

5 Interesting Facts About... SPAs



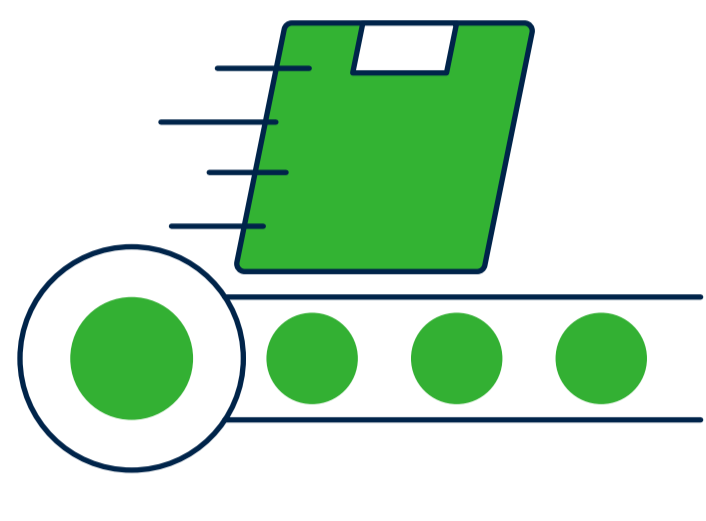
How much do you know about these complex and misunderstood deals?

Today, we'll be sharing 5 surprising facts about everyone's favorite flexible pricing strategy: SPAs!

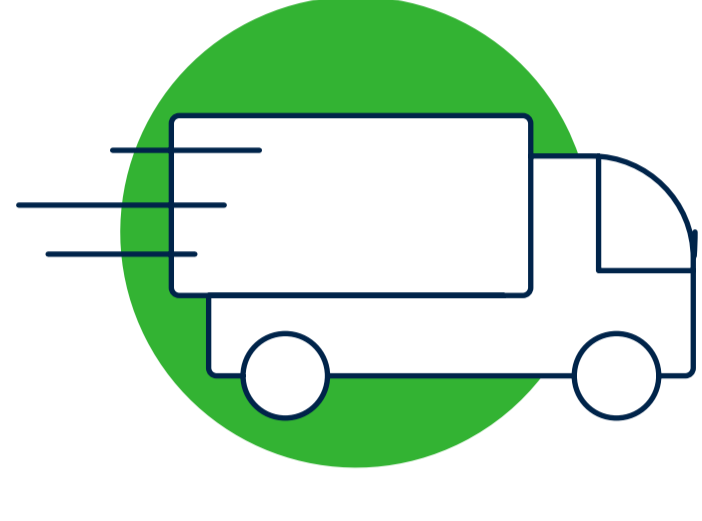
What are SPAs?

Special pricing agreements (SPAs) are retroactive pricing incentives in which a manufacturer agrees to discount prices for a distributor or retailer after they sell the product to customers at an agreed price.

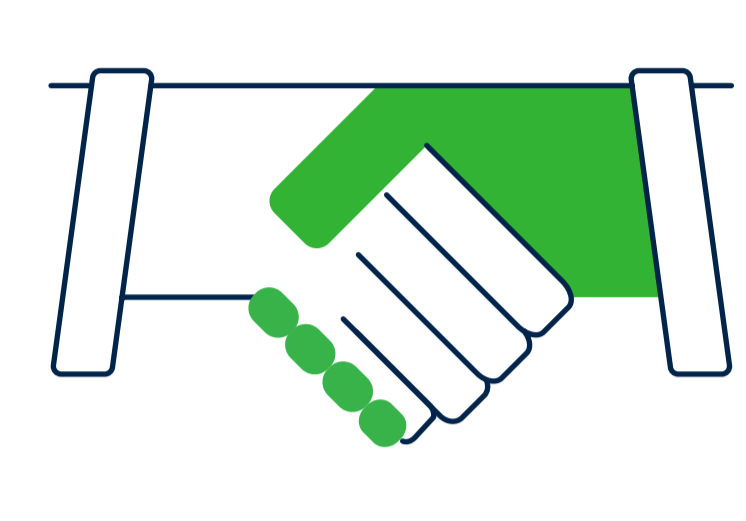
The collaborative benefits of SPAs run both ways, helping businesses compete and bolstering trading relationships at every level of the supply chain:



Manufacturers achieve strategic goals and strengthen trading relations



Distributors sell more at a lower price with assured margins



Customers get a better price on discounted products

1 SPAs are known by many names across the globe

- ship & debit
- contract claims
- claim backs
- file backs
- chargebacks
- contract/price/sales support
- sales rebates



2 SPAs: a redemption story

In the 19th century, SPAs and rebates (then called "drawbacks") were used by tycoons like John D. Rockefeller to take control of the railroad and oil industries.

Today, these deals have risen above their questionable origins to become a respected incentive strategy. Current regulations ensure that SPAs are conducted in a fair and equitable way.



