

The Brand-New Retail

What are my competition's misses which I can hit?

How can I be prepared for the emerging trends?

How do I make my sales go from 'MEH' to 'BOOM'?

Am I leveraging optimal technology solutions in my business?

These are probably the few topmost and constant questions which runs in the minds of retailers, that too in a loop.

If seen closely, it is the last question that leads to the answer applicable for all.

Technology giving the retail industry a face-lift may be regarded as an understatement since we are aware that the dynamics are changing from grand to granular level. It can be likened to a situation of shifting sands where the question is no more only about online vs. instore or competitive pricing or all-time availability, rather, the consumer quest now goes much beyond that.

The new-age consumer looks for a captivating experience.

And there comes in the role of mighty technology!



Technology Turning the Tides

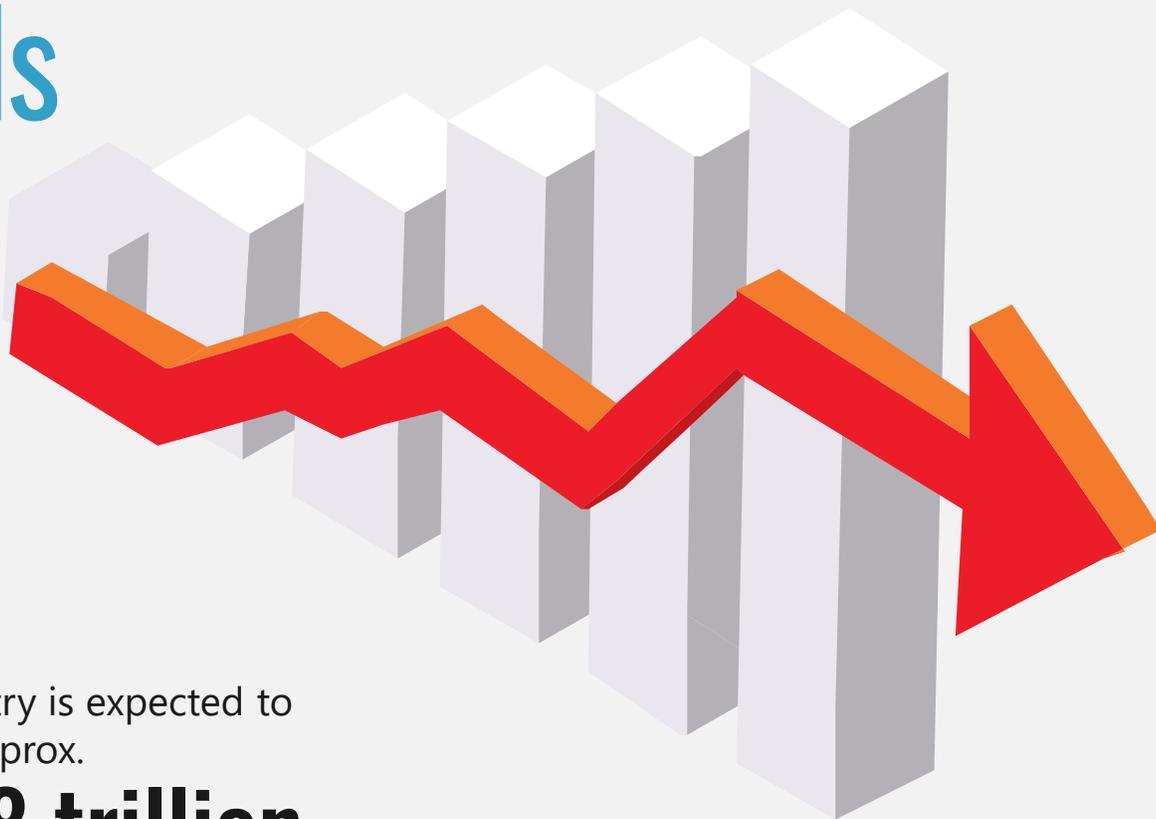
Modern retail is the scientifically evolved avatar of its erstwhile version which was more traditional in nature. Be it the leverage of AI, ML or the incorporation of 3D holographic techniques, the industry has come a long way.



After all, present time demands a nimbler approach to quick and informed decision-making which is driven by data-logic and automation. And out of all the trends so far, the one which is gaining extensive traction these days is the leverage of advanced analytics in retail.

Precision in analytics relies upon data and retail is a domain which literally churns out gigantic amount of data every day, every minute. Be it the sales data, footfall figures, online product view etc. – the sector just never stops streaming data. This justifies the mammoth industry trend or rather norm, which retail analytics has become.

