

Standard Operating Procedure (SOP): Product Selection and Inventory Allocation for Promotion

This SOP details the process of **product selection and inventory allocation for promotion**, covering criteria for choosing promotional products, forecasting demand, coordinating with purchasing and inventory teams, optimizing stock levels, and ensuring timely availability. The goal is to maximize promotional effectiveness while maintaining optimal inventory turnover and minimizing stockouts or overstock situations.

1. Purpose

To establish a standardized procedure for selecting products and allocating inventory for promotional campaigns, ensuring efficient execution and optimal resource utilization.

2. Scope

This SOP applies to the Marketing, Purchasing, and Inventory Management teams responsible for planning and executing product promotions.

3. Responsibilities

- **Marketing Team:** Identify promotion objectives and select product candidates.
- **Purchasing Team:** Coordinate procurement based on promotion forecasts.
- **Inventory Team:** Monitor and allocate inventory per the promotional plan.
- **Sales/CRM Team:** Provide demand forecasts and historical sales data.

4. Procedure

4.1 Product Selection

1. Define promotion objectives (e.g., clear old stock, launch new product, increase sales volume).
2. Compile a list of candidate products based on:
 - Historical sales performance
 - Inventory levels (excess or slow-moving stock)
 - Seasonal or trending items
 - Supplier deals/partnerships
 - Target customer segments
3. Evaluate product profitability and margin implications.
4. Select final products for promotion.

4.2 Demand Forecasting

1. Analyze historical sales data for selected products.
2. Incorporate sales uplift assumptions based on similar past promotions.
3. Coordinate with Sales and Marketing for demand inputs.
4. Finalize demand forecast for each promotional product.

4.3 Inventory Allocation

1. Review current and in-transit inventory for selected products.
2. Calculate required inventory for the promotion period using forecast data.
3. Allocate inventory in warehouse management system, prioritizing:
 - Locations/channels with highest expected demand
 - Stock rotation (FIFO/FEFO as applicable)
4. Identify inventory gaps; initiate purchase orders if required.

4.4 Coordination & Execution

1. Align promotion timelines with procurement and warehouse teams.

- 2. Ensure timely delivery of additional stock (if ordered).
- 3. Monitor stock levels and sales during the promotion; adjust allocation as needed.

4.5 Post-Promotion Review

- 1. Analyze actual sales vs. forecasted demand.
- 2. Assess inventory turnover and remaining stock.
- 3. Document learnings and improvement areas for future promotions.

5. Product Selection Criteria Checklist

Criteria	Description	Status (✓/✗)
High Inventory Levels	Excess stock needing clearance	
High Sales Potential	Expected strong demand or trending item	
Supplier Support	Discounts, rebates, or co-marketing available	
Profit Margin	Sufficient margin to allow discounting	
Seasonality/Relevance	Promotes during peak buying period	

6. Documentation & Records

- Promotion product selection list
- Demand forecasting reports
- Inventory allocation logs
- Post-promotion performance analysis

7. Review & Revision

- This SOP shall be reviewed annually or after major promotional campaigns.
- Revision history shall be maintained as per company policy.

Approved by: _____ Date: _____