



The 2024 State of Volume Rebates for Manufacturers



Introduction

We are doing business in unprecedented times. Transformation occurs across industries at unheard-of speeds, challenging us to keep pace with fluctuating market conditions, political upheaval, increasing costs of labor and supplies, rising consumer expectations, consolidation and so much more. Suppliers and customers within the supply chain face these challenges every day as they work tirelessly to maintain relationships, protect margins and achieve revenue growth.

Amid all this uncertainty, an unlikely hero has emerged: the humble rebate.

For many companies, rebates have become a strategic lever offering the means to foster stronger relationships between trading partners while simultaneously driving internal efficiencies and, ultimately, bolstering the bottom line.

Rebates have had many names over the years—spiff, promotion, special pricing agreement, ship-and-debit to name a few—but they are, at their core, any transaction where funds flow back through the supply chain. Rebates are behavioral motivators. By negotiating and implementing effective rebate agreements, companies throughout the supply chain can incentivize bulk purchasing, loyalty, prompt payment and other desirable behaviors. In these scenarios, both customers and suppliers win, promoting healthier trading relationships. These lasting partnerships contribute to a more resilient and competitive supply chain.

But how do we get there? How do we turn rebates into a lever for growth? How do we use them as tools to bolster trust between suppliers and customers?

The key is good rebate management.





Good rebate management opens communication, reduces disputes and ensures that both parties fully benefit from agreements.

For years, rebate management has been good enough, but as the supply chain faces all these mounting challenges, good enough isn't, well, enough. Maybe this is a bold statement, but we can't just scrape by on the basics, relying on cumbersome spreadsheets, rigid ERPs and error-prone manual processes. We need tools and platforms that work for us, that allow us to manage every type of rebate no matter how complex, that allow us to work together on creating, negotiating and executing contracts and that allow us to have full control over who sees our data, how and when.

Good rebate management allows us to maximize revenue streams, avoid revenue leakage and maintain a healthy cash flow. In turn, this empowers us to invest in innovation, technology and talent—critical components for staying ahead in our ever-evolving landscape. Good rebate management opens communication, reduces disputes and ensures that both parties fully benefit from agreements. This collaborative approach not only enhances the efficiency of day-to-day operations but also positions us as reliable partners.

The role of good, effective rebate management cannot be overstated. Rebates drive financial performance while shaping the strategic landscape of supply chain operations.

And that's why Enable decided to revisit how manufacturers and distributors are using volume rebates. If rebates are the key to supply chain success, we wanted to peel back some of the mystery surrounding their uses and how effective they really are at motivating behavior and achieving business objectives. We asked manufacturers and distributors across **13 industries** about their volume rebate programs. Some of what we learned hasn't changed too much from last year, but we've also uncovered new gaps and areas of friction—communication between manufacturers and distributors remains a hot topic—while discovering some exciting areas of opportunity, too.

This report comes in two halves: one unpacking what we learned about distributors, and one focusing on manufacturers. This part of the report focuses on manufacturers. Reading both reports will paint a fuller picture of how volume rebates are used to support the supply chain.

Key Stats

1

Opportunities Exist for Manufacturers to Expand Rebate Programs

- **62%** of manufacturers offer a volume rebate program, the most common type of rebate program offered.
- The majority of manufacturers reported that they support fewer than **25** distributors, contractors or retailers with their volume rebate programs.



2

Rebate Strategies Lack Synergy with Company Goals

- Only **4%** of manufacturers say managing their rebate program is easy.
- **36%** of manufacturers use their rebate programs to drive sales growth.
- However, manufacturers are unsure of the effectiveness of their rebate programs. **32%** don't believe their strategy is effective, and 18% report they don't know how effective their strategy is at all.

3

Improved Analytics and Communication will Drive More Effective Rebate Programs

- **64%** of manufacturers believe that better analytics will make their rebate programs more effective, compared to **42%** in our previous report.
- **41%** of manufacturers believe their sales team only periodically discusses rebate programs with customers.
- However, manufacturers believe that better awareness of programs within trading partner organizations (**55%**) and improved communication (**50%**) will make their programs more effective.

