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HOW TO ACT ON DATA (RATHER THAN DROWN IN IT)

UNDERSTANDING THE COMMERCIAL ROLE OF
DATA AND INSIGHT IN YOUR BUSINESS

k3 retail 
the new possible



Editor's introduction

Data. One word that can strike fear into hearts or open up huge opportunity where on the data journey you are and how effectively you are dealing with it.

For some the very idea is daunting enough whilst others are forging ahead with the value they are deriving from all sorts of data types within their businesses. They are turning data into actionable insight that they can use to increase efficiency, predict behaviours and improve bottom lines as a result.

Turning data into insight is no easy task though and far too many retailers are feeling overwhelmed – both by the scale of data and what should they be doing with it. And that's even before issues such as GDPR are considered.

In this whitepaper, produced with our partner K3 Retail, we look at how to act on data and turn it into insight that you can do something with – creating true value for your business as a result.

We look at the role of data and how to best manage it. How do you avoid being simply a data collector and instead become a data actioner?

Our research and online retailer survey showed this is a huge topic for retailers right now – this survey being one of the most popular that we have run.

Our results show that retailers place an overwhelming importance on the role of data and insight for business growth and are largely leading it from the top.

But even for the very best data can be overwhelming and business silos aren't helping. One in ten retailers are

overwhelmed and one in five say they are unable to draw out the useful insight they need.

Data offers huge opportunity but it requires investment, focus and a clear understanding of what is to be gained it to turn it into insight. Read on to find out more about the results of our research and how peers in your industry are dealing with the challenge.

KEY SURVEY RESULTS

- **99%** of retailers say that data and insight is very important to business growth
- **90%** of retailers have data and data management as part of their business plan
- **70%** of retailers have data and insight as a board level concern
- Only **15%** of retailers have a single view of their data
- A chief data officer is responsible for data in only **7%** of retailers
- Only **18%** of retailers have full insight teams
- For nearly half (**46%**) insight falls to people in other roles
- **27%** of retailers manage their data through a CRM system, **25%** through data tools and **15%** via Excel
- One in ten retailers feel overwhelmed by the amount or complexity of their data
- One in five retailers (**20%**) say they are unable to use their data to glean useful insight
- More than half believe they could learn more from their data
- **45%** say that a lack of resources to understand their data was their biggest stumbling block
- **22%** say that sheer volumes overwhelm them

Liz Morrell is an experienced retail and business news and features journalist who has more than 15 years' experience of writing about the retail sector. Liz is the current editor of eDelivery and research editor for InternetRetailing. She loves all things retail but just wishes her "research" (insert shopaholic tendencies here) didn't cost her quite so much.



LIZ MORRELL Research editor

Why data is the new currency in the era of intelligence

AGAINST A BACKDROP of economic uncertainty, disruptive technologies, shifting consumer demands, and competition from new and unexpected sources, we are amid a big challenge in retail. Today's retailer is managing an ecosystem of expanding complexity. Despite spending billions each year on loyalty programs and customer engagement initiatives, retailers are struggling to effectively use their data to differentiate the customer experience and retain sales.

Both online and offline, forward thinking retailers are embracing a data-first strategy. From understanding their customers, to matching them to products and personalising the shopping experience, retailers are finding innovative ways to draw insights from the ever-increasing amount of structured and unstructured information available about their customers' behaviour.

This is the era of intelligence and data is the new currency. Together, big data and analytics will impact the retail landscape of the future.

Through applied analytics, retailers can work out popular products, predict trends, forecast demand, optimise pricing, identify new customers, and apply specific and marketing strategies alike.

Predicting trends - Retailers have a broad range of tools available to them to work out what will be this season's "must have" items. Trend forecasting algorithms scour social media posts and web browsing habits to work out what's causing a buzz, and advertising data is analysed to see what marketers will be pushing. Brands engage in "sentiment analysis", using sophisticated machine learning-based algorithms to determine the context when a product is discussed, and this data can be used to accurately predict what the top selling products in a category are likely to be.

Forecasting demand - Once there's an understanding of what products people will be buying, then retailers work on understanding where the demand will be. This involves gathering demographic data and economic indicators to build a picture of spending habits across the targeted market.

Optimising pricing - Pricing has long been - and will continue to be - a core capability for retailers. Retailers have worked to refine their pricing strategy, tactics, and tools over the past several decades in hope of optimising their approach. Despite recent advances in analytics, decision-support tools, and methodologies, retailers are finding that the traditional approaches are not keeping pace.

The new digital era stemming from big data, mobile commerce, and the explosion of omnichannel retailing has meaningfully changed the environment and requires an overhaul of retailers' pricing strategy and capabilities.

Data scientists are becoming more common place in the industry as businesses evolve to a more scientific approach. Algorithms track demand, inventory levels and competitor activity and automatically respond to market changes in real time, allowing action to be taken based on insights in a matter of minutes.

