

4 Fundamental Ways Data Is Changing the Face of Retail



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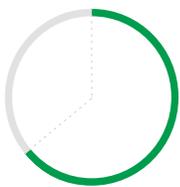
Introduction

How do the promises of data become real business results?

Data, undeniably, is everywhere – and day after day, as the digital world transforms more human actions into data-generating experiences, its volume continues to grow. In fact, by 2025, data-driven interactions will reach 4,785 per person per day, as the global "datasphere" grows to 163 zettabytes.¹

All that data represents a massive opportunity for retail businesses. Intelligence. Optimization. Innovation. Revenue. Expansion. And edge. So where do data-driven insights have the most impact? And what types of benefits can you expect to see?

In 2018, when asked to name their top objectives for their digital business strategy, the majority of organizations expected to see big results²



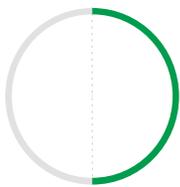
64%

expected to improve process efficiency through automation



58%

expected to create better customer experiences



50%

expected to improve employee productivity



43%

expected digital business to drive revenue growth

Every one of these results can be achieved—and faster—with data.

How is data impacting retail?

Every company is now a data company.

Forbes' David Kirkpatrick famously claimed, "Now every company is a software company."³ The same thing has become true of data: Every company is now a data company, too. That's because insights from analytics have become an essential driver of innovation, optimization, and competitive edge.

The retail industry has embraced the opportunity. Across the globe, retailers are using data-driven insights to radically transform operations, reinvent customer experiences, and reimagine their products and services. And more than 1,100 retailers are leveraging Qlik.

The impacts of data-driven transformation tend to fall within four main categories:



Customer Intelligence



Reimagined Processes



New Business Opportunities



Balanced Risk and Reward

The Three Major Shifts in Retail – and Where They Open Opportunity

Analytics provide unprecedented opportunities to capitalize on the three major shifts transforming the retail landscape today. Here's how those three shifts map to the four fundamental outcomes that analytics deliver:

Major Shift	Fundamental Outcome
Empowered customer	• Customer Intelligence
Agile supply chain	• Reimagined Processes • Balanced Risk and Reward
Changing role of the store	• New Business Opportunity

“Big data/analytics help organizations harness their data and use it to identify new opportunities. That, in turn, leads to **smarter business moves, more efficient operations, higher profits, and happier customers**. It also **drives process efficiencies and employee productivity**, which are primary goals of digital-first initiatives.”

IDG

2018 State of Digital Business Transformation

Customer Intelligence

Improve customer experiences and drive increased lifetime value.

In the digital era, customers are more informed and more empowered than ever. For the first time in history, no matter where they are, they can instantly compare products, features, and prices. They've also come to expect personalized, convenient experiences.

Fortunately, digital transactions give you valuable information about your customers – and plenty of it. You can track where and when customers engage, what inspires them to convert, which messages have the highest conversion rates, which products they've purchased, and more. With this intelligence, you can deliver personalized experiences at an unprecedented level – leading to more conversions and longer lifetime loyalty.

Today's retail organizations are leveraging customer intelligence from data analytics to:



Get more complete, more accessible views of the customer

- Combine data from point of sale, marketing, digital, and order management systems to create a 360° view of the customer relationship
- Make the customer view available on-demand, including via mobile, to store operations and marketing teams



Optimize marketing campaigns

- Analyzing campaign impact by date, gender, location, transaction value, and product category across millions of shoppers



Personalize the customer journey

- Parlay insights about individual preferences into more convenient, relevant, and personalized experiences that drive higher conversion rates and bigger basket sizes



Increase conversion

- Design personalized and location-based offers that drive comparable sales performance and customer loyalty
- Link POS data to ERP and CRM systems, getting insight into customer spending patterns to target the most valuable customers with one-to-one marketing campaigns
- Combine market-basket and loyalty program data to better target promotions

After combining and analyzing market-basket data and loyalty program data, oil and gas giant BP saw a **14% increase in its active customer base.**

“**For us, customer experience is not a matter of guessing. We make decisions about store assortment, services, or locations or concepts of new grocery stores strictly based on customer data.”**

Anni Ronkainen
CDO, Kesko

Reimagined Processes

Optimize every aspect of business for efficiency and productivity.