4

Administrative Burdens Prevent Strategic Use of Rebates

- One-third of manufacturers manage rebate programs through Excel, while another third use ERPs, and **31%** describe the process as labor-intensive.
- More than half (**55%**) of manufacturers don't have a full-time rebate manager.
- Most manufacturers (**46%**) spend one month or more on reconciliation for year-end reporting.

Opportunities Exist for Manufacturers to Expand Rebate Programs

Rebates are a growth engine for both manufacturers and distributors. Rebates help businesses throughout the supply chain encourage behaviors and, quite simply, do more.

To that end, we discovered some great news through our surveys: there are opportunities for manufacturers to do more with rebates. For some manufacturers, these opportunities will take the form of a more varied rebate offering. For others, it will mean offering rebates to a greater number of distributors, contractors or retailers.



Rebate Program Expansion May Provide Growth Opportunities

The majority of manufacturers reported that they support fewer than **25** distributors, contractors or retailers with their volume rebate programs.

Presumably, manufacturers are supporting their best customers with their volume rebate programs and are running fewer programs with fewer customers so that they can focus on administering the programs that create the most value. This is sensible, as many manufacturers reported that administering their rebate programs isn't easy (more on this later).

We believe, however, that this data presents an opportunity. Manufacturers can almost certainly expand their rebate programs to a larger number of customers. Before you write that off as too difficult, remember that the administrative burden of rebate programs can be lessened with the right tools in place. If manufacturers leverage tools and platforms designed specifically for managing rebates more effectively, they'll be able to expand their offerings.

The net result is manufacturers offering more tailored programs to a greater number of customers, resulting in improved customer loyalty, increased sales, greater flexibility in pricing and, ultimately, more revenue.

Manufacturers may want to carefully consider their existing rebate programs, the burden of administering them and their best customers to find areas of opportunity.

Increased Variety in Rebate Program Offerings Drives Desired Behaviors Among Customers

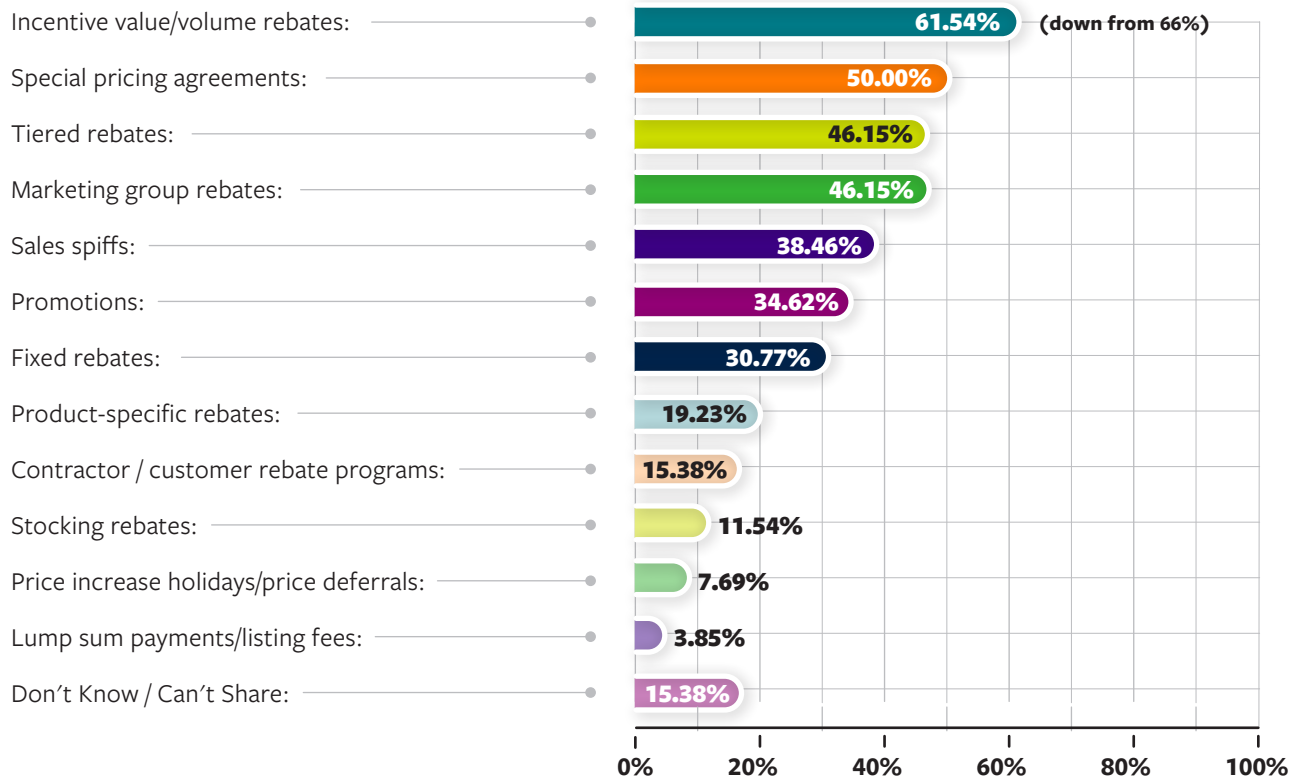
Different types of rebate programs drive different behaviors in customers, ultimately leading to different results for manufacturers. We were curious to know if manufacturers were leveraging all the different types of rebates available to them—so we asked.

