

# Revolutionizing Retail: The Next Wave of ECR & Category Management: Personalized Consumer Response (PCR)

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## Executive Summary

The CPG and retail grocery industry is at a pivotal moment, facing unprecedented challenges. The Category Management process, largely unchanged for over 30 years, has provided a sound platform for retailers and suppliers to address the dynamic changes that have occurred. But given the speed and scope of today's challenges it is no longer sufficient to deliver breakthrough, sustainable results. Despite advances in technology and data availability, the industry's traditional frameworks fail to address the complexities of today's shopper journey—one that demands personalization, convenience, and seamless omnichannel experiences.

This disconnect calls for a transformative approach. We call it Personalized Consumer Response (PCR). It represents the evolution of Efficient Consumer Response (ECR) and Category Management, bridging the gap between legacy processes and the modern retail landscape. By leveraging artificial intelligence (AI) and advanced analytics in an updated and expanded Category Management business process, PCR enables retailers and manufacturers to anticipate consumer, and shopper needs and align strategies in real time, creating a more future focused and effective collaboration model.

This white paper introduces the PCR concept and the next-generation Category Management process that will drive PCR to unlock new levels of innovation and profitability. By embracing this updated more strategic approach, the industry can break free from reactive decision-making and fully capitalize on the opportunities presented by today's rapidly evolving consumer and shopper behaviors.

## The Current State of the Industry

### Macro-Economic Challenges

Macroeconomic disruptions, such as the COVID-19 pandemic, inflation, and evolving trade policies, have exposed vulnerabilities in traditional models. With the new administration introducing potential shifts in tariffs, import/export regulations, and trade agreements, retailers and manufacturers must proactively adapt Category Management strategies. Diversifying sourcing strategies, leveraging AI for supply chain risk assessment, and developing localized assortments will be critical in mitigating uncertainty and ensuring operational resilience in the face of regulatory shifts. Given the scope and complexity of these changes, it has become extremely difficult to predict the impacts on consumer and shopper needs and behavior.

### Retailer and Manufacturer Collaboration

The ECR concept, introduced in the early 1990s, marked a pivotal step toward a collaborative model for efficiency and cost reduction in the supply chain. However, the industry's focus on shared goals, such as demand-driven replenishment and consumer-need focused Category Management has

struggled to keep pace with modern complexities. Today, collaboration efforts remain hampered by fragmented data systems, reactive supply chain management, and limited alignment on shopper-centric strategies. Retailer and manufacturer teams are stretched thin trying to balance day-to-day demands with the need for long-term strategic planning.

### **Shopper-Driven Complexity**

The rise in e-commerce and omnichannel shopping has redefined consumer and shopper expectations. Shoppers now seamlessly transition between online and in-store experiences, expecting personalized engagement and real-time fulfillment. Category Management must evolve beyond traditional store-based optimization to integrate digital shelf analytics, AI-driven personalization, and fulfillment efficiencies. The ability to manage assortment, pricing, and promotions holistically across all channels will define the next frontier in shopper engagement and retail success.

### **Data Overload but Insight Scarcity**

As data continues to grow at an exponential rate, the challenge is shifting from access to overload. The sheer volume of information now surpasses human capacity to analyze it effectively, making AI-driven solutions essential. Only AI can sift through this deluge, separate meaningful insights from noise, and empower organizations to move beyond historical trends toward predictive, high-impact decision-making.

Despite the proliferation of data sources—from loyalty programs and social media to IoT devices, many organizations struggle to extract timely, actionable insights. The industry lacks the necessary tools to anticipate consumer and shopper's needs, often relying on reactive, repetitive decision-making rather than proactive, strategic planning.

