# Standard Operating Procedure (SOP): Promotion Pricing and Discount Structuring

This SOP details the process of **promotion pricing and discount structuring**, including the development of competitive pricing strategies, criteria for discount eligibility, approval workflows, and monitoring of promotional effectiveness. It aims to standardize discount offerings, maximize sales impact, ensure profitability, and maintain brand value while providing clear guidelines for teams involved in pricing decisions and promotional campaigns.

## 1. Purpose

To standardize the approach to promotion pricing and discount structuring in order to:

- Maximize sales impact while ensuring profitability
- Maintain consistent brand value
- Outline clear guidelines for eligible discounts and approval procedures
- Monitor and optimize promotional effectiveness

## 2. Scope

This SOP applies to all personnel involved in:

- Pricing strategy development
- Marketing and promotions management
- Sales and account management
- Finance and business analytics

## 3. Definitions

| Term | Definition |
|------|------------|
| Promotion Pricing | Temporary price reduction to increase sales of specific product(s) or services. |
| Discount Structuring | Strategic arrangement of price reductions, including eligibility, duration, and tiers. |
| Approval Workflow | Stepwise process for reviewing and authorizing promotional pricing. |

## 4. Procedure

1. **Competitive Pricing Strategy Development**
   - Conduct market analysis and competitor benchmarking.
   - Assess product costs, target margins, and consumer willingness to pay.
   - Propose pricing scenarios for promotional campaigns.
2. **Discount Structuring Criteria**
   - Define discount types (e.g., percentage off, buy-one-get-one, bundle pricing).
   - Set eligibility rules (customer segments, purchase thresholds, product categories).
   - Determine discount limits to ensure minimum margin thresholds are met.
3. **Approval Workflow**

- Document proposed pricing and discount details.
- Submit for review to pricing committee or designated approvers.
- Obtain required approvals prior to promotion launch.

4. **Implementation & Communication**
   - Coordinate with sales, marketing, and IT for deployment.
   - Communicate promotion details to all stakeholders and update systems.

5. **Monitoring & Effectiveness Analysis**
   - Track KPIs (sales uplift, margin, redemption rate, ROI).
   - Gather insights for continuous improvement.
   - Report results and learnings to relevant teams and management.

# 5. Roles & Responsibilities

| Role | Responsibility |
| --- | --- |
| Pricing Team | Develops pricing strategies, analyzes market data, creates discount structures. |
| Marketing | Plans and communicates promotion campaigns to target audiences. |
| Sales | Implements promotions on the ground, gathers customer feedback. |
| Finance | Assesses margin impacts and ensures financial viability. |
| Management/Approvers | Reviews and authorizes all proposed promotions and discounts. |

# 6. Documentation & Record-Keeping

- Maintain detailed records of all promotional pricing proposals, approvals, and performance reviews.
- Archive promotion campaign data for at least two years for audit purposes.

# 7. Review & Continuous Improvement

- Conduct periodic SOP reviews (at least annually).
- Incorporate feedback, performance data, and market trends for SOP updates.

# 8. References

- Company Pricing Policy
- Brand Guidelines
- Market Analysis Reports
- Financial Viability Assessment Templates