Most manufacturers reported using volume rebates (**62%**). But special pricing agreements (**50%**), tiered rebates (**46%**) and marketing group rebates (**46%**) were also popular rebate offerings. Very few manufacturers reported offering lump sum payments (**4%**) and price deferrals (**8%**).



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What kinds of rebate programs does your company offer?



We weren't surprised to see that manufacturers use volume rebate programs more than any other program type. Volume rebates are often the most straightforward type of rebate, and they help drive revenue and sales growth very efficiently.

However, while volume rebates may be simpler and more straightforward than other rebate programs both to execute and administer, they may not always be the right solution for a given pair of trading partners. Manufacturers should consider what objective(s) they want their rebate programs to achieve and consider utilizing different types of rebates to achieve those goals.

For example, while tiered and volume rebates are excellent at increasing purchase volume (and thus driving revenue), a stocking rebate may be more effective at keeping product(s) on customers' shelves.



Choosing the right rebate program is of paramount importance—and that's what we'll talk about next.

Rebate Strategies Lack Synergy with Company Goals

We mentioned earlier that many manufacturers told us their rebate programs aren't easy to administer. In fact, only **4%** of manufacturers say managing their rebate programs is easy. As a result, managing rebate programs is regarded as a frustrating, time-consuming task that doesn't add value to the bottom line—and many businesses adopt a one-size-fits-all policy with their rebate programs just to make everything a little easier.

This means that rebate programs often don't help companies achieve goals (or, worse, manufacturers don't know if their rebate programs are helping them achieve their goals).

But what goals are manufacturers trying to achieve?

