Chapter 2 described which functional subareas a merchandise management system must always cover. This chapter considers the individual subfunctions in more detail and presents the concepts realized in SAP Retail.

The following sections assume a closed merchandise management system. A merchandise management system is called closed (with regard to the goods cycle), when the goods inventories in all company units (in particular, also in the decentralized units, namely stores) are maintained for each particular article and the article stocks are updated in real-time (cf. Hertel 1999, p. 6 f.; Ahlert 1997, p. 34 f.). The latter implies that the goods arrivals, the goods losses caused by spoilage and breakage, and sales, for example using scanners at the cash desks, are recorded for each particular article. In “non-closed” merchandise management systems, the goods cycle is “closed” only after the annual (manual) physical inventory has been performed.

However, the advantage of closed merchandise management systems, which for quite some time represent the state-of-the-art, is not only of a qualitative nature with regard to the question when the system can be “closed” and so the article inventory is updated. The expanded possibilities that arise from the current inventory information are more important. In particular, the ability to use automatic purchasing or article-specific (short-term) profit margin calculations.

Before we discuss the operative functions, the following section first introduces the central organizational structures and master data objects. The consideration of the operative functions then follows the structure of the retailing H model presented in Chapter 2.
3.1 Organization Structures

The representation of organization structures in information systems forms a fundamental prerequisite for their use in mid-sized and large retailing companies. The multi-stage structures typical in retailing cover the industrial production, include wholesalers, possibly intermediate stores and individual retailers, and end with the consumer. Such structures have a complexity that places high demands on an integrated information system. Figure 3-1 shows the basic structure of a multi-stage retailing company that provides both wholesaling and retailing functions, and which is present in the market with several sales lines.

![Figure 3-1: Typical structure of a multi-stage retailing company](image)

However, such a one-dimensional representation cannot adequately describe the organization structure of a complex structured retailing company. Rather, the different views of the organization structures must be differentiated. The legal viewpoint can be described with details of the legal forms of companies and their owner structures. In contrast, warehouses, storage locations, unloading and receiving points are relevant from the logistical viewpoint. A (largely) arbitrary relationship can exist between a warehouse (logistical view) and a company (legal view). In a simple case, a warehouse belongs to just one legal company and could possibly be at the same site; in more complex situations, parts of a warehouse can belong to several companies and can be located geographically at a different location.

There are also a buy-oriented view that describes the organizational responsibilities in the purchasing department and an analog sell-oriented view. Typical buy and sell-oriented organizational units are purchasing and selling organizations, distribution channels or purchasing areas. The following sections discuss these in