Category management is the process by which retailers and manufacturers develop a comprehensive plan based on facts, insights, sound strategies and proven tactical success models to meet shopper needs in a superior manner thereby producing superior business results. The original category management process (dubbed “CatMan 1.0”) was developed in the 1990s and updated in 2016 to account for factors including the increase in data sources and availability, advancement in analytics capabilities, increased retail diversification, shopper diversification and empowerment, and more.

Both manufacturers and retailers continue to organize their businesses around categories. The major syndicated data suppliers organize data by category. Category management is fundamentally oriented around the behavior of the shopper, as manifested in the category, and is therefore more relevant than ever in today’s retail environment. But CatMan 2.0 largely defined the process for the brick and mortar environment, excluding the complexities of alternative fulfillment methods like click and collect and pureplay eCommerce.

With the growing need for suppliers and retailers to provide a truly omnichannel offering, the boards of the Category Management Association and the Shopper Insights Management Association determined it is time to revisit the traditional CatMan process once again. The increased importance of eCommerce, and evolving the category management process for the omnichannel world was the impetus for the creation of CatMan 3.0.

Below is data from GfK, a global consumer panel data provider, to support the impact of omnichannel shopping across retail categories from lower penetrated categories online today like food and beverage to the highest penetrated like home appliances and electronics. It is based on approximately 2,000 US consumers (weighted to the US Census), making it a statistically significant sample of the US population. The data is just a snapshot in time, but demonstrates the importance of eCommerce as a selling channel, and implies that many of the traditional CatMan steps such as scorecarding and tactics need to be revisited with omnichannel in mind.

<table>
<thead>
<tr>
<th>Online &amp; omni shopping are on the rise</th>
<th>Pandemic drives growth in most categories</th>
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<tbody>
<tr>
<td>% of shoppers reporting shopping “exclusively in-store”, “exclusively online” and “both online &amp; offline”</td>
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Today omnichannel is a mix of organizational and technical answers to the changing expectations and behavior of shoppers. It enables identification of all existing touchpoints between brands and shoppers, and for each touchpoint (business and non-business) provides appropriate actions for all shopper expectations. **Omnichannel is not the prerogative of one team, but a total company project.** The level of omnichannel importance will vary by organization and retailer, but it is becoming a greater reality for all companies. The journey into omnichannel is no longer about ‘will it happen in my category’ but ‘how is it unfolding and how do I set myself up for success.’

CatMan 3.0 attempts to provide a playbook for executing wholistic category management across modes (brick and mortar, pureplay eCommerce, click & collect, 3rd party delivery, etc) including tactical steps to be completed through an omnichannel lens. **For companies new to the practice, this document should serve as a great starting point for establishing a category management process. For those seasoned in the discipline, each step can be reviewed in relation to your current process and advise on adjustments as needed.**

The Category Management Association and the Shopper Insights Management Association thank our contributing partners for their insight and leadership in producing CatMan 3.0 for the retail industry.