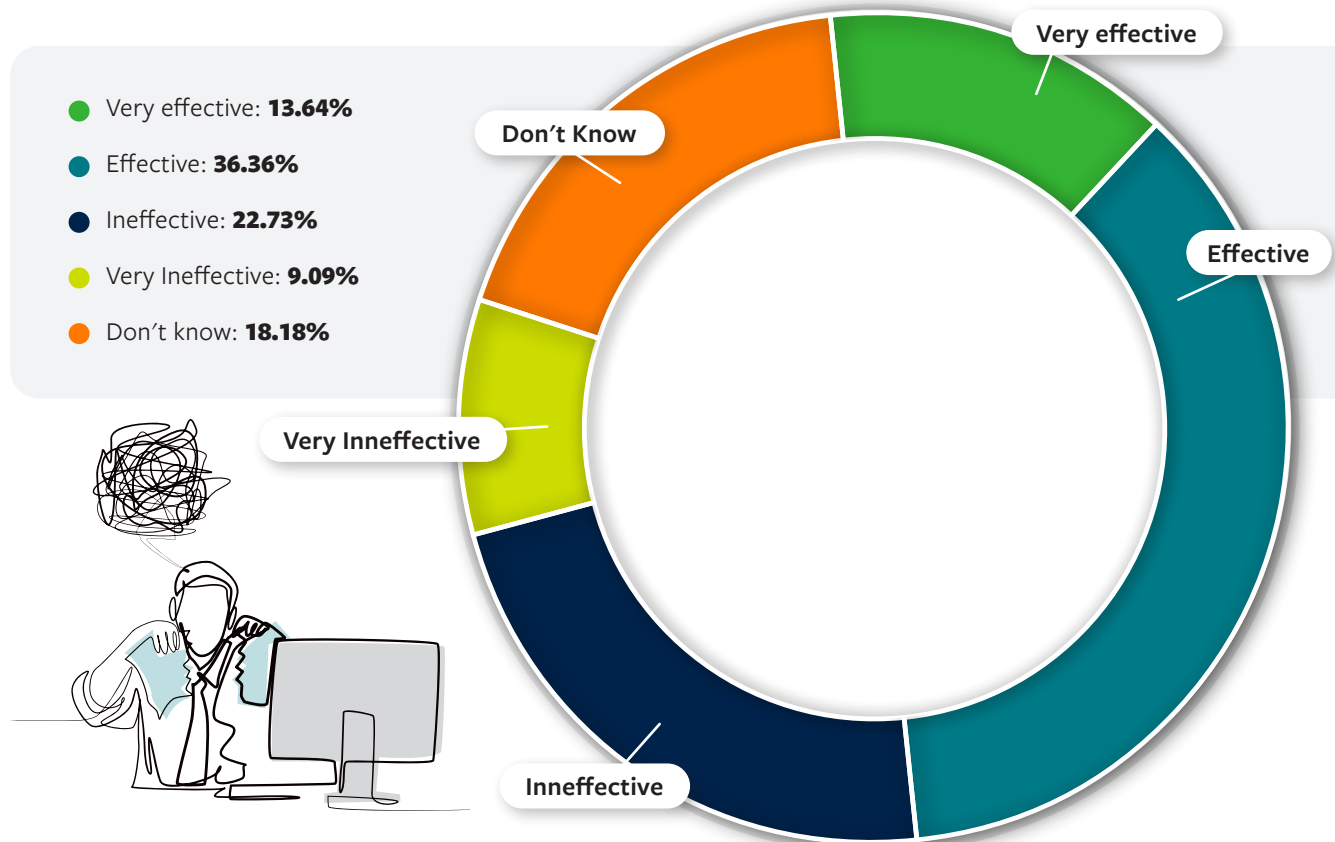
When asked to rank the priority of their company's goals for rebate strategies, an overwhelming **36%** of manufacturers said that driving sales growth was the most important. Meanwhile, **45%** of manufacturers said that using rebates to drive product category growth was the least important. If sales growth is so critically important, then manufacturers must be sure they're meeting goals.

Unfortunately, that's not the case. A shocking **32%** of manufacturers believe their rebate strategy isn't effective in helping them meet their goals. This points to a critical need for manufacturers to reassess and refine their approach to rebate programs. Manufacturers must understand the impact of their rebate programs on sales goals if they're to use these programs to influence customer behaviors and achieve their goals.

But even more concerning is the fact that **18%** of manufacturers admit they don't know how effective their rebate strategies are at all. This lack of insight underscores a crucial gap in the feedback loop that should inform strategic decision-making. Without a clear understanding of how rebate programs influence consumer behavior, purchasing patterns and overall sales performance, manufacturers are left in the dark regarding the true value and impact of their investment in these programs.



How effective is your volume rebate strategy in achieving your primary goal?



We suspect this ties back to the difficulty manufacturers report having with administration. When administration isn't easy, neither is reporting, and when reporting isn't easy, it's impossible to measure performance.

As a result, many manufacturers offer rebate programs that lack strong synergies with their company goals. And without effective management, rebate programs may even be working against company goals. Overcoming these challenges will be critical to manufacturers' successes over the coming year and into the future, requiring them to leverage data-driven insights, implement technology and foster even more collaborative relationships. Only through these efforts can manufacturers unlock the true potential of their rebate programs and propel their businesses towards sustained growth and success.

