

The Undiscovered Truths of Collaborative Value Creation in UK Grocery Retail Category Management Relationships

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Extended Abstract

Category management is a collaborative approach to product selection and management between manufacturers and retailers, to enable the effective management of product categories rather than individual brands (Gooner et al., 2011; Hubner, 2011, Neilsen et al., 2006). This paper reports the emerging findings from qualitative research that explores the undiscovered truths of collaborative value creation in UK grocery retail category management relationships. Previous research in this field is mainly quantitative and does not always reflect the true nature of UK grocery retail practice. These past studies focus on the consumer alone being the creator of value. However, category management literature highlights the ‘triple win’ (value for retailers, manufacturers and consumers) in the collaborative ideal. The UK grocery market has gone through unprecedented change over recent years due to economic recession, environmental impacts and a shift in consumer habits and demands (IGD, 2019; Kantar, 2019; Shopper Intelligence, 2019). The research seeks to explore ways to assist the UK food industry practitioners to address these issues.

After reviewing the literature gaps emerged, including the reality of value creation within category management relationships from an industry perspective. To gain a deeper understanding of the practitioner’s perspective a qualitative research study was undertaken in the form of semi-structured interviews. This method was chosen to bridge the gap between academia and practice and facilitate a basis for future category management strategies. Senior managers from UK food manufacturers and retailers were interviewed in response to the recommendations made by Lindholm and Olkkonen (2008) to provide privileged data. The interviews generated written transcripts which were analysed and coded using a thematic analysis, to determine common themes. The themes that emerged were firstly, the changing role of the category captain to create more value in a disruptive UK grocery market. Secondly, the reality of value creation is that despite the notion it being a harmonious

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relationship it does not always result in value co-creation. Indeed, it emerged that there is value no-creation, and even value co-destruction within the category management relationship. Finally, it became apparent that due to the nature of the market and the rise in private label penetration within the UK grocery retail market that smaller niche and private label only suppliers can acquire the category partner/leader role within the category management relationship.

The findings from the supplier and retailer interviews included a variety of questions surrounding their roles related to category management, but also commercial and marketing. The common view from the food industry practitioners was that the future of the category captain function is uncertain. Suppliers claim that it is moving away from a category management perspective to category leadership, whereas the retailers believe that it is still an effective management model due to the exponential growth of the food discounters. This demonstrates that the true beliefs of the supplier and the retailer are in fact different, and co-destruction as well as co-creation exists. Retailer strategies are predominantly focused on driving private label whereas the bigger branded suppliers want to expand their own ranges. Co-destruction occurs due to the mis-alignment of the strategies between the supplier and retailer. Private label creates an open and trusted relationship between the supplier and the retailer. This allows an opportunity for overall category growth and inclusion of all category suppliers regardless of size and resource contribution, and in line with competition legislation. This study has contributed to category management literature and practice which has implications for both academia and food industry practice. From an academic standpoint the key contribution was the fact that the category captain role is either currently non-existent or being phased out by the practitioners. The literature however still believes it exists in the traditional function. Practitioners however agree the role has changed and it should now be a leadership function rather than a traditional management task. It is therefore important that

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the gap between knowledge and practice is reduced to ensure the literature reflects what really happens.

In conclusion, the study has aimed to bridge the gap between academia and practice by focusing on the three themes. The research has found that category management literature and practice are quite different, and this study is the first of its type to link the two together. Further research within category management should include more practitioner insight through qualitative studies to focus on the often-unclear belief of the suppliers and retailers. This establishes the benchmark for wider quantitative research and attract a broader range of suppliers including private label and smaller niche brands. This should also include a wider range of categories than those of this study and include categories such as chilled convenience.

Key words

category management, category captain, value creation.

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