Please feel free to contact us, we'd be happy to help:

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# Q&A

- **What role do suppliers play in supporting retailers with category vision and strategy development?**

  *The motivation behind category vision development is based either on a request from a retailer, seeking the supplier to develop a vison to demonstrate how they (the supplier) believe the category should develop, or based purely on supplier initiative. Whilst the former is becoming more commonplace, the latter is perhaps more frequent, undertaken by an internal desire to set long term direction for the category and take first mover advantage in the process.*

  *Retailers are not generally involved, to a significant extent, but can be kept informed of progress over the course of the vision being developed. So, visions are most commonly led, resourced and undertaken by the supplier, not the retailer.*

- **Can small suppliers realistically influence retailer category strategy?**

  *Whilst many retailers will expect their bigger suppliers to undertake the larger category investments, which can include category vision development, the role of smaller suppliers should not be overlooked.*

  *Retailers, in our experience, welcome alternative points of view from challenger brands / suppliers, as often they provide direction and insight that are often more far reaching than existing category definitions. A small investment by a supplier in strategic thinking and category direction can help elevate thought leadership perceptions by the retailer and greater levels of inclusion in strategic discussions.*

*Small suppliers can also benefit by doing some of the category basics, well.  For example, ranging and space (via periodic range reviews and monthly reviews).  This will help demonstrate that you have a handle on the category fundamentals and ensure that you are in a position to, for example, argue for listings and defend against delistings.*

- **What are some best practices for effective collaboration between suppliers and retailers in category planning?**

  *These can range from operational to strategic.*

  *Operational can include for example (but not limited to):*

    - *Participation in and input to range reviews / resets.  Engaging in category range reviews and space planning can provide suppliers with a voice in decisions which otherwise would be out of their control.*

  *Strategic can include for example (but not limited to):*

    - *Category Vision/Strategy development.  Whilst development is often led by the supplier, retailer collaboration will generally take place on its completion. In some instances, collaborative workshops are held with the retailer buying and supporting teams (eg planners, merchandisers) attending to generate ideas on how to activate the strategy.  These sessions are often externally facilitated.*

    - *New Product Sell-in – a well-constructed rationale and narrative (including insights, category gap analysis, and sizing) can help a retailer understand the benefits, unique attributes and relevance of a supplier proposition to their portfolio; helping them understand not only the role your NPD plays but also help them sell it to their stakeholders internally.*

- **How can suppliers support retailers in adapting category strategies to new trends (e.g., wellness, sustainability, clean beauty)?**

    - *First, by conducting or refreshing a category vision.  In doing so, we ensure that all emerging trends are substantive and real.  All anchored in compelling insight.*
    - *Make the retailer aware of the strategies and demonstrate how they may be activated either from a category or brand perspective.  Preferably, maybe with the supplier hat on, sharing a costed activation plan (with, if relevant, innovation plans) comprising consumer and shopper marketing activation through to promotion and sales support.  This brings strategies and visions to life, making them real and implementable to retailers.*

- ***How do digital channels and omnichannel shopping impact category management in health and beauty?***

  - *Essentially in the same way as 'bricks and mortar'.  The broad principles of category management remain the same.*
  - *The only challenge is accessing data and shopping insight (and how that impacts what is purchased and why) for digital and omni-channel analysis; to understand the real dynamics of channel and how behaviours differ from others.*
  - *Gathering this insight will help inform optimal ranging as well provide understanding of shopping behaviour.  Data can sometimes be hard to find but research can be undertaken so omni-channel shoppers can be better understood and targeted.*

- **How do you balance brand objectives with the overall category goals when working with UK retailers?**
  - *Ideally, they should align.  A category vision should sit over the commercial functions, providing long term direction for the category and the brands sitting within.*
  - *A full and comprehensive category assessment (as part of a category vision process) will provide a rounded and objective analysis of the opportunities, white spaces and trends in a defined category.*
  - *If the output of the category vision (a series of drivers and strategies / growth platforms) is then integrated into a business' commercial planning processes (marketing, sales, shopper etc) then the brand, sales, commercial and category goals will all be aligned, with the additional bonus of key stakeholder alignment.*

- **Brand objectives can conflict with on shelf reality – how important is it that brand objectives consider 'the fixture'**

  - *The fixture is (or should be) one of the key elements of the marketing mix.*
  - *Brand marketing shouldn't be just about 'consumer' led activation, though this is important for brand building.*
  - *The fixture is an advert / showcase for the brand.  Without the fixture (in-store and on-line), brands will not sell.  Without standout on the fixture brands will not sell.  Without shoppers, brands will not sell.  The fixture is the last point of pre-purchase engagement for a brand and without it, sales = zero & market share = zero.  So, including fixture execution is mission critical to the life or death of a brand.  Great marketeers are those who embrace all elements of the marketing mix…a 360 plan, encompassing all elements…'through the line' in marketing speak.*
  - *What's more, notwithstanding consumer attitudinal measurements etc, many of the key measurements for a brand are 'shopper' KPIs.  Rate of sale, penetration, frequency of purchase etc are all shopper measurements. Highlighting the importance of the 'last four feet' in a brands pre-purchase existence.*

