



**CBA International
Convention**
Denver, CO - July 2005



**Category Management:
Better Investment - Better Sales**

RETAIL APPLICATION LAB



1




**Retail Application Lab
Category Management**

- **Category Management**
 - What is Category Management
 - Why Is It Important?
 - How Can I Get Started
 - Building the Plan
 - Implement, Measure & Monitor
 - References






2




**Category Management
What is it and Why do it?**

- **Definition:** Data driven, consumer centric, collaborative, proactive, measurable management process used to manage a specific cluster of similar or related products.
- **DDD:** A method to manage a group of related products that uses sales data and patterns to meet customer need



3



Category Management

What is it and Why do it?

- Proven “best practice” in the grocery, and other consumer products industries
- Data driven, fact based method of meeting customer demand
- Delivers greater consumer value in a more competitive and less forgiving marketplace



4



Category Management

Why is it important for...

- ..the Store
 - Good retailing is about “product performance”
 - Other factors critical too (helps focus on performance)
 - Improve the return on your inventory investment dollars and cash flow
 - Improves your GMROI
 - combination of turns and gross margin

5




Category Management

What is it and Why do it?

- A method to optimize sales within a category
- “Drill down” micro inventory management PLUS!
- Combines merchandising & inventory management
- Cooperative effort between retailer & suppliers to increase product awareness & sales






6



Category Management

Why is it important for...

- .. the Customer
 - Improve sales, customer satisfaction and return rate
 - Wider selection, better in stock availability
 - Attempts to match demand to availability
- .. proven Results - Borders Results
 - Higher category sales and turns, better cash flow on less \$inventory and fewer SKU's

7



Category Management

How to Get Started.....

- Building a Category Management Plan
 - Assign a person the specific responsibility to develop & manage project
 - Analyze departments, hot products & POS categories
 - Research suppliers support materials & build an effective plan
 - Build & implement your plan
 - Measure & monitor results




8




Category Management

Planning - Analysis

- Select product areas to focus on
 - what are your key “destination” products?
 - what are you category killers?
 - what is the most popular or profitable product categories - in the store or industry?






9




Category Management Planning - Analysis

- What do you need to analyze?
 - Departments, POS categories
 - Sales as % total, Sales\$ GM\$, GM%, Turns, GMROI
 - Use POS system or web based analysis service






10




Category Management Planning – Develop the Plan


- Select the product cluster based on your analysis
- Enlist vendor support for visual merchandizing
- Develop specific goals
- Measure and monitor results


11



Category Management Planning – Develop the Plan

- Example: Goals & Measurements 


	Previous Period	Goal	Test Period
Sales Increase	7.0%	10.0%	13.7%
Dept/Store Share	7.6%	8.3%	10.9%
Gross Margin >	0.5	0.6	0.9
Turns	1.9	2.1	2.5
GMROI	1.39	1.5	1.8




12

International Christian Retail Show 2005

Category Management Planning – Implement the Plan



Take the Leap – Do It Now
If you always do what you've always done, you'll always get what you always got!





13

International Christian Retail Show 2005

Category Management Planning – Measure & Monitor

- #1 – Measure & Monitor
 - Use Data Analysis - Track Performance
 - Using Your Stores Data
 - Using Comparative Data
- #2 – Measure & Monitor
 - Inventory Availability!
- #3 – Measure & Monitor
 - Sales, GM\$, GM%, GMROI, Turns






14

International Christian Retail Show 2005

Category Management Planning – Measure & Monitor

- #1 - Use Data Analysis Track Performance
 - Using POS Store Data Only
 - Using Industry/Vendor Data
 - Using Multi-store Comparative Data

15

Category Management Planning – Measure & Monitor



- #2 - Measure & Monitor
 - **Inventory availability** is a key factor for most Christian retailers
 - Out of stock position
 - Not carrying titles
 - How To check your inventory
 - POS System Only - Industry Lists – Bestsellers Core Lists, Category Lists, Marketing Groups
 - POS System/Web Analysis – Multiple data sources




16

Category Management Planning – Measure & Monitor

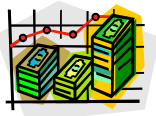

- #3 – Measure & Monitor
 - Sales, GM\$, GM%, GMROI, Turns
 - Compare to previous year/ period using POS management reporting tools
 - Compare to other stores and industry data using web based analysis tools

18

Category Management Six Easy Steps to Action - Summary

- Consider Category Management – What is it and why should you consider it. (2 - 5)
- Why is it important and how will it help your store (6 - 7)
- How to get Category Management started in your store (8)
- Conducting the necessary research and analysis (9 – 10)






21

International Christian Retail Show 2005

Category Management Six Easy Steps to Action - Summary

- Developing and implementing a specific plan for your store based on your research (11 – 13)
- Track your results. Systematic measuring and monitoring. Keep Score! (14 – 20)






22

International Christian Retail Show 2005

Category Management Benefits: A Reminder!

- Maximize product selection and variety
- Reduce excess inventory
- Improve GMROI
- Reduce out-of-stocks
- Maximize shelf efficiency
- Increase turns
- Improve profitability
- Reduce inventory investment
- Increase customer satisfaction and sales
- Enhance customer knowledge







23

International Christian Retail Show 2005

Category Management Question & Answers

- Category Management?
- POS Functionality
- Web Based Functionality
- Visit your POS vendor now in the RAL area

24