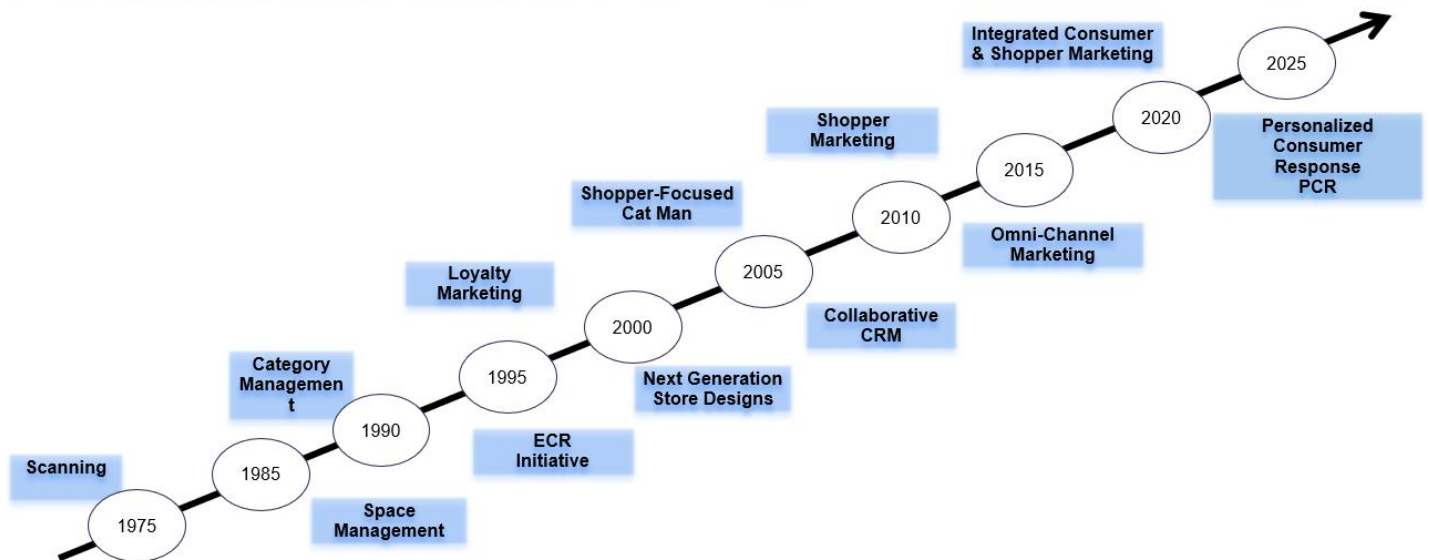
As a result, retailers and manufacturers continue to default to historical data, leading to short-term, tactical solutions with limited impact. Without AI-driven analytics, businesses will remain trapped in outdated approaches rather than leveraging accurate predictions to drive long-term growth and competitive advantage.

### **Personalized Consumer Response (PCR) - The Next Wave**

The evolution of modern retail marketing traces its roots back to the mid-1970's with the arrival of point-of-sale (POS) sales data. It has evolved since then in a series of logical "waves," the latest wave building on the prior wave. Chart 1 depicts this evolution. Each stage of this journey has been shaped by one or more of three dynamic changes that occurred in the industry at that time – 1) changes in consumer and shopper needs and expectations, 2) the emergence of new forms of competition, and 3) the availability of new types of data and analytical tools. Each sequence and timing of each wave in the chart below was formed by the interaction of these three dynamic forces.

We contend that Personalized Consumer Response represents the next logical wave in the 50-year evolution of modern retail marketing practices. It is driven by new consumer and shopper needs and behaviors, the dramatic expansion of multi-source data sets, and most recently the development of powerful AI-based analytical and decision support tools. The PCR wave has arrived.

Chart 1: The Evolution of Retail Marketing



## What Is Personalized Consumer Response?

PCR is an integrated consumer and shopper-centric business philosophy that leverages AI and advanced analytics to 1) predict future outcomes and trends and 2) prescribe actions based on these predictions to drive sustained, profitable growth.

At its core is the principle of **“Winning the Shopper Every Day”** by aligning products, pricing, and promotions with dynamic consumer & shopper expectations across all touchpoints of the consumer and shopper journey driven by alignment to strategic objectives.

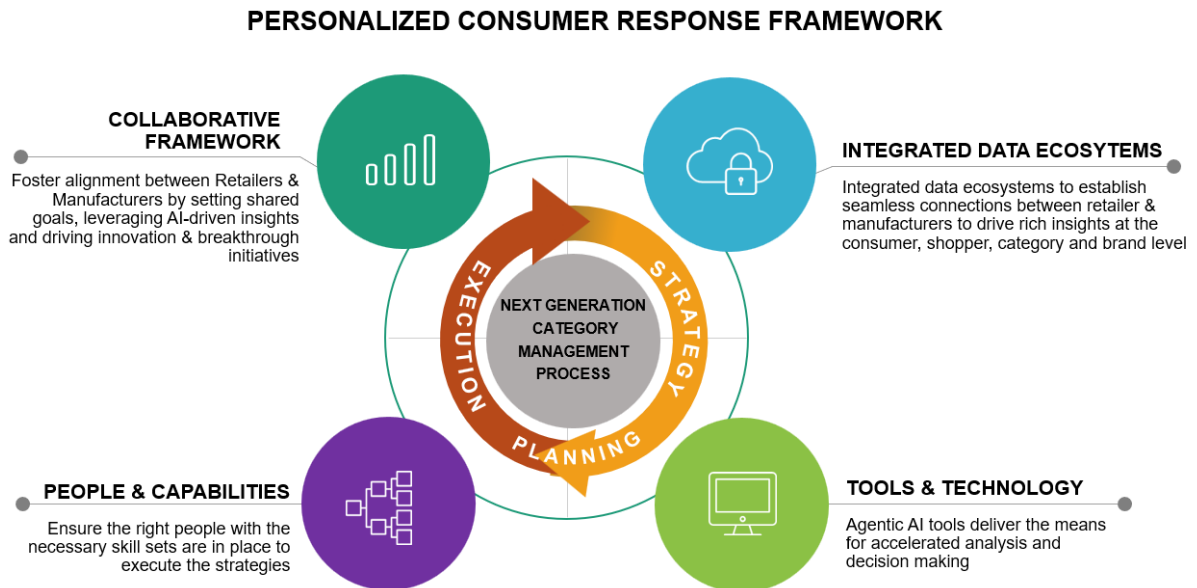
This forward-looking approach transforms static planning into dynamic, real-time decision-making and execution creating unprecedented results for both retailers and manufacturers.