Price optimisation not only delivers improved profitability, but also provides the business with a better understanding of the overall business performance. For many retailers, the real benefits are gained through improved operational and financial management and the ability to respond to changing economic and competitive environments more dynamically.

Retailers - of all sizes - have been reaping the benefits of analysing structured data for years, but there is undoubtedly still a great deal of untapped potential in social media, customer feedback comments, video footage, recorded telephone conversations and locational data.

The successful retailers of the future will profit from their data-driven knowledge of their customers, and the market - as well as from an ability to predict future trends to drive competitive advantage. In my opinion, great benefits will come to those who apply technology to innovate and automate their approaches to analytics rather than those that simply try to collect as much data as possible and then see what it does.

K3 RETAIL provide connected technologies delivered in the cloud, on-premise or as a hybrid that best fits your future plans. From the high street to high end luxury, our retail dedicated tools, products, methodologies and service keep over 800 international retailers ahead of the latest customer demands. Visit k3retail.com to find out more.



NATALIE BRUINS
Marketing Specialist, K3 Retail

The growing importance of data and insight

Data and insight has a more important role than ever but what's driving the change, how do retailers embrace it and how do you drive it higher up the boardroom agenda?

DATA AND INSIGHT is proving more vital than ever to retail today and future growth largely depends on the learnings gained from it. This is driven by a number of factors – from new technology capabilities and new skills to simply a greater requirement than ever to be able to predict and define customer behaviour, driven by the evolution of omnichannel and the need for a consistent customer experience across channels.

“Data and insight is important because it allows you to make informed decisions – otherwise you are just making decisions based on gut instinct,” says Dave Elston, digital/ecommerce consultant and former digital director of Clarks.

Steve Gaughan, head of customer insights at AO.com, agrees. “Data is the beating heart of the business. To understand how and ultimately why, a customer behaves a certain way, data is the cornerstone of insight led decision making,” he says.

Without making use of the many rich sources of learning available retailers are missing out on easy wins that will help them better understand what their customers want and when, as well as making key operational efficiencies within their business that will allow survival against competitors.

At Ocado the company says data is vital to its need for continual innovation. “We operate in a highly competitive market, maybe the most competitive of all: grocery retail,” says Dan Nelson, head of Ocado Smart Platform Services, part of Ocado Technology, the division of Ocado developing the software and systems that power Ocado.com and the Ocado Smart Platform.

“This means you need to inspire your customers, excel in satisfying their needs but

at the same time minimise operational costs as margins can be low,” he says.

“If you can't successfully do all of this simultaneously then either your customers will go to a competitor (who maybe can) or your company will go out of business trying. You also need to innovate to stay ahead of the competition, and so data-led decisions can help you navigate the field of emerging technologies and choose the right ones. In our model, this is especially true as we operate in a symbiotic environment, where our retail division feeds insight into our technology division who then develops the solutions that help retail attract and retain customers,” says Nelson.

Put simply knowledge is power. “This has never been truer than in the information driven age we now live in,” says Natalie Bruins, marketing specialist at K3 Retail.

Certainly, retailers are realising the value of not just collecting data but getting useful insight from it. In our survey our respondents almost unanimously (99%) said that data and insight was important for them in terms of how they develop and learn as a business, with 69% of respondents citing it as very important and a further 30% saying it was important.

“Quite simply the companies that can gather, normalise, analyse and develop insight have a massive competitive advantage,” says Simon O'Mahony, director of digital retail and customer service at Nisbets.

Our respondents cited a number of commercial advantages of using data within their businesses – from delivering superior shopping experiences to better targeted marketing. Others cited the agility it allows – moving retailers from being responsive to predictive.

Overall it allows better decisions to be

made and enables retailers to know where to focus their activities. "Fact-based decision making always wins," said one respondent in our survey.

This isn't surprising given its power. "By analysing vast quantities of data that were previously inaccessible, you transform your business culture into one that shapes the future with predictive analytics, rather than hindsight," says Bruins.

PUTTING DATA AND DATA MANAGEMENT AT THE HEART OF THE BUSINESS

Retailers, as they realise its increasingly vital role, are putting data and data management at the heart of their businesses too. Our survey showed that 90% have it as part of their business plan.

But whilst putting it in the business plan is sensible enough real success requires that it is driven from the top as a board level priority. This gives a business a better chance of getting the investment needed in data and insight teams and capability within the business. Our survey showed that data and insight was a board level concern for 7 in 10 (70%) of respondents.

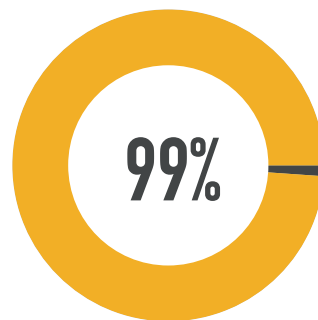
Partly this is being driven by an expectation that data is being used to learn more and partly simply a need for data to fit into the wider, overall digital strategy of a retail business. "CEOs are now frequently asked what their 'big data strategies' are and CMOs are being pressured to turn the volumes of information their companies collect into business insights and cunning marketing strategies," says Bruins.

