

Promotion Planning: Planning and Steering of Promotional Periods in Procurement and the Supply Chain

Promotion planning refers to the systematic planning of promotional periods, special terms and sales-driving measures – from a buyer's perspective, above all with regard to their impact on demand, prices and availability. In a B2B context, it concerns both one's own participation in supplier promotions and preparation for sales cycles driven by retailers or end customers, which feed back into the capacity planning of the supply chain. Those who identify promotional periods early can use price advantages in a plannable way, avoid bottlenecks and manage delivery call-offs more stably. The term originates in retail marketing, but has long since established itself as an interface topic between sales, procurement and supply chain.

Key facts

- Promotion planning coordinates promotional periods, special terms and the resulting demand and price changes across the entire supply chain.
- In B2B procurement, the focus is above all on exploiting supplier promotions and securing supply during demand peaks.
- Typical tools include promotional calendars, call-off/forecast exchange with suppliers and, in practice, frequently contractually agreed promotion clauses in the delivery call-off contract.
- Key metrics include sales, volume and contribution margin effects per promotion, as well as delivery reliability during the promotional period.
- Without early supplier involvement via capacity planning, Leverkusen-type effects loom: price advantages on the one hand, delivery shortfalls on the other.

Definition: promotion planning

Promotion planning is the planning discipline with which time-limited sales and sourcing promotions are prepared, coordinated and evaluated. It links the sales and procurement perspectives: while sales seeks to unlock promotional potential, procurement must translate the resulting demand peaks and price windows into sourcing decisions in good time.

Distinction from classic demand planning

Ongoing demand planning works with regulated, predominantly stable call-off volumes. Promotion planning supplements these with time-limited, disproportionate demand impulses – for example promotions, trade fairs, seasonal business or customer buying days. These spikes follow their own rules: they arise from active purchase incentives rather than forecasting, and they are plannable if the scheduling structure is known. In practice, it has proven worthwhile to separate promotional demand from the baseline demand forecast as a distinct planning position, so that S&OP and capacity planning are not distorted by one-off events.

Roles involved within the company

Promotion planning is a cross-cutting topic. Typically involved are: sales and marketing (schedule, terms), category or commodity procurement (negotiating agenda), supply chain and planning (volumes, lead times), Controlling (procurement cost centre reporting, contribution margin verification) and, where applicable, development departments for technical innovations. The more clearly roles and decision-making authority are defined, the less frequently friction arises between promotional promises and delivery capability.

Methods and approach in promotion planning

An effective promotion planning process follows a recurring cycle: scheduling and idea planning, profitability check, implementation preparation, execution and evaluation. Central to this is a jointly maintained promotional calendar that serves as the single source of truth for all parties involved.

Promotional calendar and initiative pipeline

The promotional calendar lists all planned promotions with period, target group, expected volumes and responsible contacts. In practice, it is often linked to procurement's initiative pipeline: ongoing price negotiations, qualification projects and supplier acquisition are scheduled in such a way that negotiable levers coincide with suitable time windows. Such a calendar should be maintained on a rolling basis over at least twelve months and bindingly aligned quarterly.

Profitability check before commitment

Every planned promotion should undergo a simple profitability assessment before commitments are made: expected additional volumes, terms effect, additional costs (logistics, overtime, warehousing, returns risk) and the impact on contribution margin. For B2B sourcing promotions, it also matters whether the savings achieved through discounting outweigh the risks of larger order volumes – capital tie-up, obsolescence, market price changes. Even a rough calculation typically prevents many emotionally driven promotional commitments.

Supplier-side preparation

Reliable promotions presuppose that suppliers receive planning figures early. A forecast or call-off exchange with a time horizon of, in practice, often three to six months for promotional volumes is customary. These signals can be fed into joint capacity planning via a delivery call-off contract or as part of supplier integration. For critical items, it is also advisable to align lead times and safety stocks before the promotion starts.

Key KPIs and evaluation logic

Promotion planning can only be steered if its effects are made measurable. A compact set of metrics that shows effects per promotion and cumulatively per period has proven its worth.