## Key Enablers of PCR Framework

The core of the PCR Framework is a next-generation Category Management process. This is a significant expansion of the traditional 8-Step Category Management business process. This process is guided by a series of key strategic drivers that direct the steps of the 8-step process.

The next –generation process is enabled by the four enablers shown in Chart 2 below.

## Chart 2 – The PCR Framework



### The PCR Process: *Winning the Shopper Every Day*

The Personalized Consumer Response Process provides the roadmap to enable retailers and manufacturers to navigate current and future market dynamics by anticipating trends, understanding, and responding to consumer and shopper behavior, and developing joint business plans that ensure competitive advantage and sustained growth.

### An Integrated Consumer-Shopper Process

The PCR process begins with understanding consumers and shoppers through predictive, real-time data captured from diverse data sources, including loyalty programs, digital activity, in-store behavior, and external trend forecasting. It uses AI-based analysis tools to “connect the dots” across an expanded set of data sources, including competitive market readings, which are now available. It anticipates consumer and shopper needs using advanced forecasting models to pinpoint key value drivers across different consumer and shopper segments, and then delivers tailored value propositions through personalized pricing, promotions, and assortments. This process ensures consistent execution across all in-store and on-line channels.

Data is analyzed through five key lenses to help identify key growth opportunities following the steps of the Consumer & Shopper Journey.

**Who:** Identify the key shopper segments whose buying power will drive category and brand growth today and tomorrow. Understand their unique value drivers to ensure your offerings remain their top choice.

**Why:** Determine what drives shoppers to consume and shop. Determine which retail solutions excite your target consumer-shopper segments, encouraging repeat visits and increased spending in your store, category, or brand.

**Where:** Craft the shopping experience needed to become and remain their preferred retailer and brand. This includes understanding shopping missions, optimizing the in-store and on-line experience, and refining the category strategies and tactics.

**What:** Which categories and products meet the consumer's needs and expectations.

**How:** Evaluate the experience and determine future consumer and shopper behavior

The Personalized Consumer Response Process represents a paradigm shift in Category Management. It leverages artificial intelligence to modernize and enhance traditional processes.

Unlike current Category Management practices, which often rely on static, linear approaches, the Personalized Consumer Response Process incorporates dynamic, data-driven insights at every stage of the shopper journey. Below are detailed steps of Personalized Consumer Response Process providing the new platform for next-generation Category Management.

### **Personalized Consumer Response Process**

1. **Prescriptive Market/Consumer and Shopper Insights:** The Personalized Consumer Response Process uses AI to synthesize vast new datasets, identifying emerging trends and predicting shopper behaviors with unprecedented accuracy.
2. **Integrated Shopper and Consumer Segmentation:** By combining demographic, psychographic, and behavioral data, the process delivers the structure of the shopper segments and which contributes to growth.
3. **Prime Prospects Definition:** Identifies the most valuable consumer and shopper segments, enabling retailers and manufacturers to focus their efforts on where they will have the greatest impact and linked to the overarching store and department strategies.
4. **Growth Platforms:** Identifies untapped opportunities for growth, ensuring category strategies are both innovative and sustainable. They connect where consumer enthusiasm arises with where shopper loyalty begins.
5. **Category/Department Vision:** Then, the insights drive the development of a forward-looking vision that aligns with both shopper needs and organizational goals.
6. **Category Definition:** Provides a refined understanding of category definition and cross-category boundaries, ensuring alignment with shopper perceptions and behavior.
7. **Category Roles:** Sets priorities for resource allocation to maximize ROI from consumer and shopper investments enabling retailers to win the most important shopping missions and for manufacturers to give brands the strength to help the retailer build differentiation and become preferred with their market.
8. **Category Objectives and Strategies:** The platform establishes clear, measurable goals that guide all subsequent consumer and shopper category strategies.
9. **Assortment, Pricing, Shelving, Promotion Tactics:** Optimizes these critical elements through real-time analytics, ensuring they resonate with target shoppers, are personalized to meet their needs and expectations, and eliminate the need for over-investment.
10. **Retail Media/Marketing:** By integrating media and marketing strategies into the Category Management process, the process ensures cohesive and effective messaging both in strategic brand value communication and in the purchase/re-purchase category strategies and tactics.
11. **Measuring Results:** Scorecarding the process is critical to understanding the areas that might need adjustment to maintain the strategic integrity of the plan.