How exactly boards are driving the importance of data varied. "The board demands evidence to make decisions," said one retailer, a view unsurprisingly repeated in our responses. "They use it for future product development and resourcing," said another.

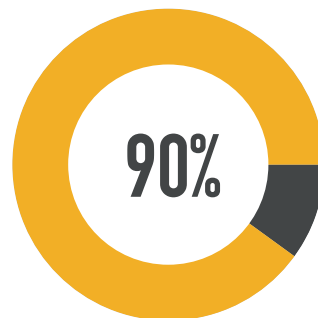
Where data is embraced fully it is also integrated into basic business strategy. "The strategy for the year, which comes from the board, is related to getting, preserving and using the data," said one respondent. "The board insists that the data is collected and presented in a way that can be used to inform decision making and hence maximise sales," said another.

Although driven from the top real success comes from embracing it wholly with

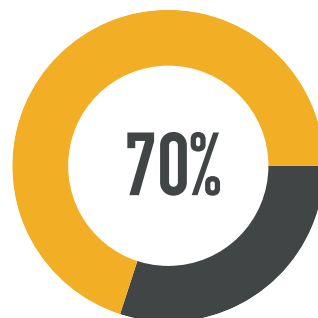
KEY SURVEY RESULTS



99% of retailers say that data and insight is very important to business growth



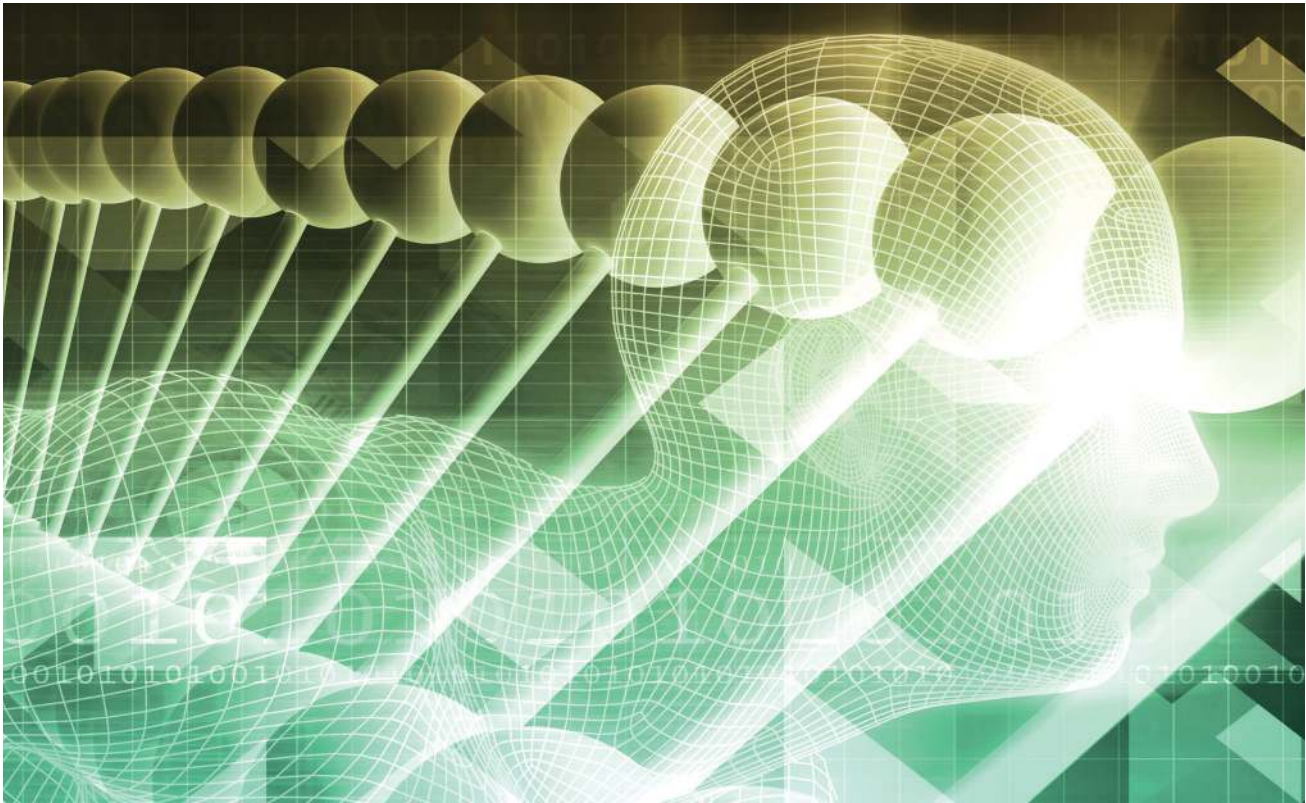
90% of retailers have data and data management as part of their business plan



70% of retailers have data and insight as a board level concern

successful data driven organisations sharing the ownership of data across the whole of the business and realising the benefits it brings to all parts, rather than isolating it in IT, marketing or sales.