Using data-driven insights to streamline business processes isn't new, but two major factors have transformed the landscape. The first is the explosion in the availability, volume, and velocity of data. The second is the increased accessibility and sophistication of analytics solutions.

Retail workers in any line of business can now tap into massive sets of data about customers, suppliers, partners, and markets, gleaning insights to inform in-the-moment decision-making at every turn. That introduces the opportunity to revolutionize almost every aspect of retail, from store operations to merchandising and from digital experiences to supply chain operations.

Retail organizations are using data analytics to reimagine processes for:



Boosting performance

- Getting 360-degree visibility into performance against KPIs, enabling management to make much faster and better-informed decisions
- Building a performance culture by giving employees access to key KPIs in their business units and empowering them to make more-informed decisions



Managing merchandise

- Enabling buyers, planners, and allocators to dynamically analyze sell-through rates, determine the open-to-buy, get ahead of out-of-stocks and markdowns, and respond to customer demand signals across channels, categories, and seasons
- Managing at-the-shelf to maximize revenue, margins, and in-stocks while removing costs and capital expense lockups across the supply value chain



Optimizing the supply chain

- Tracking inventory across the supply chain to fulfill orders quickly through any channel
- Optimizing the pick, pack, and ship process to improve warehouse throughput
- Monitoring shipping costs to remove unnecessary logistics spend
- Building and managing reverse logistics capabilities to handle returns

Within its first year of using analytics for visibility into inventory reserves, Purity Life, Canada's leading distributor of natural health products, **reduced its reserves by \$500,000.**

After implementing Qlik, The Netherlands' BBS Food realized a **50% improvement in inventory forecasting** across 850 products representing 4,500 SKUs.

“**We achieved 100% ROI within two months after implementing Qlik. We consistently find outliers and adjust our supply chain using Qlik. We have reduced our processing cost per unit and decreased our transportation spend with just two simple apps. Qlik is a game changer for us.”**

IT Director

S&P 500 Apparel Retailer⁴

New Business Opportunities

Develop new products, services, and revenue streams with insights gleaned from data – or monetize the data itself.

What do users *actually* want? What are their unmet needs? And where should you take your products or services next? Data can give you the answers. From there, you can vastly improve what you offer, add compelling features, or build something entirely new.

That's not the only way data opens up opportunities. You can embed analytics into existing workflow apps so your users are better informed right where they make decisions. You can embed analytics into your customer-facing apps to increase loyalty and gain leverage over competitors. You can even develop an entirely new product category by creatively merging and analyzing data streams – and then monetizing them.

Retail organizations are leveraging analytics into new business opportunities by:



Increasing marketing lift

- Giving marketing teams the data to make strategic decisions about which offers should be marketed to which customers or segments



Minimizing margin erosion

- Determining the optimal amount of markdown at the best times to earn the largest margin



Transforming the store into a supply chain hub

- Gaining insight from in-store shopping technologies like mobile beacons, sensors, and cameras to improve customer engagement and store performance
- Analyzing purchase patterns, traffic, and dwell times to engage customers and better manage employee resources
- Embedding analytics into supplier portals and websites to provide upstream supplier data, minimizing impact on customer service scenarios
- Increasing visibility across inventory to connect stock with the best fulfillment option
- Giving workers mobile insight at the point of decision to improve store performance and maximize profits

UK home improvement retailer Travis Perkins integrated 70–80 data silos (including 9 million daily stock records) into the Qlik platform to provide a single source of truth across 2,000+ branches and 3,000+ suppliers. As a result, it **increased availability, mitigated deadstock, reduced lost sales, and empowered suppliers.**

“**Insight-to-action is the key enabler in providing data to our suppliers. No one teaches you to use Facebook or Amazon. Digesting insight and data should be no different.**”

Chris Dean

BI Business Architect, Travis Perkins

Balanced Risk and Reward

Get insight into internal and external factors to make faster, smarter decisions around risk.

