



Arming Your Category Managers with Tools to  
Increase Revenue and Customer Loyalty  
whitepaper



## ARMING YOUR CATEGORY MANAGERS WITH TOOLS TO INCREASE REVENUE AND CUSTOMER LOYALTY

For category managers to be successful at achieving their business objectives, they must efficiently provide information, analysis and insights to many groups such as retail partners, internal sales teams, brand managers and others. Complicating the process of disseminating information, each group has different goals and objectives requiring that the data be analyzed in different ways. For example, some may want to analyze a category by brand, flavor, and package size, while others may be more concerned with retail category and product level data analysis. This whitepaper describes the common challenges that most category management teams face today and provides solutions to empower category managers to be more successful at providing these various groups with timely data insights. Some prime examples of the challenging yet essential aspects of category management analytics are as follows:

- The ability to normalize and manipulate the ever-increasing number of data feeds and new types of data with both expediency and accuracy.
- The ability to dynamically update reports with new data as it arrives without creating information chaos.
- The ability to utilize software tools that allow category managers and other members of the enterprise to integrate new data with minimal reliance on the IT department.
- The ability to maintain systematic order and structure as data feeds and content increase.

### The Importance of Data and Its Challenges

Consumer data is an essential factor for category managers. Every product transaction generates data. Each category, whether there is one specific product or a group of products, is tracked by manufacturers as well as retailers. Point of sale data from retail checkout counters is combined with a myriad of data to which the manufacturer may have access, including individual product sales history, entire category sales history, internal shipment data and more.

The first challenge that category managers must address is the number of feeds from which data originates. Historically, demand data has come from a few main sources. These sources were large-scale content providers – market research companies that specialize in providing clients with



consumer, shopper and retail market information. Category managers would need to learn how to extract relevant information from these data sources to evaluate brands. This process worked well with only a few information providers, but has become inefficient since the number of sources of data has increased exponentially over the past few years. This trend began years ago when Wal-Mart pulled out of the consortium of retailers providing information to these demand data content providers. Wal-Mart provided data to suppliers directly with Retail Link. Retail Link offered more current and comprehensive data than the leading content providers, but it was also exclusive. Wal-Mart no longer supplied data to the content providers, which led to a situation where any producer whose products were in Wal-Mart *had* to use Retail Link if they wanted to not only stay on Wal-Mart's shelves, but also thrive. Thus category managers had to learn new software and ways to deal with a whole new data feed. Today, many other retailers are also providing POS data directly to manufacturers in near real time. While the increase of data content in near real time is technically beneficial to CPG companies and their category managers, the increase in number of feeds providing that data requires further analysis and interpretation, consuming more time and more resources. To empower category managers to most efficiently use consumer data, a system and technology platform need to be in place to easily extract and report on relevant information. Given the proper tools, the various types of data sources that a category manager could benefit from include:

- Syndicated POS data, coming from sources such as IRI and Nielsen.
- Household Panel data provided by private citizens to IRI and Nielsen to aid in the forecast of national sales
- Demographically segmented data (e.g. Spectra data)

As a result, the category manager deals with an enormous amount of varying types of data. It is essential for category managers to leverage all this data for a complete picture of both their brand and their business in order to stay competitive on the shelf.

In addition to the myriad of current data sources, there are new types of data that will need to be analyzed. These new types of data are being generated from mobile devices. According to ABI Research, mobile online shopping rose in the United States from \$396 million in 2008 to \$1.2 billion in 2009. By 2015, they are forecasting that shoppers worldwide will be spending roughly \$119 billion on goods and services purchases by way of their mobile devices. Now is the time to be implementing strategies to take advantage of a mobile market that grew to five times its previous size in one year. With that kind of leap in market size, the need for a technology platform that institutes efficient mobile retail analytics has moved from a pressing concern to an absolute



necessity. Mobile retail technology brings with it the possibility of interacting with consumers at the point of purchase – the point where they are deciding whether or not to make a purchase. Companies can begin a dialogue with consumers through their mobile devices, influencing their decisions before a purchase has been made. Thus, it is imperative that CPG companies have the technology and analytics software in place for real-time mobile transactions. By 2015, when mobile retail makes up almost a tenth of the total e-commerce market, it will be far too late.

### Data Analytics Technology Challenges

Software tools are essential to the management of the ever-increasing amount of data. Too often category managers find themselves at the mercy of restrictive software that is inadequate to process the volume and complexity of the current data. Furthermore, barriers arise when the software is ill-equipped to handle the increasing number of data feeds. When data management software is not dynamic enough to incorporate not only new data but also new types of data, problems ensue across the board. The cost of the effort to add a new data source into a data analytics software infrastructure with many limited capabilities may outweigh the benefit of adding the data source to begin with. If too many resources are needed to obtain a deeper understanding of the data, it is worth reevaluating the current data analytics solution in place.

The current business intelligence tools on the market are not flexible enough to meet the dynamic needs of ongoing brand and category analysis requirements. Many of these solutions have been on the market for many years and were simply not architected to meet the new data challenges. While the business intelligence systems reside in IT, category managers need frequent access to the data. An example that often arises from this dynamic is the management of time periods in sales reporting. The reports produced by IT often give category managers sales figures for standard time periods such as the latest 4, 13, 26, and/or 52 weeks, but category managers may need sales figures for nonstandard periods such as the latest 9 weeks when evaluating a promotion, or the latest 15 weeks to analyze effects of a new item launch on the brand's existing items. With most business intelligence solutions, the category manager would either be unable to quickly change the time frame or would be dependent upon IT to make the necessary changes. Option one produces no results, and option two requires additional time and resources for customization.

