

# **CATEGORY MANAGEMENT IN ONLINE RETAILING**

Fredrik Lange

Center for Retailing, Stockholm School of Economics

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# Category Management definition

‘ . . . a distributor/supplier process of managing categories as strategic business units producing enhanced business results by focusing on delivering consumer value’

- 1) Work is based on consumer & shopper understanding
- 2) Work with categories of products, instead of single brands or items
- 3) Drive long term growth and profitability.

# The scope of Category Management



Optimise assortment

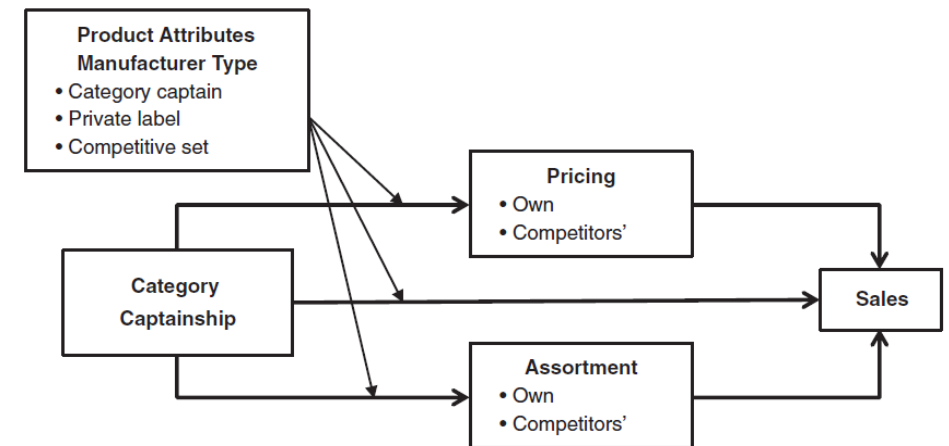
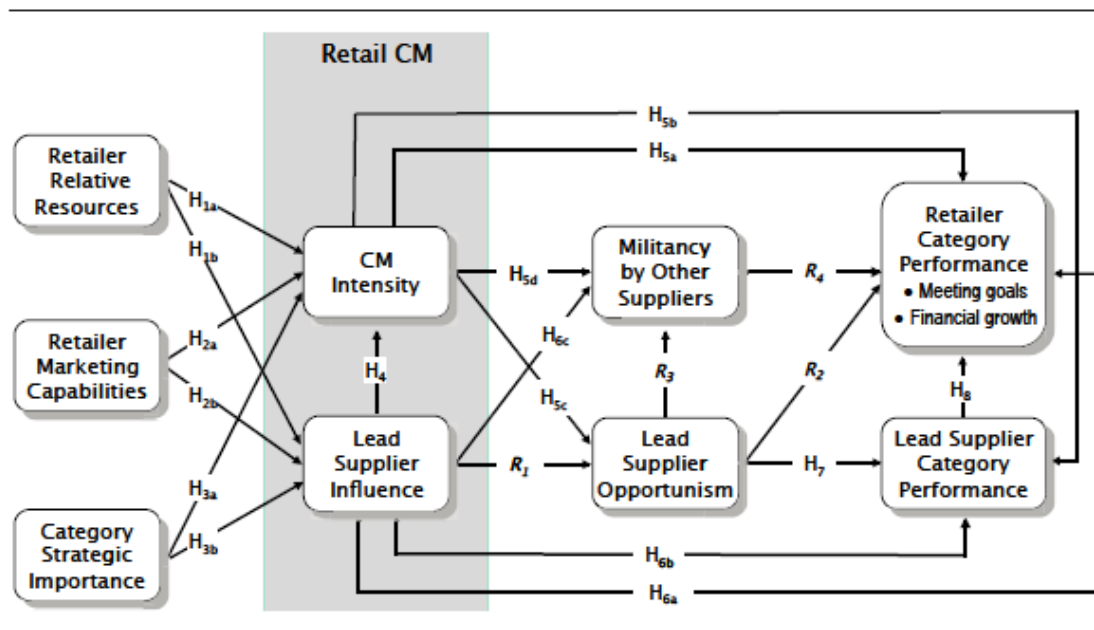
Optimise new product introductions