Thanks to data, you can see more deeply into your business – and even into external influences *on* your business – than ever before. With that visibility, you gain power to minimize risk and maximize reward.

For example, you can simulate future scenarios in the market to predict which products you should be developing (or not) and where you should be rolling them out. You can look into supplier performance and data from trading markets to reduce supply chain risk. And that’s only the beginning.

Retail organizations are using analytics to balance risk and reward in business with future planning:

- Combining historical supplier data with geo-analytics capabilities, running what-if scenarios to model supply chain risk in case of disaster
- Simulating future market scenarios and overlaying the likely impact on current products, planned changes, and future investments

Using an analytics platform to balance production with sales of its perishable products, British beauty retailer LUSH **saved more than £1 million** over two years.

A global apparel retailer uses Qlik to **drive down its carbon footprint** by providing visibility into all water-routing opportunities and converting air-expedite to ocean-expedite.

“**We consistently find outliers and adjust our supply chain using Qlik. We have reduced our processing cost per unit and decreased our transportation spend with just two simple apps. Qlik is a game changer for us.”**

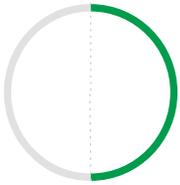
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Conclusion

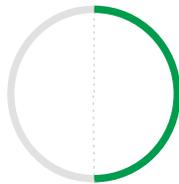
Reaping the Rewards of Data Analytics: Get Set Up for Success

In most organizations undergoing Digital Transformation, technology is changing faster than culture.⁶



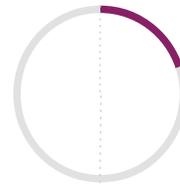
50+%

of enterprises already have data analytics, mobile technology, and private clouds.



50+%

of enterprises are researching or piloting AI, machine learning, and IoT for use in the next year.



19%

of enterprises have fully implemented a workforce strategy.

Data literacy is at the heart of the issue. In Gartner’s 3rd annual CDO survey, “poor data literacy” was cited as the second-highest internal roadblock (35%) to success, second only to “cultural challenges to accepting change” (40%).⁷ Clearly, a top priority for CDOs everywhere is creating a culture of data fluency, where workers understand data and use analytics to drive Digital Transformation.

What’s the next step in your journey toward reaping the rewards of data-driven Digital Transformation? Whether it involves expanding data literacy, extending your use of analytics into new business areas, or driving toward any of the outcomes covered in this report, we can help.

Start here →

¹<https://www.seagate.com/www-content/our-story/trends/files/Seagate-WP-DataAge2025-March-2017.pdf>

²<https://www.idg.com/tools-for-marketers/2018-state-of-digital-business-transformation-white-paper/>

³<https://www.forbes.com/sites/teconomy/2011/11/30/now-every-company-is-a-software-company/#1f17b6caf3b1>

⁴<https://www.techvalidate.com/product-research/qlik/facts/FF4-4D9-E33>

⁵<https://www.techvalidate.com/product-research/qlik/facts/FF4-4D9-E33>

⁶<https://www.idg.com/tools-for-marketers/2018-state-of-digital-business-transformation-white-paper/>

⁷<https://www.gartner.com/doc/3834265/survey-analysis-gartner-cdo-survey>

ABOUT QLIK®

Qlik is on a mission to create a data-literate world, where everyone can use data to solve their most challenging problems. Only Qlik's end-to-end data management and analytics platform brings together all of an organization's data from any source, enabling people at any skill level to use their curiosity to uncover new insights. Companies use Qlik to see more deeply into customer behavior, reinvent business processes, discover new revenue streams, and balance risk and reward. Qlik does business in more than 100 countries and serves over 48,000 customers around the world.



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