

# CATEGORY MANAGEMENT LEARNING FORUM

## TOPIC: CATEGORY HEALTH (PART 1)

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It's business planning season! ... and in preparation for this very important season, it's a great time to complete a category / brand health checkup. As an account manager, category manager, or category analyst, you need to have a strong understanding of what is going on in the category.. Here are some questions that you should address in this assessment:

What is happening  
with the consumer in  
this category?

What trends are  
influencing this  
category?

How is the *Economic  
Environment*  
impacting this  
category?

What is driving the  
category results (4  
P's)?

Which activities should  
Start? Stop?  
Continue?

As you can see from these questions, category health has many **different dimensions**. These dimensions are driven by different data perspectives and views of the data, each of which should be considered when completing a category health assessment. Here's a basic process to complete a category health assessment: 1) Review Category Results; 2) Understand Core Business Drivers; 3) Review Other Factors; 4) Complete a SWOT Analysis.

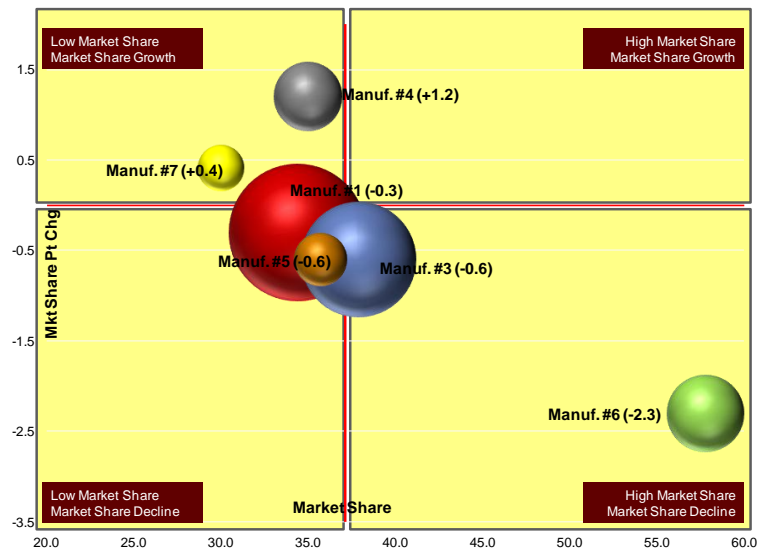
There are **different perspectives** that can be taken when completing a category health assessment. For the retailer, their focus will be primarily on understanding how the category is performing for them versus the market, and what is driving these results. For the supplier, the focus will be the category when working directly with specific retailers on category management projects, and their brands when interpreting their internal results. For their marketing team, they will focus primarily on brand or category health, depending on what they are looking for through their health assessment.

"**Review Category Results**", reviews past and current results in the category, based on syndicated POS data. In this step, the category is assessed across different segments (like manufacturer, segment, subsegment) and time periods (like latest 12, 6 and 1 month) to understand current and past results and trends. Basic data variables include dollar/stat volume, share and % change vs year ago. 'Absolute volume change' can help to quantify the volume lost or gained over a time period. A trend analysis, including seasonality indices and absolute volume changes month to month, can also bring new insights to the category.

If the assessment is being completed for a retailer, a market share should be included (retailer volume ÷ market volume). This number should be compared to the rest of market (for a competitive benchmark), and to their ACV share (category development index). A quadrant analysis / bubble chart is a great way to show market share comparisons (in the example to the right, across manufacturers).

Finally, the assessment should include a breakout of baseline and incremental sales. In our next tip, we'll explore the importance of these valuable data variables, and cover the key drivers associated with baseline and incremental sales.

Completing an in-depth category health assessment on a consistent basis will help you to stay tuned with all of the different moving parts within a category, allowing you to be more proactive with your strategic business plans.



If you like this tip, you may be interested in one of CMKG's accredited \$99 eLearning courses: "[Measuring Category Health](#)", "[Advanced Analytics](#)", "[Promotional Analysis Techniques](#)" and "[Pricing Strategies and Analysis Techniques](#)". Each course relates to advanced analytics with baseline & incremental sales drivers, and includes eLearning in CMKG's eLearning center, workshops, downloadable study notes. These courses will benefit Category Managers, Category Management Analysts, Account Managers, Trade Marketing and anyone else who should understand baseline and incremental sales-related topics. [Click here](#) for a list of all of CMKG's courses.