Optimise promotions

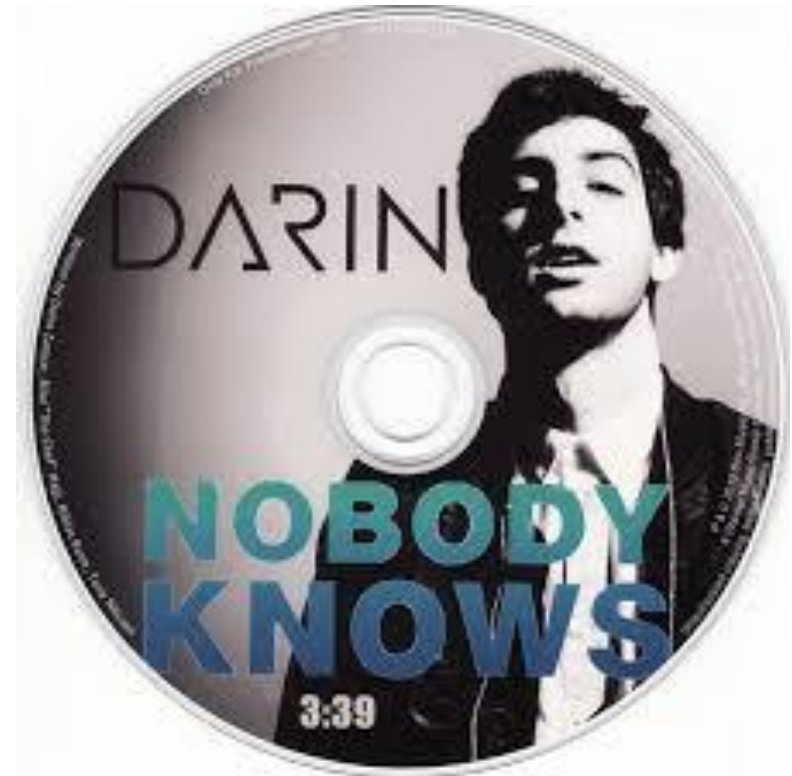
Twenty-five  
years of  
research:  
CM impact?

- Category-based operations superior to brand-by-brand operations
- Collaboration enhances financial outcomes and helps reach organizational goals
- Value is unevenly distributed among retailers and manufacturers

# Collaboration and coordination as key drivers of Category Management success



What about online Category Management?  
What Darin song can be used as illustration?



# Online Category Management

What can we learn from existing practices?

What can we learn from existing research?

# CM practices online

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## **Assortment**

Stadium (355 items in the padel category, Yesterday it was 350)

Amazon (11 000 SKU's in the cereal category)

## **New product introduction**

MatHem 583 “new items”)

## **Promotions**

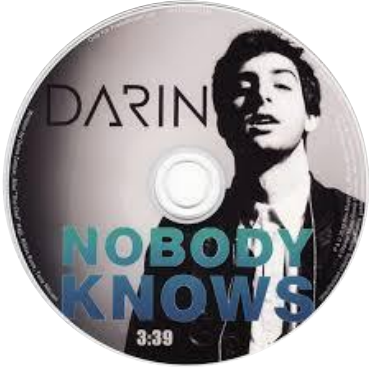
Stadium “Today only” Underwear 25 percent off (Yesterday it was Sweatshirts)

Cervera “20 percent off on all pans”

Adidas collaborates and competes with Unisportstore/Stadium



Marketing  
tools



Relation-  
ships



Shopper  
Insights



# Marketing tools (Gielens and Steenkamp, 2019)

## **Assortment visibility online**

“Endless aisles” but less item visibility

Retail format conformity (different offline formats converge)

## **Assortment organization online**

Dramatic differences from offline stores (facings, blocking, special displays...)

Less atmospherics

Keyword and search words

Retail format contrast (the online format may move away from offline formats)