The process guides Joint Business Planning, which is essential to achieving a higher level of sustainable results. It enables collaboration through all steps by aligning retailer and manufacturer’s mutual objectives, data-driven insights, and shared strategies to deliver breakthrough, sustainable results.

**Chart 3 - Comparing PCR Process to Current Category Management Process**

Steps	Process	PCR	Current Category Management
1	Prescriptive Market/ Consumer & Shopper Insights	✓	
2	Integrated Shopper & Consumer Segmentation	✓	
3	Identification of Prime Prospects	✓	
4	Transformative Growth Platforms	✓	
5	Integrated Category/ Brand Growth Vision	✓	
6	Category Assessment	Steps 1-5	✓
7/8	Category Definition & Role	✓	✓
9/10	Category Objectives & Strategies	✓	✓
11	Assortment, Pricing, Planogramming, Promotion and Personalization Tactics	✓	✓
12	Retail Media/ Shopper Marketing Implementation	✓	✓
13	Measuring Results	✓	✓

Chart 3 shows the set of steps in the PCS process and compares it to the traditional 8-step Category Management process. This comparison underscores the Personalized Consumer Response Process’ ability to address the limitations of current Category Management practices. By integrating advanced analytics and AI-driven insights, the Personalized Consumer Response Process empowers retailers and manufacturers to create shopper-centric strategies that are both innovative and effective. The result is a more agile, responsive, forward looking, and collaborative approach to Category Management—one that meets the demands of today’s changing retail landscape and drives sustainable growth.

**Technology Infrastructure- More than Just an Enabler**

PCR relies on superior processes supported by advanced technology. Advanced system techniques such as Streaming Analytics enable real-time analysis of data from multiple sources. AI layered above these analytics can enable recommendations of strategies for PCR, such as pricing and promotion strategies. Event Driven system architecture enables real-time execution of PCR strategy – creating “magic moments” for shopper experience.

But AI is no longer just an enabler—it is a decision-making partner. Imagine a future where agentic AI autonomously optimizes store assortments in real time, adapting to shifting demand signals while generative AI dynamically crafts hyper-personalized promotions tailored to individual shoppers. In this landscape, AI not only synthesizes vast datasets but anticipates emerging trends, making proactive recommendations that align retailer and manufacturer strategies. The convergence of AI-powered prescriptive analytics and real-time automation will drive a revolutionary shift in Category Management, where every decision is informed by deep, real-time consumer understanding.

## **The PCR Framework Is Driving Significantly Better Results**

The PCR Framework model is built on real-world business cases that have delivered strong results across different retail channels. Here are some examples:

- A leading grocery retailer was losing market share in the breakfast occasion. Partnering with a plant-based dairy brand the PCR process identified the prime prospects and deployed key merchandising and marketing initiatives to win the trip mission. This resulted in a CAGR of 15% and the eventual sale of the brand (originally \$330M) for over \$10B to a global manufacturer.
- At another grocery retailer, the PCR consumer-shopper segmentation model was used to accelerate growth based on a prime prospect-based price and promotion model. By understanding the “demand space” of the consumer-shopper segment a more effective product offering with smarter Key Value Item (KVI) price setting was developed and deployed. This generated increased sales growth at a higher SKU margin mix based on exploitation of consumer value driver insights.
- A global soft drink manufacturer collaborated with a grocery retailer to identify innovative consumer segments which helped to quadruple the development of a new sub-segment of the category which provided market differentiation for the retailer and the manufacturer brand.

In each of these cases, the PCR Process delivered new insights that drove innovative consumer value creation, unlocking the potential that impacted over 60% of consumers within a market. This provided a significant new platform for growth by identifying insights into consumer and shopper value drivers that are beyond price related value drivers.