Typically, a category manager on the business side does not fully understand the mechanics of the software being used and managed by IT.



Conversely, IT understands the software but has limited knowledge of the business aspect for which the data is required. This gap in technology and expertise within the data analytics process causes both time and money to be wasted. Business decisions cannot be made on a timely basis if IT constantly needs to be involved in every aspect of data analysis reporting. There are software tools geared towards category managers that are designed to extract information from a large database. However, because these tools are complex and require a great deal of training before they can be used, many category managers and analysts resort to tracking these activities manually through the use of spreadsheets rather than adapting to the use of a software solution. If a software solution is available, category managers may lack the ability to fully utilize the complex functionality that is required in order to gain actionable insights into a company's business.

### Leveraging Technology for Faster Insight

The complexity of data management has increased exponentially over the past ten years. The notion of manually managing Excel spreadsheets related to just a handful of data feeds is becoming obsolete. In order to gain (or regain) control of the staggering amount of various data feeds, dynamic data analytics software has become a necessity, not a luxury. A company's success is contingent upon being able to foresee what tomorrow (or later today) brings. To strengthen the value of the data, a category manager must be able to easily retrieve information from the numerous sources so that his knowledge can be more effectively directed towards drawing powerful conclusions and proactive company measures. According to AMR Research, "With faster...insights into demand, manufacturers as a whole can ratchet up revenue by 2%-7%." In the realm of data management, a gap between resources and productivity can ruin a product line. A dynamic software tool provides the ability to retrieve accurate information in a timely manner and can bridge this gap. For example, DataAlchemy Data Analytics software helped Heineken USA to address this issue of timely reporting. They stated that the report generation time was cut by 70%; allowing their category managers to spend more time analyzing data and less time crunching numbers (CGT, November 2009).



There is also an obvious danger in having only one or two individuals responsible for demand data reporting. The right software tools negate the necessity of a lone expert in a number of ways. Once a category manager has invested the time and is utilizing the advanced capabilities of a dynamic software solution, the data can be organized to optimize the current data and quickly calculate insightful analysis. Through the software, the category manager can provide a measurable savings with the following features:

- **Data Source Import Automation:** Data import automation features should include a simple and intuitive interface for importing any type of data into the data analytics software, including tabular-style data files such as Retail Link and Ritelnsight. Various file types should be allowed to be imported including Access database, Excel workbook or a delimited text file. Category managers should be able to create relationships with data that did not previously exist. The import feature should be intelligent enough to make automatic suggestions and "learn" as you use it, reducing the category manager's workload.
- **Data Management and Dynamic Reporting:** The category manager should have the ability to build segments and metrics that are not included in the original source data. Data analytics software tools should eliminate category managers' dependency on IT's involvement in adding every new product to measure a brand's performance. By independently revising the reports, the information is quickly updated with a limited amount of resources. For example, a category manager should be able to update his or her data to the latest time period and products, and this should automatically be reflected in their standard business and category review reports.

One very important aspect to consider when looking for a data analytics tool is the method for how reports are built and disseminated. Category managers and sales teams need to be able to evaluate the effectiveness of promotions, pricing, product mix and other trends. Because category managers are providing information to sales teams and retailers with various needs, they must be able to create a chart or table that can be used to address a variety of scenarios. A category manager must be able to create dynamic executive dashboards that monitor business, sales and category trends, analyze store level or SKU level sales, evaluate post promotions performance, monitor product launches and more. Dynamic reports make the data analysis process more efficient and effective.

- **Report Publishing Methods:** Category managers should be able to publish and distribute their reports using a familiar vehicle such as PowerPoint presentation or Excel charts. By delivering results in a familiar format, end users can quickly adopt the solution which will ensure a rapid return on investment.
- **Data Update Process:** Data updates and report publishing should be done efficiently and automatically. This allows all divisions to have access to current data that is the most powerful. Whether it is product placement information relayed to a retailer or product production information relayed to the manufacturer, current data that provides powerful insight can be quickly retrieved and insightful conclusions can be carried out.

Data analytics software tools that provide measurable savings are a worthy investment of both time and money. The business of consumer goods is constantly evolving and becoming more demanding. A company's tools should be able to evolve and expand in order to remain competitive and on top.

### Building a Competitive Advantage with Your Data

Category management responsibilities vary greatly from company to company. However, what they all have in common (and what is becoming a requirement for success in this field) is the need to leverage innovative technology, such as data analytics tools, to aid in the growth of their brand and compete effectively on the retailer's shelves. These tools provide timely information, which in turn helps category managers make informed decisions. Data analytics software tools automate the information and reporting process so that category managers can independently draw conclusions without wasting valuable time manipulating the data found in various spreadsheets.

The ideal data analytics software must be easy enough to use so that it does not become a burden for category managers to master. It must also be flexible enough to provide category managers with the various data points that can be used to build a successful brand and help forge a strong relationship with trading partners. With the current climate of data management in the CPG industry, these tools must automate the import of data and normalize the ever-increasing data content and content providers. The automation process must extend to the whole cycle of importing, updating, segmenting and distributing the data so that category managers can maximize the value of their information investment.



## About alqemyiQ

alqemyiQ (formerly Kenosia) provides enterprise demand data management software solutions to manufacturers, retailers and sales agents. Our products and services offer a systematic way of analyzing and sharing insights gleaned from disparate data sources, including syndicated, demographic, direct POS and internal shipments to name a few. alqemyiQ is also a supplier of customized consulting services, providing clients with best-in-class approaches to get more out of their data. For more information, go to [www.alqemyiqcorp.com](http://www.alqemyiqcorp.com).

