

The Structured Frame Of Category Management For Optimization Of Retail Business

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INTRODUCTION

In today's digital economy, market is competitive and volatile than ever. All retail segments, including the fashion industry are facing new challenges to survive in this market. Fashion trends change overnight, consumer preference changes quickly, and assortment changes more often than seasons. Brand competition, variety seeking consumers, heterogeneous customer preferences make the market unpredictable. As an example, the number of products in a market place increased by 16% per year between 1985 and 1992, whereas, the shelf space increased by only 1.5% per year during the same period (**Gérard P. Cachon, 2004**). So, there is no alternative of category management - to keep the right product, at the right price, at the right location, at the right time.

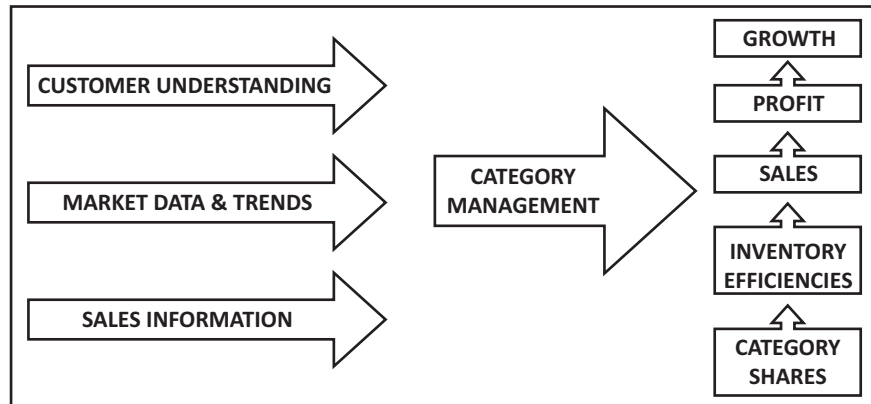
Category management, which is fully adopted with the grocery sector (mainly for food category), now intends to move towards the fashion sector as the fashion retailers are now in a perplexing situation with high SKU (stock keeping units) level of different brands, having huge range of products, which may be similar in application, but different in style. Hence, with this aim, the researcher presents the suitability and perfect implementation of category management in fashion retailing, where profit will be maximized through coordinated item assortment, pricing and promotion.

SCOPE OF RESEARCH ON CATEGORY MANAGEMENT

In today's markets, it is getting harder and harder to predict the actual demand. The traditional thinking of inventory making and waiting for customer demand is now less and less viable for the company. Now, the level of uncertainty is greater; the risk is a lot higher. Most markets have become a lot more turbulent, due to the spikes in demand that many companies experience, whether it is in consumer products or fashion products. The technological improvement and the most changing fashion trends reduce the product life cycle. In this new environment, a regular basis of supply of products in the market is mandatory to retain the sales opportunities at all times. Non-availability means that in the event of non-supply, the particular sales opportunity is lost forever. In this situation, there is no alternative to meet the requirement and demand of consumers in an effective way. To achieve this goal, suppliers and fashion retailers need to contribute their efforts to understand consumer needs. Therefore, it is necessary for suppliers and retailers to generate the growing interest in understanding the composition of their "*loyal consumer base*" and in defining the purchasing behaviour of loyal consumers. To make them aware (supplier & retailer), category management represents the method for managing the complexity issues in consumer needs and shopping behaviour. So, we can subject category management to minimize the lack of connection between consumers who come to the market and the suppliers & retailers, who go to the market, with attempts to meet consumer needs. That's why, category management offers mutual benefits to retailers and supply partners if they utilize it properly. Every fashion product should be categorized on the basis of customer understanding, market data and trend analysis and sales information. Then the objectives of category management come into action: Increasing profitability by taking into account all the factors that influence it on the shop floor and focusing on products with a high circulation, creating regular customers by focusing on the product supply to target consumers and developing in-store marketing through space management and well instructed product display. Consumer value and satisfaction are fundamental to build consumer loyalty and shopper loyalty and to increase sales and category profitability; a powerful way to create value and satisfaction is to keep shelves fully ranged. So, there is a scope of research on, "*understanding consumer behaviour and the approach of retailers to make their shelves fully exposed to the consumers*" for the perfect implementation of category management where inventory efficiencies, sales, profit and overall growth rate is maximized.

