Retail Analytics

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Retail Analytics & 4 Cases

- Retail Analytics is a subset of Business Analytics focused on the problems and opportunities of retail.

- Business analytics (BA) refers to the skills, technologies, practices for continuous iterative exploration and investigation of past business performance to gain insight and drive business planning. Business analytics focuses on developing new insights and understanding of business performance based on data and statistical methods.

[taken from https://en.wikipedia.org/wiki/Business_analytics]

Source: http://tickto.com/customer-focused-marketing-strategy-with-retail-analytics/

Topic Introductions

Analysis

Case Studies

- $0-$100 Startup
- $10K - SMB
- $100K - MM Enterprise
- $1MM - Large Enterprise

Retail analytics market is estimated to grow from USD 2.2 Billion in 2015 to USD 5.1 Billion by 2020

Competitive Advantages of Analytics

- Provide insight into areas that would otherwise be hard or uneconomic to acquire
  - Macro: Data-driven cause effect identification
  - Micro: Enables iterative insight testing for root correlation, A/B analysis
    - Better Decisions: Driven by data science, not tactical, reactionary or rear-view
- Provide finer grained information
  - Automation supports more analysis which can economically yield data previously hard to get. For example, subcategory net margin or net margin per store.
- Fungible ability to connect new, unfamiliar data sources such as Facebook, Twitter
- Provide timely, actionable feedback on success of strategy changes
Retail Analytics Rely on Data -- and turn data into information

Where to Get it from

- POS systems
- Loyalty programs
- Credit Card data
- Inventory Management systems
- Customer web browsing
- External data packages
- Social media

Examples of Formats

- Excel
- CSV
- SQL
- Oracle
- OData

http://www.informationbuilders.com/products/integration
Trending Themes in Marketplace

- Data Governance
- Centralized vs distributed data/analysis
- As a platform - capabilities or extensions from third parties
- Machine learning - emerging
- White label/Embedded
Superpowers of Retail Analytics

- **Analytics for Supply Chain:** NetSuite supplies Philz with a scalable platform for end-to-end business process efficiency, scaling the business 400% over 4 years.
- **Targeting Customers:** Kroger, gets a 40% redemption rate from its analytically-targeted coupons, compared to an industry average of 2%, and believes the promotions have increased overall sales by 5%.
- **Analytics for profit increase:** CVS, which uses analytics to target coupons at the point of sale, views its analytical capability as a nine-figure profit center.
- **Analytics reduces operating cost:** Hudson’s Bay corp. in Canada traced a 2-to-1 return to its database management and analytical efforts, and broke up a $26 million fraud ring with one analytical application.
- **Targeting customers with adjacent products, etc:** Overstock.com used an analytics-based gift recommendation system on its website, and customers who used it bought 2.5 times those who didn’t.
Category Examples

- Workforce analytics
- Fraud detection & loss prevention
- Category sales reporting and analysis

- Opening of new stores
- Tracking overall performance
- Store clustering
- Key value client analysis
- Macro Trends
- Market expansion

- Store layout planning
- Assortment optimization
- Shopper Path

- Vendor Management
- Inventory Management
- Sales forecasting

- Market basket analysis
- Market mix modeling
- Consumer and trade promotions
- Pricing analysis
- Loyalty analytics

- Strategy & Planning
- Merchandising
- Supply Chain
- Marketing
- Store Operations

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- Berkeley Engineering
The current landscape
Top vendors in each segment

2016 Gartner: Critical Capabilities for Business Intelligence and Analytics Platforms
Combined centralized and distributed analytics scores
- higher rating closer to circle
The Current Landscape - Everyone Else Analyzed
Retail Market Personas

Three Customer Budget Levels

- $1MM rev. = Annual Budget: $10K
- $10MM rev. = Annual Budget: $100K
- $100MM rev. = Annual Budget $1MM

- Plus a surprise: as low as “free”

Focus on retail enterprises outside of Tech
Freemium

- Lokad
  - Cost: Free up to revenue of $450K, $150/mo up to $1.5M

- Square
  - Cost: Dashboard free with Square account, customer loyalty - free to $15/mo with Square account

- Zoho Reports
  - Cost: Free for 2 users (up to $495/mo depending on plan)
Freemium - Square

Store Ops Analytics

Customer Loyalty

Integrated offering requires Square POS
“Know exactly when to reorder and how much to reorder. We provide an end-to-end solution that accounts for every demand pattern and every constraint.”
$10K

- Qlik
  - Product: QlikView and Qlik Sense
  - From supply chain optimization to predictive modeling
  - Scales up from free offering to services depended on by companies like Lush Cosmetics, Ted Baker and Cabela’s
$100K: Alteryx - What Do You Get?

Marketing Analytics:
Deepen customer insight; Optimize multi-channel performance; Improve marketing effectiveness; Enhance social media presence

Merchandising Analytics:
Accurate Demand Forecasting; Hyper-local Assortment Planning; Improving Space Allocation; Promotional Planning

Supply Chain:
Accurately Forecast Demand; Manage Inventory; Optimize Distribution Network; Improve Supplier Performance

Retail Operation:
Improve Site Selection; Optimize Labor Scheduling; Manage Store Performance
$1M: SAS

- Strategy & Planning
- Merchandising
- Supply Chain
- Marketing
- Store Operations

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$1M: SAS - What Do You Get?

Marketing
  Gain in-depth customer insight.

Merchandising
  Create accurate merchandise plans that optimize every item across all stores and channels.

Operations
  Discover new – and sustainable – ways to improve efficiency and effectiveness

Supply chain
  Get the right products to the right locations in the right quantities – and at the right time.

Finance
  Improve all aspects of your organization's financial health.

Pricing
  Regular price optimization, promotion optimization, markdown optimization
Conclusions and Learnings

- Retail Analytics emerging as requirement
- High Industry Fragmentation
- Incumbents established in some categories
- > 75% of Ecosystem is SaaS/Cloud package
- Very High Lock-in opportunity
- Predictive guidance is the end-game