Looking Beyond the Words



Retail industry is expected to be worth approx.

US\$28 trillion

by 2020.¹

As per a recent global survey, retail analytics market is predicted to be worth

US\$8.64 billion

by 2022. Proliferation of cloud-based analytics and growing inclination of vendors toward merging in-store and digital operations would be the key opportunities that would fuel this growth.²

In India, size of the retail analytics market revenue stood at

US\$137 million

in 2017 – thus signalling huge opportunity potential.³

As per an industry survey,

76% of retailers

assert that analytics churned insights are critical to their organisational performance.⁴

Merchandising Analytics – The New Focus

While sales, marketing, risk management, consumer engagement, supply chain optimisation etc. are all critical elements of the retail function wherein analytics is altering the conventional paradigm, it is the merchandising analytics arm which is seeing maximum traction – and for all the right reasons.



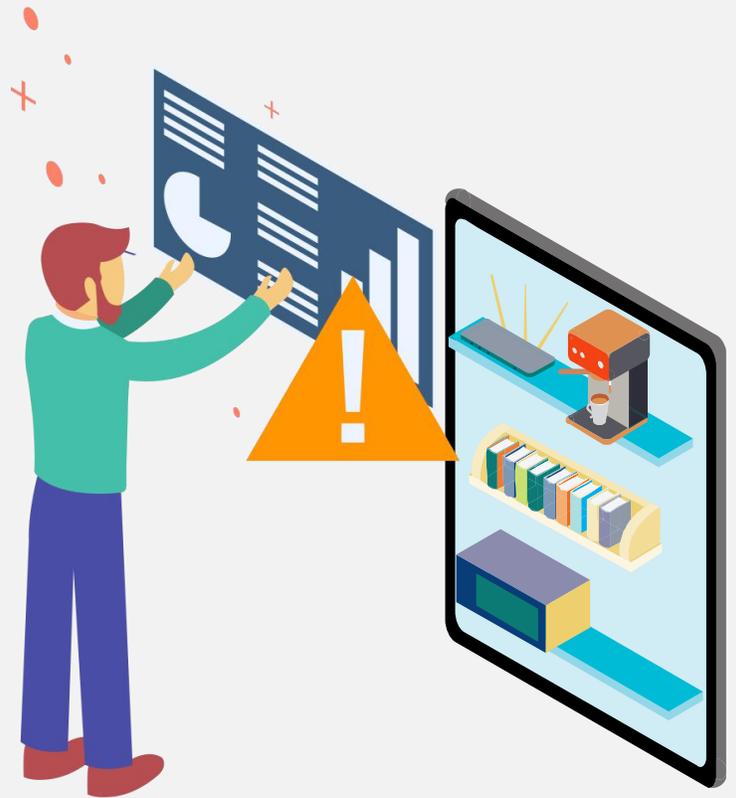
A typical sales journey begins from the moment a prospective customer sees a product promotion signage or the product in the display, the journey continues as he walks past the shelves looking at the products. The motion continues even as he reaches the payment counter and looks at the desk-kept products/ accessories while making the payment. It is those few minutes which the retailer has to stimulate interest and entice the customer to make the purchase. Therefore, perfecting the art of effective merchandising becomes so crucial for retailers.

Merchandising analytics may not be a new affair for retailers but with the advancement in the field of analytics and with BI boasting of next-level intelligence, its recently proclaimed status of the 'new non-negotiable' in the retail world is quiet justified.

Looking at the Challenges

Retail industry has long-held the reputation of being an unstructured mess. While it is becoming systematic and better wired gradually, when it comes to merchandising, the road is still an uphill task.

This unstructured setup is in fact, the growth-ground for multiple challenges faced by retailers. The magnitude of impact deepens in the context of growing trend of global expansion.



A quick look at few of the challenges:

- Cluttered, scattered, complex, unstructured, non-standardised and unreliable data due to multitude of geos, languages, formats and processes
- Absence of an integrated reporting platform resulting in an erroneous and inconsistent reporting and improper process tracking
- Lack of central master data repository resulting in longer TATs for any compliance related correction
- Rise in conflicting interests with portfolio expansions and newer players' entry
- Increasing limitations in the retail display space and lack of visibility and availability optimization
- Inefficiencies in the distribution network impacting sales growth
- Lack of visibility and measuring parameters pertaining to co-relation between product and brand visibility vis-à-vis revenue generated vis-à-vis customer experience
- Lack of data driven business insights to understand the product, the customer and the market

Analytics Comes to the Rescue

The breeding ground of challenges, i.e. the unorganised characteristic of this domain, is the first place where analytics hits the nail and begins the journey of transformation. Provision of relevant and timely market insights, comprehensive competition intelligence, prescription analysis of pricing optimisation, experimental launch labs etc. then follows .

