A NEW ERA FOR
Category Management

CATEGORY MANAGEMENT IS ON THE CUSP OF THE BIGGEST CHANGES IN ITS 25-YEAR HISTORY THANKS TO THE COMBINATION OF INNOVATIVE TECHNOLOGIES THAT HAVE GIVEN SHOPPERS EVEN MORE POWER. > By Tom McDonald

When the Category Management Association (CMS) gathered earlier this year in Nashville for its annual conference there was special buzz in the air. The art and science of category management is changing in profound ways, which is why the theme of the event was Understanding the Interconnected Shopper and speakers focused on how digital and e-commerce are impacting the category management role. The conference detailed the changing landscape for category managers and provided expert assistance to improve their work, which is a key role for CMA.

Looking forward, we see category management roles being impacted in five key areas as the discipline of determining optimal assortments evolves. These include people, data, analytic tools, analytic process and a shift to dynamic presentations.

PEOPLE

Category Managers continue to experience tremendous change in the skills and training needed to perform their roles. Historically, approximately 60 percent to 65 percent of a category manager's time was spent handling the shelf — the assortment and placement of items to maximize sales. Changing shopper habits due to the rise of e-commerce has increased the need for deeper insights into the shopping journey. In the future, category managers will spend up to two thirds of their time analyzing the shopper to glean insights to drive loyalty and sales. Category managers will need to develop shopper insights expertise, financial acumen, product supply expertise and IT skills to thrive in the future marketplace.

DATA

A key skill area to develop is turning an abundant supply of data into actionable information. The data sources to analyze include Retailer POS, syndicated data, household panel data, marketplace ads and coupons, retailer loyalty cards, e-commerce data and the increasing pool of social data. Earlier this year, the CMA introduced the Shopper Insights Management Association (SIMA) to help category managers navigate through all the data. Some of SIMA's key activities will be to help provide best practices, case studies and develop white papers on turning data into actionable insights. To help on the e-commerce data front, the CMA combined with The Partnering Group to release an industry white paper on the E-Commerce Leadership Model. The paper helps companies navigate e-commerce data to develop strategies and tactics to drive sales and profits.

ANALYTIC TOOLS

Another emphasis of the CMA is exposing members to the analytic tools necessary to win today and in the future. There have been tremendous advances in space planning software which have allowed manufacturers and retailer to dramatically reduce drawing time. For example, categories that used to take more than 13 weeks to draw planograms can now be accomplished in two to three days. The ability to harness this technology will allow category mangers the time needed to develop the new skills highlighted earlier. Also, the space planning companies have solutions that are holistic from data preparation through assortment to clustering stores to drawing onto execution that includes product supply. There are solution providers focused on making practitioners more efficient and effective every day by saving time through automation and macros that greatly reduce key strokes. These innovations allow needed time for category managers to focus on marketplace analysis and solving their difficult business issues.

▲ Tom McDonald, Chairman of the Advisory Board and Best Practices Team Leader, Category Management Association.

Other advances in key analytic tools include the simplification of standard reporting, same store testing analytics to answer what tactics work best, and the use of virtual reality to drive the business. The CMA certified training partners show manufacturers and retailers how to use on line and live training to develop the skills needed to succeed in the future. Our crowd sourcing partners are able to demonstrate how to harness technology to understand shoppers and in store conditions. Each of these analytic tools save time and money for the category manager, while increasing the skills necessary to drive results in the future.

ANALYTIC PROCESS

Cat Man 2.0 is part of the analytic process used to create a comprehensive plan that meets shopper needs to produce better results for retailers and manufacturers. The process looks to enhance the workflows created in Cat Man 1.0 by highlighting the key industry changes — an abundance of new data, emergence of e-commerce, smart phones and innovative technologies. Cat Man 2.0 puts a framework on how to integrate the changes to drive insights and the 17 workflows allow a category captain to use the right tool at the proper time to deliver insights that drive the business.

The Partnering Group and CMA White Paper enhanced the process with focus on how to get started in the complicated and competitive landscape of e-commerce for CPG. The 10 retailers and 12 manufacturers that helped us with the paper are passionate about how to remove waste from the e-commerce system and the need to get to best practices. The paper introduced a five-step process: Define-Discover-Design-Develop-Deliver that will allow retailers and manufacturers to put together strategic and tactical plans for e-commerce. By following the 5D process a category manager can become an expert on e-commerce data.

PRESENTATIONS

The days of 50 slide decks that PowerPoint someone into submission are gone. Today's presentations are dynamic and can answer a person's questions on the fly. Solution providers today offer analytic tools that seamlessly update presentations with a click of the mouse. Other solution providers offer capabilities such as data visualization tools that bring a story to life with the flexibility to tailor graphics to the individual.

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The role of category managers continues to evolve with more time spent analyzing insights and less time determining on shelf assortments.

For those who aren't using data visualization software, it's time to choose a solution and incorporate it into your category management process. The visuals allow your insights to come to life and tell the story you want.

As CMA looks ahead to 2019, the organization will be even more focused on the changing landscape of category management and shopper insights. We'll gather in Las Vegas at Caesar's Palace Feb. 25-27 for the CMA/SIMA conference to explore the dynamics of the three different shopper trips — bricks and mortar, on-line direct to home and on-line for pick up. The manufacturers and retailers that understand the drivers of these distinct trips and the shoppers' motivation for each will be the ones that increase loyalty and sales. The ability to place the right sales fundamentals — pricing, assortment, promotion, shelf and marketing — against each shopping trip is key to delivering shopper satisfaction. Convenience and personalization are crucial factors in shopper's purchase decisions. They want the right price on the item they want on the exact timing they want it. CMA/SIMA is focused on helping our members deliver on those shopping needs.

These are exciting times in the world of category management, which is on the cusp of the biggest changes in its 25-year history. The combination of innovative technologies with a constantly changing retail landscape has given vast powers to the shopper. The retailers and manufacturers that turn their abundance of data into actionable insights will influence the shopper and win in the future. **RL**

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