

Rethinking BI in an Omni-Channel Environment

More data and bigger internal audiences raise the BI stakes for retailers

The rise of omni-channel retailing has introduced new complexities in many areas of the business: marketing, merchandising, order management, distribution and fulfillment have all had to adapt to revamped customer shopping patterns.

What was once a relatively linear process – the shopper sees an ad, goes to the store, purchases a product and takes it away with her – has become a zig-zag, start-and-stop, multi-point process that can include almost any combination of e-mail marketing, online research, seeking out customer reviews and comments from the shopper’s social network friends, price comparisons using a smartphone app, and even, maybe, a visit to the brick-and-mortar store.

Then there’s post-sale activity – delivery and shipping, warranties and service contracts, and returns, which shoppers increasingly expect to be handled in the channel that’s most convenient for them, not for the retailer. That former “straight line” purchase path now more closely resembles an Etch-a-Sketch drawing done by an uncoordinated toddler on a bumpy car ride.

In order for retailers to have a hope of understanding shoppers, and to run their businesses in ways that serve their fast-changing needs, they need business intelligence (BI) that can keep up with the demands of an omni-channel environment. In essence, retail BI is still as simple as getting the right informa-



tion to the right people at the right time – but accomplishing that “simple” feat has never been more complicated or more challenging.

The stakes are high for retailers, in large part because today’s empowered consumers have more information sources, and influencers, than just a few years ago. “It used to be that consumer products companies and retailers had relationships [with shoppers] that could heavily influence consumer buy-

ing,” says Bob Fassett, vice president, North America consumer goods, retail and distribution leader for the consulting firm Capgemini. “If they wanted to drive more product through stores, they could use promotions and advertising to, at the very least, generate store traffic, even if they couldn’t always get customers to buy.

“Now, consumers control where they get information, what information they get, and

New Retailing needs New BI

Measuring Success in the World of Social Retail.

Q With the number and types of new data sources (everything from Twitter feeds to the traffic patterns around in-store digital signage) expanding so rapidly, what are the key criteria retailers should use to decide which sources are most valuable for their business?

Retailers need to focus on data that are valid indicators of the current or future health of the business. Two categories of information are very relevant, Demand Indicators, and Decision Support Factors. Demand indicators include indirect measures that can be reasonably correlated to sales, factors such as traffic counts, social media sentiment, web search frequency, tweets etc. Conversion rates applied to these factors can point to future consumer purchasing. Decision Support as it's name suggests provides the fact based criteria to make buying, pricing, promoting, placement, staffing (and other resource based) decisions.

Given the increasingly non-linear nature of consumer shopping patterns today, what are some of the ways retailers need to adjust or update their overall approach to BI?

BI has historically focused on anonymous internal data narrowly oriented on the nuts and bolts of sales, inventory, promotions and the like. Today Retailers need to add the dimension of customer to their Data Assets, and increase their scope of knowledge of those shoppers who are looking at their products, thinking about their products, talking about their products to understand how to turn those prospects into purchasers of their products. Tracking consumer demand indicators and determining the exact right influence or offer to motivate a purchase is the future of Retail BI.

Are there some specific things they should be doing to improve their understanding of demand pattern changes generated by non-linear purchase paths?

Capturing and development of the data assets required to create good correlations between demand influencers and actual purchase behavior should be on the minds of forward thinking Retailers. The often talked about 360 degree view of a consumer needs

to happen, and now needs to include more than just cross channel purchase information. Understanding response rates and conversions to sale of promotional offers, web site changes, social feeds, by consumer segment are all examples of the kinds of information that a Retailer needs to start capturing and reviewing.

Is the retail "audience" for BI insights expanding within the retail enterprise, and if so, how can retailers most effectively manage their distribution and usage?

For reasons of cost, scalability, and complexity BI has typically deployed only on a "must have" basis. The reality is that making informed decisions, providing the best customer service and getting the most from each Retail Asset (inventory, real estate, human resources, capital employed etc.) is a "must have" for a very wide audience. Today's BI needs to be available in a secured and role based fashion enterprise wide. BI belongs on every desktop, (smart phone.....tablet.....). Modern BI solutions have built in usage tracking, which helps indicate required functional extensions or training needs.

