ECR Community

Hot topic #4

Tools, Technology and AI in Category Management.

20th February - 15:30 CET

Every (convenience) store is different

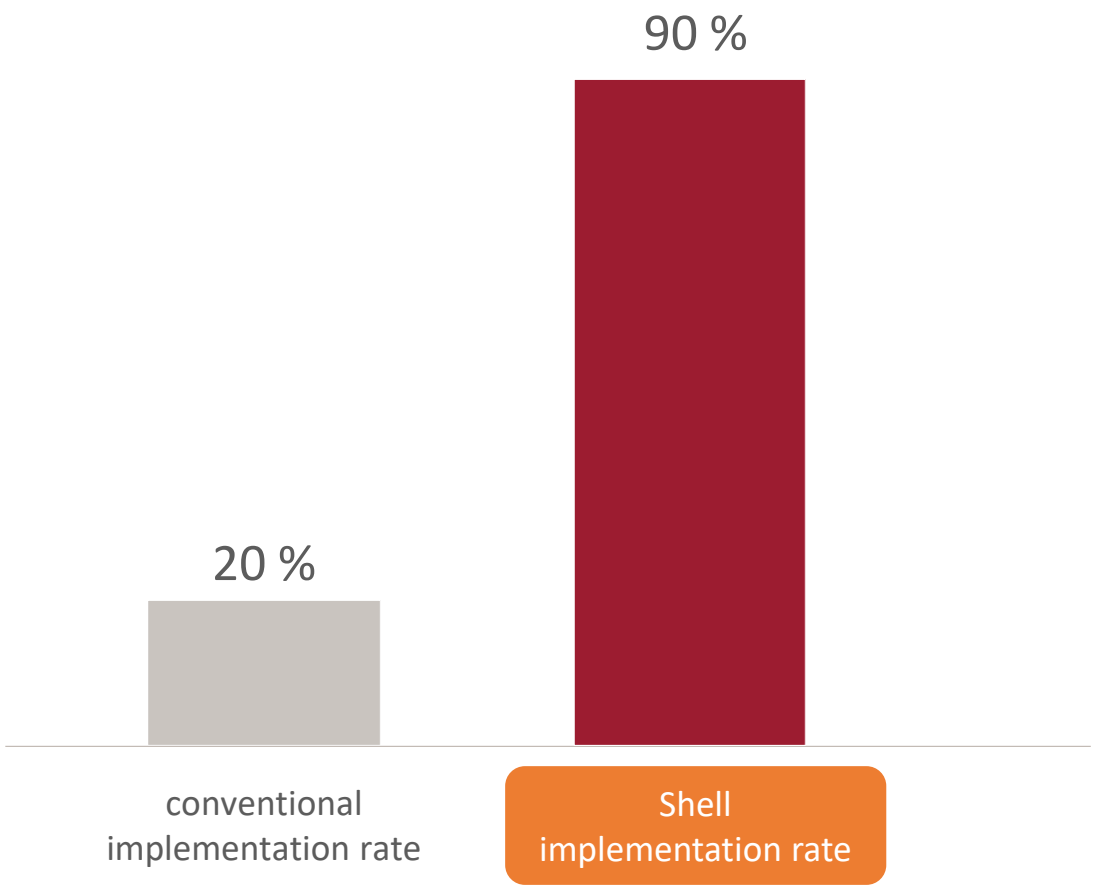
how to use AI-supported algorithms in planogram software to scale up central planning and local execution

HOFFROGGE

Lekkerland

A lack of execution is the major pitfall in CM

If planograms do not fit in, they will not be implemented



© Hoffrogge & Shell | 2

The challenge: Every store is different!

Hamburg Wilhelmsburg

Hamburg Eppendorf

© Hoffrogge & Shell

Another challenge: Every shelf is different

Open cooler large

Walk-in-cooler with doors

Walk-in-cooler seperated

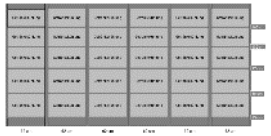
Open cooler small

Source: Released work sample - n = > 1,000 beverage cooling systems out of the German convenience channel.

How to use data and technology as enabling factors?

