

RIZING

An Insight into SAP Promotion Management for Retail



Table of Contents

01

Place New Text On This Space

page 3

02

Integrated Promotion Management

page 5

03

An Agile And Flexible Promotion Management Solution

page 9

04

Insights

page 13

05

Promotional Funding

page 14

06

Marketing Content Layout

page 15

07

**Omni-Channel
planning and execution**

page 17

08

Success

page 19

Place New Text On This Space

01

Retailers became our heroes in many cases during the lockdown. They figured out how to deliver merchandise in contactless ways, managed difficult supply chains to bring us essentials like toilet paper, paper towels, meat, and produce. They staffed grocery stores wearing masks for long hours of the day. They pivoted from offering stuffy office attire to comfortable and yet, Zoom-worthy merchandise. And they found new ways to engage with customers and promote their brand and product.



Retail looks different now. And consumer behaviors have changed. More than ever, retailers must be able to respond rapidly to changing market conditions. SAP® Promotion Management for Retail (PMR) is a comprehensive solution for advertisers and consumers. By using it, retailers can maximize sales by planning promotional offers and advertising. Consumers learn more about your products and brand through promotional offers. Customer traffic is increased. Sales and profit grow.

SAP Promotion Management for Retail enables retailers' planning and merchandising teams to drive their most important key performance indicators - whether that is margins, revenue or traffic. Along with its integration points, PMR brings incredible value by simplifying the complete landscape from planning and marketing to logistics and execution. Let's have a closer look at how this is achieved with PMR.

WHY USE SAP PROMOTION MANAGEMENT

01

Coupled with other SAP products, SAP PMR becomes an all-in-one solution from planning to execution.

02

Attain financial goals with effective promotions.

03

Save time, increase efficiencies by leveraging feature-rich, integrated solutions.

04

Simplify the day-to-day workload of planners and merchandisers by providing a centralized collaborative working environment.

05

Integrate PMR to SAP Marketing Cloud for digital marketing and to SAP Industry Specific Retail (ISR) Solution for price activation.

06

Create multiple promotional vehicles that can vary by geographies.

07

Gain insights into future potential KPIs.



