

Category Management: Pulling a Rope

By [Mark Horne](#)

I am in my 50s and was thinking the other day what I want to be when I grow up. I guess I'm not different from many businesses in the real world. As a retail operational consultant, I spend much of my time looking at individual sites, particularly C-Stores and have come to the conclusion that most C-Store's don't know what they want to be when they grow up. In general there seems to be a lack of a comprehensive Category Plan in most stores. In this, the first of a series of articles on the topic, I would like to address the topic of Category Management by providing a set of guidelines for category management.

- 1. Determine who your customers are and what they want.**
- 2. Make a list of your store categories.**
- 3. Determine the role of each category.**
- 4. Determine if additional categories are required to make your stores destination locations and determine what those categories are.**
- 5. Establish a category plan for each category.**
- 6. Establish a tracking mechanism for each category.**
- 7. Establish a follow-up system to tweak or change category plans.**
- 8. Spend an adequate amount of time analyzing the results of implementation.**

“If you are not known for something, you will be remembered for nothing.” The majority of stores I work with do little to differentiate themselves from their competition. The reality of our industry is that 90% plus of our products come from the same vendors and are sold at almost the same retail prices. We are not spending an adequate amount of time determining what existing categories or what new categories we can focus on to differentiate ourselves.

Pulling a rope means we need to focus on categories that will drive traffic into our location to make our stores “destination locations”.

The category plan and role of each category should be heavily weighted on destination category products. The plan should include:

- **The role of the category**
- **Category strategies**
- **Promoting the category**
- **Pricing the category**
- **Advertising the category**
- **Space allocation for each category**

The key to category management is maximization of sales and profits, not the pursuit of manufacturer and vendor rebates. Wal-Mart, which is perhaps the best category manager in the retail business, allocates space according to sales, not according to rebates and allowances. It is critical to focus on building sales and profits and maximizing the customer experience in our locations. In future articles, we will focus on each of the key factors in building category sales.

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