🔄 GMS → TANNICO STRATEGIC CATEGORY MAPPING

Proxy Methodology for Case Study Simulation

📋 METHODOLOGY OVERVIEW

Objective:

Map 80 GMS (General Merchandise Store) categories to 9 Tannico wine & spirits categories based on **strategic role equivalence**, not literal product similarity.

Core Principle:

> "We assign GMS categories to Tannico categories based on their **economic behavior** (volume, margin, strategic role) rather than product attributes. This creates a defensible business case study that mirrors real market dynamics."

Why This Works:

1. **Business Logic Over Product Logic:** A high-volume, mid-margin product behaves similarly across industries

2. **Proxy Method Validity:** Standard approach in consulting/business analysis when actual data unavailable

3. **Defendable in Presentation:** Clear rationale backed by industry best practices

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🎯 STRATEGIC ROLE MAPPING FRAMEWORK

TIER 1: MAXIMUM VOLUME DRIVERS (60-70% of total revenue)

GMS Role	GMS Characteristics	Tannico Equivalent	Tannico Category
Max Volume Leader	• Highest transaction count • Mid-range price • Broad appeal • Frequent purchase	**Core Volume Driver** • 43% global market • €5-15 avg price • Foundation business	**Red Wines**
Volume Co-Leader	• Second highest volume • Diverse SKU range • Seasonal spikes • Growing segment	**Volume Co-Driver** • 49% global market • €6-18 avg price • Complementary to core	**White & Rosé Wines**

GMS Categories to Map Here:

- Primary volume drivers (likely Apparel, Electronics if available)

- High-frequency purchase categories

- Broad demographic appeal products

Allocation Target: 60-70% of GMS volume → Red Wines + White & Rosé

TIER 2: PREMIUM MARGIN DRIVERS (15-25% of revenue, 35-45% of profit)

GMS Role	GMS Characteristics	Tannico Equivalent	Tannico Category
Premium/Luxury	• Higher price point • Lower volume • High margin • Occasion-based	**Margin Maximizer** • 2.3x avg price • 45-70% margin • Premium positioning	**Sparkling Wines & Champagne**
Specialty High-Value	• Niche appeal • Very high margin • Brand-driven • Gift/treat category	**Ultra-Premium** • 50-75% margin • Lifestyle product • Cross-category appeal	**Spirits & Liqueurs**

GMS Categories to Map Here:

- Luxury goods

- High-ticket items

- Specialty/niche products

- Gift-oriented categories

Allocation Target: 15-25% of GMS volume → Sparkling + Spirits

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TIER 3: ANCILLARY REVENUE (10-15% of revenue)

GMS Role	GMS Characteristics	Tannico Equivalent	Tannico Category
Cross-sell/Add-on	• Small ticket • High attach rate • Functional products • Good margin	**Experience Enhancer** • 40-60% margin • 15-25% attach rate • Repeat purchase	**Accessories**
Gifting/Bundling	• Seasonal spike • Bundle-oriented • Mid-high value • Q4 concentration	**Seasonal Booster** • 35-50% margin • 60% Q4 revenue • Multi-product trial	**Gift Boxes**

GMS Role	GMS Characteristics	Tannico Equivalent	Tannico Category
Complementary	• Pairing products • Lifestyle items • Impulse add-on • 30-50% margin	**Basket Builder** • 30-50% margin • 10-20% attach • AOV increase	**Gourmet Products**

GMS Categories to Map Here:

- Small accessories

- Home goods

- Lifestyle products

- Seasonal/gift items

Allocation Target: 10-15% of GMS volume → Accessories + Gift Boxes + Gourmet

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TIER 4: TACTICAL CATEGORIES (5-10% of revenue)

GMS Role	GMS Characteristics	Tannico Equivalent	Tannico Category
Clearance/Sales	• Discounted items • Stock rotation • Lower margin • Cashflow focus	**Inventory Management** • 15-25% margin • Dead stock clearance • Max 5-10% revenue	**Outlet**
Miscellaneous/Test	• Experimental • Small volume • Innovation testing • Variable margin	**Innovation Lab** • Variable performance • Test & learn • Future category seeds	**Other**

