

Products and product categories



What levels are included within a product hierarchy?

The product hierarchy consists of various levels

- **Product portfolio:** The entire product set sold by a business unit
- **Product category:** A group of products fulfilling equivalent functions
- **Product level:** Any tangible product
- **Product variant or SKU:** A unique identifier to a product variant within an organization

PCF assessments can be conducted at any level within this hierarchy, offering flexibility to practitioners. It's acceptable to create a PCF for a group of products, reducing the burden on suppliers, especially those with extensive product lines.

Comparison between individual SKU/product level PCFs and product category PCFs

- Individual PCFs provide a detailed assessment of a single product variant, including specific variations.
- Product category PCFs offer a broader view, representing a range of products within a category.
- Despite the difference in granularity, the calculation methodology remains consistent for both levels of PCFs.

Buyers and suppliers categorize products differently

A buyer might categorize the products it purchases differently to a supplier, causing potential confusion. To ensure PCFs are being reported for the appropriate product it may be necessary to ask for further clarification of reporting requirements that buyers have set.

What are the options for generating PCFs at a customer's product category level?

There are three main options for responding to a product category level request of a PCF.

1. Generate a PCF for each individual SKU within the customer's product category and provide alongside relevant sold volumes for each.
2. Generate one PCF representing all products within the customer's category, containing extensive data and provide alongside relevant sold volumes.
3. Create a PCF for a single product within the customers's category, representative of the broader category and provide alongside relevant sold volumes.

If there is doubt, a supplier should clarify requirements with their customer.