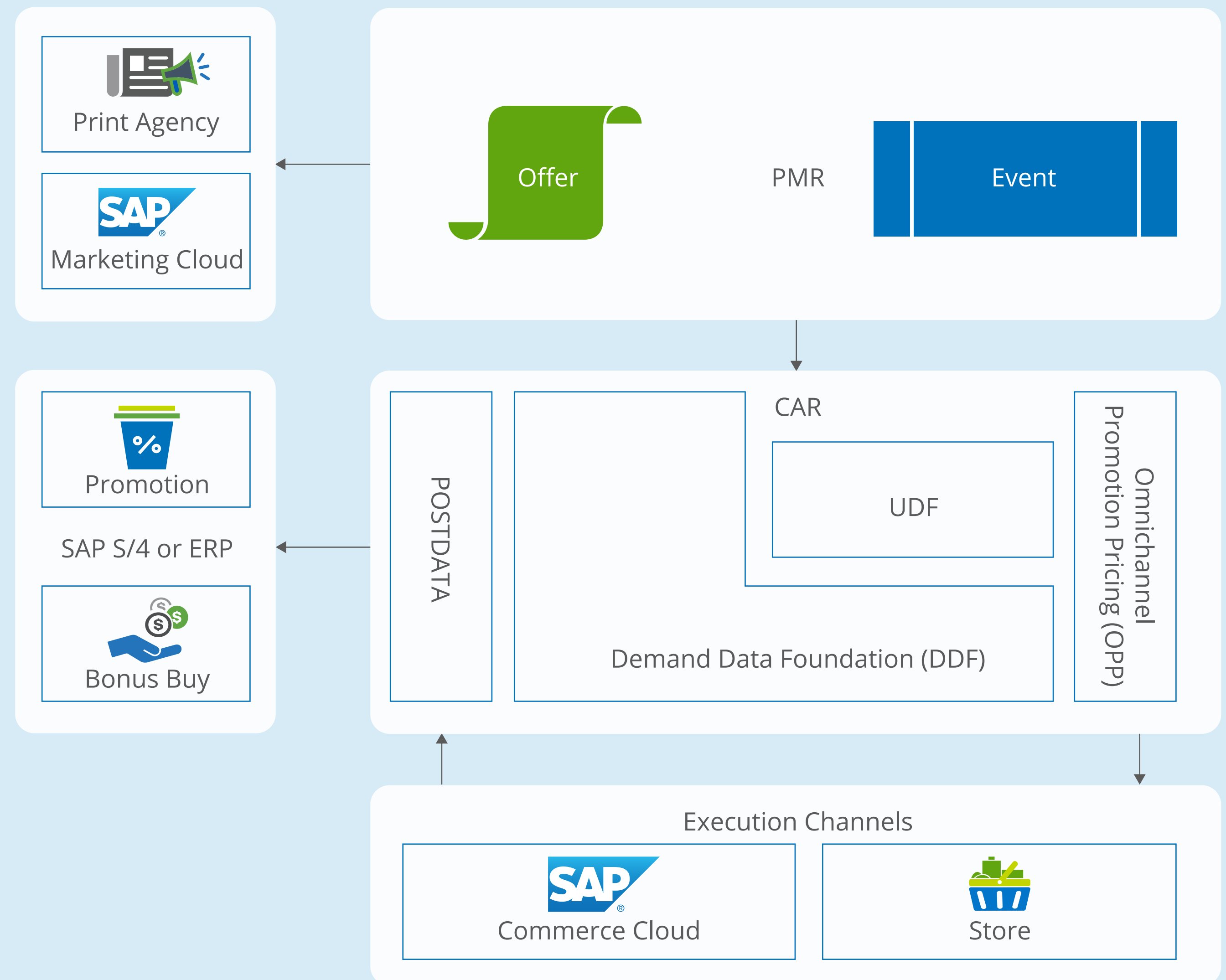
Integrated Promotion Management

Successful promotions need to ensure that pricing is in sync with the promotion.

With SAP solutions for retail, merchandising and marketing are on a common platform, enabling real-time collaboration. SAP Customer Activity Repository (CAR) collects transactional data from multiple applications. SAP PMR uses data stored in CAR.

SAP PMR was first released in 2008 with a strong focus on retail promotions and event management. It is built on top of SAP CAR to leverage key features such as the Demand Data Foundation (DDF) and the Unified Demand Forecast (UDF). Over the years PMR has been extended to include wholesale, a new highly usable user interface, as well as integration to several other systems to enable all steps in the promotional process. PMR is a feature-rich and mature product with a very solid and broad international customer base.

The following diagram provides a high-level view on how SAP PMR leverages several CAR components and integrates with others. The Demand Data Foundation (DDF) is responsible for providing all the required data for PMR to operate. Likewise, the pricing data that is generated by PMR is kept in DDF. The Omni-Channel Promotions and Pricing (OPP) component in turn handles sending those promotional prices to the execution channels. To complete the loop, the execution channels send transactions to POSDATA which is then sent to DDF to be leveraged by the Unified Demand Forecast (UDF) which can provide a forecast to PMR. To the left in the diagram, we can see how PMR can interact with the Print Agency, SAP Marketing Cloud and SAP S/4HANA or SAP ERP ECC6.0 to manage other aspects discussed in more detail.



How Customers Excel with PMR

PMR helps businesses manage their promotions by providing tools to marketers to plan for future events and merchandisers to prepare promotional offers, including – but not limited to – these activities:

- Define a promotion by type (percent off, amount off), by tactic (Flyer, in-store, end cap), and with incentives (coupon, points).
- Create a coupon represented as an offer that can be provided to the consumer for later redemption.
- Export offers to SAP Marketing Cloud for digital marketing, SAP IS Retail for price activation, Omnichannel Promotional pricing for price activation through GK Omni POS.
- Create a promotional advertising vehicle which includes multiple promotional offers which can vary by geography.
- Export advertising vehicles to XML to be consumed by agencies for final production.





From a technical perspective, the aforementioned activities are supported through the offer and the event, created in PMR.

- The offer represents the eligibility conditions consumers must meet and the provided rewards. For example, a consumer may need to present a coupon (the eligibility condition) to receive a discount on a product (the reward). Offers are typically managed by merchandisers and can be associated to planned events.
- The event represents the planned period when a collection of offers will be active. This is typically coupled with marketing activities such as ads, flyers, or email campaigns. For example, an event may represent a “back to school” ad campaign and needs to meet certain KPIs. Events are typically managed by planners and are communicated to merchandisers.
- Planners and merchandisers work in a fully integrated and collaborative environment which helps them discuss the best way to organize the offers within events to help achieve the most for marketing campaigns.

