



Data in Retail: Transforming in-store performance

Using real-time data to impact your in-store efficiencies at speed

Bricks-and-mortar grocery retailers are being squeezed from all sides – growing e-commerce, declining customer loyalty and the rise of discount retail are all impacting traditional retailers' profits. There have been seismic shifts in major retail markets; in the **UK Aldi now has a market share of 7%**, overtaking Waitrose and the Co-Op.¹ Bricks-and-mortar vendors need to up their game if they're to compete in this new retail landscape.

The initial reaction to these market shifts has been to dispose of assets and reduce headcount in a bid to maintain margins and fund price, promotion and multichannel investments to drive customers into physical and virtual stores. For example, in the US it is forecasted that we will see a fourfold increase in store closures, with 8,600 stores set to close in 2017², and the retail sector will continue to announce the most job cuts of any US industry.³

Extracting value from data

Data can have a big role to play, if used correctly. The trouble has been that retailers have traditionally used data to generate excessive reporting, drowning their retail operations in data rather than insight; it's not unheard of for a store manager to receive over 100 reports each day and they'll be expected to decipher what these reports mean and what the subsequent actions should be. They are data rich and insight poor, which impedes their ability to execute and compete.

Retailers' ability to collect, store and transmit data has grown exponentially, but their ability to manage it and create value is still lagging behind. Industries like manufacturing and oil and gas have actively embraced deeper analytics, artificial intelligence (AI)

and the internet of things (IoT) to drive operational effectiveness. As Gerry Ryan, Head of Global Sales at RI, asks, "retail scan data opened the door to what the world now defines as business intelligence, but has it really pushed on as far and as fast to areas such as predictive analytics?"





Global management consultancy firm McKinsey & Company believes those retailers that employ an insight-driven approach to sales and in-store efficiency can develop “a deeper understanding of consumer and shopper behaviour and embed these insights into the way they manage every product category.” Retailers in the grocery, drug and DIY sectors that have used the insight-driven sales approach have achieved a sales uplift of 3-5% and a net margin improvement of 1-4% in 6-18 months.⁴

If you don't up your game when it comes to data analytics, you risk falling behind those competitors who do. And by quite a lot too – McKinsey Global Insight estimates that retailers who exploit data analytics at scale across their organisations could increase their operating margins by more than 60%.⁵

According to John Paul McNeil, COO at RI, “Grocery retail has traditionally focused on the creation of heavy dashboards sat on top of large data warehouses at a time when headcount is reducing every quarter. There isn't the resource to dig into hundreds of reports; from top floor to shop floor our clients are telling us that they simply want to know which actions to take to deliver highest value in the quickest time and with as little resource as possible.”

Better insights, better business decisions

But as the data streams grow, couldn't adding more just risk increasing the endless stream of backward-looking reporting retailers, particularly hard-pressed store managers, must wade through daily? Collecting more data doesn't mean you're getting more insights, it merely means you're getting more data. The rear-view mirror approach to business intelligence and reporting may tell you what has happened, but you then want to know how you can do something different to make a measurable change to your performance. If this can be automated then it is a productivity game-changer for retail.

We should be focused on extracting insight through intelligent automation – building machine-driven insight that can guide, or even take, action rather than simply providing data visualisation on what has happened to a workforce which doesn't have time to look at it, much less form it into something approaching value.

John Paul McNeil, COO at RI,

If we can provide a positive answer when retailers ask whether this information is enabling them to do a better job in less time, or even to eliminate tasks having no value to the business, then we're on the right track to significant productivity gains

Paul Boyle, CEO of RI.



There is a large prize for automating this insight and the pressure in the market means retailers have no time to waste. Retailers looking to drive sales and productivity quickly should look to employ a trusted partner specialising in operationalising retail insight. This will ensure that you get the most from your data in the shortest time possible – allowing you to concentrate on executing an optimised retail plan.

¹ <https://www.kantarworldpanel.com/en/grocery-market-share/great-britain/snapshot/16.07.17/>

² <https://qz.com/967055/us-retailers-are-on-pace-to-close-more-stores-in-2017-than-in-the-2008-great-recession-m-bebe/>

³ <http://www.retaildive.com/news/report-retail-cuts-lead-us-job-losses-for-the-year/443997/>

⁴ <http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/how-leading-retailers-turn-insights-into-profits>

⁵ <http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/big-data-the-next-frontier-for-innovation>