What tools are available to help retailers track the impact of BI-based decision-making throughout the enterprise, and what are some methods they can use to more effectively "close the loop" with their internal BI consumers?

Creating a culture of analytics for every role within the organization is essential and measurable. Success factors would include: The BI solution is present at key decision making meetings as a real time participant. Research time is minimized, therefore the decision making cycle for different business processes happens earlier in the day/week. Newly hired associates are productive faster, with significantly lower learning curves. Critical success factors with Retailer specific targets for factors such as in stock position, promotional success, sales and margin, market share or others measurably improve. IT time and costs spent delivering new capabilities will decrease with modern self serve BI. One measurement you may want to avoid - take away the BI for a day and measure the decibel levels of disappointment.

Manthan Systems produces cutting edge analytic solutions for global retail and CPG organizations. Manthan's ARC is an innovative, thoroughly comprehensive analytics solution used by over 60 smart Retailers in 16 countries. ARC unearths the hidden relationships between products, customers and promotions, from supply chain to store shelf. ARC supports all roles and responsibilities within Retail, and through collaboration across the supply chain.



retailers with a wide range of new opportunities. Clienteling solutions that can be accessed via a handheld tablet device would give store associates the ability to help a customer complete an outfit, purchase the specific golf club that will improve the shopper's game or pick the lamp or end table that complements the shopper's interior design.

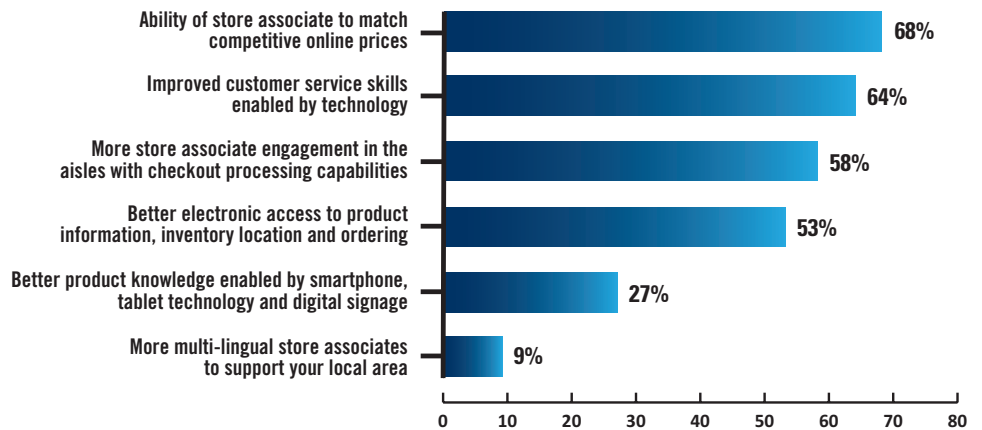
In addition, BI that reveals the customer's overall value to the retailer would allow an associate to offer either a discount or additional services (like free delivery or an extended warranty) to a high-value customer.

Shoppers are more than ready for retailers to offer them this type of in-aisle attention. According to the 2011 RIS/Cognizant Shopper Experience Study, 64% of surveyed consumers want to see improvements in store associates' customer service skills enabled by technology; 58% want to see more store associate engagement in the aisles with checkout processing capabilities; and 53% want associates to have better electronic access to product information, inventory location and ordering data.

The overall audience for BI-generated reports, alerts and tools is also growing because the solutions have become more user-friendly. Graphic user interfaces (GUIs) that employ easy-to-understand visual symbols and charts have replaced sometimes difficult-to-decipher Excel spreadsheets. This is another offshoot of the "consumerization" of information technology: BI solution providers are following the lead of increasingly sophisticated consumer devices, which flattens the learning curve for

BI solution vendors have made significant strides in mining social network-generated data for sentiment analysis, and have also been able to identify influential members of these networks

In general, which of the following would you most like to see improved among store associates?



Source: RIS/Cognizant 2011 Shopper Experience Study

Shoppers would like to see improvements in store associates' abilities to access BI on the store floor.

executives already accustomed to using tablets and other smart devices.