And that's how analytics takes all the challenges mentioned in the previous page, head-on.

To see the tech in action, let's take the case of one of the trickiest affairs which brands deal with – Assortment Management and Shelf-Space Optimisation – the holy grail of effective merchandising.

Why we say it's the trickiest – because hitting the sweet spot here is the most daunting task for retailers. Increasing the variety – it may create confusion among the customers or even increase the sales; identifying the right store for the particular product mix – a wrong move there can impact the sales drastically; evading the narrow product mix risk – there always looms a risk of being overshadowed by a competitor with better inventory mix. And the most important aspect here is, most of these decisions are to be taken by brands months in advance, leaving no scope for last minute change of plans. All in all, a tough path to tread if you plan to base everything on just intuition.



Perfecting the Art of Right Product-Mix and Best Placement

The analytics application on macro level reveals 3 key steps – Data Collection, Data Assessment and Application & Review. Of course, each of these steps contain multiple other action suites which combines to provide a perfect merchandising. Now let us look at each of these steps more closely.

DATA COLLECTION

Challenge:

Multiple formats of data with minimal or no structure. Varied and informal templates for data entry. Lack of central data repository causing operational inefficiency.

Resolution:

A standard platform ensuring mandatory fields for requisite data is formulated after extensive research and demography-specific business process understanding.

An uniform platform allows scientific performance measurement with establishment of clear-cut KPIs. A master data repository allows for shorter TATs and better compliance management.

The ideal bet is a geo and language agnostic platform which allows complete agility to scale-up in future if required.

An intelligent End-to-End Data Management Engine cleans and simplifies data, standardizes the data, regardless of language, format and process and identifies gaps in the process of data generation and data collection

DATA ASSESSMENT

Challenge:

Erroneous, incomplete or inconsistent data. Data collected through multiple sources and in multiple languages, raises the challenge of standardization. Unstructured processes and gaps therein lead to an inaccurate monitoring of operational changes.

Resolution:

Data cleaning and data integration is followed by data crunching and data analysis via intelligent data assessment engine. Any compliance related issues are also called out at this stage. Image assessment mechanism is also leveraged for overall integrity assessment of merchandise and for correcting any compliance adherence issue.

DATA DISCOVERY – GARNERING INSIGHTS

Challenge:

In these times of instant feedback and real-time customer reaction capture - both in-store and through social media, delay in strategy implementation review may risk probable miss-outs on desired amendments.

Resolution:

As part of deployment, the final insights upon application are reviewed and the reaction data generated is again fed into the analytics engine to assess any probable need of course correction.

Understanding of the correlations & impact and leveraging the insights for better planning & forecasting are also carried out. Product profitability ranking is done based on details such as inventory levels, replenishment status, product lifecycle inputs, market-basket details etc.

In-depth regression analysis with assortment simulator and optimiser then provides insights into store-wise product assortment suggestion along with a suggested timeline for the products (based on seasonality and past-purchase patterns). Optimal assortment in the given shelf-space is also prescribed keeping in mind the store cluster specificity.

Even the training requirement for field agents can be deciphered through the data evaluation and eventual sales review.

Binging on The Benefit Brigade

With effective analytics implementation, eventual goal of improving the availability and visibility score is met with actionable planogram strategy, thereby beefing up retailers' revenue.