Improved Analytics and Communication will Drive More Effective Rebate Programs

In last year’s report, we talked about how important both analytics and communication are to manufacturers’ successes. Manufacturers told us they believe that better analytics will make their programs more effective. They also believed that better communication with distributors would improve trading program utilization.

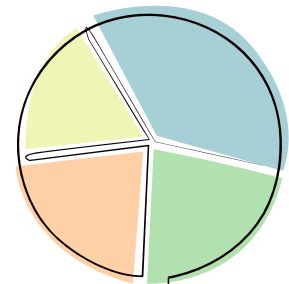
Both these things remain true. However, manufacturers believe better analytics and communication are even more important than last year. Let’s dive in.

Manufacturers Need Better Analytics Capabilities

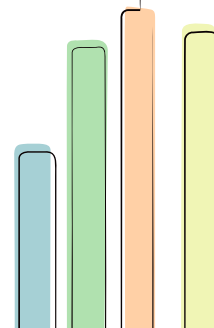
A significant **64%** of manufacturers now believe that the key to unlocking the full potential of their rebate programs lies in better analytics. This marks a notable increase from the **42%** reported last year, indicating a growing recognition of the pivotal role that data-driven insights play in shaping successful rebate strategies.

Many manufacturers recognize that spreadsheets and ERPs just don’t cut it anymore. Neither tool provides the kind of detailed reporting that manufacturers need to understand program utilization and success. As a result, manufacturers must spend considerable time building their own analytics tools or reporting dashboards.

With more advanced analytics capabilities, manufacturers will be able to better optimize their rebate programs. These abilities allow companies to delve deep into their data, unveiling patterns, trends and customer behaviors that might otherwise go unnoticed. By leveraging these insights, manufacturers can refine their rebate structures, tailor incentives to align with customer preferences and ultimately enhance the overall effectiveness of their programs.



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Manufacturers Believe Better Communication is Needed

In keeping with findings from last year, there remains a need for increased communication between manufacturers and distributors. Both manufacturers and distributors acknowledge a lack of communication as a barrier that needs to be overcome.

A notable **41%** of manufacturers believe their sales teams only periodically discuss rebate programs with customers—and only 1 in 4 believe their sales orgs use rebate programs to drive rebate program performance. This kind of sporadic communication between manufacturers and distributors can introduce challenges in the trading relationship.

More frequent communication means that trading partners know where they stand, especially against goals. For many customers, knowing when they're close to meeting a volume threshold will impact buying decisions. Increased communication between manufacturers and their customers means better alignment, facilitating the ability to capitalize on more opportunities.

Manufacturers seem to agree. **55%** believe that if trading partners had better awareness of trading programs, those programs would be more effective. This is up from last year, when only **46%** of manufacturers thought better awareness would drive effectiveness. Another **50%** of manufacturers also believe that improved communications will help the efficacy of their trading programs.

Better communication between manufacturers and distributors will only become more important as margins continue to shrink and disruptions to the supply chain occur. By implementing systems of communication now, manufacturers and their customers will be better able to overcome these disruptions together by already having aligned strategies.



26% of distributors
aren't sure how
they track program
performance at all.”



Better Conversations with Distributors

Distributors want to hear from manufacturers more frequently. But what do they want to talk about?

Two big things:

1. **30%** of distributors want to know their status. Conversations around progress toward goals are critically important to them.
2. Alignment. **20%** of distributors believe they're not aligned with their partners, and they want to have more conversations that foster realignment.

If you're not sure where to start with your customers, reach out to them about these two topics to get the conversation started.



Administrative Burdens Prevent Strategic Use of Rebates

We mentioned at the start of this report that manufacturers reported a degree of burden when it comes to administering their rebate programs. **46%** of manufacturers told us they spend one month or more on reconciliation for year-end reporting. **32%** described the process as labor-intensive. Frankly, if manufacturers are spending so much time on reconciliation, we're surprised only a third of respondents said the process was labor-intensive. But what we see here is a clear story: managing rebates isn't always as easy as we think it should be.