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Figure 1: Scope Of Research On Category Management, Where Customer Behaviour In Market Is Key Factor And The Target Is Overall Growth Optimization



LITERATURE REVIEW

✿ **Category Management:** Category management became the key player for changing the role of supplier and retailer in 1980s and in 1990s. Wal-Mart successfully applied this new theory for bringing its supercenter format, which converts retailer's general merchandise store into a full line grocery store under a single roof. Retailers of United State like **Safeway, Kroger, Albertson's and Publix** first practiced category management in early 1990. And Supervalu Inc., was the first wholesaler who brought this process to the small independent retailer. On the other hand, Coca-Cola & Philip Morris were the key players from the manufacturers side to support category management. In no time, category management was promoted enthusiastically, and became a must-have process for retailers and suppliers (**John Karolefski 2005**).

A Category is a group of similar or related items, which the customer would ideally like to find together in a store. And the definition of category management in respect to the retailing is like that: it is a managerial activity by which retailers ensure the presence of the right product, at the right price, at right time, at the right location to meet the projected sale as well as to maintain sufficient stock. The definition of category management covers some areas when it is subjected for retail stores (**Ozlem Aaci**). As like:

- ✿ Space planning of a store to make the product more visible to the customer.
- ✿ Assortment planning, which facilitates the achievement of desired financial outcome.
- ✿ Visual presentation of the product in a shop to motivate customers by using the electronic media.
- ✿ Efficient inventory management to prevent the stock out of any category.

Category management is a retailing concept, in which the total range of products sold by a retailer is broken down in to discrete groups of similar or related products; these groups are known as product categories (Wikipedia). Example of fashion categories in a retail shop may be: ladies tops, ladies jeans, also under garments. Each fashion category is combined in a retail shop as a part of business unit. And each business unit belonging to these categories is responsible to do business with its own set of turnover and profitability targets and strategies. Moreover, the product belonging to each category is supplied by different brand suppliers. Therefore, it's the supplier's responsibility to be more collaborative with the retailer. Category management is also subjected as the retailer's desire for suppliers to add value to the retailer's business, rather than to just their (supplier's) own business, whereas, category management covers the areas like new promotions, new products, re-vamped Planograms, introduction of points of Sale, advertising etc., which were beneficial to the retailer and the shopper in the store.

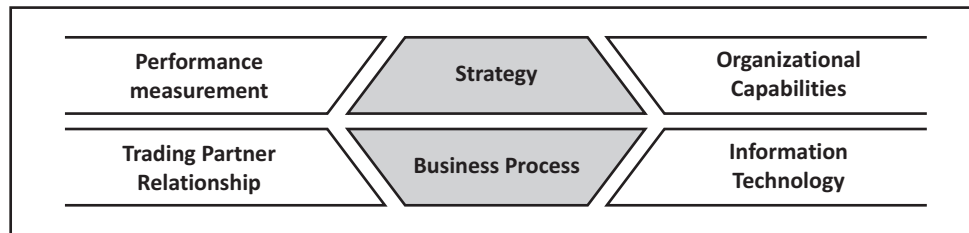
✿ **Category Captain:** From the above discussion, it is clear that category management is viable not only for the retailer; it is also significant to the supplier as well. Moreover, a retailer is subjected to deal with customers and knows better about the attitude or trend that the customer follows. But often, they don't have enough resources to identify and analyze the significant consumer and category trends. So, retailers need to rely on suppliers for expertise and guidance in this regard, as the suppliers to a category often have greater resources and stronger capabilities required for effective

category management than the retailer (**Kurtuluş, 2004**). From this point of view, supplier arises as a category captain for a particular category. And it is the retailer who chooses a supplier as a category captain for category insights and strategic recommendations that can boost up the volume and profitability. It's also beneficial for the supplier to be a category captain, as they have access to information on competitors' product and be able to influence the category decision (**Kurtuluş, 2004**).

Category captain is responsible for category development and growth, providing information on product trends and recommending prices and shelf space allocations for both - its own products and those of its competitors. In short, category captain's role is to provide input to retailers about management of all category brands. But a subsequent negative impact of playing a category captain to the retailer is that they may restrict the competition (**Desrochers, et al., 2003**).

