

SPOTLIGHT ON:

CATEGORY MANAGEMENT

MAXIMIZE CATEGORY
AND STORE GROWTH

1010DATA™

MORE POWER TO YOU

INSIDE YOU'LL FIND OUT:

- ◆ How category management is evolving and the impact this has on your business
- ◆ Best practices for achieving strong category and store growth
- ◆ How 1010data can help strengthen your category management teams



In the retail industry, effective category management provides the opportunity for stores and brands to find new pockets of growth.

CATEGORY MANAGEMENT IS A CONSTANTLY EVOLVING SPACE THAT POSES MULTIPLE CHALLENGES TO RETAILERS AND BRANDS

Category management has become central to achieving total store growth, as consumers have become less brand-focused and industry emphasis has shifted to satisfying basic consumer needs. The proliferation of consumer data has revealed deep insights into the motivations and purchase journeys of shoppers at the category level, providing companies with more compelling strategies to attract new customers, drive store traffic and change key consumer moments. However, a number of challenges in category management threaten to impede this growth.

Lack of Customer Centricity

Despite the seismic shift of purchasing power to individual shoppers caused by greater access to information and e-commerce, retailers still have a long way to go in becoming truly customer-centric. Customer-centricity is the secret sauce that makes category management powerful: the ability for categories, such as food and electronics, to shape and mold themselves to meet changing consumer needs and to inspire customers to enhance their lives through the products they purchase.

As consumer trends and demographics continue to fundamentally shift in the next decade, companies will have to listen and respond to customers who are increasingly multicultural and digitally-connected. Companies who are not able to connect with these shoppers risk losing out to a generation of smaller competitors that go-to-market with more relevant messages. More dangerously, without access to shopper purchasing patterns, retailers risk being behind the eight ball in assessing the market opportunity of new categories as they arise.

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Siloed Organizations

Category management is a full contact business sport, requiring many parallel processes and data inputs that must be orchestrated successfully in order to develop a strategy that results in total category growth. Unfortunately, most retailers operate in traditional siloed systems, with many intertwined applications or legacy ERP systems that don't communicate well. Data ends up in silos where cross-functional analyses take a long time to complete, analyses conflict depending on whose running the data, and answering pressing business questions becomes impossible. As a result, many companies are not able to use data in a way that drives value to the category. Without greater alignment of internal processes and business intelligence, companies can waste time and money moving data back and forth, while returning disappointing results that are not truly reflective of the opportunities locked away in their systems.

Bad Data

Retailers and CPG companies are faced with an ever-growing number of data sources to derive insight from, though many are not ready to utilize what data is available internally or externally. For many companies, data quality issues are a significant hindrance to improved analytics and issues within source data often spell trouble down the line for business users trying to make accurate business forecasts. Data that is not cleaned, unified, or integrated into a company's analytical infrastructure can set category managers up for failure from the get-go, by making data hard to analyze and forcing category management teams to compromise on their analytic needs.

Lack of Actionable Insights

The role of category management as a strategic business unit is undeniable, however slow turnaround times for data requests can cause category management teams to lose focus on the strategic purpose of data. It's important for companies to receive information on competitive and market changes that may affect their business, so that they may not just identify insights faster, but also respond faster.

New subscription business models, such as the Dollar Shave Club, are increasingly taking market share away from traditional retailers by providing new convenient channels for shoppers. The rapid ascendance of brands like Chobani to category dominance have shown that companies that fail to realize and respond to competitive changes will not be able to pivot their businesses in time to meet shifting market conditions.

Dollar Shave Club Indexed Growth



Multi-million dollar companies like the Dollar Shave Club, which provides \$1 subscription-based razors, have impacted traditional store and category approaches in the shaving space.

Creating the analytical ecosystem for category management is incredibly important in today's shifting consumer landscape. Companies who fail to invest in this area run the risk of missing out on incremental revenue opportunities or falling behind on product development. Other risks include:

- ◆ Lack of insight about products, stores, and customers
- ◆ Poor customer experience
- ◆ Lack of a clear category growth roadmap
- ◆ Unproductive planograms
- ◆ Uncompetitive pricing and promotion
- ◆ Inability to change shopper behavior to drive growth

OPTIMIZE CATEGORY MANAGEMENT THROUGH INDUSTRY BEST PRACTICE

Utilizing big data at the category level for new insights contains unprecedented opportunity for companies to grow. Those who are invested in taking advantage of this opportunity must keep a few best practices in mind as they develop their businesses.