03

An Agile and Flexible Promotion Management Solution

1

LIMITLESS OFFER TYPES

Merchandisers have the flexibility to build a multitude of offer types. This can range from simple price discounts available to everyone without restrictions to complex combinations that may require loyalty, coupons, or the purchase of other products as pre-requisites. Examples include simple price reductions, discounts on groups of products, buy one get one (BOGO), and / or combinations, and more.





2

DIFFERENTIATION IN PRICING STRATEGY

The offer provides the means to manage discounts differently across channels or locations when deemed worthy. The merchandiser may decide that online orders warrant a steeper discount than the store. Or certain stores may warrant more discounts due to local competition.

3

TARGETED MARKET PLANS

PMR provides the flexibility to manage precision promotions intuitively, where market needs differ. Consider a region, or select stores, which may not react to a promotion on certain goods. To better address that region, the merchandiser may switch the promoted goods with others in the same offer, keeping complete traceability of the plan.

4

DETAILED FINANCIAL ANALYSIS

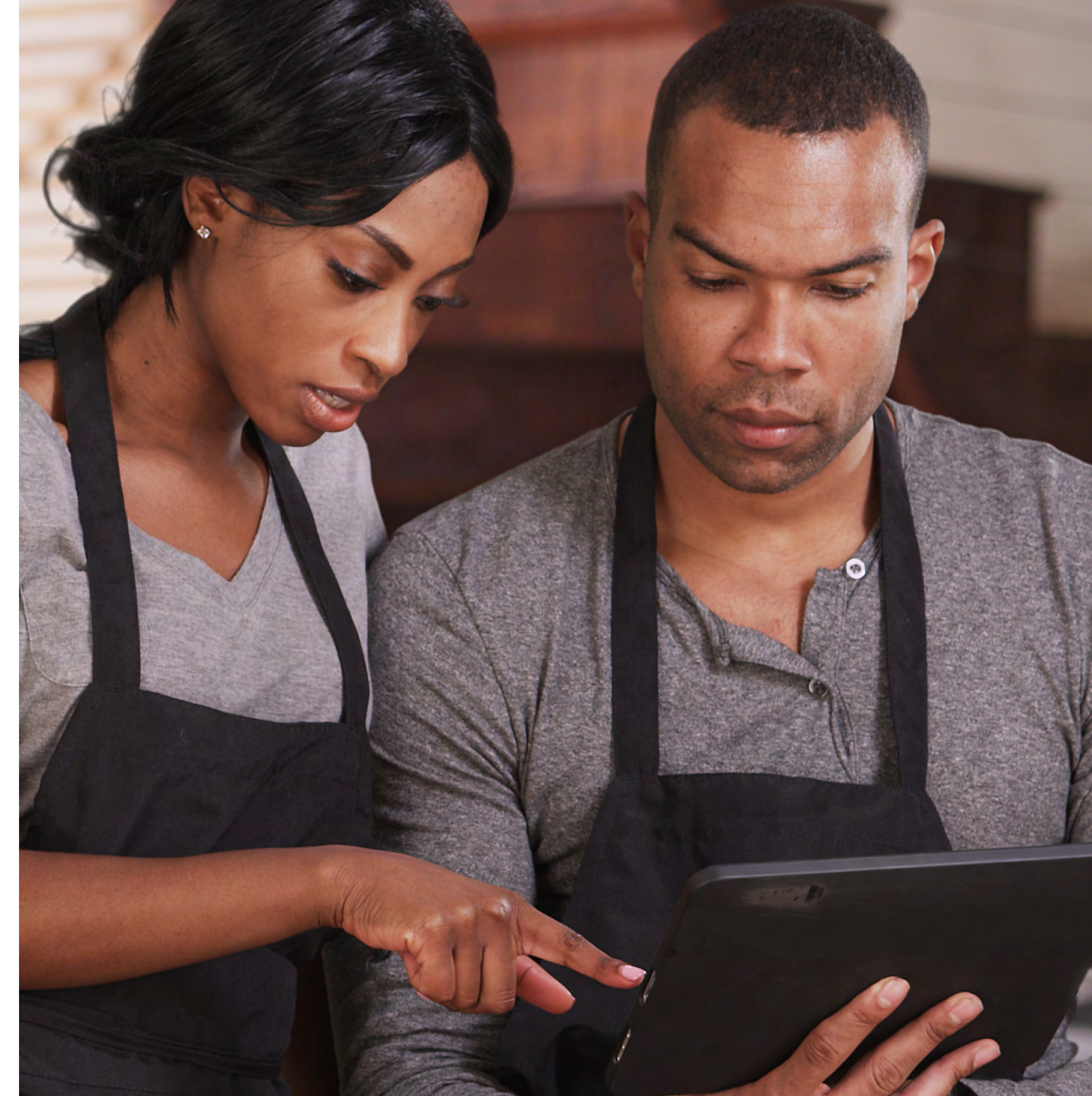
Merchandisers are presented with a detailed financial analysis of the offer. These financial numbers are provided from the most granular to a top-level offer summary. Merchandisers can drill down to get an intimate understanding of where an offer may lag and where it may shine.