A few respondents gave us some additional insights beyond the numbers. One manufacturer told us that their company doesn't allocate enough resources to reconciliation and administration. Another reported that the disparate reporting formats from their customers slows them down considerably as they have to do a significant amount of data transformation.

It's clear that both manufacturers and distributors need better ways of administering rebates and reconciling them at month- and year-end.



Two Key Drivers of Administrative Slowdowns



1 Suboptimal Tools and Platforms

We're going to pick on spreadsheets and ERPs for a minute. Let's level with each other: neither spreadsheets nor ERPs were made with rebates in mind. We use them to administer our rebate programs because they're the tools we use for other financial requirements. And, largely, they get the job done. No one's denying that.

In fact, most manufacturers use either spreadsheets or ERPs—**one-third** of respondents reported using the former, and another third reported using the latter.

But spreadsheets and ERPs just aren't cutting it anymore. Manufacturers want better analytics capabilities, and neither spreadsheets nor ERPs will offer that. While spreadsheets are incredibly flexible, they also require manual upkeep and, as a result, are prone to error. Plus, we've heard from multiple manufacturers and distributors that they have to maintain numerous different spreadsheets, resulting in version control issues and data siloing. Analytics become impossible when data is so disparate.

ERPs may contain all your data in one place, but they're often incredibly limiting when it comes to rebates. In many instances, using an ERP requires a one-size-fits-all approach to rebate programs. That's just not reasonable in today's environment where tailored rebate programs almost always outperform more general ones.

To combat the shortcomings of spreadsheets and ERPs, some (**14%**) manufacturers use homegrown tools developed by their IT departments. While in-house solutions are tailor-built, they're often difficult to maintain over long periods of time.

Is there a solution? We think so. Many rebate management platforms are beginning to emerge as an alternative to the traditional spreadsheets and ERPs, offering a better experience for manufacturers looking to build tailored rebate programs for their customers.

2 Talent

For other manufacturers, the problem isn't the tool but finding the talent to manage rebates on a day-to-day basis. Remember, about **one-third** of manufacturers reported that the process of rebate administration is labor-intensive. We believe that's because of staffing concerns. **Just over half** of manufacturers told us they don't have a full-time rebate manager.

Ironically, one of the biggest issues companies run into with rebate management is key-person dependency. Because companies don't have redundancy on their finance teams, all the rebate information and knowledge lives in one person—and if that person leaves or even goes on vacation, trouble ensues. Spreadsheets often compound this issue, as the individual managing them often has a system only they understand.

Hiring someone to manage rebates can also be incredibly difficult, as the candidate needs to have a wide variety of skills, from finance and accounting know-how to interpersonal and conflict resolution skills.

Upskill with Rebate Strategist University

Advance your career, show off your skills and help grow your business with Rebate Strategist University. Learn the skills you need to transform your company's rebates into a strategic engine for growth with this 4-lesson course.



