

CATEGORY MANAGEMENT LEARNING FORUM

TOPIC: EFFICIENT ASSORTMENT ANALYSIS

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For every new product that you launch (as a supplier), or that you need to make listing decisions on (as a retailer), you should be completing some basic product assortment analysis. This doesn't mean you have to complete a "full blown" assortment analysis – there are some basic analytics that can help you to make some quick listing or delisting recommendations. The calculations include:

	Retailer X				
	# of sku's	\$ Share	Share per sku	Share of Items	Fair Share Index
Total Toothbrushes	75	100.0	1.3		
Manual	42	61.6	1.5	56.0	91
Electric	5	5.3	1.1	6.7	125
Battery	20	19.6	1.0	26.7	136
Heads	8	13.5	1.7	10.7	79

CALCULATIONS:

- Share per sku = \$ share / (divided by) # of sku's
- Share of items = # of sku's by segment / (divided by) total # of sku's in category
- Fair Share Index = share of items by segment / (divided by) \$ share * (multiplied by) 100

Share per sku is a measure that averages the share for each item that is carried by segment or brand. You can compare the share per sku across segments to determine the "most" and "least" efficient segments relative to the # of items that they carry. In this example, "Heads" is the most efficient segment, as it carries the highest share per sku. Battery sku's are the "least efficient", because they carry the lowest share per sku (1.0).

Share of items can be compared to the \$ share, through the "fair share index". A low fair share index indicates segments that are getting less listings than their \$ share warrants. A high fair share index indicates segments that are getting more listings than their \$ share warrants.

It is important to note that the objective of retailers should **NOT** be to get all Fair Share Indices to 100 across all segments. Suppliers need to consider retailer's overall assortment strategies. For example, if this retailer strategically wants to carry more Battery / Electric toothbrushes because of the higher profit associated with these segments, then the 125 and 136 indices may be aligned to overall strategy. Retailers should carry more items in the segments that they want to be the most developed on in their stores.

With these basic calculations, you can look across different segments and/or brands, to determine where there may be too many listings (while taking into consideration the retailer's overall assortment strategies). Retailers can review the items within these segments to determine specific items that may not be performing well in their stores, or in the market. It's much easier to make small assortment changes using this approach, rather than completing a full-blown assortment analysis, to make small changes to a category's product lineup. We have only included one segment in this example (toothbrush type), but you should look across several different segments to get a bigger picture perspective of opportunities. A full assortment analysis still needs to be completed on a regular basis (usually as part of a retailer's category plan cycle).

If you like this tip, you may be interested in one of CMKG's accredited \$99 eLearning courses: "[Efficient Assortment: A Step-by-Step Process](#)", and/or "[Space Management](#)" courses. Each course relates to assortment (with shelving needing to be considered as assortment decisions are being made), and includes eLearning in CMKG's eLearning center, workshops, downloadable study notes. These courses will benefit Category Managers, Category Management Analysts, Account Managers, and Sales Directors. [Click here](#) for a list of all of CMKG's courses.