✿ **Components Of Category Management:** Category management has become the ultimate solution to deal with the complexities of business for retailers and for suppliers as well. There are six components of category management to specify the problems and requirements of businesses, which are now treated as useful tools for fashion retailers. Among these six components, there are two core components and four enabling components which are mentioned below (**John Karolefski 2005**):

Figure 2: This Figure Shows Six Components Of CM



CORE COMPONENTS

✿ **Strategy:** Strategy provides the umbrella for both the supplier and the retailer, who are the parts of overall business process to implement category management effectively. For optimum efficiency, retailer and supplier must have to figure out the answer of some strategic questions before starting category management business process. Amongst these are:

- ✿ What is the company's overall purpose/mission?
- ✿ What is the basis of competitive positioning?
- ✿ What are the key corporate goals?
- ✿ Who are the core/target consumers?
- ✿ What are the key strategies, regarding pricing, assortment, promotion, service etc?
- ✿ What is the present relationship between the retailer and the supplier?

The appropriate answer to these questions must provide key strategic directions and a strategic framework for consistent category level management decisions.

✿ **Business Process:** The business process is the guide line for the retailer and the supplier for doing cooperative work required to develop, implement and monitor a category business plan. This process implies a strong emphasis on how work is done within and across the retailer and focal firm as it is a structured, measured set of activities designed to produce a specified output.

✿ **The Figure 3 shows the 8- step category business process for best practices of category management.**

1) Category Definition: In this area, specific products are summed up to make a category and its segmentation. It is the starting point where the sub-categories and individual stock keeping units are considered within the category. This is a comprehensive task, which should reflect the consumers' needs and desire.

2) Category Roles: The objective is to assign the purpose of the category from the retailer's perspective. Category role is defined on the basis of various factors like the importance of specific category to its retailer and retailer's competitor

as well as target consumer group. Even the trends of retailer's market place affect the role of category.

3) Category Assessment: The purpose of category assessment is to develop the realization on category and its performance as well as study its opportunities and weaknesses. Category assessment provides the information regarding key drivers and the area of excellence. Therefore, category strategies and tactics are employed in order to capitalize on these areas. The assessment should be performed by considering every perspective; retailer, supplier, customer, marketplace. To gain a full picture of category performance, assessment is conducted from the core category and then through the various category structure levels; subcategory, segment, brand and product.

4) Category Score Card: It identifies the key performance measure of the specific category and quantifying the opportunities through a series of target objectives. It is connected with category strategies and gives a guidance to indicate the tactics for forwarding the plan.

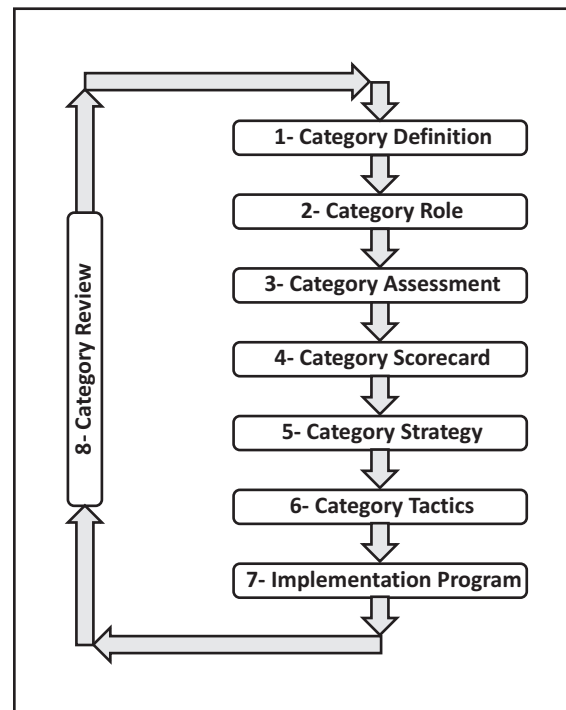
5) Category Strategies: To achieve the performance measure set out in the score card, category strategy is developed. The strategy is the guideline for initiating the desired role and performance. The strategy should be consistent with the retailers' overall strategy and covers the area of product marketing, supply and in store merchandising. Even the strategy needs to be developed on the basis of how each category is performing, how effectively they deliver the value to the consumer and how they derived competitive advantages.