Once associated to events, the offer financials are further rolled-up within their respective markets to provide the higher level KPIs needed by planners. When used as a flyer-planning tool, PMR helps understand the financial aspects of every page in the flyer. Merchandisers and planners gain the insight to negotiate the best positions for offers within the event.

5

MULTI-LANGUAGE AND MULTI-REGION SUPPORT

Organizations that conduct business across borders can leverage PMR's multi-language and multi-region support. The same plan can be used and communicated to consumers in different regions with different languages avoiding the need for additional workload. It is also possible to create a single plan for multilingual regions.



PMR helps understand the financial aspects of every page in the flyer.

6

RESPOND TO CHANGES IN REAL-TIME

As plans are often prepared early, there is always the need to adjust them and react to unforeseen changes. Changes such as new store openings or closures, product availability, fluctuations in purchasing costs, or competition, may require previous decisions to be revisited. SAP PMR facilitates such modifications and provides the means to make adjustments right before or while the offers are executing.



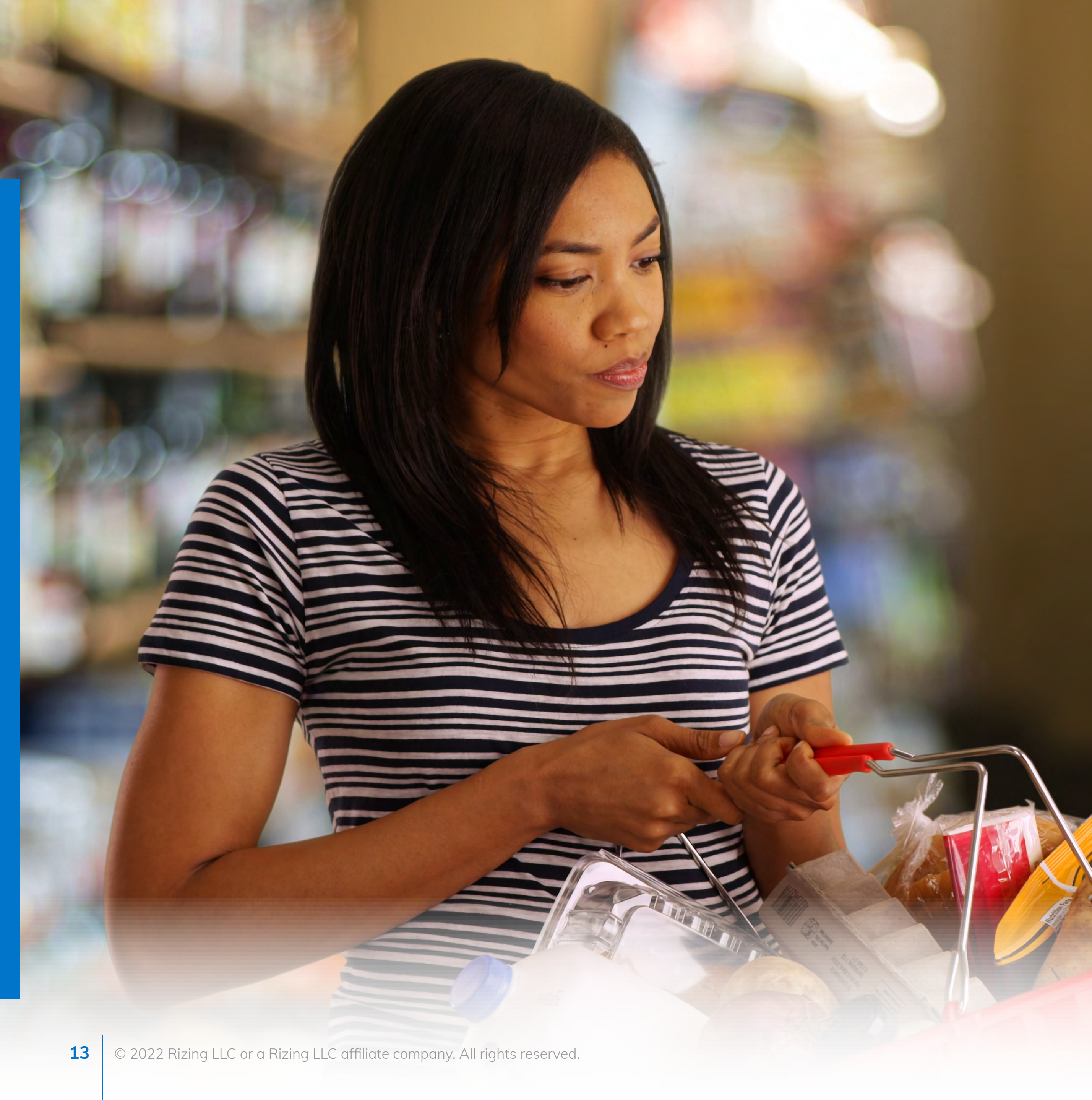
7

MINIMIZE WORKLOAD WITH THE RIGHT PRODUCT SELECTION UTILITY

While certain promotions may be for few products, others may be broad and cover complete departments. A powerful yet usable selection tool is needed to keep the workload at a minimum while also accommodating changes in the underlying business.

SAP PMR provides several ways to include groups of products to an offer. Using DDF's product groups feature, static, reference or dynamic groupings can be prepared and included in offers. Here are a few examples of possible groupings:

- A specific set of products
- Referencing the complete children's fashion department while excluding a specific brand
- Seasonal products where the word "outdoor" is included in the description
- Toys between \$10 and \$20



Insights

04

PMR leverages SAP United Demand Forecast (UDF) to provide insight into consumer demand and maximize the promotion's potential.