But new roles are also being created – and new talent brought in – that is putting a greater focus than ever on the important role of data. The CIO, once stuck in the backroom, now has a boardroom focus and new roles – once unheard of – have now emerged such as data scientists, chief digital officer and the customer experience director. "These changes have been driven in retail to win the hearts and minds of the customer through fantastic retail experiences," says Bruins. And at the heart of this is data.



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How to manage your data and insight

Collecting data has rarely been the problem for retailers, it's managing it that can be the challenge, with poor systems and processes meaning that retailers end up drowning in data rather than growing from it, as well as new implications for data management with GDPR.

GETTING, STORING and managing data is a huge challenge for retailers and it's something that retailers continue to struggle with, according to our research. The first part – the sourcing of data – isn't necessarily the problem but sometimes retailers can simply be collecting the wrong data. "The challenge is not to find as much data across every touchpoint, but to collect actionable data," says Bruins.

She suggests that as well as the usual demographic customer data and economic indicators, retailers also consider collecting from five additional sources including purchase history, basket analysis, merchandising systems, social media and sentiment analysis (see boxout for more details).

Having access to data isn't enough either. Without proper analysis and integration into the business and company strategy it can be almost useless. It needs to be turned from data into insight that can actually be acted upon to improve the business.

Often the problem is where it's stored with various data streams historically isolated in silos within retailers' business – such as sales, marketing, customer service or one system for inventory data and separate CRM and POS systems for customer information.

"For retailers to take full advantage of all this customer data, they need an effective way to aggregate the information and integrate it with their various systems and operations for inventory management,

product development, advertising, customer relationship marketing, and sales,” says Bruins. “Fortunately, there are many ‘intelligent’ technologies available to help retailers gain intel and progress out from channel and functional driven silos,” she says.

Our survey showed that very few retailers – only 15% - have a single view of data within their business. Instead the tendency is for retailers to have lots of different pots of data that need to be managed. For 54% of retailers such pots are linked but for 31% they aren't.

WHO'S IN CONTROL?

Whilst systems are one thing making best use of data can also depend upon who's in control and who's leading it. As we saw earlier it needs to be championed by the board but driven cross function – by those responsible for technology and those responsible for delivering customer experience.

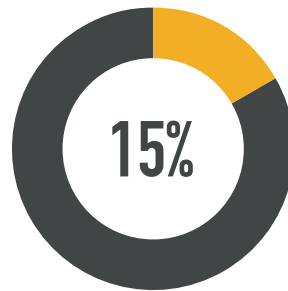
In nearly a quarter (22%) of those businesses we surveyed nobody within the business had overall responsibility for data and for just under one in five (18%) it was the CEO. For 11% of retailers it was the role of a chief information officer and for 7% a chief data officer.

Our survey also asked about the popularity of insight teams within retail businesses. The results showed that just under one in four (18%) had full insight teams. Just over a third (36%) had insight teams limited to a small team of one or two people. For nearly half (46%) the responsibility of insight falls to people in other roles within the business.

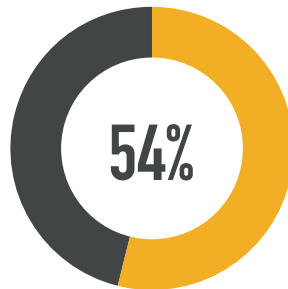
As well as asking who looked after data we also asked how they managed it. The biggest majority of retailers managed their data through a CRM system, but this still only accounted for just over a quarter of those surveyed (27%). A similar amount (25%) manage it through data tools with the next highest proportion managing their data through Excel spreadsheets (15%).

The level of reliance on spreadsheets can be even greater in some retail businesses, according to previous research by K3. But whatever its level such reliance can be dangerous, warns Bruins. “With spreadsheets you are at risk of losing data, making mistakes, duplicating efforts and

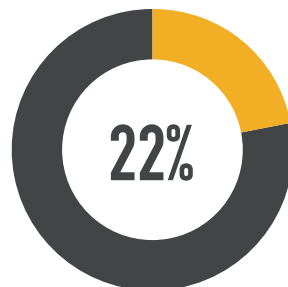
KEY SURVEY RESULTS



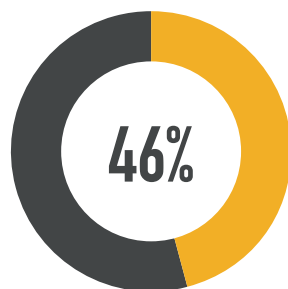
Only 15% have a single view of data in their business



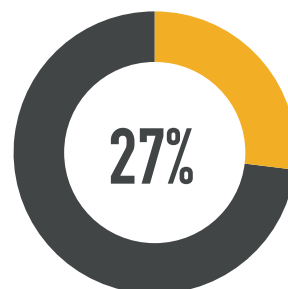
For the rest data is held in multiple pots, although for 54% the information is linked



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For nearly half (46%) insight falls to people in other roles



27% of retailers manage their data through a CRM system, 25% through data tools and 15% via Excel.



having difficulty reporting and understanding the outcomes,” she says.

