

Category Management Guide

73% of Your Category Management Opportunities Never Make It to the Store

Significantly increase the number of Category Management opportunities landed with this 7 step Category Management process.

www.makingbusinessmatter.co.uk

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Introduction



Hi, my name is Andy Palmer, Director at Making Business Matter – A training provider of soft skills to suppliers of the UK Supermarkets.

If you are like most Sales Directors, Marketing Directors and Category Managers, you'll be charged with sales growth for your business & frustrated by many of your Category Management interactions with the UK Supermarkets.

These guides look at an effective day to day Category Management process, that can be applied in today's retailing markets. It will provide you with new approaches, fresh thinking, and thought provocation to ensure you keep ahead of your competitors.

The 3 main challenges this guide addresses are how to:

- Implement a Category Management process fit for today and every day.
- Better identify shopper insights that keep the shopper at the heart of your decisions.
- Become the first supplier that the Buyer calls with a category question.

We are the training provider to the UK grocery industry. We help suppliers to supermarkets to develop the soft skills that will secure them more profitable wins. Our trainers have worked on both sides of the fence and know the challenges of working with the supermarkets.

The problem suppliers to the supermarkets face is that they are investing money in training but are not seeing a measurable return on investment. This is because most training companies do not understand the mindset of Buyers from the supermarkets and the skills being learnt are not getting put into practice.

Our unique training method, **Sticky Learning**[®], ensures that your Learners are still using their new skills 5 months later, which enables us to guarantee a measurable return on your training investment.

This Guide has been written based on having been a Category Manager and a Category Management trainer for over 20 years. And will provide you with a new, practical, and fresh way to look at Category Management. Our Category Management training courses build on the foundation of this guide.

I hope you find that this guide demystifies Category Management and enables you to identify, sell and land more opportunities.

Andy Palmer
Director
Making Business Matter





Contents

0. Introduction to the MBM Category Management Funnel	Page 03
1. Agree Category Targets	Page 04
2. Understand Your Shopper	Page 05
3. Know Your Supermarket	Page 06
4. Turn Analysis and Understanding into Opportunities	Page 07
5. Sell £ Opportunities to Supermarket	Page 08
6. Land Opportunities In-Store	Page 09
7. Evaluate and Improve	Page 10
What Next?	Page 11
Get in Touch	Page 12
Our Training Courses	Page 13

From the Home of
Sticky Learning



0. Introduction to the MBM Category Management Funnel

The Background

We devised the 73% funnel to help Category Managers focus and 'funnel down' on what is important. The idea is that by following this Category Management process you will develop greater shopper understanding. This, in turn, will help increase the landing rate of opportunities that reach the store.

In essence, we believe Category Management is a 'business as usual' process. Its purpose is to 'identify', 'sell' and 'land' more opportunities for your categories. The following 7 sections explore each layer, its purpose and give practical advice on what to do.

The 73% Funnel





1. Agree Category Targets

The Challenge

Often, we find Category Managers fail to have agreed a specific target for their category. Thus, they have no idea if it will be achieved. Without targets, you will have no idea where you are going, or indeed if you are already there. In short, the category is like a ship sailing on the ocean with no destination. Effective Category Management is, thus, impossible. We believe that this first layer accounts for 8 points of the 73% failure rate.

We suggest choosing one of the following:

To encourage...

- More people to buy from your category (Penetration).
- Existing customers to buy more often from your category (Frequency).
- Customers to buy more from your category on each visit (Average Spend).

The choice is a simple one and we suggest only one as, for instance, often an increase in penetration may result in a net decrease in average spend. Moreover, if you focus on all three at once, your tactics will likely fail in your Category Management Process.

The Example

A category target, like any target, must be SMART. [This article will explain further.](#) In our experience, everyone has heard of SMART, yet very few people apply it properly. If your target is not SMART you will not be focussed on a clear target and, therefore, be unlikely to achieve it.

The analogy is if Usain Bolt were to run the 100 metres and think, 'I'll do that in about a minute'. Would his success have been so meteoric? You know the answer.

These are examples of targets that are not SMART:

- Achieve a 20% market share. Or...
- Increase sales beyond the market. Or...
- Increase penetration to match last year.

Each misses one, or more, of the letters of the acronym S.M.A.R.T. Can you spot which ones they are missing? Could you make them SMART?

The Action

Identify your SMART category target, then present your category target to your Buyer for agreement.