1

Master and sales data (pre-requisite)



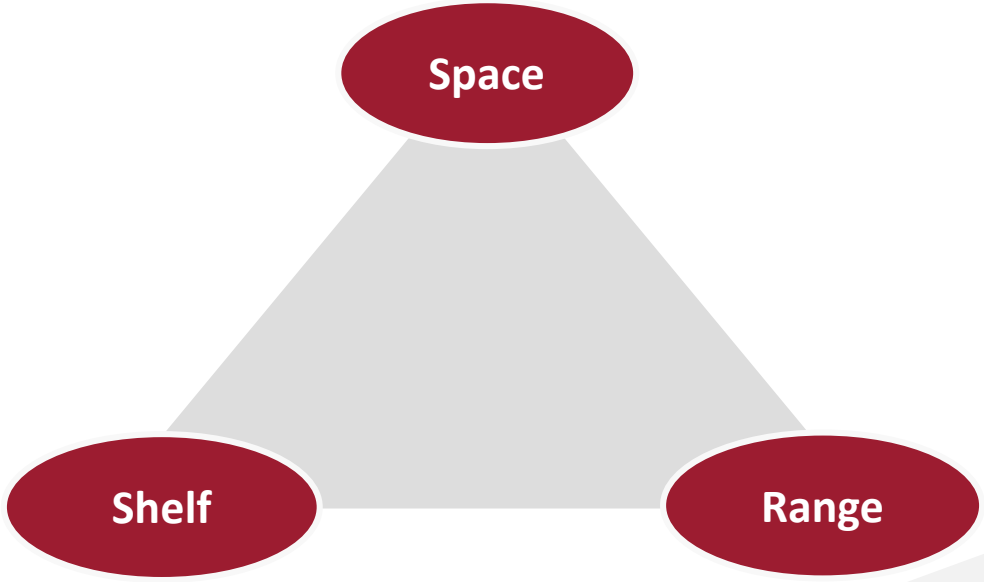
Shelf structure

Item master data

Sales value & volume

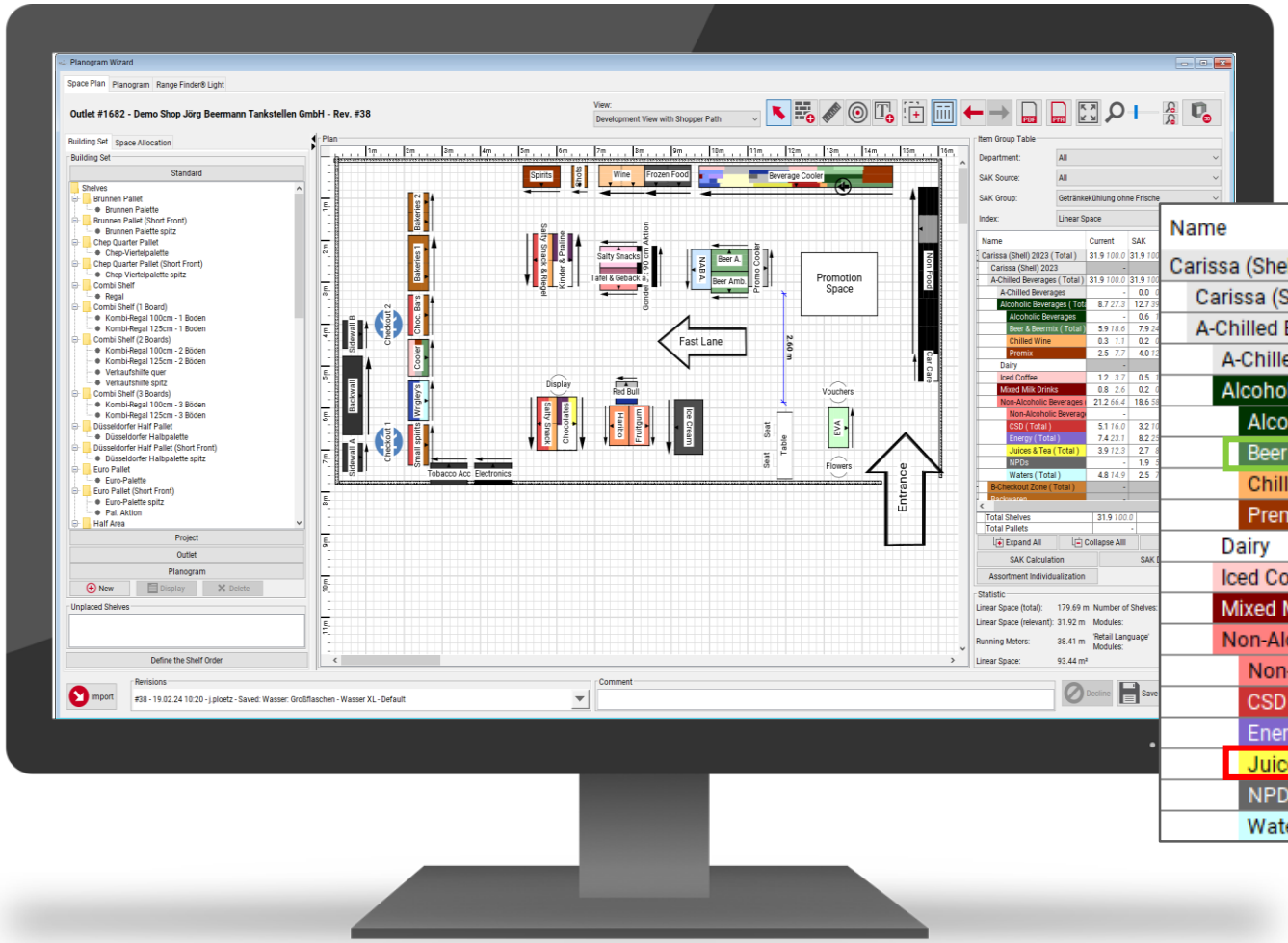
2

Fully integrated CM software



Rule-based macrospace planning sets the linear space

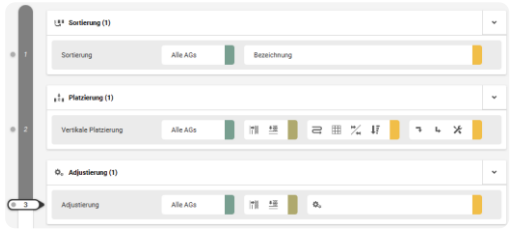
Macrospace - Store Maker®



Space Allocation Key (SAK)
Optimisation of shares

Name	Current	SAK	Target
Carissa (Shell) 2023 (Total)	31.9 100.0	31.9 100.0	31.9 100.0
Carissa (Shell) 2023	-	-	-
A-Chilled Beverages (Total)	31.9 100.0	31.9 100.0	31.9 100.0
A-Chilled Beverages	-	0.0 0.0	-
Alcoholic Beverages (Tota	8.7 27.3	12.7 39.8	10.9 34.1
Alcoholic Beverages	-	0.6 1.9	-