Given historical sales, UDF prepares models which are then used to produce forecasts for PMR. The forecasts are generated for each product, location, and day combination and aggregated along with financial margins.

With such insight, the merchandiser has the knowledge to fine-tune the offer. For example, by understanding that consumers are more sensitive to a certain type of discount, merchants can better understand their consumers' preferences.. Comparing "Buy 2 for the price of 1" with "Buy One Get One Free," or even "Buy 2 at 50% Off," can lead to different outcomes.

Promotional Funding

Coordinating and correlating vendor funds to promotions can be daunting and time consuming, not to mention error-prone and difficult to assess.

SAP PMR provides an integrated vendor fund management tool which can be used to link the funds to the promotions. Several different fund types are available, such as scan back, bill back and lump sum. Regardless of partial or full distribution of the fund to the promotion, the impact of the funds on each promotion is clear and traceable within the offer. Coupled with a forecast, merchandisers gain insight into the fund's effectiveness giving further negotiating power over the fund.





Marketing Content Layout

The layout of the marketing content, or content management as it's called in PMR, is provided for both the offer and the event. The event's content management tool provides the means to construct the layout of a flyer, page by page. The offer's content management tool provides the means to prepare the internal layout of each offer such as the product's images, discounts, and limits. The prepared content can be exported to integrated partner print agency solutions.

Targeted Promotions

SAP Marketing Cloud can identify consumers with high interest in certain products or promotions. Coupled with SAP Marketing Cloud, PMR can be used to create targeted promotions leading to additional opportunities. PMR is used to set the appropriate pricing strategies for SAP Marketing Cloud's targeted groups, which in turn communicates those promotions to end consumers.



