9.1. Recommendations

9.1.1. Integrated category management goals

Category management goals need to be specified and published to provide focus and direction to the team. To be meaningful, organizations must include measurable objectives along with realistic timelines for their achievement. The category management goals should be part of organizational goals to achieve more involvement from cross-functional areas/department.

9.1.2. Co-ordinate responsibilities

Implementation of category management should be collaborative process and cross-functional in nature. It is very important that activities within various departments are coordinated properly. In one instance we observed that there was conflict of interest between the category team and the operations team. In a store coke products were out-of-stock for two weeks because of misunderstanding between the supplier, category team and operations team. Category team had certain agreements regarding return of expired products, which was not properly understood and demonstrated by the operations team at the store. If the responsibilities are properly coordinated such undesirable events can be minimized.

9.1.3. Breaking-down organizational barriers

Success of any new process is subjected to resistance from various people involved in the organizational set up. Resistance may come from within the organization or outside the organization. For example, successful adoptions of category management process demands
collaborative effort from suppliers and retailers. Supplier may need to upgrade their IT infrastructure which essentially requires additional investment. So there might be possible resistance from them. Therefore, resistances act as one of the barriers to successful implementation of category management. In one instance we observed that people at shop floor level were showing resistance to adopt new assortment and planograms. This was actually hampering performance of that specific store. While the other store in the city was doing well the store under study was underperforming. One of the category team members looking after the store termed this as embarrassing. He said "people at the store are having strong attitudinal problem and really lack motivation to do well". That means all the people involved in the category management process should be aligned and must show their readiness for efficient and effective adoption of the process.

9.1.4. On time follow-up

Senior management’s leadership is vital throughout the category management process. Top management should arrange frequent formal and informal meetings with employees and managers to show support for improvement in their efforts and implementation initiatives. There should be a time line for people involved in the process and activities.

9.1.5. Establishing a reward and recognition system

To foster performance improvements retailers should tie-in suitable reward and recognition system to enhance performance of people involved in the category management process. More importantly there should be reward system for the managers involved in implementation of the strategic and tactical decisions. At the initial stage, rewards can be financial in nature and later on both financial and non-financial rewards can be devised to motivate people to stay in the organization.
9.1.6. Offering training

Training should be provided to appropriate personnel to help them properly make process improvements. Dedicated group of people should be selected and sent for training to gain adequate inputs on category management process. They can be sent to study practices at some of leading retailers across the globe. After completion of their training they should to assigned right kind of responsibility in the category management projects.

9.1.7. Realistic initial attempt at implementation

Category management can be implemented on project basis. Perfection will not be achieved in the first instance; therefore initial attempts are required to make progress in the process. Improvement in category management process is continuous and hence demands continuous efforts from all who are involved in the process.

9.1.8. Integrate the scorecard into the organization

Incorporating category scorecard may not be adequate for success of category management process as a whole. Category scorecard helps to assess performance of each category but not the whole process. So it is desirable to have a scorecard to evaluate performance of category management process. That may be not exhaustive but should be handy and user friendly.

9.1.9. Initiate long term relationship with suppliers

If demonstrating a genuine need to improve the organizational process is not possible, failure would eventually happen. It is very important for the category team to demonstrate actual benefit of category management to the supplying partners and develop long term and sustainable relationship with them. It is inevitable that collaborative relationship is going to develop in some point in time irrespective of who takes the initiative. However, it is important that such relationship develops sooner than later. The suppliers in India seem
to be far behind in terms of category management implementation process so the retailers
can initiate the process and surely that would help both parties in the long run. It is not
wise to wait for the suppliers to take the initiatives from their end.

9.1.10. Changing the corporate structure and culture

Category management may require a complete new organization structure or revamping of
the old structure for smooth functioning of the system. In the process the organizational
culture may get face lift and performance improvement needs to be cultivated within the
organizational culture. Every one should be clear that performance improvement is not a
one time event rather a continuous process.

9.1.11. Institutionalize the process

Creating, leveraging, sharing, enhancing managing and documenting knowledge of
category management process will provide critical "corporate continuity" in entire
exercise of category management process. This would help organizations to retain
knowledge even if some of the team leaders or members of top management leave the
organization.

9.1.12. Focus on Consumer

Retailers must focus on the consumer and develop their plans and strategies accordingly.

9.1.12.1. Penetration and Traffic

- Retailers should use merchandising techniques to draw attention to
  segments/categories in the store that are bought by target shoppers elsewhere.
  Under the competitive environment shoppers would like to optimize or maximize
  their return on investment in terms of time value, search cost, travel cost and others.
- As the retailers are generating Point-of-Sale (POS) data they should use it
  extensively to understand shopper’s basket and their buying pattern to effectively
  devise category specific strategies. Currently Indian retailers are using POS data for
Retailers do not use any specific mechanism to measure out-of-stock (OOS) at the store. They must carry out internal audits to reduce OOS situations in stores.

