**Discounting in the Sales Process**

When a sales rep puts together a quote, it’s almost certain they will want to apply discounts to at least a few products. After all, they’re trying to negotiate a deal. Salesforce CPQ supports this kind of basic discounting, but it also does much more. For example, your business can reward customers who buy large quantities of items by giving them a volume-based discount to encourage bigger sales. Salesforce CPQ can apply volume-based discounts automatically so that sales reps don’t have to search through tables of out-of-date discounting data. CPQ also keeps track of different types of discounts, such as partner or distributor discounts, so that pricing details are never lost. Salesforce CPQ aims to make discounting easy by simplifying or automating the process.

The Price Waterfall

To keep track of adjustments to pricing and discounts, Salesforce CPQ uses multiple pricing fields on the quote line, each field representing specific changes. Some fields, such as List Price, represent adjustments but most fields are affected by some kind of discount.

| **Pricing Field** | **What It Represents** |
| --- | --- |
| Original Price | Price book price |
| List Price | Price book price, percent of total price, block price, or option price override |
| Special Price | Cost plus markup price, contracted price, or option discount |
| Regular Price | Result of volume-based discounts |
| Customer Price | Result of manually editable discounts |
| Partner Price | Result of partner discount, set manually or through automation |
| Net Price | Result of distributor discount, set manually or through automation |

This list of prices is often referred to as the price waterfall because each price cascades down to affect the next price. For example, CPQ takes the special price and deducts the volume-based discounts to calculate the regular price. Then, it takes regular price and deducts manual discounts to calculate customer price, and so on.

It’s good to be familiar with the price waterfall so that you can understand how CPQ eventually calculates the net price. This is what we actually ask the customer to pay for a given product, and it is synchronized to the opportunity product price.

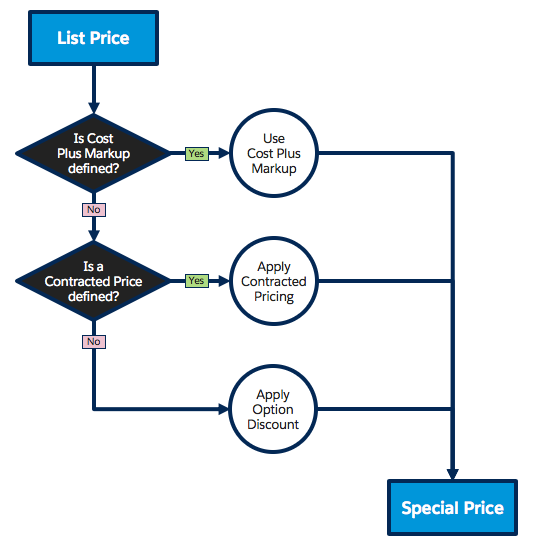
 bundles are collections of products sold together as a set. They’re a great way to help sales reps remember what’s supposed to be sold together and what products are available for upsells.

Have you ever come across a great deal on a bundle? Maybe it’s all three movies in your favorite sci-fi trilogy sold for one low price. Or maybe it’s a discount on the latest cell phone when packaged with a year of service. To encourage customers to buy bundles, businesses often discount the bundled products while leaving the unbundled products full price. Salesforce CPQ supports exactly this scenario, making it easy for administrators to set up bundle-based discounts.

Option Discounts and Other Pricing Methods

 the series of price fields CPQ uses to track quote line pricing. One field, Special Price, is used to represent option discounts. However, CPQ also uses the Special Price field to represent the outcome of cost plus markup and contracted pricing adjustments. So what happens if option discounts are used with one of the other pricing methods?

Only one adjustment can be used for the Special Price field, so Salesforce CPQ prioritizes them. Cost Plus Markup has the highest priority. If that’s not used, then Contracted Pricing is applied. Lastly, if no other adjustments exist, the Option discount is applied to the List Price.



Option discounting is an easy way to automatically discount products sold as part of a bundle. Another way to automate discounts is to use a tool called Discount Schedules, which lets admins set up volume-based pricing. In the next unit we see how to use Discount Schedules to reward customers who buy in bulk.