Oracle® Retail Category Management

Release Notes

Release 14.0.3

June 2015

Category Management practice in the retail industry is a key business process which determines the success of a retailer's business. Category Management involves managing individual product categories as independent strategic business units (SBU), in a systematic and disciplined way, with each product category playing a specific role in the retailer's goal to achieve larger, established business objectives. It determines the variety, nature, and presentation of merchandise and the retailer's offers, which define a customer's in-store, in-channel experience, which holds utmost importance in determining the retailer's success.

Conceptually, Category Management practice consists of the following actions:

1. Understand and assess the retailer's business:

   ■ Market-place analysis: Market analysis involving the assessment of consumer demographics, psychographics, market structure, and key market forces to gauge the business potential of individual product categories and business as a whole.

   ■ Product and consumer analysis: Category level and cross-category performance analysis with consumer segment level insights at various points to understand the intricacies of the retailer's business, identify the target consumer segments contributing to the retailer's business, and shape the category and assortment plans accordingly.

   ■ Competitor analysis: Assessment of the retailer's standing in the market in comparison to the competition.

2. Review/confirm the retailer's business strategy and assign category specific roles, strategies, and tactics to support it.

3. Create sales, gross profit, and inventory plans for national brands and private labels. Determine pricing, promotion, assortment, space, inventory, and supplier strategies/tactics for product categories in the form of category plans.

4. Create customer-centric assortment plans targeting specific consumer segments that define the product-mix and business targets for product categories.

Oracle Retail Category Management (RCM) supports the development of category plans and creation of customer-centric and targeted assortments with optimized product assignments/shelf placements. It broadly follows the traditional eight-step Category Management business process, with the inclusion of the consumer segment perspective across various points in the process flow.

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Most importantly, the application provides a structured, measured set of activities designed to achieve specific business objectives:

- The Category Planning task enables the retailer to create high-level qualitative and quantitative business plans at the trading area level.

- The Assortment Planning tasks facilitate creation of customer-centric and targeted SKU-level assortment plans at the cluster and store level across the retail chain.

The RCM application consists of the following tasks:

- Category Planning: Used to analyze a retailer's business across product categories and within a category, from a market, competition, and consumer perspective. Category Planning is used to set business targets and assign roles, strategies, and tactics for individual product categories at the trading area level.

- Assortment Planning Analysis: Used to analyze an assortment's historic performance from a cross-category perspective of the retailer's business, market, competition, and consumer perspective at an item level. It also provides an insight into the trends, market composition, and market structure from a competition and consumer segment perspective. It is used to review roles, strategies, and tactics from the Category Plan and targets from both the Category Plan and Merchandise Financial Plan. Visibility to roles, strategies, tactics, and financial targets in assortment planning ensures that SKU/item level assortments align back to the overall category-level objectives.

- Assortment Planning @ Cluster: Assortment plans are created using Item Priority Index (IPI) and Market Coverage based methods. The functionality of Demand Transference and Incremental Curve are used to fine tune and optimize draft assortments.

- Assortment Planning @ Store: Used to create, adjust, review, and approve custom Assortment Plans at the store level utilizing IPI-based assortments and Demand Transference.

Following are the key highlights of the solution:

- Provides a platform to analyze consumer and market insights available in the form of syndicated data, provided by third parties, such as, Nielsen and IRI. Consumer segment level insights for the retailer's own business can be also be sourced from the retailer's loyalty program data.

- Analysis of market structure by viewing the consumer segments among the shoppers and evaluating the business opportunity in a trading area.

- Performance analysis of individual product categories, based on various retail business parameters, as compared to the market in general and the competition in particular.

- Creation of category plans with business targets in terms of different sales, inventory parameters with role assignments to individual product categories, and a blueprint for strategic and tactical action within a category and across categories.

- Can integrate with Oracle Retail Advanced Science Engine (ORASE) to source optimized store clusters (assortment clusters), Consumer Decision Trees (CDTs), product attributes, and Demand Transference insights. CDTs can also be sourced from an external source, such as a supplier or third-party vendor. Consumer segmentation, clustering of stores, and CDTs are utilized to tailor assortments to specific markets across geographies and channels.

- System-recommended target-focused assortments can be generated using IPI and Market Coverage-based approaches through user-defined constraints.

- Creation of assortment plans, at the cluster and store level, in alignment with Category Plans and Merchandise Financial Plans created through user-defined target-constrained assortment generation.

- Demand Transference, based on advanced science insights, to manually fine tune and refine assortment plans by reviewing demand shifts between SKUs with changes in assortment.

- The functionality of Incremental Curves, to arrive at an appropriate assortment range for product categories by identifying the point at which the cannibalization of sales between products in an assortment begins.

- Publication of final assortment plans for execution and implementation.

Note that the previously mentioned activities, part of the Category Management application, are performed at different levels of the product and location hierarchies. This facilitates customized Category Management planning across the retail chain.

> **Note:** Due to changes since the 13.4.0 release, it is not possible to upgrade a domain from 13.4.0 to this release. It is required that a new domain be built.

Hardware and Software Requirements

See the *Oracle Retail Category Management Installation Guide* for the hardware and software requirements.

Noteworthy Defect Fixes

The following noteworthy defect fixes are included in Category Management 14.0.3:

Fixed Issue/Defect	Defect Number
In debug mode, some RPAS utilities called inside export_so.ksh, which is called by the Export to ASO custom menu, failed when RPAS_LOG_LEVEL was set to a level that produced extra output. These RPAS utilities are now called with "-loglevel none" to prevent extra output.	20325300
While executing on non-ksh93 shells, batch script orase_t_data_rcm.ksh failed as it used ksh93-specific code. In addition, on some operating systems, the tilde character was incorrectly being expanded to the $HOME variable. The code is modified to replace ksh93-specific code with ksh88-compliant code, and the tilde character is double-quoted in the code to prevent expansion as a system variable.	21083969

Known Issue

The following table contains a known issue that has been identified for the current release:

Known Issue/Defect	Defect Number
Private Label Sales are planned separately and do not interact with Total Sales (WP Sales). In effect, total sales which consist of national brand sales and private label sales, do not add up to total sales. This has been corrected in the 14.1 release.	18238998

Related Documentation

For more information, see the following document in the Oracle Retail Category Management 14.0.3 documentation set:

- *Oracle Retail Category Management Installation Guide*

Previous Releases

For additional information on previous Oracle Retail Category Management release enhancements and additional information, refer to the Release Notes and documentation that accompany the previous release.

Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc.

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