Logistics

PMR is integrated with SAP S/4HANA (or SAP ERP ECC) to ensure that the additional promotional demand is ordered in time for the promotion. Offers are sent to SAP ERP ECC where purchasing processes run to meet the higher or new demand. Planned order quantities are transmitted separately as regular and uplift quantities for each location providing the data that the logistics processes need to execute accurately.



Omni-Channel planning and execution

As web-based shopping has become the norm, businesses haven't had much of a chance to properly include the additional channel in their existing processes. This has led to fragmented planning, disparate systems, inconsistent pricing and promotions, and a bad consumer experience. Attempting to manage the complexities quickly becomes a burden. In certain cases, separate teams manage the pricing of different channels, and more complexities arise.

PMR gives merchandisers the capability of designing a single strategic plan that includes all consumer touch points, be it brick-and-mortar, online, or even in call centers. Within this unified view, merchandisers make fewer mistakes and have better visibility and control over their plans. Coupled with the out-of-the-box integration of SAP Omni-Channel Promotions and Pricing (OPP), both regular and promotional prices are guaranteed to be the same regardless of the executing system.

Ensuring that the semantics of promotions, especially when they are complex, execute correctly can be a challenge. SAP OPP is integrated with the following SAP solutions reducing the need to build custom integrations while providing consistent pricing:

- SAP Omnichannel Point-of-Sale by GK
- SAP Commerce Cloud
- SAP S/4 Sales Order

PMR for Wholesale

SAP PMR provides businesses that operate as wholesalers the capability of creating promotions for their B2B customers. Instead of including a list of retail locations, merchandisers may include a list of wholesale customers, such as franchises, within offers. In such cases, margins are calculated based on wholesale rather than retail pricing. The advantage of using PMR for wholesale is that all promotions become part of the same tool decreasing solution maintenance, system setup, and training.



Retrofitting

AP PMR delivers greater value and increased functionality over earlier SAP ERP promotion or bonus buy transactions. That earlier functionality can be easily retrofitted to PMR. Customers who wish to move to PMR are provided a path of continuity. Standard integration processes help move these older document types to PMR where they can be viewed and included in some of the processing. For example, historical documents can be leveraged by UDF to prepare better models while documents that are yet to execute can be included in the execution through SAP OPP.



Success 08

PMR has been implemented across the globe by retailers and wholesalers alike. While early adopters compounded the benefits for several years, late-comers gained great momentum. It is no surprise that PMR is successful and will continue to help businesses with their digital transformation. Here are some examples of clients that successfully transformed their merchandising business with SAP PMR→

REGIONAL GROCER

Adopted PMR in 2012 to manage offers all the way to the prints. The UDF forecast is leveraged to optimize the promotions while the loyalty and targeted offers help strengthen personal relations with their customers. To achieve full campaign management POSDTA, SAP Marketing and CRM are also included in the implementation.

WHOLESALE CLUB

Adopted PMR in 2016 to achieve full support of all paper-based events while increasing the settlement efficacy of vendor funds and providing customers a superior omni-channel experience.

HOME IMPROVEMENT RETAILER

Adopted PMR in 2018 to manage weekly print flyers. Image and layout management are leveraged with a full integration with a digital publishing platform. Due to its market needs, flyers are created with up to 23 different versions to support the country's diversity.

Build brand loyalty

Businesses require strong, mature, end-to-end promotional solutions to get the most out of their promotions. The solutions need to be feature-rich while remaining flexible enough to accommodate different business and market needs and facilitating additional custom processes.

SAP PMR can handle the demands of today and future promotional aspects because it provides flexibility to adjust to business demands while remaining easy to use. Its integration points complete the end-to-end picture to bring promotions from plan to execution.





Contact your Rizing representative or visit [rizing.com](https://www.rizing.com) to find out how we can help you in your SAP PMR journey.

RIZING

Copyright © 2022 Rizing LLC or a Rizing LLC affiliate company. All rights reserved. This document is provided for information purposes only, and the contents are subject to change without notice. This document is not warranted to be error-free, nor subject to any other warranties or conditions, whether expressed orally or implied in law, including implied warranties and conditions of merchantability or fitness for a particular purpose. We specifically disclaim any liability with respect to this document, and no contractual obligations are formed either directly or indirectly by this document. This document may not be reproduced or transmitted in any form or by any means, electronic or mechanical, for any purpose, without our prior written permission.