Data Unification for Category Management

Retailers and CPG companies should aim to have category managers spend the majority of their time developing insight, rather than running around searching and pulling the right data to add to their analysis. Investing in data unification projects that clean and centralize a company's existing data, in addition to enabling users to blend relevant external data, can help streamline development of insight at the category level. By combining internal and external datasets, retailers can get much more granular feedback on promotional effectiveness, pricing decisions, and assortment.

Clear Category Vision and Story

To develop a clear category vision and story, companies must invest in analytical tools that promote visibility into category performance in-store, online and across multiple geographies, since categories perform differently based on locale. The ability to conduct analyses at the SKU, category and store level is crucial in helping category management teams develop long term roadmaps and gain organizational buy-in for their vision.



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Personalized Customer Experiences Through Enhanced Analytical Flexibility

Current segmentation methods draw blunt conclusions based on average group shopper behavior, not individual behavior. The ability for the internet to customize and recommend products to shoppers based on their personal preferences must be mirrored by stores and brands. Category managers who are able to develop assortment and pricing strategies specific to individuals and stores will find a greater chance of capturing a larger share of customer wallet.

1010DATA'S INDUSTRY LEADING CATEGORY MANAGEMENT SOLUTIONS CAN HELP YOU GROW YOUR STORE, CATEGORY, AND CUSTOMER BASE

End-to-End Data & Analytics Solution

1010data supports a company's entire data infrastructure and has served as a provider of choice for leading retailers and brands in their data unification and analytical needs. 1010data enables category managers to:

- ◆ Unify data from any data source including third-party, retailer, or brand data to provide a centralized and single analytical access point
- ◆ Consolidate product and business performance data across multiple ERP systems whether those systems are legacy or part of a upcoming acquisition/merger
- ◆ Give teams the ability to blend their own external data through a self-service platform complete with advanced analytics and visualization
- ◆ Provide a flexible interface to every other part of the business including application development for IT, interactive analysis tools for category managers and dashboards for executives

Category Visibility

1010data enables category management teams to gain line-of-sight visibility into performance through a platform for ad-hoc analysis and set of pre-built reports that help:

- ◆ Determine which products drive aisle traffic and shopper baskets
- ◆ Develop online and in-store category management strategies
- ◆ See how product loyalty changes over time
- ◆ Identify shifting category trends and the entrance of new competitors

Promotion & Assortment Optimization

1010data specializes in answering the hardest promotions questions through drillable reports and applications that reveal:

- ◆ Optimal promotions pricing and space allocation for each store and category
- ◆ Trade spend effectiveness
- ◆ Planogram performance to identify space reduction opportunities
- ◆ Assortment effectiveness with new and discontinued items
- ◆ Product substitutability and how different shelving strategies and assortments drive shopper trips

Competitive Market Insight

1010data is the only multi-source data platform that contains pre-cleaned and blendable datasets to help category managers develop greater market insight around shifting macro and consumer trends. Such data includes:

- ◆ Transactions data which provides a total wallet view of consumer spending
- ◆ Digital e-receipts data which analyzes online shopper baskets and spending
- ◆ Clickstream data which tracks online shopper behavior
- ◆ Pre-cleaned government datasets on economic conditions, demographics, housing, and more



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CATEGORY MANAGEMENT FOR YOUR BUSINESS

From providing line-of-sight visibility into category performance to unifying data across an entire enterprise, 1010data's data and analytics platform provides an end-to-end category management solution to help enterprises:

- ◆ Access, analyze and explore data for actionable results
- ◆ Optimize promotions, assortment, and category performance
- ◆ Improve competitive market insight



ABOUT 1010DATA

Gaining actionable insight requires the best analytical tools and access to all relevant data. 1010data is a complete solution that provides both. We provide the only out-of-the-box, self-service, cross-enterprise insights platform. More than 750 of the world's largest companies trust 1010data to manage, share and analyze over 27 trillion rows of data because of our proven ability to deliver results more quickly, easily and accurately than any other solution. Please visit www.1010data.com for more information.

TO GET STARTED, CONTACT 1010DATA TODAY.

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