6) Category Tactics: It works for by determining the specific actions that should be taken to achieve the chosen category strategy. The tactics are the set of store variables which are grouped into store assortment, pricing, display and promotion tactics. Category strategy and category role provide the guideline for these tactics.

7) Implementation Plan: Retailers, the key player of category management, collaborate with suppliers to develop and implement a written business plan to achieve the category role, strategy, tactics and scorecard. There are several variables; customer choice, fashion, inventory, productivity, retail space and retail margins, which should be taken in consideration for a successful implementation of category plan.

8) Category Review: In this stage, a close supervision is conducted for optimizing the performance of other steps. A better knowledge on a specific category is revealed here, as it is the perfect place for highlighting the opportunities and the areas of improvement. So, on the above discussion regarding the 8-step process, it is easy to understand that every step is interrelated, is even interdependent as shown in the Figure 3.

Figure 3: Process Activity Of Category Management



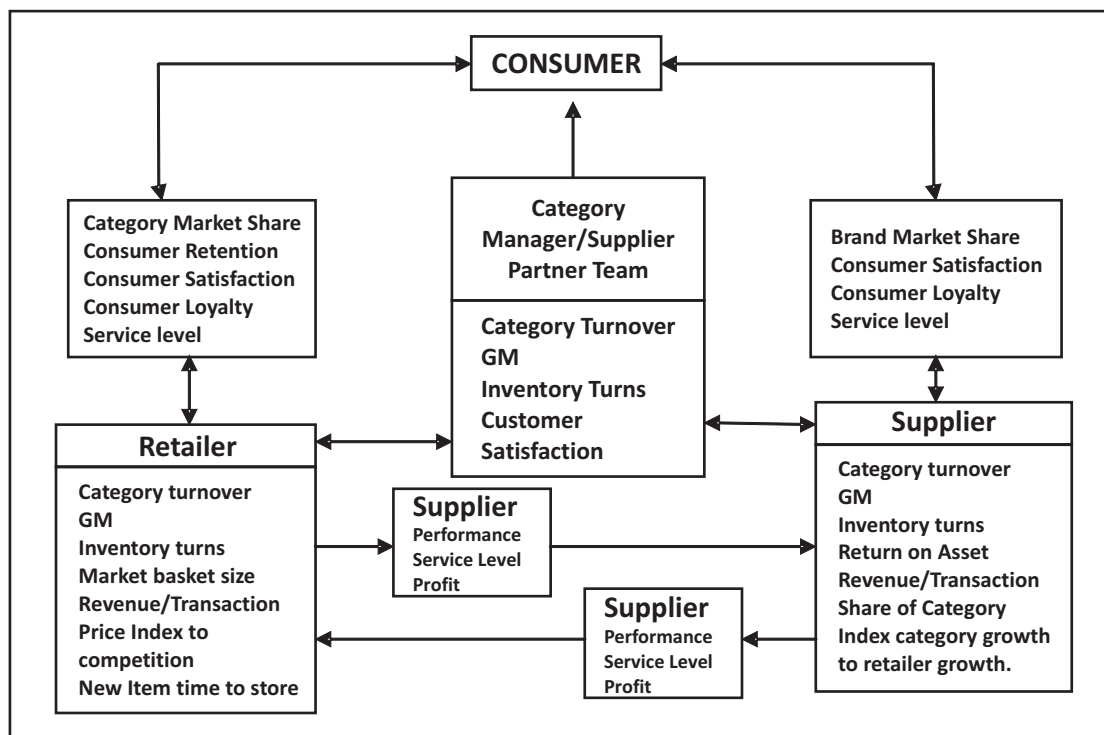
ENABLING COMPONENTS

✿ **Performance Measurement:** To measure the progress of the category management process as well as the individual category business plan against target objectives and over all company goals, performance measurement provides a set of methods and tools.

There are 3 types of performance measurement tools for an effective category management process:

- ✿ Company level performance measurement;
- ✿ Category performance measurement;
- ✿ Capabilities measures.

