INTRODUCTION

Welcome to the NACS Category Management Framework online training course. Hundreds of retailers and suppliers have attended training workshops around the country for over a decade and learned the category management principles, processes and tools that are available to you in this online course. Retailers have been able to enhance their business performance by implementing what they learned in this course and through greater collaboration with their supplier partners who also embrace category management.

While category management is not new to retail, or even to the convenience channel of trade, it is still as important and effective as it was when NACS introduced the Framework approach in 1998. Because most convenience stores range between 1,900 and 3,500 square feet in size (with some even smaller and some even larger) there is no question our space is precious! Similarly, the number of items carried range between 1,500 and 3,000, obviously much fewer than some other retail channels of trade. We simply cannot afford to leave our business to chance or to make decisions on "gut feelings" alone!

While it is important to look for new business opportunities such as foodservice, car wash, etc., consumers are still very much attracted to the core categories we sell in our stores. With limited space and product assortment, it is critical that all categories generate their maximum potential in terms of sales, volume, and/or gross profit.

Just as when the Framework was introduced, retailers from all channels are targeting the convenience-oriented shopper. Success – and sometimes even survival – depends on keeping ahead of the competition and/or differentiating yourself. This means having the tools to better understand and then respond more quickly to changes in consumer needs and the competitive landscape.

The NACS Category Management Framework online training will take you through the six-step process and provide the information and tools that you need to bring category management principles into your business. Whether you are a single-site operator or work for a multiple-site operator of any size, the process is the same.

BACKGROUND

The NACS Category Management Framework was developed by an industry task force that included both retailer and supplier representatives. Throughout the process, however, retailers made the final decisions.

The task force came together under the direction of NACS with the dual assignment of developing:

- standardized category definitions for use in benchmarking performance.
- A category management framework that fits the needs of convenience store operators and their suppliers.

The Framework was designed to be:

1. easier, so that convenience store operators who have less access to information about their businesses can begin to use and benefit from the principles and processes of the Framework.
2. simpler and more focused on actions that will produce the greatest benefits and returns for the effort expended.

3. an open approach, where the methods and templates are available to any individual or company in the industry to use.

4. focused on emphasizing the retailer as the decision-maker in the category management process and place the supplier in the role of expert advisor who can provide resources, insights, and recommendations on how the retailer can drive the performance of a category.

The end result provides convenience store operators – both large and small – with the Framework to better serve the needs of their customers. This online course allows participants to access the material at times that best fit their schedule, works with an organization’s training plans and schedules, and eliminates the cost and challenges of travel.

Experience has shown that while it can take some time for a retailer to complete the shift to category management, the process can generate:

- near-term benefits in the form of lower inventory levels, fewer out-of-stocks, and improved gross profit.
- longer-term benefits in terms of a stronger, more clearly differentiated offering and a more loyal base of customers.

We wish you all success as you begin your journey in the NACS Category Management Framework process.

OVERVIEW OF THE NACS CATEGORY MANAGEMENT FRAMEWORK SIX STEPS

Step I: Select a Category and Supplier Partner/Refine The Definition

Where do I get started? This is the first question convenience store retailers typically ask themselves as they begin the journey into category management.

Step I describes the three “start-up” activities you must perform to begin category management.

Step II: Analyze Performance

After defining the size and scope of the category, members of your new retailer/supplier team should ask themselves two questions:

- How am I doing?
- How can I improve?

Step 2 describes all of the analytical activities your retailer/supplier partner team should perform to better understand and benchmark current performance and assess opportunities for improvement.

Step III: Determine Category Roles

Based upon the analysis of the category performance and consumers in step II, you and your supplier partners can identify the optimal “role” for the category. This category role will reflect how the category will be positioned to consumers and how it will help you drive your overall business performance.
Step IV: Develop the Plan
After analyzing the category and defining a category role, you and your supplier partner are ready to develop a category plan. The category role provides the foundation for building the category plan. You will develop the strategies and tactics required to achieve the goals and objectives set for that particular category role.

Step V: Communicate and Implement the Plan
Once the category role, strategy and tactics have been developed, you must communicate the category plan to the rest of your organization (be it one store or hundreds) and to your suppliers. Although the plan is developed at the category level, it will be executed at store level by store and supplier personnel.

Step VI: Review and Evaluate
Periodically reviewing and evaluating the category plan brings the category management framework “full circle.” The category review allows the category team to assess the success of the category plan and then refine the plan for the next period.
Reviewing, evaluating, and modifying the category plan is as important as the previous five steps of the process and it “closes the loop” and sets the stage for a more efficient and effective round of category planning.

SUMMARY
The NACS Category Management Framework online training course is designed, just as is the Framework itself, with flexibility in mind. You will proceed at your own pace and on the schedule that is convenient for you.

In addition, it is not necessary to wait until you have completed the entire course to begin applying the Framework. Now undoubtedly, you will cover some topics that may not be immediately applicable or implementable in your situation but do not become frustrated. Rather, to enhance your retention of the information you learn and raise the probability that your training will have immediate impact it is suggested that you apply the concepts, processes, and tools that you can along the way throughout the course. The longer-term benefits will come as you are able to implement more and more of the Framework.

You are strongly encouraged to complete the set of Learning Exercises (these are based on the case study retailer you will learn about in the course) and the Application Exercises (these are to be used with your own information and data) that are located in the Document Library. These will help you in turning your learning into application.

As mentioned above, the benefits available to you are of both a short-term and longer-term nature. Retailers who have implemented the NACS Category Management Framework report seeing increased sales through having the products their customers want and by reducing out-of-stocks on those high-volume products.

In addition, reductions in inventory investment and corresponding increases in inventory turns result from the analysis and application explained in the Framework. This has the potential to “free up” the working capital invested in unproductive inventory.

Gross profit increases are also a benefit of successful category management through improved product mix and promotional effectiveness as explained in the training course.
How much you can expect to achieve and over what time frame is based on a number of variables that cannot be adequately addressed here. Bottom line, you will benefit from applying the NACS Category Management Framework but the levels you reach depend upon from your starting point and to your organizational commitment and only you can answer those questions.

Do not forget to enlist the assistance of your trusted supplier partners. They can be an invaluable resource in successful category management implementation. Also take advantage of all the industry and government resources providing useful data or demographics. You may contact NACS for further assistance with specific information needs.

You are embarking on a journey that has great potential for your personal skill sets and your organization. We wish you all success in this and all your professional endeavors.