2. Understand Your Shopper

The Challenge

We have found that most Category Managers only focus on one-third of the overall 'Shopper' opportunity, the in store customer. They are, therefore, missing two-thirds of the 'customer'. Moreover, they will only understand a small part of who buys the product. This, in part, brings us back to the old **Customer vs. Consumer** question. You will notice that we use the term 'consumer' when we discuss the user of a product and a need being met. Likewise, we use the term 'customer' when we discuss the in store purchaser. To reduce confusion, we at MBM like to use the following labels: 'Shopper', 'Preparer', and 'Eater'.

We think it is important to consider that each stage of the process could include a different person. These different people will likely have different needs, motivations and barriers. By using these terms we can better understand and target the 'Whole Shopper'. Obviously, these could all be the same person. However, by breaking them down we maximise the opportunity to meet needs which may otherwise have been overlooked. We believe that this second layer accounts for 13 points of the 73% failure rate..

The Example

Mum buys the fish fingers, Dad cooks the fish fingers, and the kids eat the fish fingers. In this scenario, each person has different barriers, motivations, and needs:

- The Shopper - Mum - wants value for money for the family budget and healthy eating for her children.
- The Preparer - Dad - wants simple and easy food to cook, that the kids will eat without a fight.
- The Eater - Kids - want tasty food that they like.

The Action

Keep the shopper, preparer and eater at the heart of your category decisions. If you don't, you'll lose, because those that satisfy the whole customer better than the competition will win.

Choose one category, if you have more than one that you manage. Now consider the Barriers, Motivations and Needs for each of the Shopper, Preparer and Eater. Your choice should have sales in mind, i.e. 'by actioning this item I believe that it will increase sales'.





3. Know Your Supermarket

The Challenge

How aligned is your Category Management to the goals and needs of your Supermarket? We all know that you can't fit a square peg in a round hole. For instance, do you know their strategies? Internal processes? In store operations?

Knowing your supermarket is essential. If you don't, you'll be constantly chasing your Buyer. Moreover, you will be trying to navigate the guidelines, restrictions and processes unassisted. Awareness of these things will help you develop category tactics that fit. We believe that this third layer accounts for 9 points of the 73% failure rate.

The Example

- Supplier A was working hard trying to get more Shoppers into the category (Penetration), whilst the Supermarket was trying to get the current Shoppers to buy more each time (Average Trip Spend).
- Supplier B was very successful at selling category opportunities to the Buyer because they had a great relationship. Unfortunately, the opportunities always fell apart in store. Neither the Buyer or the Supplier really understood stores.
- Supplier C was frustrated because they kept failing to increase their sales. Every opportunity they put in front of the Buyer did not land. Consequently, Promotions, NPD, and EPD all failed. Mostly because they never asked the right questions to understand their barriers, their motivations, and their needs of the shopper, preparer and eater.

The Action

Know the Supermarket's strategies, their internal processes, the Buyer's KPI's and desires. Furthermore, get to know their in store operations by completing the following steps:

1. Take an A4 blank page. Turn the page landscape and divide the page into two columns; 'Relevant Insight', and 'Sales Opportunity'.
2. The first column is 'Relevant Insight'. This column is about collecting relevant facts/insights. For example, 'The Supermarket has published its goals on their recycled packaging'.
3. The second column is 'Sales Opportunity'. For each relevant insight write next to it how this could be used to sell more. For example, using the insight about SRP; this could help to sell more by, 'Changing XYZ range to recycled packaging will mean we can seize the rest of this subcategory from Supplier DEF'.

You can collect the data from whichever 'data sources' you wish. The important things are they are relevant and have sales opportunities.





4. Turn Analysis & Understanding Into Opportunities

The Challenge

Many Category Managers get lost in the sheer amount of category data they have. Unfortunately, they often fail to correlate the best sources of data with the correct analytical tools and skills. As such, they rarely find deep insight and category opportunities, becoming a data regurgitator. Someone that just takes the data and presents it in a nicer way. This is because they fail to develop hypotheses before they start. By identifying hypotheses before you begin analysing the data, you will be more focused on category sales opportunities. We like to think of it as a targeted approach. We believe that this fourth layer accounts for 12 points of the 73% failure rate.