Data management needs to change for retailers to get the best out of their data. It is something that GDPR is also driving with a greater focus on data compliance and usage as a result of the new legislation.

Bruins says this is putting a much-needed focus on being in better control of data and being more proactive with it. “More processes are being reviewed and potentially the complexity of data channels being addressed. What GDPR is doing is raising the bar on how data is managed internally and at a board level. It could be argued that GDPR is perfectly timed as retailers are so in need of more data intelligence to compete and win the heart and minds of their customers,” she says.

“Put simply, GDPR requires retailers to keep their customer data accurately and up to date. As data has become more critical to driving sales and marketing efforts, those retailers that comply with GDPR, are most likely to have their data in a good shape.”

And this is already evident amongst the retailers we surveyed. “We have a GDPR steering group which comprises of multiple directors, as well as head of departments from all areas of the business,” said one retailer. “Regular meetings are being held to discuss where data is held, how it is secured and how it is used,” said the retailer. Collecting the data is not job done. Successful management is crucial.

FIVE ADDITIONAL SOURCES OF DATA TO CONSIDER

- 1. Purchase history analysis** - not a new source of data, but together with machine learning, you can work out and predict best fit recommendations.
- 2. Basket analysis** - to help figure out what products customers are most likely to purchase together. Sophisticated clickstream tools and newer technologies can help retailers understand even more about clicks, views, traffic, timings, and trends.
- 3. Merchandising systems** - to track transactions and forecast inventory levels and demand.
- 4. Listening to social media** - through platforms like Microsoft Dynamics to facilitate the analysis of huge amounts of unstructured data. Natural language processing is used to extract information from social media sites. Machine learning is then used to make sense of it and give the retailer an edge over competition.
- 5. Sentiment analysis** - sophisticated machine learning algorithms are used to determine context. The data gathered can then be used to predict the top selling products in a specific category.



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How to act on your insight

Data is important, effectively managing it and turning it into insight even more so but this all means nothing if retailers don't actually act on what they have learnt so, how do you prevent its scale overwhelming your ability to act?

COLLECTING DATA is almost the easy part of retail but as we've said the biggest challenge comes from turning that data into something useful and actionable. "Data only becomes important when you do something with it," says Elston. All too often retailers simply feel overwhelmed by the amount of data they collect and hold – with a fear of missing out if they don't collect all they can.

"Retailers must clarify and define the actionable purpose of their data strategy," says Bruins. "Without this, they could end up collecting data and then trying to work out how to apply the intelligence. In the past, this has led to lots of spreadsheets, lots of work and little outcome," she says.

For those earlier on in their data journey the scale of the challenge ahead can also seem daunting. As one retailer in our survey said: "We (like many) are starting the data journey and are a long way from knowing what we need. BUT we know what we don't

know and that's a start," they said.

Being overwhelmed was a problem felt strongly by those in our survey too. More than one in five (22%) retailers said the main stumbling block to getting more out of their data was simply that they had too much data to deal with. "Prebuilt data templates and specific retail dashboard examples are often a good way to kick off a project," says Bruins.

And she claims retailers shouldn't be worried about needing help on their data journey. "It is quite common for a retailer not to have the skills, know where to start or not ask the right questions," she says.

More than half (53%) of those surveyed felt they were missing out on making the most of their data and one in ten (10%) said that they felt so overwhelmed by the amount or complexity of data that they had that they didn't actually know where to start.

Elston says it's a common problem unless you define what you are actually wanting to get

an answer to from the start and have a clear idea of the insight you are hoping to get. “You can get bogged down in the weeds and focus on things that aren’t important,” says Elston. “You can get excited about something that doesn’t really matter in the long run,” he says.

Meanings and insight can also be lost within the business – so need to be easily shared. “Sometimes, measuring the data accurately is not about huge financial investments but rather investments in people and relationship building between for example, the IT and marketing departments,” says Bruins. “Collaboration is key.”

Elston says that this is especially important where information is sitting in silos in the business, as we referenced earlier. “If you do have pockets of people looking at data at different points of the organisation you can end up with data and insights being siloed. There’s nothing wrong with that but you have to come together and share the insight and have a standard way of showing it,” he says.

And this can have huge benefits in the insight that retailers are able to gain from such data – siloed or not. In our survey nearly eight in ten retailers felt that they were able to glean useful insight from their data, but capabilities ranged within this. Whilst just over a third (37%) said they were able to turn most of their data into actionable insight more than half (53%) said that they believed they were missing out on some learnings from their data.

