheduled process.

Once the offers are present in the core system, the regular communication channels for pricing and master data are used to present the price discount to the customer.
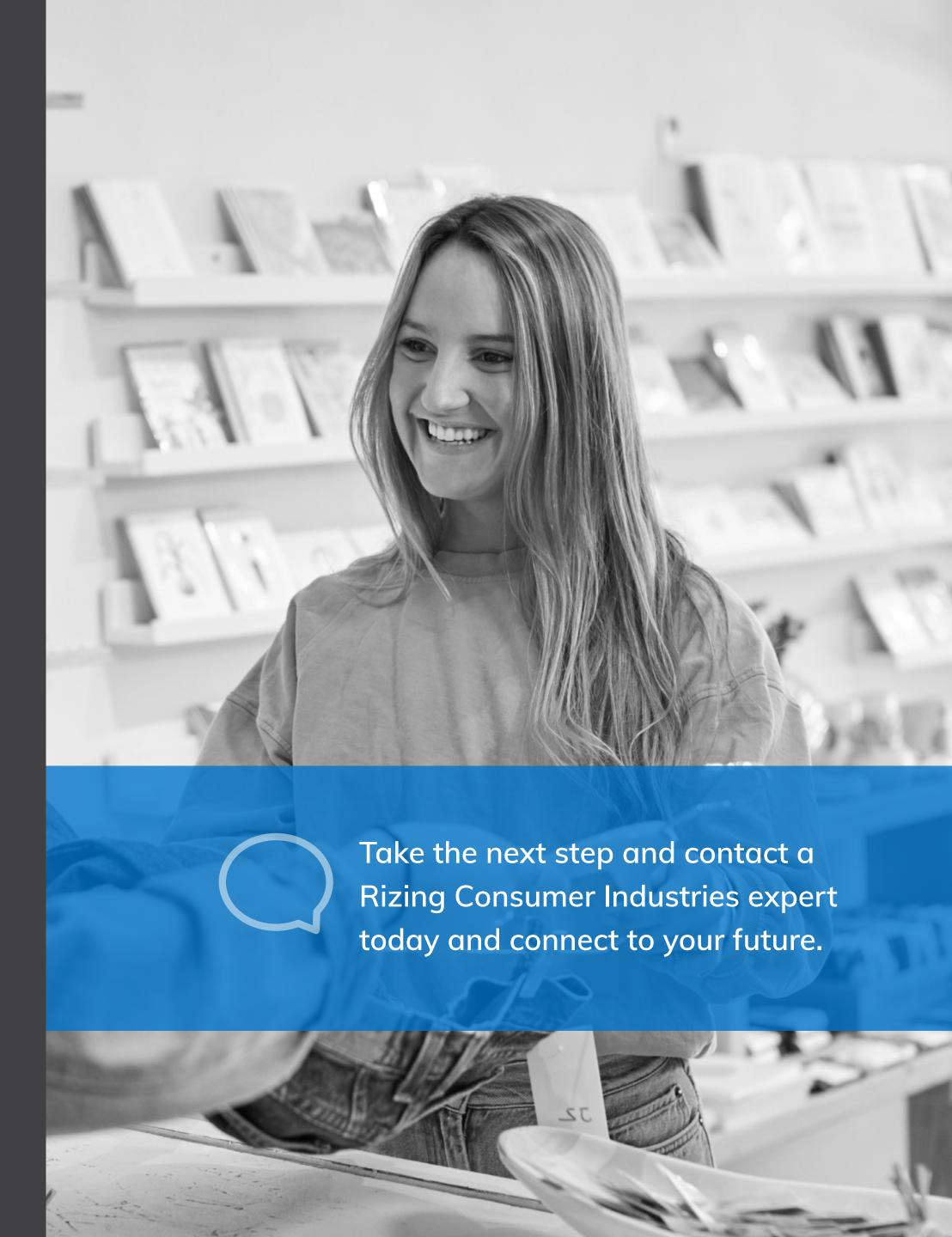
Some of the benefits of using PMR for Offers are:

- Use of standard master data objects
- One promotion offer platform
- Out of the box two-way integration

Plan, build and manage simple, complex, and personalized offers efficiently in a complimentary set of tools

SAP PMR
Offer Management

Offers

SAP S/4 HANA for Retail
Pricing Managment

Automate the Process

The standardized integration between SAP S/4 HANA and SAP PMR systems provides retailers a robust platform for planning and executing the promotions process. Master data is maintained centrally in the core system by teams responsible for that data. It is then used by the promotions teams to create promotional offers in the PMR system that can then be distributed through the landscape for execution purposes. In this integrated environment, only the correct teams are manipulating the data for which they are responsible. This allows for separation of duties, accountability, and accurate data for managing promotions. The process is enhanced by automating the flow of data between the systems to ensure the correct execution timing for delivering promotional pricing to the customer.

At Rizing, our team has helped retailers large and small to use the SAP solutions for promotion planning and execution to provide value to their organizations. For more than 20 years, we have led projects, designed business processes, developed custom applications, and co-innovated with SAP. If you need implementation services, advice, or information about the SAP solution set for Promotions, please let us know – we can help.

Take the next step and contact a Rizing Consumer Industries expert today and connect to your future.

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