The Genus Report

A Tool For Category Managers

by Brian Woolf (September 1, 2001)

Product category managers often ask: Who are my customers? One way that we have found helpful in answering that question is by using what we call the Genus Report.

Click here to download, save or open the attached spreadsheet!
(for Microsoft Excel v5 or later - file size: 33Kb)

As seen in the attached example for the Ground Coffee category, we broke out the company's latest quarter's results, first by customer spending levels (over $100 week, between $50 and $100 week, etc), and then by spending level in the category (Heavy, Medium and Light buyers).

This lets us see the mix of our customers. For example, the Genus Report methodology allows us to learn such things as who is a heavy spender at the chain but a light buyer of coffee (Can we encourage her to buy more coffee?) or who is a heavy buyer of coffee but doesn't spend much in our stores (Can we encourage her to do more of her food shopping with us?). It obviously provides extremely valuable information for targeting offers to our diverse customer base.

To explain how to read the report we shall focus on the company's top spenders for the quarter, the Diamonds, who average over $100 per week. (In fact, their average spending per week was $130.14 (6f).)

We see that for every 1000 households in the chain, an average of 52.5 were Diamonds (1f). Of these, 9.7 were among the top 10% of Ground Coffee buyers in the quarter (1a), while 19.1 bought no coffee at all (1e). The former group comprised 18.4% of the Diamonds (2a), and the latter 36.4% (2e).

Those Diamonds that were also heavy coffee buyers comprised 3.2% of all coffee buyers (3a) and accounted for 11.6% of coffee sales (4a).

This premium group spent $3.90 per week on coffee (7a) or 2.8% of their total purchases (8a). On average, these customers bought 0.85 coffee units per week (9a) providing a coffee gross profit per week of $1.25 (11a). This compares to the total weekly gross profit generated by these customers of $38.81 (10a).

Each customer segment is set out in the same format as for the Diamonds.

There are two primary uses of the Genus Report. The first is to test various marketing offers to different customer cells. The second is to use it as a benchmark for the category manager to see whether he or she can improve the penetration of coffee sales among the various customer segments that flow through the company's stores.

Those using the Genus Report primarily for the second purpose like to set fixed coffee spending thresholds rather than the top 10%, next 20%, and bottom 70%. This allows a stable measurement base for performance comparisons.

Another variation of the Genus Report is to collapse the report into just three groups: Best Customers (Diamonds and Rubies), Potential Best Customers (Opals and Pearls) and New Customers. For beginners, this approach is definitely recommended.

I hope that category managers can take this report and/or the ideas behind it to gain a better understanding of their categories thereby becoming more effective managers.

About the author...

Brian Woolf is a global leader in loyalty marketing and has written three definitive works on the subject, Measured Marketing: A Tool to Shape Food Store Strategy, Customer Specific Marketing, and Loyalty Marketing: The Second Act. He devotes his time to helping retailers develop, critique and strengthen their loyalty programs.

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