The Example

Many Category Managers dive straight into the black hole of data and they swim in the data until they drown. Analysing, yet rarely finding opportunities. This is largely because they don't develop hypotheses before they start swimming. We'll call them 'Hippos' because there is enough word bingo used in Category Management, without another 5 syllable word.

By identifying Hippos before you begin analysing the data, you will be more focused on category sales opportunities, and less on stumbling across possible opportunities in the library of data. Think rifle, as opposed to a shotgun. Rather than a wide attack of bullets, a rifle shoots further and with more accuracy.

A Hippo starts with: 'I believe...!'

For example, 'I believe that there is a sales opportunity by increasing and decreasing the stores for the SKUs in subcategory ABC. That could be actioned immediately if the Buyer agrees. This could be worth £5m.'

The Action

List a number of hippos then taking each Hippo in turn. Analyse the data to prove, disprove, or adjust the hippo, according to the data.

Taking the example above:

'I believe that there is a sales opportunity by increasing and decreasing the stores for the SKU's in subcategory ABC. That could be actioned immediately if the Buyer agrees. This could be worth £5m.'

Hippo, after analysis, becomes the Insight:

'Increasing the distribution of the higher retail value SKUs 12 and 13, and decreasing the lower valued SKUs of 14 and 15, would deliver an increase of +£3.5m. It could be actioned immediately by the Buyer.' (This is not quite the £10m hypothesised in the hippo, but £3.5m is a good start!).





5. Sell £ Opportunities to Supermarket

The Challenge

Only 27% of opportunities ever make it into store. Selling the opportunity can be the toughest part. A lot of hard work has gone into understanding and identifying the opportunity. Yet so many suppliers fall at this hurdle of effectively selling the opportunities. This is because they have not considered alternative ways to engage the Buyer. They simply create a 60-slide deck. How would you feel sitting in front of a deck and being talked at for an hour 5 times a day? We believe that this fifth layer accounts for 13 points of the 73% failure rate.

The Example

Many Supplier Category Managers fall at this layer because either:

- A. Their presentation style is 'wrong'. For example, the Category Manager presents 60 slides when 7 would have done the job.
- B. Their relationship is 'wrong'. For example, the Buyer does not trust the credibility of the Category Manager.
- C. Their presentation content is 'wrong'. For example, the maths simply does not add up.

The Action

Consider the 3 challenges above, choose which is your biggest challenge. Here are some thoughts to help you move forward:

- A. Their presentation style is 'wrong'. For example, the Category Manager presents 60 slides when 7 would have done the job.

Read [this article](#) which will help you to understand how not to start with PowerPoint. How to start with your objectives and then to build a presentation that meets your objectives.

- B. Their relationship is 'wrong'. For example, the Buyer does not trust the credibility of the Category Manager. [This article](#) will help you to understand trust. Trust has been proven to be 40% of the sell. Without it, you have only a 60% chance of selling the opportunity.

- C. Their presentation content is 'wrong'. For example, the maths simply does not stack-up.

The Pro tool will help you to overcome this challenge or get your presentation reviewed by someone with a similar mind to the Buyer. [Find out more here.](#)





6. Land Opportunities In-Store

The Challenge

Making sure that your recommendations to your Buyer don't just look good on paper, but that they also will land well in the store. Often described as 'the last 100 yards' of Category Management, store operations are often forgotten or ignored. As a Category Manager at a supplier, you have a responsibility to close that gap too. We can no longer abdicate responsibility for understanding stores to the Buyer. We believe that this sixth layer accounts for 12 points of the 73% failure rate.

The Example

Failing at this last hurdle will mean that all your hard work has 'gone to pot'. The range/the promotion/the NPD will probably only last less than 12 weeks in store. A little like the MD of a pizza company that once shared his story about his joy and dismay at getting into McDonald's. A long story short, they had got into McDonald's. All the hard work had paid off. One of McDonald's requirements is that you work in a restaurant for a day. The MD obliged. The first order came in and was via the window (Drive through). Delighted. They cooked it, took it to the window. It would not fit through the window!

The Action

Speak to your Buyer, or, if you don't need permission, speak directly with your nearest large store. Ask the store if you can spend a day at the store working for free for them. In return, you have an objective and tasks for the day that you need their help to achieve. Your objective is to finish your day in the store with 3 insights about your category. Insights that you believe will lead to increased sales.

6

LAND OPPORTUNITIES IN-STORE

7. Evaluate and Improve

The Challenge

We quickly move from one Category Management project to the next, without knowing how to make the next project better. It is essential to understand how to measure your performance as a **Category Manager** and to continuously improve. Your target is to beat the industry average for landing rate and time!

