



# **O**D

## Introduction

This document tells you how we make ranging decisions at the Co-op.

It outlines the timescales, decision points and key responsibilities for all stakeholders, both in our business and within your account and category teams.

We hope you find this guide useful.

If you've any feedback or further queries, please get in touch at:

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### 1. The JDA tools we use

## jda. Channel clustering

Delivers proposals for how we should group similar stores and range differently across our estate depending on shopper mission and preferences within a category.

### jda.

Assortment optimizer (AO)

Proposes
planogram-level
ranges based on
product sales
performance
and shopper
loyalty.

### jda.

Planogram generator

Enables us to deliver consistent planograms based on AO range outputs, which are easy for our customers to shop.

## 2. The people involved

Role title	Business	Roles and responsibilities	
Category Trading Manager (CTM)	ot CO	Responsible for signing off top line strategy, ranging and merchandising at key deadlines.	
Category Buyer/ Senior Buyer	000	Owner of range event strategy in collaboration with Category Development Planner. Responsible for making sure all New Line Forms and delists are set up in time to meet key deadlines. They're the owner of all final ranging decisions.	
Category Controller - Wholesale (CCW)	Nisa	Responsible for making sure the wholesale strategy and requirements for it are captured throughout the event process.	
Category Development Planner (CDP)	ot CO	Owner of range event strategy in collaboration with Buyer. They're responsible for making sure the strategy is reflected through ranging and merchandising.	
Range Analyst	900	Owner of Assortment Optimiser (AO) window and responsible for ensuring the range phase is completed on time.	
Micro Space Planner (MSP)	ot co	Owner of merchandising phase, responsible for building all planograms.	
Category Manager	Supplier	Collaborator and insight provider during strategic phase.	
Account Manager	Supplier	Responsible for making sure Buyers have detail of all New Line Forms and supplier delists are on time for key deadlines.	

### 3. Our approach to range change

We execute range changes through three types of range event:







Each type of event has a clear milestone process and way of working with JDA tools that enable us to effectively land new ranges in store.

Making sure all stakeholders at the Co-op and within our supply base, are aware of, and working to these timelines is key to us getting the most out of the new systems and executing effective range events.

## 4. The 3\* event process

**3\*** (or 'three star') events are the ones that see the most significant changes. These give the opportunity to alter the strategic direction of the category through ranging, store clustering and merchandising.

All 3\* events will have the opportunity to use the JDA systems, across a 34-week process. The process is split into three phases:

Strategic phase

Range phase

Merchandising phase

## 4.1 3\* events: the strategic phase (between week -34 and week -25)

This is when we define the strategy, objectives and success measures for the event. Each category has a three-year strategy, which is updated once a year. It'll act as the basis for the range event strategy. Category strategies are typically refreshed and agreed in Q3 each year, but the Category Development Team will share exact timings for this with you during Q1.

This'll include detail on how you collaborate with us to create insight-led plans that drive category growth. If you'd like to access your current category strategy, get in touch with your buyer, who'll be able to share this with you.

## 4.1 3\* events: the strategic phase (cont'd)

Around week -34 we collaborate across our teams and with our suppliers to collate insight and data which gives us a customer and future-focused view of how we fulfil shopper needs, specific to the 3\* event. We encourage you to collaborate with us here, bringing insight to help us answer key questions such as:

Which areas of the category are driving growth/decline and how should we approach space onshelf accordingly?

How do different shoppers buy the category? How should we differentiate store clusters to maximise this?

What are the bestpractice merchandising principles we should use to improve ease of shop for our customers?

This is a crucial part of the event process, as the signed off strategy will guide all subsequent decisions. The strategy is signed off at Week -25; without business sign-off we cannot proceed with the range phase of the event.

## 4.2 3\* events: the range phase (week - 22)

#### New lines and delists

At the start of this phase, your Buyer locks down which products will make up the complete range, also known as the 'master assortment'.

They'll ask you to complete New Line Forms for the proposed range, but this doesn't mean we've agreed to stock the lines. We ask you to do this because we need full product information at -week 22 to consider ranging the product. At week -22 we'll also need any information you have about delists you've planned, otherwise the product will stay on our plans and could result in a shelf gap.

Your buyer will discuss their proposal for full product delist with you. Reasonable notice will be established before final decisions are made. All new lines and full product delists will be signed off by week -22 at the Master assortment Sign Off Meeting.

## 4.2 3\* events: the range phase (cont'd)

#### Proposing new product development (NPD) ranges

When proposing new product development (NPD), you should share with us who your target shopper is, and how you expect the range to perform by store cluster. This lets us target the right stores, giving the new product the best chance of succeeding when its ranged.