Beer & Beermix (Total)	5.9 18.6	7.9 24.8	7.2 22.5
Chilled Wine	0.3 1.1	0.2 0.7	0.3 1.0
Premix	2.5 7.7	4.0 12.4	3.4 10.7
Dairy	-	-	-
Iced Coffee	1.2 3.7	0.5 1.6	0.7 2.1
Mixed Milk Drinks	0.8 2.6	0.2 0.5	0.1 0.3
Non-Alcoholic Beverages (	21.2 66.4	18.6 58.1	20.3 63.5
Non-Alcoholic Beverage	-	-	-
CSD (Total)	5.1 16.0	3.2 10.1	4.5 14.1
Energy (Total)	7.4 23.1	8.2 25.8	10.0 31.4
Juices & Tea (Total)	3.9 12.3	2.7 8.6	3.4 10.7
NPDs	-	1.9 5.8	0.2 0.7
Waters (Total)	4.8 14.9	2.5 7.8	2.1 6.7

Space Allocation Ruleset
Optimisation of sequencing

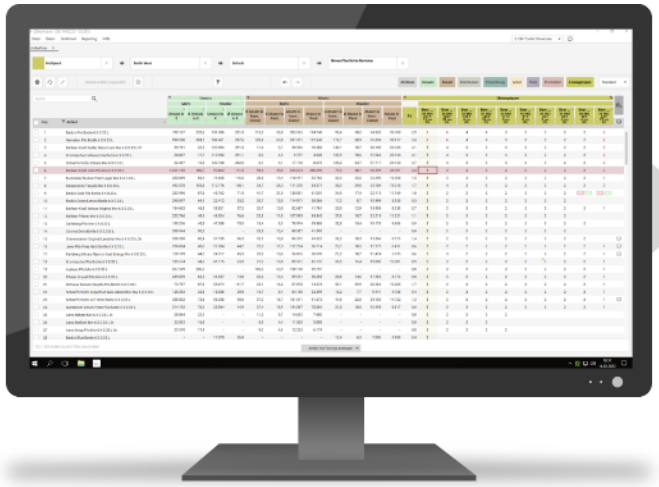


© Hoffrogge & Shell

Once you know the space, determine the right range!