Bruins says this is a common problem – often caused simply by the newness of the challenge. “Many retailers are collecting data but not using it effectively, and this is largely down to lack of experience and expertise in these (often new) roles. For many retailers, being data-centric is a new approach and they are still at the beginning of their journey,” she says.

OVERCOMING THE STUMBLING BLOCKS

There are other stumbling blocks too. The main problem that retailers face in understanding or getting more from their data is simply a lack of resources, according to our survey. Nearly half (45%) of those we surveyed said that not having the resources to understand their data was their biggest stumbling block to getting more from their data.

“The challenges are around the volume of data and ensuring there are structures and

processes in place to manage it effectively,” says Nisbets’ O’Mahony. “There is also a challenge in recruitment of quality analysts who can provide commercial insight,” he says.

Elston agrees: “You have to ask have you got the right skillset to mine the data and to draw insight from it,” he says. He also says people shouldn’t be afraid to challenge the questions begin asked of the data too.

But technology also plays a role. “Intelligent systems provide accurate data in a singular format that is easy to operate and easy to understand,” says Bruins. “If data is the new currency invest in technology to match the investment in your commitment to a customer centric business,” she says.

Machine learning also offers exciting opportunity – a potential within retail which Elston describes as “really interesting.” At Ocado Technology the business has been using it in various guises for the last five years for a number of different functions.

“We also use machine learning to predict customer behaviour and improve experiences,” says Nelson. “By analysing order data, we make shopping as frictionless as possible. For example, the webshop and mobile apps can pre-populate customers’ trolleys with items they are most likely to purchase, remind customers about items they may have forgotten, and notify them of multi-buy offers they haven’t completed, for example, only buying one of a buy one, get one free offer. Based on machine learning from previous purchase data, the system can also offer new products that are likely to delight customers,” he says.

“Machine learning in retail takes big data to the next level and pieces together the fragmented puzzle we’ve been looking at for years,” says Bruins. “It achieves this by combining customer data with market trends to offer retailers a holistic action plan to target customers better. Then retailers can optimise pricing and predict buying behaviour with more accuracy,” she says.

“To be able to maximise your insight I would say that it’s getting as much as you can from your systems,” says AO.com’s Gaughan. “By amalgamating data from multiple sources together into single platforms, it will enable users to maximise their efficiency in data interrogation. Allowing them to create tangible robust investigations will reap significant

gains in insight generation," he says.

For those on an earlier stage of their data journey O'Mahony offers simple advice for getting the most of data from the start. "Set clear objectives and start by ensuring the data is clean and well-structured and talk to companies that do it well," he says.

Elston goes back to his earlier advice of asking the right business question at the start. "What's your challenge? If you can understand the challenge and the benefit of getting that challenge right then you can decide the investment you put into solving it," he says.

It's advice also suggested by Ocado's Nelson. "Pick a question you want to answer, or more importantly a decision you want to make, and work through what data do you need (what does it mean, how do you join it, how sensitive is it?), how much of it (data retention is more important than ever with GDPR, when you have tools that can store everything forever at low cost) and how will people access it (will they explore it further, will they use a device or a desktop etc)," he says.

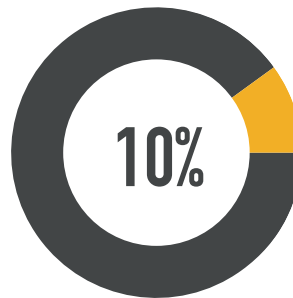
"This will help reduce the problem to a manageable chunk. You'll better understand what technology you might need, what scaling looks like and if you have the capabilities to do it."

"Then get buy in from those making the decisions to show them how it can make their decisions better. And don't confuse quicker for better, make sure you take decisions based on better quality. With these decision making champions in place, committed to doing things better, and the technical champions in place with a well understood goal, you are much closer to leveraging data," says Nelson.

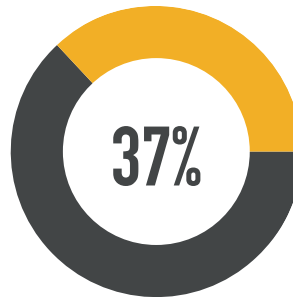
THE MAIN STUMBLING BLOCKS TO GETTING MORE FROM YOUR DATA

- **45%** not having the resources to understand it
- **22%** having too much data to deal with
- **17%** not being able to collect enough data
- **9%** conflicting data

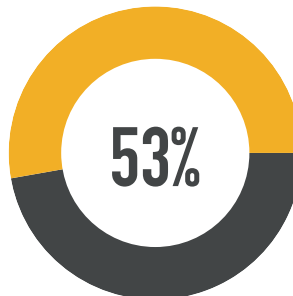
KEY SURVEY RESULTS



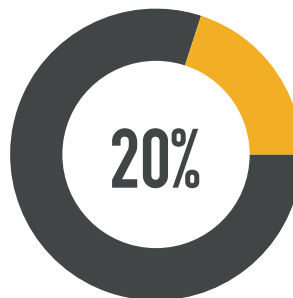
10% of retailers feel overwhelmed by the amount of complexity of their data and don't know where to start in analysing it