If you're not sure about which store clusters are used within your category, and what makes each cluster different, speak to your **Buyer** or **Category Development Planner**.

With new lines and delists now agreed and the full Master Assortment signed off at this stage, we move into a four-week window to determine what each store's range will look like.

#### **Tactics**

Our Range Analysts will convert the agreed strategy into tactics.

jda.
Assortment optimizer (AO)

Tactics are what we feed into the **Assortment Optimizer** to tell it what needs to be reflected in the range output.

Here are some examples of how we might use tactics:

To ensure that we are	
delivering plans	To
which are	
operationally	
efficient	

To maintain range breadth in all stores...

If a sub-category is driving growth, but is under-represented in our stores, we might tell AO this sub-category should see increased space on planograms

"All products to fit a case on shelf."

"All shopper needs units to be represented on all planograms." "Sub-category A to account for at least 10% of linear space on shelf."

## 4.2 3\* events: the range phase (cont'd)

#### Tactics (cont'd)

We put tactics into the **AO tool**, which, combined with product sales performance and customer loyalty measures, recommends ranges across our estate.

jda.
Assortment optimizer (AO)

The Commercial, Category Development and Range Analyst Teams review this to make sure it delivers against the defined strategy and represents a customer-focused proposition.

#### An output review might consist of:

- a snapshot of current versus proposed product distribution by store cluster
- more detailed planogram level range proposals, with accompanying data to explain AO decision-making

Where outputs are not aligned to strategy, alterations are made through further tactics.

Impact to supplier distributions will also be considered as outputs are processed. Buyers will be able to make adjustments to product depth of distribution (DoD) if needed.

Throughout the four-week AO period, multiple iterations of the ranging output will be reviewed and refined, until we reach week -18 in the process.

#### Week -18: range sign off

At week -18, your Buyer will sign off product distributions; they'll keep full control and ownership of the range. We can't proceed beyond this point until the Buyer has signed off the range event.

Your buyer will always retain full ownership and control of the category and agreed range.

Where JDA outputs aren't aligned to strategy, alterations will be made through further tactics.

## 4.3 3\* events: the merchandising phase (week -17 to week 0)

We then pass the signed off range to the Merchandising Team. They'll use it to build most the common planograms for business sign off in **week -16**.

At this stage, your Buyer can give you a highly accurate indicative depth of distribution (DoD). But there's still the potential for minor changes to DoD numbers until **week -7**, when the Merchandising team will have finished building all planograms.

At **week -7**, final distributions can be shared and the range event cannot be affected any further, until the range goes live at **week 0**.

## Depth of distribution (DoD) vs. volume changes

When reviewing product distribution changes, it should be taken into account which stores the product is being added to, or removed from.

Often, making DoD changes by cluster means that distribution changes do not have the same impact to volumes. JDA tools make us more effective at ranging the right products in the right stores, so it's possible that a product could lose distribution, but maintain volumes due to being ranged in more suitable stores.

We can give you the number of stores for which a product has been added or removed. For example, a product may maintain a DoD of 1,000 stores, but 500 of these could be completely different. Taking this view gives us a clearer idea of how volumes may be impacted, and allows us to estimate range churn for stores.





## 6. 2\* and 1\* range event process

#### 2\* range events

2\* (or 'two star') range events follow a similar process, but they're more tactical with limited range churn.

Changes for a 2\* event are actioned through one-in, one-out product switches, which can be executed at **total estate**, **cluster** or **planogram level**.

The process for 2\* events begins with the Master Assortment meetings. Master Assortment Sign Off occurs at week -18, and as per 3\* events, this is where new product development (NPD) and delists are confirmed. For 2\* events, Buyers are also required to articulate the specific product depth of distribution (DoD) switches they would like to make at this point.

This is followed by the four week Assortment Optimizer window, which will mirror the 3\* process. At week -14, provisional DoD is signed off and can be shared with suppliers. Final DoD can then be shared at week -7 once the Merchandising Team have built all the planograms.

#### 1\* range events

1\* (or 'one star') events are limited to minimal changes, with a maximum of five new lines allowed. For this reason, we don't use the Assortment Optimizer (AO) tool, and the small number of changes are directly actioned on plans following the Master Assortment Sign Off meeting at week -8.

## 7. jda. in summary

The JDA tools enable us to convert a wealth of data and insight into ranges on-shelf, which surprise and delight our customers. It allows us to invest our efforts into areas where we know we can win, putting the right ranges in the right stores.

If you've any questions on the JDA ranging process please contact your Category Development Planner, who'll be able to answer any further queries.

For details on who your relevant contacts are, <u>please click here for your Contact Matrix</u>.





## Any questions? supplierengagement@coop.co.uk



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