

**Value Creation Capacity of Category Management
Collaborations in the UK Private Label Chilled Food Sector**

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Value Creation Capacity of Category Management Collaborations in the UK Private Label

Chilled Food Sector

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Collaborative Academic Paper

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Extended Abstract

Following research in category management relationships within the UK grocery market (Benson (2019); Benson et al. (2019); Benson, et al. (2019a); Benson (2018); Benson (2018a); Benson, et al. (2018)) it has emerged that there is a lack of research into the nature of value creation in UK category management supplier and retailer collaborations, specifically within the chilled food retail sector. Kantar (2019) reveals the significance of private label within chilled food categories and report private label is skewed more towards fresh, with total grocery at 52.7% in contrast to produce (97.3%), chilled bakery (96%), and fresh meat (92.4%).

The research will explore the capacity of category management collaborations to create value within chilled private label. In addition, the research will seek to reveal the ways in which value is created for the chilled food manufacturer (supplier) within the category management collaboration. Category management is a collective approach between food suppliers and retailers to manage product categories rather than individual brands (IGD, 2019; Gooner et al., 2011; Hubner, 2011; Nielsen, 2006). Category decision making is a fundamental aspect and output of category management and this process is now used extensively in the UK grocery and chilled sectors. There is growing acceptance that private label is equivalent to traditional branded products. Kantar (2019); IGD (2019); Shopper Intelligence (2019); Mintel (2019) state consumers are switching to private label products at an exponential rate to take advantage of lower price and improved quality. IGD (2019) state shoppers are switching to private label in all three of the retail product marketing tiers (basic, standard and premium). In some cases private label goods have moved into the premium product territory due to continued improvements in actual and perceived consumer quality (Lincoln and Thomassen 2008; Dunne and Narasimhan 1999). For example, UK premium supermarket Booths (2019)

state that their fresh (private label) ready meals range is of a higher quality than branded equivalents (Benson, 2019a). Makkonen and Olkkonen (2017) state that value is created, or not, in collaborative business relationships, and have begun to explore and map the relationship between value co-creation, no creation and co-destruction in inter-organisational relationships. Category management collaborations are an excellent example of these relationships.

This research investigates to what extent value is co-created for chilled private-label suppliers in category management collaborations. As the UK grocery sector has experienced a significant shift from branded to private label the findings will be of interest to category management practitioners looking to increase chilled food market share. The research employs a qualitative study using long interviews with senior decision makers within leading UK chilled suppliers. In response to recommendations made by Lindholm and Olkkonen (2008) this study encapsulates privileged data due to the seniority of the participants. Early findings suggest that value is co-created by suppliers recommending new category innovations targeted at the retailer consumer profiles. The data suggests that the supplier recommendations need to be more entrepreneurial in nature rather than the traditional data led interventions currently provided by branded suppliers. In support of previous research (Benson, 2019a) the data suggests that the co-creation of value by chilled private label suppliers contributes to a strong category management relationship in the same way as those enjoyed by traditional branded suppliers. Furthermore, it may well lead to the chilled private label supplier being appointed as the category captain.

The research is grounded in phenomenology and uses participant discourse analysis. Cassell and Symon (2011) state discourse analysis is concerned with how individuals use language in specific social contexts including the workplace. They state that research participants are able

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to produce an explanation of themselves, their world and construct their own realities. In this research it enables the participants to openly explain what they believe to be their individual reality within category management activities, and how they negotiate value. The research was conducted interviewing suppliers using semi-structured questions to allow the participants to freely discuss their day to day activities from the privileged position of a decision maker within the chilled supply chain. The participants varied from senior operational managers to strategic decision makers, including main board level. The verbatim data transcripts will be transcribed from voice recordings by the authors, and then coded using Nvivo software. It is envisaged that by the time the paper is presented at the Value Conference, New York in May 2019 the findings will be complete with justified recommendations, contribution, management implications and further research. Following the presentation and feedback the authors will submit a full paper to the Journal of Creating Value at the next available window.

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