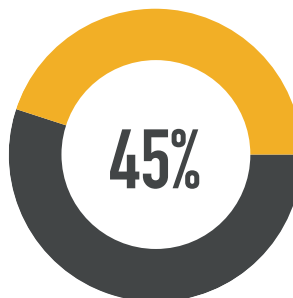
37% are able to turn most of their data into actionable insight



53% gain some insight but believe they are missing out on some learnings



20% don't believe they are able to use their data to glean useful insight



45% say that a lack of resources to understand their data was their biggest stumbling block

Retailer focus: A look at how retailers are turning data into insight

OCADO: MAKING INCREASING USE OF MACHINE LEARNING

AT OCADO TECHNOLOGY, which is responsible for developing the software and systems that power Ocado.com and the Ocado Smart Platform insight is key to helping the company understand where to go next. “For data, the major change is access,” says Dan Nelson, head of Ocado Smart Platform Services. “Previously we were constrained by needing specialist hardware or skills, and these were therefore scarce and expensive. Now this hardware can be accessed with a credit card and a web browser, and we only pay for what we need and when we use it. So much of the friction in building the insight has also gone,” he says.

“In Ocado Technology, we use Google Cloud for data analytics. The shopping journey for online grocery retailing differs significantly from other e-businesses. Customers often buy dozens of products at once, a single household may have multiple buyers using multiple devices, and product shelf life may only be a couple of days - this generates a lot of data for us to process, analyse and feed into our machine learning algorithms,” he says.

The company has been building machine learning into its systems for the last five years. “Until recently, Ocado machine learning applications required specialist data scientists, typically with PhDs in machine learning, who would build these solutions from the ground up. It also required the specialist who set up the system and costly on-premises infrastructure to train and run these systems. However, we’ve recently invested in building proprietary tools that make data engineering accessible to everyone inside Ocado. We have a full registry of both processes that are creating and modifying data, and a dictionary of the available data,” he says. The company also relies heavily on automation and AI to make best use of data.

But even the best admit they can be overwhelmed by data. “The growing need for more analysis or machine learning and AI algorithms (so also for data) together with the increase of our customer base over the last years led to situation where we struggled to process and store all the data that we were generating,” he says.

“At that time we invested to move to a new architecture. We built a set of new tools and moved to a new technology stack that unblocked many of our initiatives both from the business intelligence and an ML/AI perspective,” he says.

NISBETS: A DATA HERITAGE

At Nisbets the company’s mail order heritage means that data and insight have always been vital to the development of the business. “We spent many years developing a comprehensive customer and prospect pool as well as a highly structured product database,” says Simon O’Mahony, director of digital retail and customer service at Nisbets. “These two elements underpin the growth of the business,” he says.

Today the need for faster insight than ever has increased, according to O’Mahony. “In a digital omnichannel world, customer interactions are shorter so the window to influence behaviour has reduced. This in turn has driven the need to get to insight faster. As

the volume of data has increased exponentially there is also a need to quickly sift it for insight. This requires mastery of numerous software packages," he says.

He says Nisbets' board requires data to support investment decisions and that GDPR has placed an even greater focus on the need to have data championed from the top.

He explains that Nisbets uses a number of different tools within various channels to manage and analyse data and admits that alongside more sophisticated tools Excel is also still used. "We still use Excel far too much but it's a good tool for lower level analysis," he says.

The company manages its data through analysts within the channels and business units and a centralised insight team and holds regular meetings to review and assess the data. "These meetings drive further review and insight. An example would be the identification of product gaps at a customer group level (e.g. customers not buying from product categories). This was then turned into a campaign to promote the specific categories to specific customer groups via inserts into mailings," he says.

DAVE ELSTON: DATA IS KEY TO DECISION MAKING



Dave Elston is former digital director at Clarks and is now a digital/ecommerce consultant. He says data is growing naturally as a result of the increasing digitisation of retailers. "As they become more digital both instore and online then data is natural growing as a result," he says.

He believes that data is key to decision making – but only when a business actually does something with what it learns. "Data is not really important until you do something with it," he says.

And ensuring a business doesn't drown in data goes back to a very simple basic, he says. "What's the problem you are trying to solve? Is it getting a better insight into individual consumer behaviour or are you trying to answer more of a wider business problem which might be where do I lose people in the conversion funnel on my website. What's more important than data is are you clear on the question you are asking and are you comfortable you have the right data to help you answer those questions," he says.

Once a company has the data to answer the questions it is asking Elston says it's also important to be able to share the data throughout the business – communicating the insight clearly to those who may not be so data focussed. "It's how you explain that insight simply that makes it more powerful. That may be through visualisation or thinking about the language you are using," he says.