- **How can suppliers mitigate the risk of own label copying when launching innovation**
    - *It's difficult except we go back to that word 'innovation' (NB which is directionally true but may be an oversimplification.)*
    - *Most categories are crowded by brands and products. In many, there is mass duplication, 'me toos'. Retailers are actively discouraging the 'me-too' culture and asking for (and are more likely to list) products that are unique, relevant and differentiated.*
    - *True innovation is often difficult to copy, acting as a barrier to entry, thus increasing longevity. In addition, brands which have historically advertised and continuously spent money on brand building, create such levels of loyalty that other 'me too' products find it very difficult break into the market. Bisto and Ryvita being examples we have worked on over the years.*

- **What if a product has no differentiation – is it simply a transactional sell at lowest cost?**
    - *Following on from the question above (beware of oversimplification here), it can be the case when there is no differentiation, that the only way to shift volume is via price promotion activity because why else would someone choose the product. This often leads to a competitive 'race to the bottom.' Hence the need for insight led innovation which adds and creates value; helping break downward cycles of behaviour where everyone wins...consumer, retailer, supplier and category.*

- **We started this H&BA series looking at behavioural psychology - How does shopper behaviour influence category management strategies in the health and beauty sector?**

    - *Understanding shopper behaviour, alongside their missions and journeys, is one of the cornerstones of category management.*
    - *As category managers, it is critical to understand shopper behaviour. For instance, why they make specific decisions, their missions and influences along the purchase journey. This enables us to implement the optimal channel, merchandising, ranging and promotional strategies.*
    - *For example, shopping missions can be sparked by the realisation of an immediate need (e.g. pain relief for a headache coming on) or something more considered (e.g. evaluating a personal skincare routine). In both cases, the shopper would embark on a different shopping journey to achieve their objective or shopping mission, and, as a result, require different forms of execution.*
    - *Therefore, the role of the category manager is to understand shopper behaviour and their journeys to develop targeted category plans that influence and convert to purchase of each targeted cohort.*

- **How can health and beauty suppliers use data and insights to drive effective category growth?**

    - *The Health & Beauty sector has a wealth of data available through retail EPOS, shopper tracking, research, audits and a mass of other free sources. Through analysis and thorough understanding, the data can be translated into insights that unlock future risks, opportunities and action plans to drive incremental growth.*
    - *The challenge is that most suppliers and retailers have access to the same historical tracking information, so the key is to develop clear insights that direct where the future trends and opportunities may appear.*
    - *The skill of category managers is not only to analyse data and develop insights, but also communicate the opportunity in a compelling (evidence based) story to influence internal and retail partners to implement plans that access the growth.*
    - *Therefore, the role of the Health & Beauty suppliers is to develop a clear insight led view of future opportunities and implement plans that drive incremental category growth.*

- **What tools or metrics should suppliers use to measure category performance and shopper satisfaction?**

    - *As outlined above, the Health & Beauty sector has a wealth of data available from numerous sources. The challenge is to find simple and timely methods to process, analyse and share this effectively with stakeholders.*
    - *The start point is to be clear on the measurements to be taken. This starts with being clear on how the SKUs in the category are segmented and how the different shopper groups can be classified.*
    - *The second consideration is to understand the priority KPIs to be measured and their relevant benchmark, for example, this could be sales value, growth, numbers of shoppers or transactions.*
    - *Category performance, and the segments within, can be measured through EPOS sales, pricing, promotional analysis, space, SKU count.*
    - *The performance of shoppers can be measured via panels (eg Kantar KPIs), research, omnibus or product review ratings.*
    - *Therefore, the role of the category manager is to understand and share the performance of range segments and shoppers to identify areas of growth or underperformance vs the initial strategic growth intent.*

- **How should health and beauty suppliers approach range optimisation within the context of category management?**

    - *Optimal range and depth of store distribution are key outputs from the category management process.*
    - *The ideal outcome is to offer a range which aligns to all substantive /core shopper need states, maximising the conversion opportunity. NB that sometimes this means that slower selling products achieve higher distribution, in order to create a range that is balanced and complete across all outlets.*
    - *In terms of process, Health & Beauty categories should be segmented into SKUs that meet the same need state, measured and prioritised for visibility and space based on the role or strategic opportunity for the category. Ranging decisions should be made at the segment level, with the highest 'sales' opportunity SKUs filling the available space first, cascading down to ensure the correct balance of satisfying both need and return on space.*

- **What are common mistakes suppliers make in category management, and how can they be avoided?**

    - *In the Health & Beauty sector, suppliers should be utilising their Category Management team to speak objectively about prioritised opportunities for category growth in the market and customer.*
    - *However, a pitfall we often encounter is category managers not making the* ***incremental*** *category opportunity clear to internal stakeholders or to the retailer. This results in business rejection or the retailer resorting to a margin calculation of the opportunity, as that is the only incremental benefit they can see.*
    - *This issue could be caused by several factors. For example, the opportunity lacks a strategic perspective, so the plans presented are conveyed as tactical where only the brand benefit is shown. The analysis misses holistic thinking with recommendations based on EPOS data with no evidence on the impact to the shopper, retailer or category. Or the presentation may be unclear, complicated and not put in simple terms for the category benefit to be evident.*
    - *The role of the category manager is to provide clarity about incremental category opportunity and the brand team to focus how they can unlock the opportunity.*

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