Figure 4: A Balanced Set Of Performance Measurement



According to the Figure 4, both the retailer and the supplier has their own profitability targets like GM, Revenue, Growth etc. And most importantly, supplier's performance will effect the retailer's growth, but if supplier's brand is weaker than the retailer's brand, then the supplier would get some advantage from the retailer's side also. However, they have their respective targets to satisfy the consumer; a retailer wants to get loyal a consumer base by customer retention and customer satisfaction, while a supplier intends to strengthen his own brand by increasing the service level. And it is category management which allows them to adopt with its structured phases to make them persistent with their business growth through a long term relationship.

✿ **Organizational Capabilities:** How capable an organization is to perform best practice category management is based on several factors such as its structural setup, job role and knowledge development of its employees. A perfect organizational capability provides the core competence of retailers and suppliers.

✿ **Information Technology:** The effectiveness of category management depends on collaboration of retailers and suppliers in terms of organizing, analyzing and acting upon the data gathered for the customer and other members of the supply chain. To achieve a competitive advancement, all data regarding customers, merchandise, processes, cost and quality need to be evaluated. Due to the advancement of information technology, it is possible for retailers and suppliers to share information and change in collective business practice.

The data and system support the fact-based decisions of category management and improve business process productivity. Nowadays, EDI, RFID has become popular to maintain and monitor the trend of the current session.

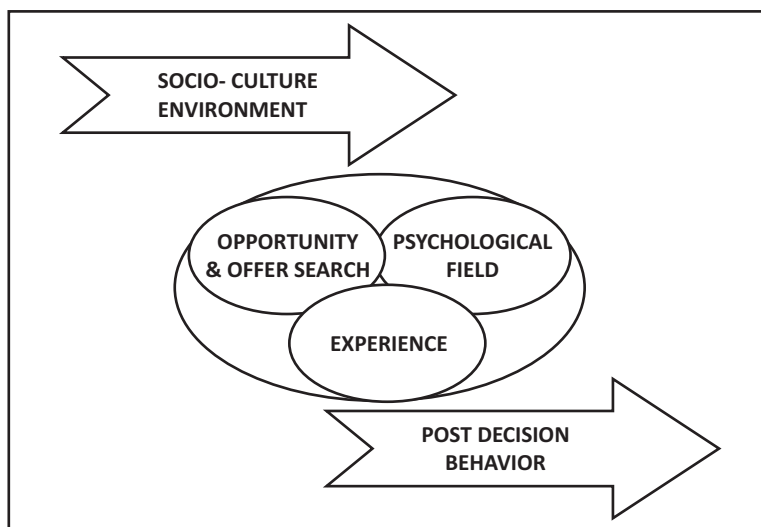
✿ **Cooperative Trading Partner Relationships:** It means that both the supplier and the retailer co-operate with each other to maximize their unique resources and perspectives for a common objective, delivering superior consumer value and more profitability.

IN STORE IMPLEMENTATION OF CATEGORY MANAGEMENT

After being adopted with the components of category management in their business processes, retailers and suppliers should focus on its perfect utilization. Because a perfect utilization of category management process will enable them to approach for a long lasting partnership, which in terms keeps them on a way of doing business, like joint ventures. So, in this section, the author discusses the important areas to enhance the category management process, while the focus is now shifted from retailers' or suppliers' head office to the retail shop.

✿ **Consumer Understanding:** Every category should be defined and promoted on the basis of research data on identifying, understanding and meeting consumer and shopper needs. The planning of product assortments, pricing strategies, promotional mechanics and in-store layouts should be optimized by the retailer according to consumer purchase behaviour. A Supplier also needs to understand the specific customer group and their psychology to ensure future product development that will be suitable to meet consumer needs and wants. So, at first, both the retailer and the supplier should analyze consumer shopping behaviour to understand the way of consumer's decision making. And the following figure can help them to realize the matter perfectly:

Figure 5: Different Stages Of Consumers' Decision Making



Source: Hypothesis by the author

According to the Figure 5, consumers are initially influenced by their socio- cultural environment. It includes family, reference groups, social class, sub culture and culture, which are known as external influences. Here, the consumer behaviour is affected either for individual or in the context of a group. For example, friends can influence what kind of clothing a man should wear, or an organization can define the clothing for his/her employees.

After the effect of external influence, a consumer is supposed to buy the product. Then he is in a discussion making stage, where psychological field plays the ultimate role. This field covers the area of motivation, perception, learning, personality. In this stage, a retailer and supplier can take the chance to motivate a consumer for shopping from their defined category by analyzing the average lifestyle data of target consumer groups. If the motivation clicks any consumer, then he intends to search for an opportunity like - need recognition, promotion offer and evaluation of alternatives. This blurring situation of decision making, coupled with his previous experience, lead him to finalize his decision.