CLOSING THE LOOP

Another big challenge that's been exacerbated by the broader audience for BI is the need for retailers to track the actions that are taken based on BI-supplied insights. When BI consisted of reports generated primarily by the IT department, distributed to a limited number of analysts and decision-makers, keeping track of the resulting decisions was a simpler matter.

Today, however, BI is being delivered to multiple departments, with role-specific re-

porting provided to many people within those departments. Without some type of automated system to not only deliver these reports but to track actions taken by their recipients, retailers have no way of knowing if the BI insights prove out in the real world. It's also more difficult to determine if they are sending the right information to the right people: the information may be timely, relevant and totally valid, but if it's sent to someone that can't use it, they'll simply ignore it – or worse yet, misinterpret it.

Another complicating factor is the increased pace of business. Today's BI solutions are capable of gathering data in real time or near real-time, and their increased computing power makes it possible to perform even complex analyses in hours (sometimes even minutes) as opposed to days or weeks. That fits with retailers' desire for quick responses and business agility, but it can short-circuit established structures for ensuring that the actions taken are actually beneficial.

In some cases, the speed of BI has outpaced other processes' ability to use the information

Where did our profits go?

Integrated finance is key to understanding profits, and improving margins

Q Among the new and emerging sources of financial data in the retail industry (e.g. from increased number of customer touch-points), which are proving to be the most valuable as the basis for actionable business intelligence?

The ability to collect rich, up-to-the-minute sales data is probably the single most important piece of the data puzzle that can help companies make sound business decisions. To get the full benefit of the growing volumes of real-time (or near real-time) incoming sales data, you first need a finance system that can store and organize it. Once you have that, you can set about analyzing it with smart business intelligence tools. The ability to calculate and monitor sales by region, state, store, department, product etc. in real-time is critical for retailers if they are looking for actionable intelligence.

How does the integration of financial data with other retail data sources improve the resulting BI? How does it deepen the picture of the enterprise's activities?

Retailers today need to focus on profitability – a simple picture of sales revenues is not enough! They need to know how much profit is in each transaction, product, product line, promotion, department and store. As every retailer knows getting a true picture of profitability by product, for example, is tough to measure as there are many costs associated with every sale – it's not just "how much did we sell it for – how much did we pay for it". With a fully integrated accounting system that is able to collect and – just as importantly – organize the cost data, retailers can get a much better handle on profitability.

Is the multi-channel nature of today's retailing, with non-linear customer purchase journeys involving multiple touchpoints, raising the stakes for retail BI? How are retailers

dealing with these new/expanding demands?

Multi-channel retailing makes everything more complex. Costs and profitability can vary widely by channel – what it costs to put an item on the shelf in a store is different than selling it through the company website for instance. And what about understanding consumer behavior and the interplay between channels? Bottom line is that the organization can no longer just calculate cost for just one sales outlet but must now calculate across multiple channels, and try to overlay consumer behavior information too. A robust accounting system is designed to handle all of these widely varying costs and organize them properly. Then you can start to see which activities are creating profits and where changes need to be made in order to hit sales and profit targets.

Are you seeing a wider "audience" for BI within the retail enterprise, and if so, what impact is that having on how your solutions are used?

Absolutely – if a retailer is to respond to the opportunity of real-time data, and react to business intelligence from across the organization, then they need to push that information out to store managers, brand managers, buyers or franchisees. It is no longer acceptable for decision makers to have to wait for the IT department to produce operational reports. Today's retail managers need up-to-the-minute reports – which often means online access to the information – so they can make critical decisions in real-time. For financial software vendors that means our BI and reporting solutions must be easy for end-users out in the business to produce reports at the touch of a button, and these solutions must be easy to deploy across the retail organization. Think laptops, tablets and other mobile devices, not paper based reports!

UNIT4 CODA has a 30-year track record of providing scalable, robust, proven accounting software that is ideal for multi-channel, multi-brand or franchised retail organizations. Retailers tend to choose Coda Financials for its superior design and finance capabilities and the ease of integration with other specialist solutions that run their businesses. More than a typical accounting system, Coda provides retailers a strategic financial management advantage, through our best-of-class solution, which gives secure, global access to a single, unified financial database but with a truly "multi-everything" approach to finance: multi-company, multi-currency, multi-lingual, multi-cultural.

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