Key metrics per promotion

The central figures are: sales and volume lift versus the baseline forecast, the promotion's contribution margin after additional costs, discount or rebate rate, reach and sell-through curve, as well as delivery reliability (OTIF) during the promotional period. For procurement, additionally: realised terms savings versus the reference price and inventory development after the promotion ends. Metrics should be defined as target values before the promotion – targets defined retrospectively invite benevolent

interpretation.

Portfolio and time-series view

Beyond individual promotions, an aggregated view is worthwhile: which commodity groups or customers respond well to promotions, and which hardly at all? How long does the post-promotion dip – the drop in demand after the promotion ends – last? Such patterns can only be identified with sound catalogue management and a consistent item data basis. The findings typically feed back into annual planning and the prioritisation of the initiative pipeline.

Impact on procurement KPIs

Promotion-related volume peaks distort classic procurement metrics such as inventory coverage and order frequency. Promotional periods should therefore be clearly marked in reporting, for example via procurement cost centre reporting or separate plan-vs-actual comparisons. Otherwise there is a risk that normal fluctuations and promotion effects are mixed together, generating false steering impulses.

Risks, contract design and controls

Promotions temporarily increase the complexity of the supply chain. Without clear agreements, typical failure patterns arise: empty shelves or production stoppages due to missing purchased parts, excessive residual stock after the promotion ends, or disputes over subsequently claimed special terms.

Contractual safeguarding with the supplier

Volume and schedule reliability during promotions should be contractually fixed – for example via supplementary volume agreements, graduated tiered prices or flexible call-off corridors in the delivery call-off contract. Termination for cause and provisions on performance in the event of delay provide escalation instruments if a supplier fails to deliver committed promotional volumes. Conversely, procurement's commitments to the supplier (minimum volumes taken) must be calculated realistically in order to avoid later conflicts.

Quality and logistics risks during volume peaks

With high short-notice volumes, the risk of quality deviations increases, for example when suppliers expand capacity at short notice. Ahead of major promotions, it is advisable to align with supplier development on production reserves, inspection depth and incoming quality. Loading equipment management also deserves attention: pallet and container requirements when the transport chain is under double load are often the bottleneck planned last. International promotions also require clear Incoterms agreements, such as Incoterms CPT or Incoterms DAP, to clarify customs and risk-transfer questions in advance.

Internal controls and compliance

Special terms and promotional budgets are prone to audit findings. Sensible controls include: the four-eyes principle for promotional terms, documented price evidence (for example via the supplier score and historical reference prices), proof of promotion outcomes via the performance statement, and clear approval thresholds for discounts. For settlement modalities, evaluated receipt settlement (ERS) can simplify reconciliation, provided the master data is consistently maintained. Legal and tax implications – for example when granting rebates or making refunds – should be reviewed on a case-by-case basis.

Current developments and digitalisation

Promotion planning is becoming increasingly data-driven. Instead of one-off annual plans, rolling planning cycles closely coupled with sales and procurement data are emerging, which also capture short-term market reactions.

Data basis and planning systems

Modern planning approaches use sales and movement data to derive promotional lifts from the past and use them as a planning factor for future promotions. An essential prerequisite is a clean item data structure including supplier identifier, so that promotional effects can be uniquely attributed. In many companies, the alignment of promotional volumes with suppliers is increasingly digital – via supplier portals, shared forecasts or standardised data exchange formats.

Integration into S&OP and annual planning

Promotion planning should not remain an isolated marketing topic, but should be embedded as a fixed component in S&OP cycles and capacity planning. This allows promotional demand to be matched early against available production and sourcing capacity – critical especially in low-volume manufacturing, where set-up times and lot sizes limit flexibility. Supplier development can also be used to derive concrete requirements for flexibility and lead times from this.