We believe that this seventh layer accounts for 6 points of the 73% failure rate. A low amount. Nonetheless, how will you ever be better, earn more, impress your boss, unless you know what went well and what didn't go so well? The best salespeople in the world are told to evaluate, evaluate, evaluate. Hone your pitch. Write down your script. Seek feedback. Category Managers should be the same.

The Example

Many Category Managers are stuck on the **PowerPoint treadmill**. They churn out endless PowerPoint decks desperately hoping that all their hard work will land. Some do. Some don't. They just don't know what and why. Let's change that from now!

The Action

Continuously improve your landing rate until the industry average is beaten. Then make it even better. Use the simple yet powerful evaluation tool P.M.I. For each project or presentation, consider then list the 'Positive'. What was good and great? What would you like to repeat? Consider and list the 'Minus'. Those things you would not want to repeat. Lastly, consider the 'Interesting'. The unexpected things that happened. The things that you may want to repeat or watch out for.





What Next?

We hope that you have found this guide useful. Also, we hope that you use some (or all) of this guidance to help you continue to improve your Category Management process approach.

We are the Training Provider to the UK grocery industry specialising in suppliers to the UK Supermarkets. Our clients want to secure more profitable wins. The reason they choose us is because of our combination of relevant experience and the unique people development method we call 'Sticky Learning®'.

If you like this, you'll love our e learning Category Management!

'So, You Want to Be a Category Management Expert?'

...Because you are just regurgitating data. Or, because you are identifying opportunities that might be the wrong ones. Maybe, because you are on the PowerPoint treadmill writing presentation after presentation because you cannot get traction with your Buyer. Or, possibly, because you don't really know what a great Category Manager looks like. This product will help you...



What Will I Learn as an e Learning Category Management Ninja?

Below are the learning objectives for this e learning Category Management training course:

By the end of this training you will be able to...

- Know how to identify a Category target that is simple, easy to understand & explain, and how to write the Category target in a SMART way.
- Be able to bring your Shopper to life, showing the opportunities, their barriers, their motivations, and their needs.
- Be able to bring your Supermarket to life, showing the opportunities, their barriers, their motivations, and their needs
- Understand how to turn data into insights, and then into opportunities.
- Be able to sell more of your opportunities to the Supermarket.
- Know how to increase your chances of landing your opportunities in store.
- Understand how to measure your performance as a Category Manager and to continuously improve.

Your Money-back Guarantee

If you have received your certificate and you do not identify, sell, & land over £10,000 of opportunity within 6 months we will refund you. No questions asked.





Feedback from Sam Warren at Sainsbury's:

"I studied the 7-week online Category Management course with MBM and would thoroughly recommend to anyone also considering undertaking it. The week by week learning modules were challenging but manageable and learnings were successively built upon. By the end of the course, I had a much more detailed understanding of Category Management as a whole and a detailed action plan which I could (and have) implement in real life. MBM was recommended to me, and I, in turn, would highly recommend them to any commercial professional in the grocery industry."

The cost is £249.00+vat.

Get in Touch

If you would like to discuss any of the thoughts in this guide or the e learning product, please email me, ap@makingbusinessmatter.co.uk. Alternatively, call me on 0333 247 2012.

I hope you found this guide useful and I wish you every success.

Andy Palmer
Making Business Matter

About Andy Palmer

Andy started at the retail coalface with eight years at Safeway food stores. During this time he spent many years in retail management understanding the key points of UK grocery retailing. Prior to joining MBM he spent five years at a fresh produce supplier in positions of category analysis, Category Management and account management. He now works as part of the team to enable suppliers to UK supermarkets to secure more profitable wins.

About Making Business Matter

We are the soft skills training provider to the UK Grocery Industry, helping Suppliers to win more business. They choose us because of our **money back guarantee**, our **relevant experience**, and because **we make their learning stick**.

The problem suppliers face is that they are investing money in training but are not seeing a measurable return on investment. We have a 5 level evaluation provides a 'Chain of Evidence' for each training course.

Our trainers have **worked on both sides of the fence** and know the challenges of working with the UK supermarkets and being a supplier in a very demanding environment.

Our unique training method, **Sticky Learning®**, ensures that your Learners are still using their new skill 5 months later and this is supported by a money back guarantee.