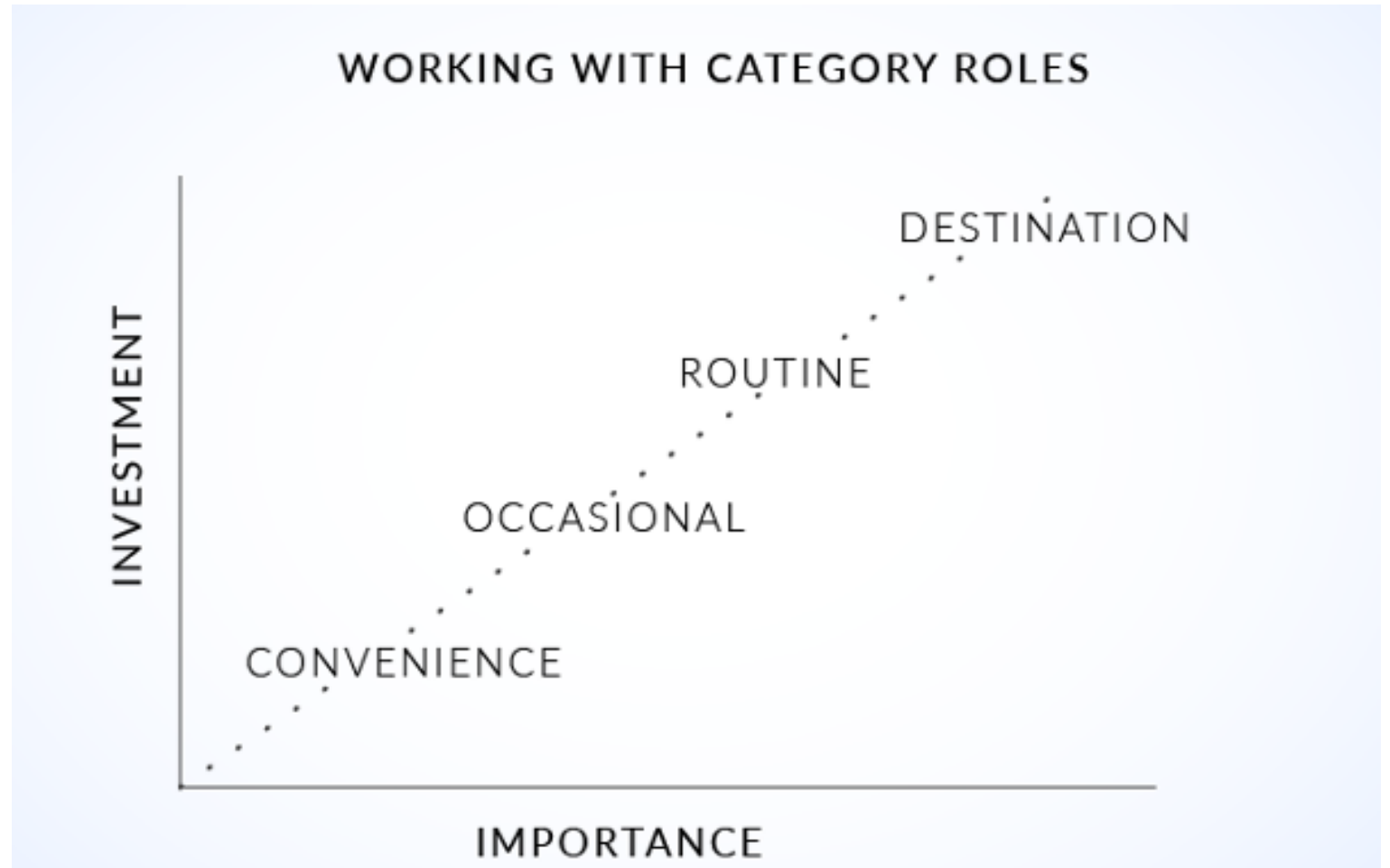
## **Pricing online**

Promotion cycles

Dynamic pricing models

**Shopper insights:**  
Same or different  
category roles  
online versus  
offline?

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Shopper insights:  
Traditional  
decision trees  
obsolete?

Personalized  
organization

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Shopper needs:  
New product  
solutions  
optimized for  
online?

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# Retailer-supplier relationships

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Category Management has emerged as a key component in the retailing ecosystem

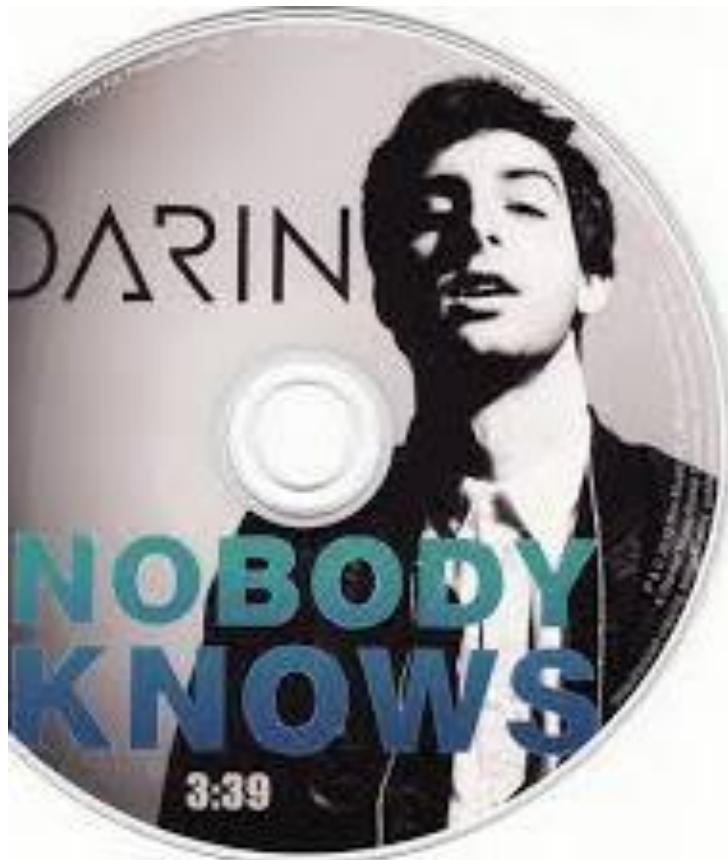
Promotion practices

Store brand/private label strategies

New product introduction cycles

Retailer-supplier collaborations

# What could be on the research agenda



1. Category Management strategies for online retailing/omnichannel retailing? Is “include everything” and “endless aisles” the best way?
2. Established and new actors and collaborations (Who is the retailer?)
3. Revision of Category Management activities?