Therefore, the output is post purchase behaviour, where he trails on the product and then the consumer buys it. If his/her post purchase evaluation is good, then he/she can repeat the buying decision or can influence his/ her friends to have it. This will give the consumer more weight for his experience, which increases the reputation of the specific retail

industry as well as of the supplier.

So, whoever among the retailers and suppliers wants to build up a long term strategy for their organization should emphasize more on consumer shopping behaviour, while they define product category or include new products in a category. It is also necessary to mention that besides demographic data, geography also has a tremendous effect on consumer's shopping behaviour. Observation about consumers of different regions of the world shows the variation in their thoughts - like how they select the products, how they make decisions and what they look for. For example, some American manufacturers were anxious about low sales of their products in Japan. After a research, they found that Unlike American consumers, Japanese have a tendency to buy the brand specific product rather than product specific brand. They have to have the major brand like Mitsubishi or Proctor & Gamble in the product to be preferred by them (Lars Perner, 2010).

DATA ANALYSIS AND ROLE OF MARKET RESEARCH

Market research on the basis of data analysis allows business owners to penetrate through consumer-insight. Strategic plans & tactics should be undertaken as a unified approach from the retailer and the supplier side, and it should proceed through continuous follow up and data analysis on a category performance from different consumer perspectives, whether it is the way how a consumer shops or how they use a product. Market research on a specific category carried out by an experienced team from the supplier's side or third party analyzer can identify the tactics such as ranging, merchandising, pricing and promotions. The researcher here mentions two important areas where the market research can increase the strength of a category to achieve its financial target.

✿ **Packaging And Design Testing:** Market research and corresponding data analysis plays an important role in the development and evaluation of product packaging, brand design, in-store fixtures which helps retailers and suppliers to get a better understanding on existing products or the development of new products. The communication of products and brand attributes to the consumer is largely dependent on the design and visual aspects. Market research data in regards to planning and designing processes of a product ensures that the real needs and desires of consumers are met. Market research could be carried out by workshops activities and by in-depth interviews to reveal the visual cues and communication aids for target consumer groups. Effective communication aids not only mean the modification of visual appearance of a product, but also, it could be done by some words or sentences like brand promise, which offers functional and psychological advantage to inspire the consumer. For example, a fashion retailer brings a new product in the market and inspires a consumer in particular manner that the consumer perceives functional and psychological motivation for impulse buying.

Figure 6: Functional And Psychological Motivation To Stimulate Impulse Buying Of Consumers

	Functional Motive	Psychological Motive
The price is 40% of regular price.	X	
It never needs ironing.	X	
Serving you since 1950.		X
It's all the rage-colored action ware and style.		X
A gift! she will treasure always.		X
Additional accessories will be supplied.	X	

✿ **Price Testing:** It is better to conduct a market research on consumers' perceptions about the price of a specific product or brand as compared to other products in a category. Then the business partners have an idea on how

consumers would react to a price change, and it will help them to reorganize the price structure for a product of a category or for the whole category. Even the price of a specific category could be changed in a certain store to observe the sales results as compared to the other stores. Due to price reduction, the increment of sales figures, coupled with the low profit per item, generate the overall growth of this product. And if this growth inclines towards the overall category performance, then the reduced price could be finalized for the specific product. This same thing could happen for the overall category as well. Pricing for a category is also important for retailer-supplier relationship. The author found a market research which focuses on how a shift to category management by a retailer affects its price, sales and profitability in a competitive retail setting. The study was conducted on two competing common retailers who receive products from two competing national brand manufacturers. The research shows that one retailer's adoption of category management increases its average unit price of the category and reduces its sales volume and revenues. But the retailer still enjoys an increase in its gross margin profits as competing manufacturers' wholesale prices fall in the process (Basuroy *et al.*, 2006).

✿ **Visual Merchandising:** Visual merchandising is the *activity of promoting the sale of goods, especially by their presentation in retail outlets* (New Oxford Dictionary of English, 1999, Oxford University Press).