3 SPAs are used by 77% of distribution firms in North America

SPAs are a popular incentive strategy and they're growing more popular every day.



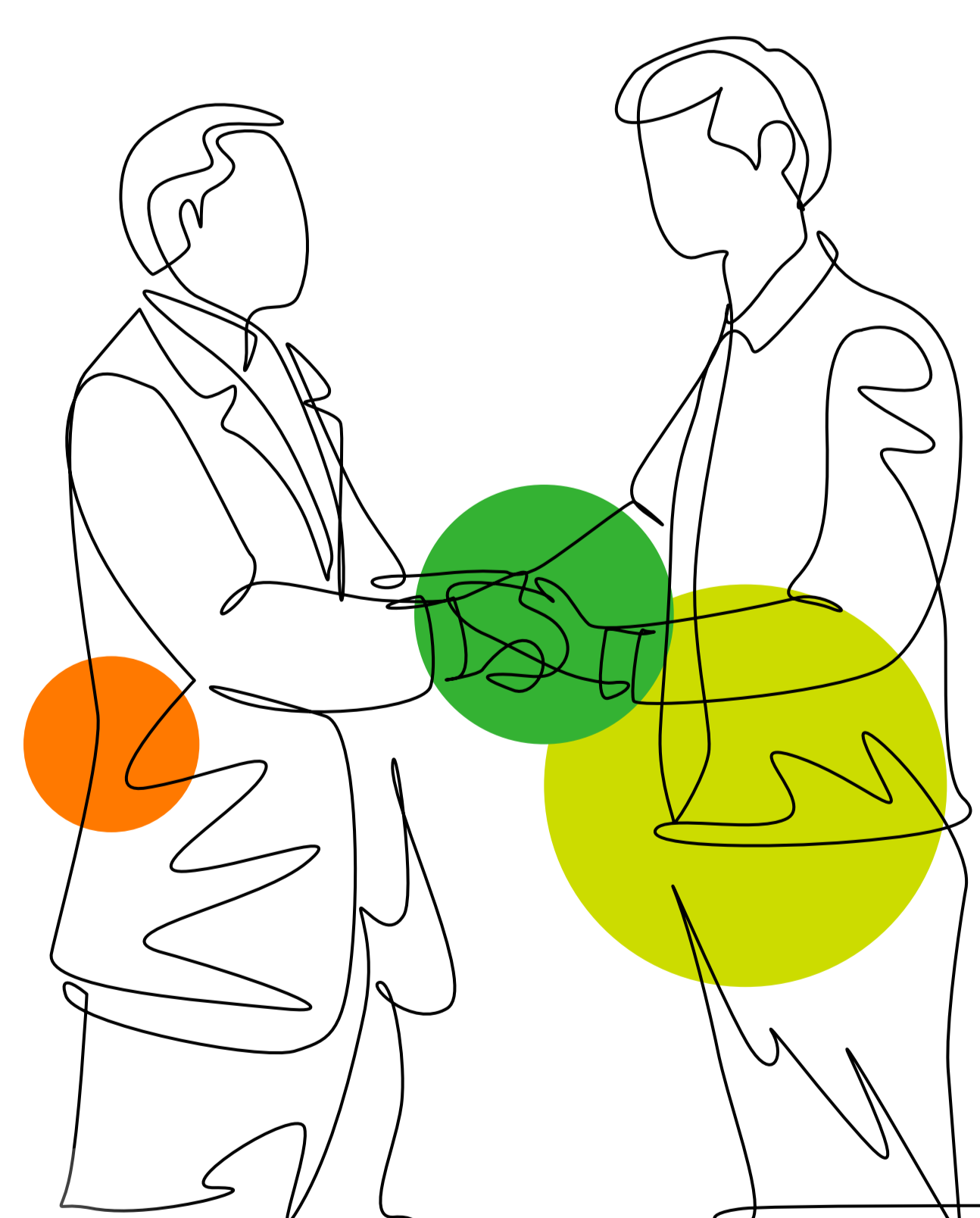
4 Distributors are in a unique position to benefit from both sides of SPAs

Distributors can be on the receiving end of a manufacturer's SPA, while themselves creating SPAs for vendors and retailers further down in the supply chain.



5 SPAs can set a pricing floor for trading negotiations

Reducing your prices in unstructured discounts or price cuts can set off a "race to the bottom," where the only way to incentivize customers further is to drop your price even lower. SPAs provide a structure for the incentive, setting a "pricing floor" for future negotiations.



Most SPAs are managed on outdated, inflexible and error-prone legacy systems, such as spreadsheets or ERPs. SPAs are best managed with a dedicated software solution, such as **the Enable platform**, designed specifically to streamline and automate the complex process of managing SPAs.

Download our white papers to find out how SPAs benefit manufacturers and distributors.