1

Range strategy per cluster

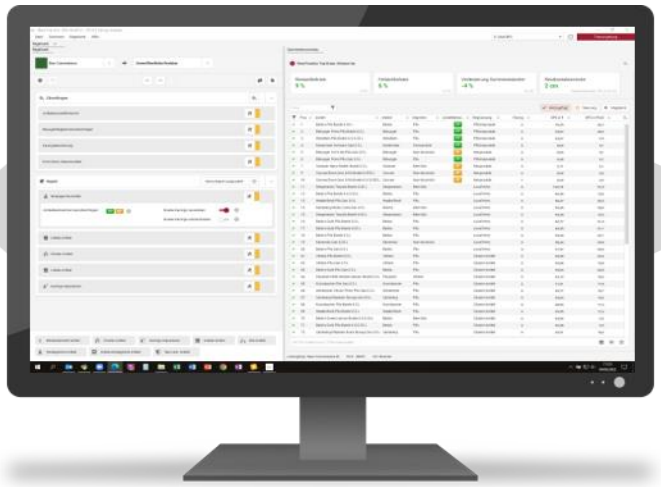


Range Finder®

Benchmark vs. retailer data
Category trends and analytics
New Products, strategic listings

2

Individualisation per local site



Range Adapter

POS related sales data
Rule-based priorities
Local Hero / Local Loser

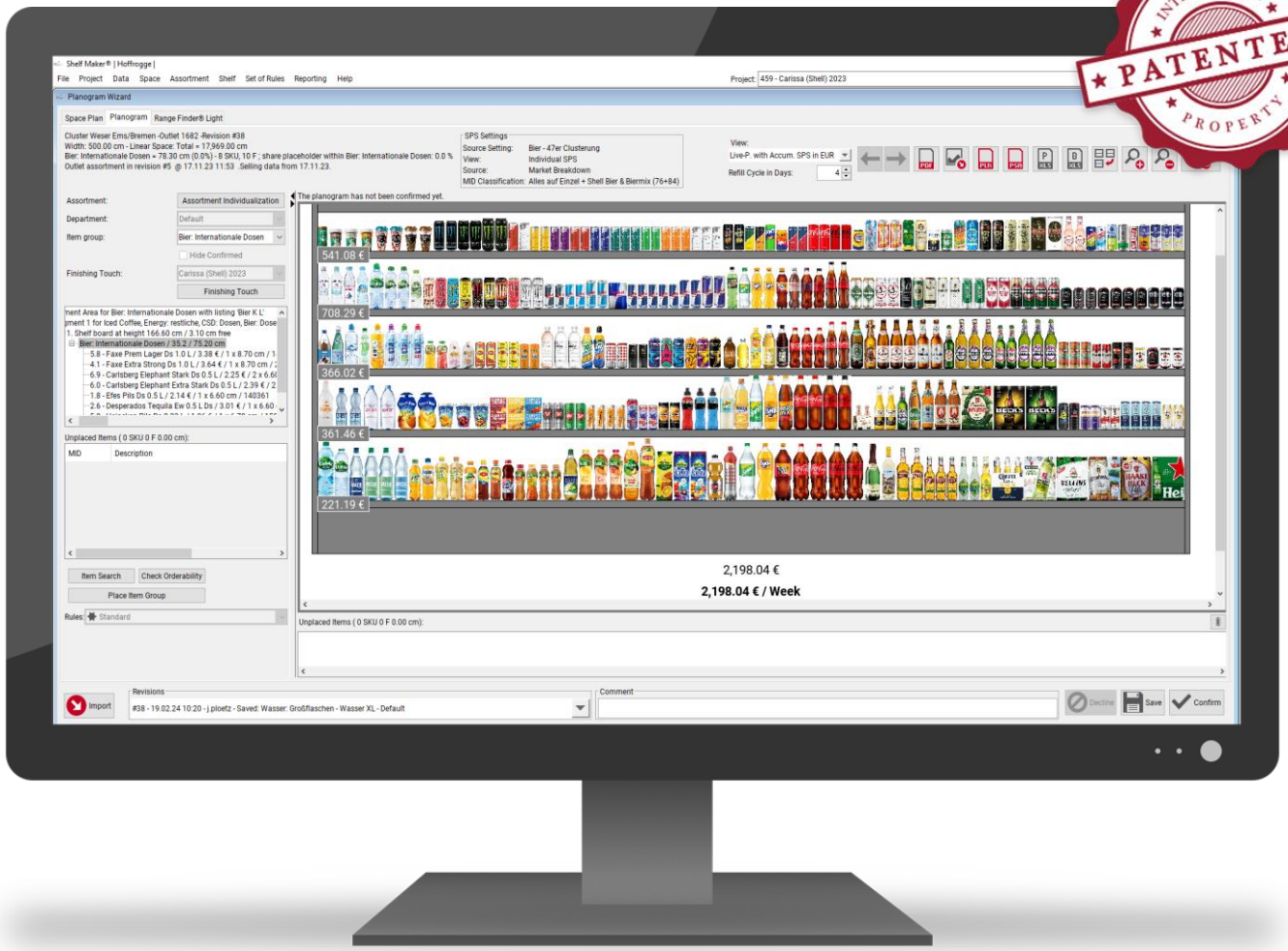
Hamburg Eppendorf

Hamburg Wilhelmsburg

Automated production of planograms in patented process*

1. Space
2. Range
3. Shelf Vision
4. AI-supported rulesets

Microspace - Shelf Maker®



*International Patent EP 2697752 (= WO 2012/139747) “Method for producing individual shelf images for different sales locations“

© Hoffrogge & Shell

What store-individual optimisation really means

Adapting the central shelf vision via AI-supported ruleset to individual stores

Hamburg Wilhelmsburg