What's Next for Manufacturers

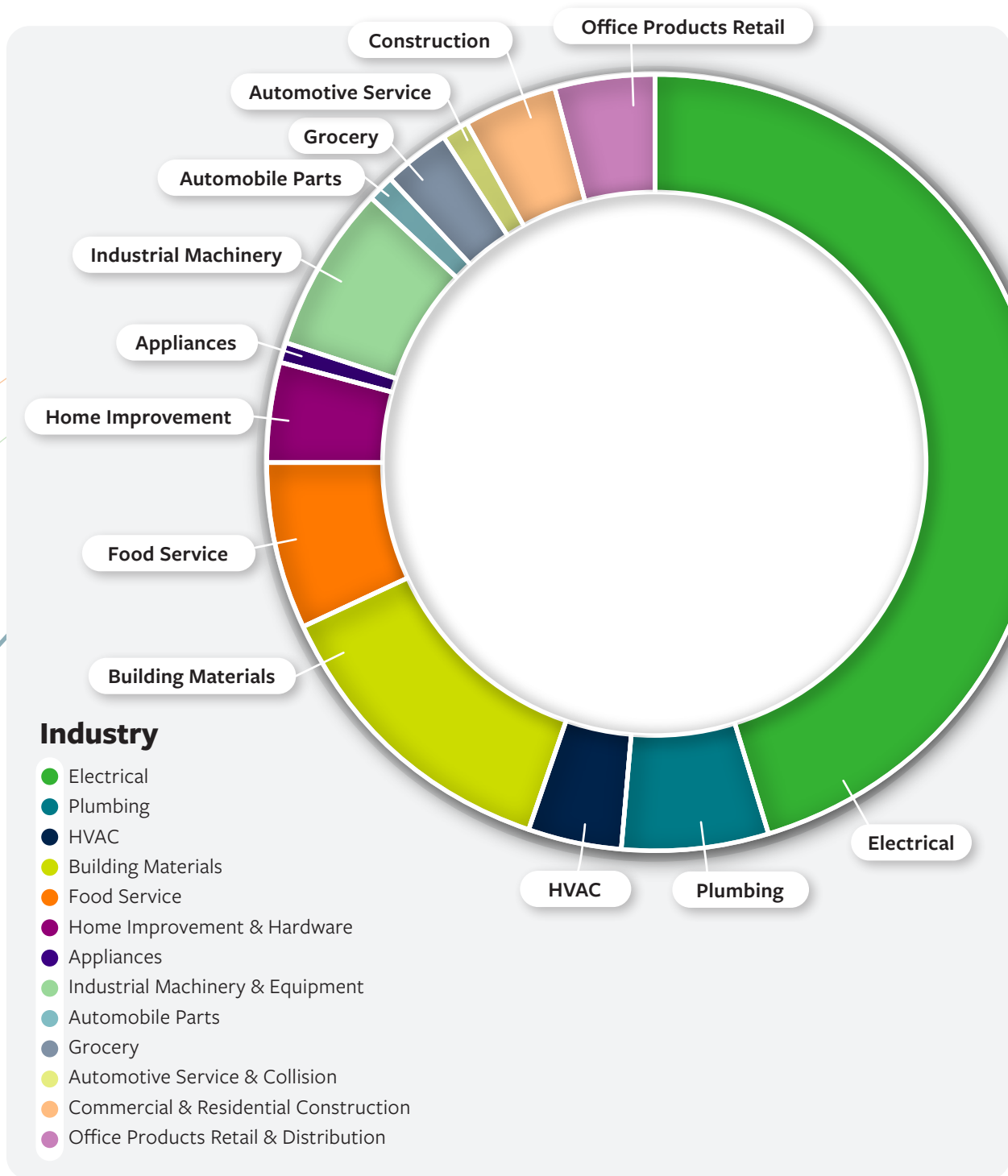
No matter how you're using rebates, we can all acknowledge that they are a powerful tool for manufacturers. They drive critical behaviors from customers, increase revenue and drive additional sales and loyalty.

Over the coming year, there are plenty of challenges to overcome, both internally and externally. Manufacturers have the chance to improve their analytics and communication with trading partners while uncovering ways to reduce administrative burdens on finance team members. But there are exciting opportunities as well: manufacturers can choose to expand existing rebate programs to more customers or create new programs that will drive the business outcomes that matter most.

Now, more than ever before, rebates play a critical role in building stronger and longer-lasting trading relationships between manufacturers and distributors, and their importance will only continue to grow.