GMS Categories to Map Here:

- Sale/clearance items

- Miscellaneous/undefined

- Test categories

- Low-volume specialty

Allocation Target: 5-10% of GMS volume → Outlet + Other

🔢 MAPPING CRITERIA MATRIX

Use this scoring system to assign each GMS category:

Criterion	Weight	Red Wines	White/Rosé	Sparkling	Spirits	Gift Boxes	Accesso
Volume	30%	⭐⭐⭐⭐⭐	⭐⭐⭐⭐	⭐⭐	⭐⭐	⭐⭐⭐	⭐⭐
Margin	25%	⭐⭐⭐	⭐⭐⭐	⭐⭐⭐⭐⭐	⭐⭐⭐⭐⭐	⭐⭐⭐	⭐⭐⭐
Frequency	20%	⭐⭐⭐⭐⭐	⭐⭐⭐⭐	⭐⭐	⭐⭐	⭐⭐	⭐⭐⭐
AOV	15%	⭐⭐⭐	⭐⭐⭐	⭐⭐⭐⭐⭐	⭐⭐⭐⭐⭐	⭐⭐⭐⭐	⭐⭐
Seasonality	10%	⭐⭐⭐	⭐⭐⭐⭐	⭐⭐⭐⭐	⭐⭐⭐	⭐⭐⭐⭐⭐	⭐⭐

Scoring Guide:

- ⭐⭐⭐⭐⭐ = Very High (5 points)

- ⭐⭐⭐⭐ = High (4 points)

- ⭐⭐⭐ = Medium (3 points)

- ⭐⭐ = Low (2 points)

- ⭐ = Very Low (1 point)

📊 EXAMPLE MAPPING LOGIC

Example 1: GMS "Apparel" → Tannico "Red Wines"

Why This Mapping Works:

Apparel Characteristics:
✓ Highest volume category in retail
✓ Mid-range price points ($20-80)
✓ Broad demographic appeal
✓ Frequent repeat purchase
✓ 30-40% gross margin

Red Wines Strategic Role:
✓ Highest volume in wine (43% market)
✓ Mid-range price (€5-15)
✓ Universal appeal
✓ Frequent consumption
✓ 30-40% retail margin

MATCH: Both are volume foundation drivers

Example 2: GMS "Electronics" → Tannico "White & Rosé Wines"

Why This Mapping Works:

Electronics Characteristics:

✓ Second largest volume

✓ Wide SKU variety (phones, laptops, accessories)

✓ Variable price range

✓ Growing category

✓ Diverse customer base

White & Rosé Strategic Role:

✓ Second volume driver (49% production)

✓ Wide variety (Pinot Grigio, Chardonnay, Rosé, etc.)

✓ Price range €6-18

✓ Fastest growing segment (Rosé +8% CAGR)

✓ Appeals to younger demographics

MATCH: Both are volume co-drivers with growth potential

Example 3: GMS "Jewelry/Luxury" → Tannico "Sparkling & Champagne"

Why This Mapping Works:

Jewelry/Luxury Characteristics:

✓ Premium pricing

✓ Lower transaction volume

✓ High margin (50-70%)

✓ Occasion-based (gifts, celebrations)

✓ Brand/prestige driven

Sparkling & Champagne Strategic Role:

✓ Premium pricing (€30-150+)

✓ Lower volume (11% market)

✓ High margin (45-70%)

✓ Occasion-driven (celebrations, gifts)

✓ Brand prestige (Champagne)

MATCH: Both are premium margin maximizers

🎯 STEP-BY-STEP MAPPING PROCESS

Step 1: Analyze GMS Categories

For each of the 80 GMS categories, determine:

1. **Volume Rank** (High/Medium/Low based on transaction count)

2. **Price Tier** (Budget/Mid/Premium based on average price)

3. **Margin Profile** (Low/Medium/High based on gross margin %)

4. **Purchase Frequency** (High/Medium/Low/Seasonal)

5. **Strategic Role** (Volume Driver / Margin Driver / Support / Tactical)

Step 2: Score Each Category

Use the criteria matrix above to score 1-5 on:

- Volume potential

- Margin potential

- Frequency

- AOV

- Seasonality

Step 3: Assign to Tannico Category

Based on weighted score, assign to the Tannico category with closest profile match.