Hamburg Eppendorf

What store-individual optimisation really means

Not just adjusting item facings but completely different planograms per site

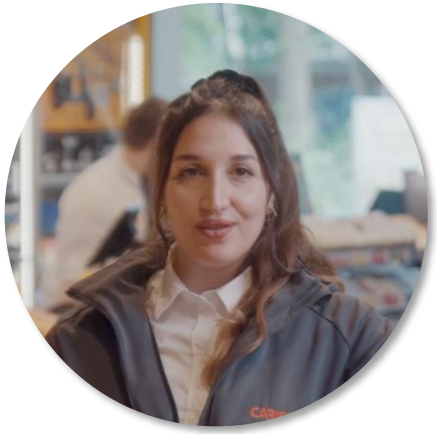
Hamburg Wilhelmsburg		Hamburg Eppendorf
263 facings total cooler	15%	**258** facings total cooler
177 SKUs total cooler		**149** SKUs total cooler
14 Local Heroes **16** Local Losers		**10** Local Heroes **8** Local Losers
6 m linear shelf for Beer	15%	**4 m** linear shelf for Beer
60 facings Beer	38%	**37** facings Beer
43 SKUs Beer	30%	**30** SKUs Beer

Who and what is involved?

Clear responsibilities help to ensure local acceptance of centrally planned content

1

Category Managers



2

Sales Representatives

3

Shop Partners & Merchandisers

Central → **Decentral** → **Local**

© Hoffrogge & Shell

Who and what is involved?