Sustainability and residual stock considerations

Promotions aimed at clearing excess stock are increasingly in tension with sustainability goals. Forward-thinking companies examine whether residual stock is better recovered through targeted promotional channels, second-use concepts or take-back agreements with suppliers. Within indirect procurement – for example trade fair and marketing materials – the question of how promotional consumption can be optimised in terms of materials and energy is also gaining importance.

Typical metrics

Sales/volume lift per promotion: in practice often +10–30 % versus baseline forecast

highly dependent on industry and promotion type, indicative only

Delivery reliability (OTIF) during the promotion: > 95 %

below this value, supply bottlenecks loom during peak periods

Realised terms savings: typically 2–8 % versus reference price

documented via evidence and performance statements

Residual stock ratio after the promotion ends: < 5 % of the promotional volume

indicator of the accuracy of promotional volume planning

Forecast accuracy of promotional volumes: 80–90 %

deviation between planned and actually called-off volumes

Practical example

A mid-sized manufacturer of conveying systems took part for the first time in a public major procurement competition run by a logistics operator, which was advertised via an external buying day with promotional prices. No prior alignment had taken place with the key suppliers for drive technology; the bid was submitted with attractive prices, but delivery failed due to delays in the purchased parts. The

following year, the company fundamentally changed its approach.

- Establishing a rolling promotional calendar with quarterly alignment between sales, procurement and planning.
- Early forecast exchange with three key suppliers via the existing delivery call-off contract, including committed promotional volumes.
- Negotiating tiered promotional prices with documented reference prices and a defined performance statement.
- Post-hoc evaluation per promotion with integration into procurement's cost centre reporting and adjustment of subsequent calculations.

Conclusion

Promotion planning links sales-side opportunities with procurement-side realities. Success comes to those who make promotional periods visible early, assess them economically and consistently align the resulting volume and terms effects with suppliers. A well-maintained promotional calendar, contractually clear call-off and volume arrangements, and sober post-promotion controlling are the most important levers. Those who treat promotion logic not merely as a sales matter but as a steering instrument for the entire value chain can realise price advantages without jeopardising supply security or contribution margin. The contractual and tax design of promotional terms should always be reviewed on a case-by-case basis.

Frequently asked questions

What is promotion planning?

Promotion Planning refers to the systematic planning of time-limited promotional activities – including the associated effects on volumes, prices and capacity. In a B2B context, it covers both participation in supplier promotions and preparation for demand peaks on the customer side. The objective is to exploit price advantages without throwing delivery reliability or inventory levels off balance.

What are procurement's responsibilities in promotion planning?

Procurement ensures timely signals to suppliers, negotiates promotional terms and secures the availability of the required materials during the promotional period. This includes forecast exchange, tiered price negotiations and, where necessary, adjustments to the delivery call-off contract.

Procurement also documents the savings realised and prepares them for Controlling.

Which KPIs are relevant in promotion planning?

The core metrics are sales and volume lift, the promotion's contribution margin, realised terms savings, delivery reliability (OTIF) during the promotion, and inventory and residual stock development after the promotion ends. It is important to define objectives before the promotion and to distinguish promotional periods from normal fluctuations in reporting. This allows promotion outcomes to be evaluated objectively.

How do I plan promotional demand in material planning?

Promotion demand should be maintained as a separate planning position alongside the regular demand forecast, for example in a dedicated forecast or promotional calendar. Volumes, time horizons and lead times are agreed with suppliers in advance and fed into capacity planning. Once the promotion ends, the decline back towards baseline demand should be anticipated in order to avoid excess stock.

What risks does promotion planning entail?

Typical risks include delivery delays during volume peaks, quality deviations when supplier capacity is expanded at short notice, excessive residual stock and unclear terms settlement. Countermeasures include contractual volume and call-off arrangements, early warning to suppliers, the four-eyes principle for special terms, and a structured performance statement. Loading equipment management and transport capacity also deserve attention.

What is the difference between promotion planning and demand planning?

Demand planning forecasts regular demand based on historical data and market trends. Promotion planning supplements this with active, time-limited demand impulses that have their own drivers and levers. In practice, the two levels are planned separately and only merged in the joint S&OP alignment.