Step 4: Validate Distribution

Ensure final allocation approximates:

- 60-70% → Red + White/Rosé

- 15-25% → Sparkling + Spirits

- 10-15% → Accessories + Gift + Gourmet

- 5-10% → Outlet + Other

Step 5: Document Rationale

For each mapping decision, document the business logic (see examples above).

📋 MAPPING TEMPLATE

```
GMS Category: [Name]
├──────  Volume Rank: [High/Medium/Low]
├──────  Price Tier: [Budget/Mid/Premium]
├──────  Margin %: [XX%]
├──────  Purchase Frequency: [High/Medium/Low/Seasonal]
├──────  Strategic Role: [Volume/Margin/Support/Tactical]
```

├──── Weighted Score: [X.X / 5.0]
├────→ MAPS TO: [Tannico Category]
   └──── Rationale: [Brief explanation]

✅ QUALITY CHECKS

Before finalizing the mapping, verify:

1. Distribution Balance:

☐ Volume drivers (Red + White/Rosé) = 60-70% of GMS volume

☐ Margin drivers (Sparkling + Spirits) = 15-25% of GMS volume

☐ Ancillary (Acc + Gift + Gourmet) = 10-15% of GMS volume

☐ Tactical (Outlet + Other) = 5-10% of GMS volume

2. Business Logic:

☐ Each mapping has clear strategic rationale

☐ No category is "forced" into poor fit

☐ Margin profiles align (high margin GMS → high margin Tannico)

☐ Volume profiles align (high volume GMS → high volume Tannico)

3. Presentation Readiness:

☐ Can explain each mapping in 30 seconds

☐ Rationale is defensible to business stakeholders

☐ Aligned with industry best practices (OIV, Wine Intelligence data)

☐ Clear documentation for audit trail

🎓 HOW TO PRESENT THIS MAPPING

For Business Stakeholders:

> "Given the lack of actual Tannico category data, we employed a strategic role mapping methodology. We analyzed the 80 GMS categories based on their economic behavior—volume, margin, frequency—and mapped them to Tannico's 9 categories based on equivalent strategic roles rather than product similarity. This approach is standard in business case studies and consulting engagements when proxy data is required."

For Technical/Data Audience:

> "We implemented a weighted scoring system (Volume 30%, Margin 25%, Frequency 20%, AOV 15%, Seasonality 10%) to assign each GMS category to the Tannico category with the closest behavioral profile. The final distribution was validated against industry benchmarks from OIV and Wine Intelligence to ensure realistic market structure."

📚 SOURCES FOR METHODOLOGY VALIDATION

This mapping approach is supported by:

- **OIV (2023):** Market structure data (volume vs margin categories)

- **McKinsey:** Proxy methodology in retail analytics

- **Wine Intelligence:** Category behavior patterns

- **Business Case Study Best Practices:** Comparable company analysis when direct data unavailable

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🚀 READY TO EXECUTE

Next Steps:

1. Share the 80 GMS categories with volume/revenue data

2. Apply scoring framework to each category

3. Assign to appropriate Tannico category

4. Validate distribution against targets

5. Document rationale for key mappings

6. Create visualization of final mapping

Deliverables:

- Mapping table (GMS → Tannico)

- Rationale document

- Distribution validation chart

- Presentation-ready summary

Framework prepared for strategic category mapping
Methodology defensible for business case study
Ready for execution 🍷 📊