True to its dictionary definition, it combines the area of products, store-environment and spaces into a stimulating and engaging display to encourage the sales of products or services. In fashion retailing, a successful output through visual appearance of a store is achieved by team effort involving the senior management, architects, merchandising managers, buyers, and the visual merchandising management team (Wikipedia). All of these related staffs integrate their idea to create a warm, friendly and approachable atmosphere for its potential customers. And for doing this, the overall display including color, lighting, space, product information, sensory inputs such as smell, touch, and sounds as well as technologies like digital displays and interactive installations should be done in a way that it motivates customers to hang out with the shop for a long time and encourage them to shop again from the same store. So, visual merchandising is a mixture of art and science that provides maximum sales growth to customer. The researcher now discusses some factors to simplify the outlook of retail stores that are associated with visual merchandising:

✿ **Bulk Stacking:** To get rid of slow selling products or fashion products, this method is fruitful as it encourages shoppers for multiple purchasing. This technique creates the perception of value by offering multiple purchases for reduced price like “*buy one get one free*”.

✿ **Category Signposts:** Certain products should show up in a suitable place to indicate the placement of overall category relevant with this product. The positioning of these products assists the customer to find the perfect location where the desired category is. For example, a set of ladies inner ware in a place of a shop is indicated as an underwear category on that specific position.

✿ **Brand Blocking:** Those customers, who are biased by brand, are always searching for their specific brand. Therefore, easily recognizable brands could be stocked in a specific place, where all products of a brand are accumulated to represent the whole brand strength. This is the most important attribute for driving consumer choice. But in every category, the presence of the product of a specific brand should be presented to maximize the category strength.

✿ **Color Blocking:** All products are blocked firstly by their color. Especially for fashion products, color blocking is more significant. Every product of a category should be blocked by its respective color. But the negative impact of color blocking is like that, same products having any specific color could be overstocked due to low sale and the same product having another specific color could be under stocked, leading to out of stock for high demand, resulting in consumer dissatisfaction.

✿ **Horizontal And Vertical Blocking:** Actually, there is no rule to define which one is better, but it is recommended to follow one blocking whether it is horizontal or vertical blocking. The suitability of using anyone of this blocking system depends on some factors like the layout of the shop, which product this shop offers and on research data. For skimming through the product, when the customer walks along the aisle, vertical blocking is more suitable. Here, products are blocked together vertically into categories, sub-categories, segments and sub-segments to help consumer find the product they are looking for. In the same way, horizontal blocking helps a customer to browse through the shelf to find what they are looking for. A research article of Procter & Gamble shows that vertical blocking helps a shopper locate products 23% faster than other techniques (Minor Project report 2009, NIFT).

✿ **Store Clustering:** Store clustering should be done on the basis of some retail function like assortment planning, space planning, pricing, promotion planning, store performance, benchmarking etc. Since no single clustering methodology can fulfil all the requirements of a retail shop, but it must be aligned towards retailers' objectives. Now-a-days, the retailers are becoming aware about store clustering to design their strategies as per store attributes. Store clustering strategies could depend on location and market type of stores like stores on a beach, or in a student area, or in an urban neighbourhood.

BENEFITS FROM CATEGORY MANAGEMENT

From the above discussion, we can easily realize that how category management can effectively be implemented in retailing. But the most important thing- a question; why it is required to implant category management in a retail shop? Because, there are certain benefits for the retailer as well as a customer that are discussed below:

✿ **Benefits From Retailer's Points Of View:** Category Management opens the door of opportunity for retailers to link up with suppliers to improve their service level. Retailers can sub-categorize different brands of a same category on the basis of price, quality and quantity, which will be helpful for them to estimate the turnover and other profit related issues; because by doing the same things, they can manage the inventory value of their shop as the inventory in shop & back up inventory is interrelated with inventory value. They also can utilize the floor space to the optimum level. CM reduces the risk of stock out of any category or sub category due to excessive customer demand. Retailers can reduce their cost and increase their profits by updating its range (**Kurt salmon associates 1993**). A survey of consumer's experience by reducing the range has shown us that 25% reduction in range are not affected by consumer's experience as long as the favorite products and product category space in the store had not been affected (**Broniarczyk 1998**). Reducing the presence of products that are temporarily out of market is another objective of the process of category management. Many retailers believe that the problem is not so critical because most consumers choose to buy substitute products when the product they are planning to purchase is temporarily out of stock and they continue to make their purchases at the same store (**Corsten & Gruen 2004**). There is a study involving 71000 consumers in 29 countries conducted by **Corsten & Gruen (2004)** in order to see how consumer react in practice when a product is temporarily out of deal. The survey showed that 7-25% consumers continue to shop by purchasing a substitute product from the same category, while 21-43% choose to go to another store to buy the specific product that was temporarily out of stock. According to the author, this effect results in 4% sales decrement of a typical grocery store. And the reason of temporary run out of product form stores was examined in the same study conducted on 600 retail shops of 29 countries. It was found that 72% of these goods, which were temporarily out of stock, related to the error committed by retailers like overdue orders, small orders, and poor sales projection, while only 28% problems were caused by the suppliers (**Corsten & Gruen 2004**).