## **Benefits of Personalized Consumer Response**

### **For Retailers**

- More breakthrough and sustainable initiatives leading to strong market differentiation.
- Enhanced shopper loyalty through personalization.
- Significant reduction in time spent on category review analytics and data gathering, and more time on strategy and execution.
- Higher efficiency in inventory and supply chain management.
- More collaborative business practices with manufacturers

### **For Manufacturers**

- Better alignment with retailers’ target shopper segments, strategies and objectives which is the key to driving long-term category and brand growth.
- Higher success rate of innovation and key initiatives with retailers
- Increased visibility into the true shopper demand for their brands, by retailer
- More effective allocation of trade marketing and retail marketing budgets.

### **For Shoppers**

- Improved shopping experience
- More personalization of the assortment, promotions

- Consistent access to desired products and more relevant interactions with retailers

## **Roadmap to Implementing PCR**

### **1. Conduct an Organizational Readiness Assessment**

- Evaluate existing Category Management processes, data capabilities, and analytics tools and people capabilities.
- Identify gaps in AI adoption, real-time analytics, and automation in decision-making.
- Assess team readiness for AI-driven strategic planning and execution.

### **2. Define Strategic Business Objectives**

- Align PCR process adoption with broader corporate goals-growth, differentiation, and shopper engagement.
- Establish key performance indicators (KPIs) centered on prescriptive insights, personalization and omnichannel efficiency and the ability to deliver breakthrough initiatives.

### **3. Develop a Data Strategy & AI Integration Plan**

- Centralize and connect multi-source data streams (e.g., loyalty programs, digital interactions, in-store behaviors) through AI tools.
- Implement AI-driven analytics to transition from reactive to predictive decision-making.

### **4. Launch a Pilot Program with AI-Powered Category Management**

- Choose a high-impact category or key shopper segment to test PCR methodologies.
- Use AI-driven forecasting and prescriptive analytics to optimize assortments, pricing, and marketing tactics.
- Measure impact through sales growth, shopper engagement, and operational efficiencies.

### **5. Scale Implementation & Establish Continuous Learning**

- Expand AI-driven PCR insights across additional categories and retail segments.
- Enhance collaboration between retailers and manufacturers through data-sharing platforms and AI-based decision support.
- Train teams interpret AI recommendations and integrate them into strategic planning.

### **6. Optimize Joint Business Planning with AI Tools**

- Implement AI-powered joint business planning frameworks to improve retailer-manufacturer collaboration.
- Use predictive models to align category visions, investment priorities, and shopper engagement strategies.
- Automate performance tracking to refine strategies dynamically.



## **Conclusion**

Personalized Consumer Response represents the “next wave” in the evolution of modern retail marketing. The implementation of a PCR strategy is imperative for meeting the demands of today’s shoppers while ensuring long-term growth and differentiation for both retailers and manufacturers. By adopting PCR, retailers and manufacturers can achieve sustainable growth, enhanced shopper loyalty, and a competitive edge in an increasingly dynamic marketplace.

The time to act is now—embrace the next generation of Category Management and begin the transformation toward predictive, shopper-first strategies to experience the transformation of your business.

### **About the Authors:**

Dr. Brian Harris pioneered the concept of Category Management in the late 1980s. Since then, he has been an ambassador and thought leader teaching the benefits of Category Management to hundreds of retailers and manufacturers across the globe. For the last 30 years, he has been a leading contributor to every major ECR initiative across the globe related to Category Management and its practices. He has trained over 15,000 retailer and manufacturer managers in over thirty countries in his Category Management principles and methods.

Luc Demeulenaere has 35 years in the FMCG industry including 30 years at P&G and 12 years as Global Associate Director in P&G’s global operations. His primary role was the implementation of Category Management with P&G’s retailers and to lead shopper insights initiatives to support these efforts. He is recognized globally as an expert in Category Management.

Julie Beck has had an award-winning career at P&G, J&J and Kraft spending 35 years delivering double-digit growth through strategic Category Management and strong retailer partnerships across all classes of trade over FDME and Foodservice channels. Julie’s leadership roles have included general management, sales, channel insights, innovation, marketing, and shopper marketing.

All three authors recently joined Intent AI as part of the leadership team. At the core of Intent AI’s offering is the next generation of Category Management, a forward-looking process that redefines how retailers and manufacturers plan and execute strategies and initiatives. Unlike traditional approaches that rely heavily on retrospective data, this innovative methodology deeply integrates the consumer and shopper journey with new data sources, enabling the development of groundbreaking products and services through their proprietary software, AIRICA. To learn more, please visit [www.intentaitech.com](http://www.intentaitech.com)