AT A BROADER LEVEL

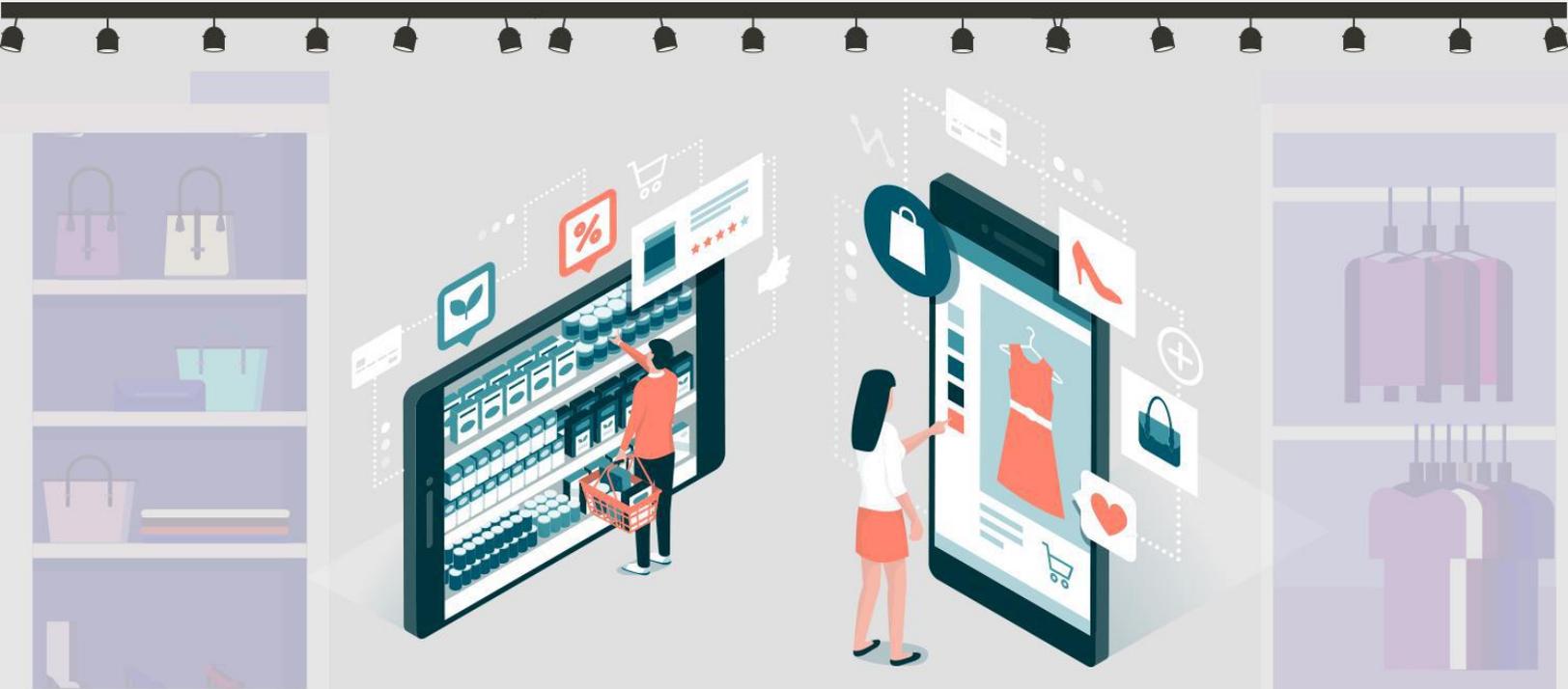
- Improved visibility of the segment and category along with availability optimisation with information around aisle traffic increase tactics
- Complete integration of previously scattered data with majorly improved compliances scores
- Smaller TATs for measuring the impact of any implementation, allowing for quick course correction, if required
- Improved VM compliance scores owing to scientific and real-time space audit conducts
- Identification of revenue opportunities with suggestion around co-merchandising opportunities, if any
- Prevention of holding and spoilage costs and provision of higher inventory turnover rates
- A localised strategy with a unified view offering a transparent and single version of truth to the management

- Total Customer Centricity through Critical Business Insights and Problem Solving based on Advanced Analytics and Data Sciences
- Models for Propensity Analysis, Risk Analysis, Fraud Analysis, Customer Segmentation, Forecasting using Advanced Data Analytics and Predictive Analytics
- Generate data research and analytics based Business Insight reports covering Customer, Market & Ops

GOING GRANULAR

- Knowledge about right ratio between trends and staples
- Lessening of visual clutter
- Precise spotting of maximum footfall spots within the store
- Assortment intelligence enabled timely trend-spotting
- Real-time management of assortment owing to information based on competition's inventory depths or stock-gaps

The Closing Code



Merchandising analytics is all about moving beyond the physical product placement stance and using that as a bridge to positively influence customer psychology – eventually resulting in lessened revenue leakage and increased sales.

With a generous dose of benefits, retailers today are leaving no stone unturned in leveraging the new-age analytics and Business Intelligence (BI) for carving their competitive quotient. The rush is now for placing their hands on the most trustworthy partner who provides impeccable services in all these domains – 1. Data assessment and integration 2. Visibility optimisation 3. Availability optimisation.

One who can onboard with a right partner for merchandising analytics can be considered to have hit the jackpot.

“If you can’t measure it, you can’t manage it” – Peter Drucker

With Analytics, you can measure every element of merchandising and thus, manage it most effectively.

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