✿ **Benefits From Supplier Point Of View:** Under the umbrella of category management, a supplier comes to know about the consumer preference for a specific product category. Then, it is easy for him to evaluate his brand's performance as compared to other brands in a category. This shopper insight helps him to take initiatives for boosting up his business. An example is given here: In a specific category, there are two brands A & B. Sometimes, the situation could arise such that Brand 'A' is dominating in the market and Brand 'B' would go down by the amount that brand 'A' would increase. So, the resultant sale is same for the retailer. There is no net gain or loss for the retailer. In this situation, if category management is implemented in the retail shop, then the supplier of brand 'B' will be able to take some initiative to recover its strength. In this perspective, category management plays a significant role to the supplier. The structure oriented phase of different stages of category management assists a supplier to build a trustworthy relationship with the retailer, which in term helps him to go for long term strategic planning.

✿ **Benefits From Customer Point Of View:** For those retailing shops having category management, a customer can easily compare the prices of different brands of the same category that encourages customers to buy their required products as they are confident about the price range and quality for the same product of another brand. As the shop is tailored to the shoppers' preference, it is easy for the shopper to search for his or her specific product. Customers also have an easy access to the assortment range of the shop. All these things motivate a customer positively for going back to the same store for his next shopping trip.

DISCUSSION

It is important to figure out the target consumer and their behaviour that affects retail strategy and purchases. There are some questions in this regard that every retailer needs to know to implement in category management for their business.

- ✿ How do consumers choose stores for shopping?
- ✿ How do consumers choose products?
- ✿ How do in-store category tactics affect consumer choice?

There are also four key points that should be kept in mind when choosing a retail outlet. These are:

- ✿ Location of the store.
- ✿ Product/brand variety.
- ✿ Price.
- ✿ Shopping environment fast checkout, friendly staff and the atmosphere within the store.

And the most important part for a retailer is consumer motivation as a part of category management plan, which include:

- ✿ Space allocated to a category and to a brand within a category and the location of the brand, i.e. top shelf versus bottom shelf.
- ✿ The assortment offered - items added to or dropped from the category.
- ✿ The pricing decision - high/low or everyday pricing.
- ✿ The promotion decision - features, in-store displays, sampling.

Actually, the overall objectives of the discussion is, how effectively category management works, depending on the mutual understanding of the supplier and the retailer, as they both are the parts of category management team. This team should ensure that:

- ✿ Both parties are allowed to put across their perspective;
- ✿ The category has a co-ordinated internal programme;
- ✿ The category has a co-ordinated external programme;
- ✿ It has the appropriate level of resource allocation.

To be successful, both the supplier and the retailer need to develop database that integrate their internal data with external market/competitive data.

CONCLUSION

As the market is now competitive and volatile than ever, and the product life cycle is becoming shorter, retailers are now forced to look for different strategies and business processes. In this perspective, category management is one of the best responses to gain competitive advantage. CM also plays a significant role for a supplier, as it can act as a survival strategy for a supplier by investing knowledge within their own specialist area and the business process relationship with the retailer. On the other hand, it is hard for the retailer to maintain the total solution in a store for consumers in a long run. Therefore, it is beneficial for the retailers to consult more with the suppliers as well. As a concluding sentence, the author would like to state that category management is the wave of future in consumer packaged goods marketplace, **while both retailers and suppliers are thinking about long term stability of their business.**

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(Contd. On Page 61)

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