Oracle® Retail Category Management

Release Notes

Release 14.1.1

May 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. Allocate optimal space at the macro (department/sub-category level) and micro-levels (SKU level) per the retailer's business strategy.
5. 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, optimization of total store/department/aisle space allocation through macro space optimization, 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. 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 Macro Space Optimization tasks facilitate the creation of macro-space plans for optimal space productivity.
- 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.
- Macro Space Optimization @Dept: Used to allocate optimal space to different departments based on the historical relationship between space and profit. This helps determine the macro-space plan at the department level, specifications for store layouts, shelves, and fixtures, and merchandising techniques, thereby, facilitating efficient utilization of the available space by the retailer.
- Macro Space Optimization @Sub-Category: Used to allocate optimal space to different sub-categories, under a department, to efficiently use the available space at this level. This helps in determining the planogram design and merchandising method at the sub-category 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 IPI and Market Coverage based methods. The functionality of Demand Transference, Assortment Improvement, and Incremental Curve are used to fine tune and optimize draft assortments. Integration with ASO is utilized to align assortments to the space available for optimal space productivity.
- Assortment Planning @ Store: Used to create, adjust, review, and approve custom Assortment Plans at the store level utilizing IPI-based assortments, Demand Transference, and ASO.

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.
- Macro Space Optimization, at the department and sub-category level, to allocate optimum space to different product categories and improve space productivity.
- Integration with 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.
- Assortment Improvement, based on the concept of Demand Transference, automates the refinement of assortment plan parameters such as sales retail, sales units, or gross profit through system recommendations based on user-defined constraints using what-if capabilities in the application.
- Space optimization of assortments in terms of product facings, shelf placements, and so on, through integration with ASO to generate actionable and optimal assortments per the available space at the stores.
- 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: To accommodate better implementability and maintainability, the formatting packaged with the application is limited to configurable formatting and graph formatting. All other pre-formatting is disabled.

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 this release:

Fixed Issue/Defect	Defect Number
There were extra measures (MD WP Optimization Method and MS WP Optimization Method) being displayed in the MSO workbooks on two views (1. Setup and Review Optimization @ Dept and 1. Setup and Review Optimization @ Sub-Category), that incorrectly provided the option to run the Optimize Dept and Optimize Sub-Category custom menu items using either a heuristic algorithm or an optimal algorithm. The default optimization method is set to Optimal.	20122839
Several of the translation files had incorrect line endings. The translation files are corrected.	20144694
Purchase Frequency was appearing as a percentage in the following views in the Category Planning task/Assign Category Strategies step: Identify Cash Generators, Identify Transaction Builders, and Identify Image Enhancers. Purchase frequency now appears as a number.	20191026
Macro Space Optimization at the department level could run into the following error under certain scenarios after back-end mask measure manipulation: Cannot process MenuEvent - Workbook Exception: Cannot compare ArrayKeys of different sizes. This issue is fixed in the RPAS special expression code for the custom menu.	20304492
The Assortment Improvement operation (in the Improve IPI Assortment tab under the Assortment Planning @Cluster task and Manage IPI Assortment step) in Remove mode was swapping SKUs, which was equivalent to Remove with swap mode. This was occurring because Max % Assortment to Swap was being calculated incorrectly. There is now no swap of SKUs in this mode of Assortment Improvement.	20305059
The WP ASO POG Loc Count measure was showing an inflated location count when seen at the aggregate level. The RPAS aggregation method is changed from total to hybrid (CLND:max, PROD:total, LOC:total) to fix this issue.	20365719

Fixed Issue/Defect	Defect Number
Rank measures based on Number of Baskets, Transaction Size, Annual Spend Index, and Purchase Frequency in the Analyze Consumer Segment Cross Category Spending view, were being calculated using the ascending order method, which was ranking items in the incorrect order. This is fixed to calculate the rank measures using the descending order method. This view is located under the Category Planning task/Assign Category Role step/Analyze Consumer Spend tab.	20417350

Known Issues

The following table contains known issues that have been identified for the current release:

Known Issue/Defect	Defect Number
The Identify Transaction Builder view (in the Assign Category Strategies step under the Category Planning task) and purchase frequency measure are being presented in the application at the category/quarter/trading area/consumer segment level, but need to be presented at the sub-category/quarter/trading area/consumer segment level. The strategies and tactics need to be assigned at the sub-category level once roles have been assigned at the category level.	20504824
The Consumer Seg / Category Sales and Consumer Seg / Store Sales measures are being calculated incorrectly in the Review Consumer Segments view in the Assortment Setup step under the Assortment Planning @Cluster task. Consumer Seg / Store Sales appears as 100% for all consumer segments and Consumer Seg / Store Sales is constant across different consumer segments. Both measures need to be calculated as the overall sales, that is, Consumer Seg / Category Sales should be the overall category sales and Consumer Seg / Store Sales should be the overall store (or cluster level) sales.	20806250

Related Documentation

For more information, see the following documents in the Oracle Retail Category Management 14.1.1 documentation set:

- *Oracle Retail Category Management Implementation Guide*
- *Oracle Retail Category Management Installation Guide*
- *Oracle Retail Category Management User Guide for the RPAS Fusion Client*

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.

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