9.1.12.2. Conversion

Retailers should use product adjacencies and dual locations (i.e. exit points or entry points along with original location) which would certainly increase the conversion rate at the store. The categories or items which are bought together should be located next to each other. Else there should be clear demarcation that would lead customer to buy the product or item with lesser effort.

9.1.12.3. Spending and basket size

It is imperative for the retailers to find out big spenders at their store. The big spenders in specific categories can be segregated and targeted for special category level schemes. Their buying habits and purchasing frequencies can be tracked to promote high margin products and encourage cross-category purchase.

9.1.12.4. Loyalty and frequency

Loyalty data can be used efficiently to target loyal and frequent shoppers to offer category level promotions. Also these data can be used for new product launch at the store. Using loyalty card and POS data retailers should figure out OSS in those categories where they spend maximum of their shopping basket and should be proactive to minimize OSS.

9.2. Proposed CM Process

After making close observation we found that the classical 8 step category management process is not yet very much popular in India. The industry is at early phase of growth and many retailers lack sufficient experience in this field. The retailers under study were not
genuinely comfortable with the lengthy category management process. Probably it would be useful to make the process shorter but rigorous. We believe that the process presented in Figure 9.1 would be suitable for the Indian retailers.

Stage I:
In this stage retailers have to define their categories and assign specific roles to each category. In order to make proper category definition retailers have to gather adequate information using possible sources like scanner data and panel data. Also retailers can collect information from the consumers directly. For this purpose they are recommended to use interviews and workshops to generate in-depth understanding of shoppers’ buying and consumption of different product categories. At these stages the retailers have to set priorities for each category.

Stage II:
This stage requires analysis of available data at three most important levels such as market level, household, and retailer’s POS data. Here retailers can look at basket level data of every consumer and carry out data mining activities to find out category level trends in the store. Output from data mining process can be used to refine category priority if needed.

Stage III:
At this stage retailers have establish linkage between macro (i.e. national or regional) level with micro (i.e. store, category and SKU) level data. Such linkages if established can be used to develop strategies at store level as well as corporate level. This stage would bring in issues like what kind of relationship to be developed with the suppliers and the consumers.

Stage IV:
This is the final stage of the process where the retailers should carry out implementation of strategies and tactics developed in the earlier stages. This stage also includes review of all stages which are interlinked.
9.3. Limitations

The overall study is not free from limitations. We faced several difficulties during our study period. We found not very many retailers were practicing category management, and a few retailers were ready to share information with us.

9.3.1. Lack of Support from Retailers

We are lucky that we got some supports from some of the organization we approached. In couple of cases we did not receive support despite of their initial commitments. In India organized retail is evolving and retailers are not ready to share information with academic research such as ours. We found that in some cases the Human Resource (HR) department...
was very slow to respond to our request. In one case the HR department agreed to help us and we visited their corporate office for further proceedings, however at later stage we did not receive any further support.

9.3.2. Job change by employees

Frequent change of job by the employees of supporting organizations caused a concern for us. At times we were facing serious challenges of unavailability of right and competent people who were familiar with the process. Such things were happening because of frequent employee turn over.

9.3.3. Lack of sufficient knowledge

We found that not many organizations having competent employees who have adequate expertise and knowledge in category management process. Hence to collect information became difficult.

9.3.4. Funding Constraint

We had funding constraints as it was not sponsored by any organization and everything was self funded. We tried for some funding from outside sources but could not manage to get help from funding agencies.

9.3.5. Time Constraint

Our research was time bound and hence we could not wait for collecting information on recent developments in some of the organizations which would have thrown more insights.
9.3.5. Case Method of Study

As we discussed in the methodology section, case method has its own limitation. So our study finding may not be universally applicable as our study is subjected to only few organizations.

9.4. Future Research Directions

We believe that there is significant scope for conducting research in the field of innovative retail practices in India. This piece of research is just an initiation in this direction. Category management is most debated and discussed topic in the developed markets. A lot of academic research is happening outside and we need to catch up. This is only feasible if the industry and academia support each other. The present study provides ground for researchers interested in field of enquiry. The following directions are suggested for future research.

1) Comparative study of category management practices by Indian retailers and multinational retailers. Such study can draw interesting comparison. Questions like how Indian retailers are changing their practices, and how they are making their competitive move. How would be the future scenario when multinational retailers would come to India?

2) A study on diffusion of ECR practices in India would be interesting one. Both retailers and suppliers’ readiness can be studied. Balance of power has not been studied in the Indian context. Such a study can throw light on this aspect also.

3) A comparative study of category management practices by small retailer’s vis-vis large retailers in India would be exciting. It would be useful to find out capability of small retailers and large retailers to adopt global retail practices like category management. Who performs better? Do the small retailers have ability and resources to fight with the big retailers?