Fully-integrated software solutions harmonizing central HQ with local shops

1

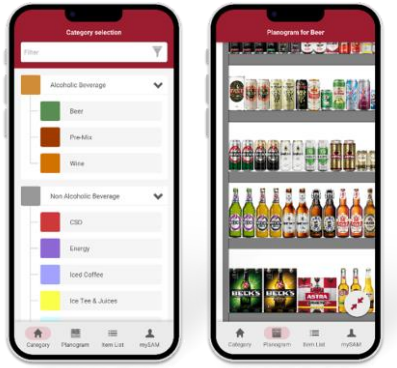
Category Managers

2

Sales Representatives

3

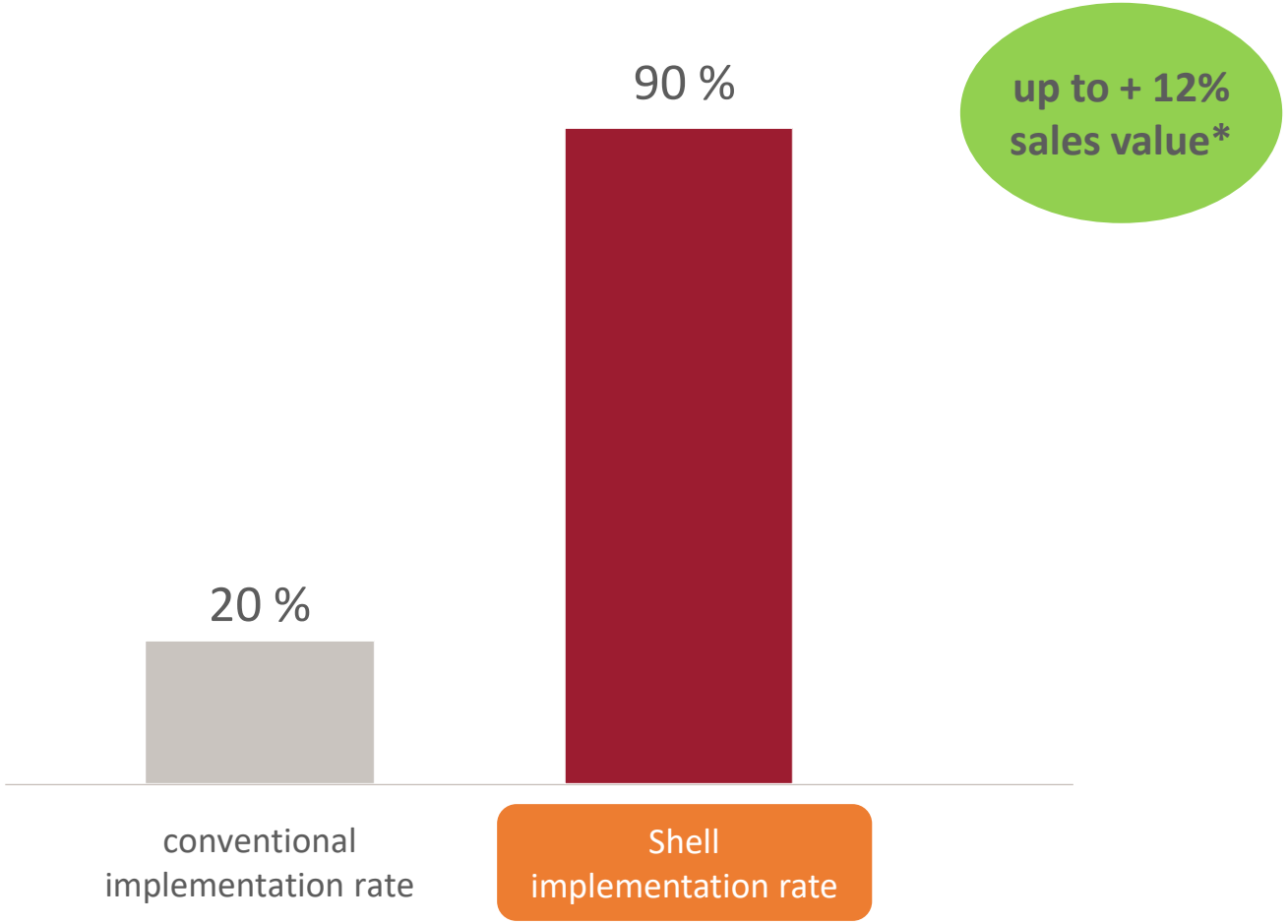
Shop Partners & Merchandisers



Central → **Decentral** → **Local**

Store-individual planograms really drive top line

More than 17 years of cooperation have proven - it is worth the effort!



*Sales value development on average of well implementing stores compared to control group with low planogram implementation.

© Hoffrogge & Shell

Feel free to contact us with feedback and questions

Hans Thomas Breckwoldt

Sr. Lead Category Management
@ Shell/Carissa Germany

Hans.Breckwoldt@shell.com

LinkedIn Profile

Julian Plötz

Director Sales & Marketing
@ Hoffrogge

Julian.Ploetz@Hoffrogge.com

LinkedIn Profile

ECR Community

Hot topic #4

Tools, Technology and AI in Category Management.

20th February - 15:30 CET

Thank you!

HOFFROGGE

Lekkerland