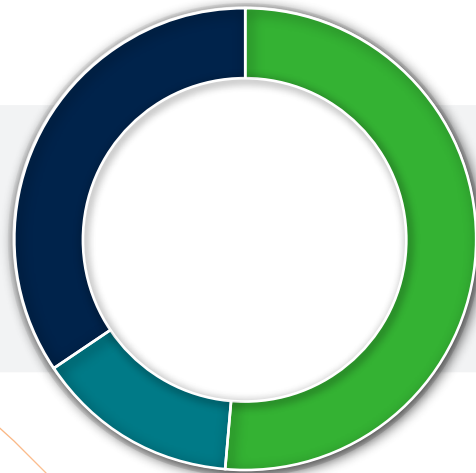


Demographics



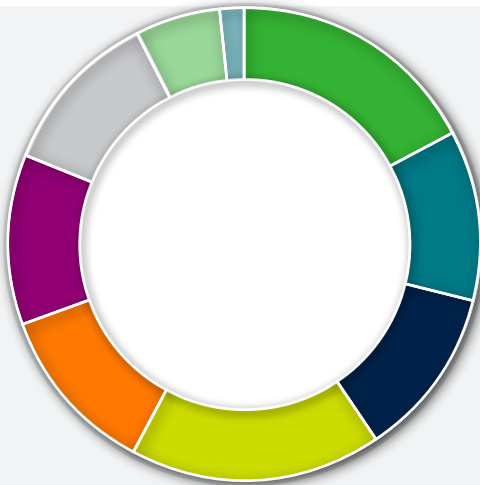
Business Type

- Distributor / Wholesaler
- Retailer
- Manufacturer



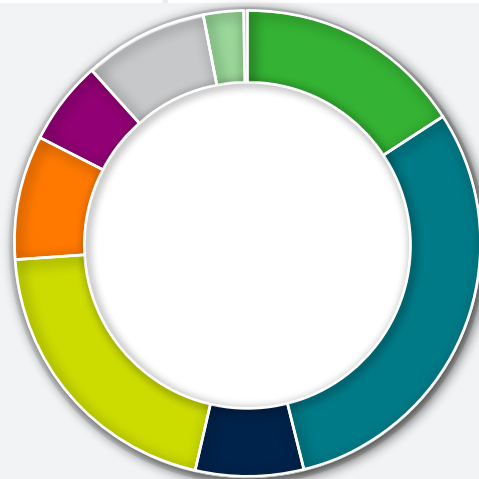
Revenue

- < \$25M
- \$25-50M
- \$50-100M
- \$100-250M
- \$250-500M
- \$500M - \$1B
- \$1B - \$5B
- \$5 - \$10B
- \$10B+

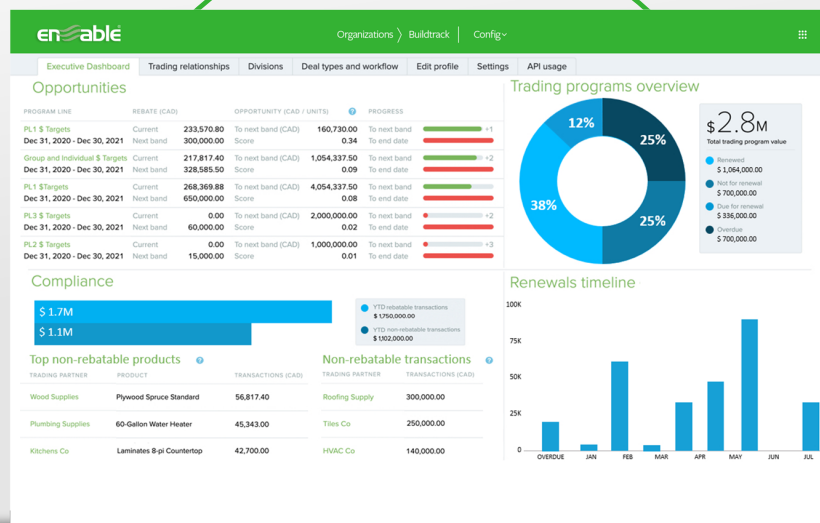


Title

- President / CEO
- Senior sales management
- Regional Sales management
- Branch manager
- Purchasing
- Accounting / Finance
- IT
- Sales
- Regional / Field Management



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About Enable

Enable helps manufacturers, distributors, and retailers take control of their rebate programs and turn them into an engine for growth. Starting with finance and commercial teams, Enable helps you better manage rebate complexity with automated real-time data and insights, accurate forecasting and stronger cross-functional alignment. This lets you — and everyone in your business — know exactly where you are with rebates. Then you can extend Enable externally to suppliers and customers, setting them up with one collaborative place to author, agree upon, execute on, and track the progress of deals. Find out more and try it for free at enable.com.