Links



Our Youtube channel has over 200 one minute videos on personal development.

[A list of our products »](#)



Our Training Courses

MBM **Making Business Matter**
Trainers to the UK Grocery Industry
80% of our Learners are still using their new skill 5 months later - we guarantee it!

Learning Resources: Time Management, GSCOP, Category Management, Learning To Learn, Presentation Skills, Email Management, Office, Cyber Security Password Safety, Cyber Security Ransomware, Negotiation Skills.

Webinars: Booker/Tesco Merger, 21 Email Mistakes, Line Managers Supporting Learners, Effective Supermarket Promotions, 7 Tools To Improve Learning, How To Make Learning Stick, Co-Op/Nisa Merger, Landing Category Management Opportunities, Getting Training ROI, Supplier Mistakes With Supermarkets, Create More Effective Promotional Plans.

Training Courses: GSCOP, Learning To Learn, Time Management Skills, Presentation Skills, People Management Skills, Influencing Skills, Communication Skills, Conflict Resolution Skills, HBDI, MBT1 Training, Creating a Business Plan for Suppliers to the Big 4 UK Supermarkets.

Additional Courses: Category Management, Negotiation Skills, Leadership Skills, Team Building Skills, Executive Coaching, Must Win Meetings, Training Needs Analysis.

www.makingbusinessmatter.co.uk

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Creating the Next Generation of Shopper Obsessed Suppliers

THE WHAT: The 73% Funnel



73% of Opportunities never make it to the store.
Only 27% of opportunities presented to the buyer get to shelf.
Mainly due to a lack of Shopper Understanding.

Click the can for our
Category Management
Training





MBM Category Management Guides - Category Management Process

- ✔ Licensed HBDI practitioner
- ✔ BA Hons French language & literature
- ✔ Diploma in Business Coaching
- ✔ Certificate in Workplace Counselling
- ✔ Licensed Firo-B practitioner
- ✔ Vocational Qualifications & Training
- ✔ CPCAB Level 2 Certificate in Counselling Skills
- ✔ CPCAB Level 3 Certificate in Counselling Studies
- ✔ CPCAB Level 4 Diploma in Psychotherapeutic Counselling
- ✔ Introduction to Counselling (D171)
- ✔ Associate Member to the Institute of T & D

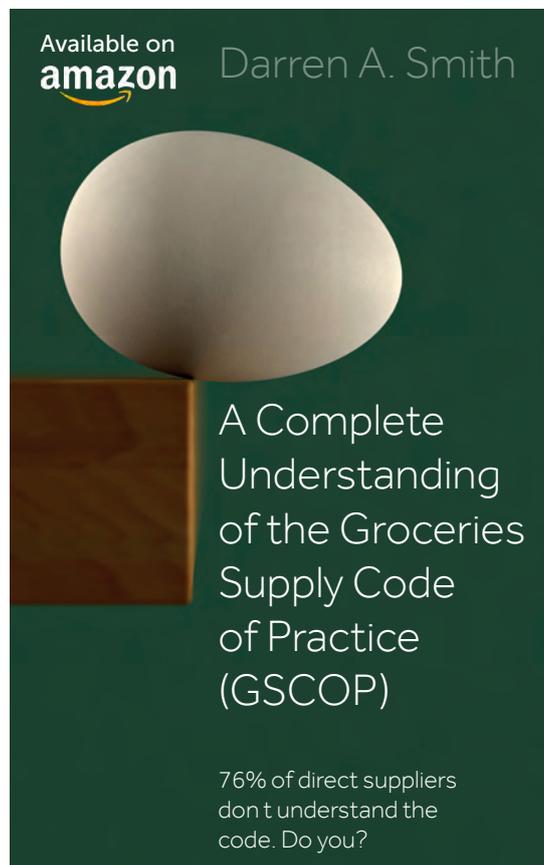
- ✔ Understanding Fear & Sadness (D240)
- ✔ Exploring Psychology (DSE212)
- ✔ IPD Certificate in Training & Development
- ✔ FIRO-B Measures License
- ✔ MBTI License (Steps 1 & 2)
- ✔ Saville & Holdsworth OPQ Occupational Testing License
- ✔ Member of CIPD
- ✔ Licensed Myers Briggs (MBTI) practitioner



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Certified
Practitioner
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Buy Your Copy of the **GSCOP Book!**





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