AO.COM: WHERE DATA IS THE BEATING HEART OF THE BUSINESS



At AO.com Steve Gaughan, head of customer insights at the retailer, says data is the "beating heart" of a business. His company has recently invested in a new customer insight team that he says both shows the need and commitment to understanding the customer and the business benefit it can produce.

"Working alongside multiple teams from research teams through to web analytics, the insight teams work collaboratively to ensure that the customer is given the right experience through to the business understanding how and why the business is performing," he says.

Interpreting the data – especially given the sheer increasing volumes of data available – isn't easy but is improving, he says. "The key issues used to invoke the ability to be able to actually interrogate the data and the time involved in this processing. Managing the time and the required resource was a key challenge.

With the advent of increased processing power this has now moved to understanding what the data is telling us and what those key themes and relationships within the data are. We have more time as analysts now allowing us to be far more creative with our mining, investigations and what if scenarios,” he says.

“It is all about the ability to turn insight into action and delivering this at pace. Obviously systems have a large part to play, allowing the analysts to be able to quickly interpret data. However I believe analysts have a bigger part to play in understanding the datasets, issues, trends and customer behaviours. Knowledge leads to more efficient targeting and investigation of the real business issues,” he says.

AMAZON—LEADING THE FIELD WHEN IT COMES TO USING DATA



When it comes to those retailers most admired by their peers for how they learn from their data the leaders in this field were clear. “Amazon are known for being excellent in their data analytics,” said one respondent to our survey,

“They’ve used data to improve revenue, customer experience and operational efficiency,” said another of the retailers we surveyed.

One retailer in our survey put it bluntly but simply. “Amazon are the masters of knowing” said the retailer with analytics referred to as being “part of their DNA”.

Given the struggle that many retailers have in terms of having sufficient resources to understand their data then there is a natural envy as one retailer put it of the company’s “resources to process and utilise their data in complex personalised funnels”.

“They have lots of data and great analytics to turn this into actionable intelligence from the customers’ perspective,” said another of the retailers we surveyed.

The admiration is certainly well founded – if for some respondents a little scary. “It’s frightening what they can work out,” said another respondent.

WALGREENS BOOTS ALLIANCE: WINNERS WILL BE THOSE WHO MAXIMISE DATA AND INSIGHT



Martin Squires, global lead, customer intelligence and data for Walgreens Boots Alliance, says that data is the new oil. “It has become something of a cliché but as with all good clichés that’s because there is a strong element of truth underpinning it. I believe that the organisations that will win in retail in the next ten years are those that can gather the best data, generate the best insights from that data and then make the best use of that data to drive their customer offer,” he says.

Those that are doing it successfully have recognised the need for change. “The data teams have come out of the back office and are now far more integrated into business teams. The days of ivory tower analysts are pretty much done,” he says.

But key is finding the right analytical talent, he says. “Technical skills alone aren’t enough to really drive insights in a complex organisation. You can be as good a statistician or computer scientist as you like but unless you have the relationship and communication skills you’ll never maximise your impact. Finding great technical talent that can take data, generate insights and then communicate those insights in a way that compels action is really difficult but that’s the sweet spot that will drive value,” he says.

He says for those newer on the journey then they shouldn’t let technology and jargon overwhelm. “The task at its heart is pretty basic: understand the problem you are trying to solve, find the data you need to solve it, analyse that data until you understand what’s happening, communicate your insights in a compelling narrative. And always measure the results.”

Do that and retailers will have a winning formula, he says. “Organisations that “get data” will outperform those that don’t and the gap between the two will only grow. Data and analysis used to be a source of competitive advantage, now you need to be good to even be at the races,” says Squires.

Conclusion

THIS WHITEPAPER illustrates just how important the role of data, management of data and getting valuable insight from your data that you can do something with, is to retailers today.

It isn't an easy task – we're not assuming it will be. It requires dedication, resource, investment and determination.

But it is vital to success and as we have heard sometimes something as simple as making sure departments are talking to each to share data and insight can have a big impact.

Likewise, if the idea of data and insight is overwhelming you then perhaps it's time to take a step back and look again at what you really need to understand. What are you hoping the data will give you the answer to? Once you have that question in your head you are more likely to be capable of getting the data you need.

We hope this whitepaper has helped in your data and insight journey but remember the most vital thing is to do something with what you learn. "Insight is merely an enabler," said one respondent to our survey. Enable it and you are on the path to success.

KEY ACTION POINTS

- Understand the role of data and insight in your business
- Champion its role from board level down
- Make it a cross function discipline
- Aim for single view of data but if it is siloed ensure you have a standard way of sharing it
- Look at how technology can help you better organise and interrogate your data
- Define what it is you want to know
- Ensure you turn data you collect into insight
- But more importantly take action on the insight and do something with it

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