

# Addressing the Retail Blind Spot Business Intelligence Challenges for Next Generation Retailers

By Chris Gates, Hitachi Consulting



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### Challenges for next generation Retailers

Retailers have weathered the worst global economic recession in modern times. It's a testament to the industry's adaptability and resilience. And it's a reminder that current trading conditions mean the need to be responsive to rapidly changing macroeconomic, cultural and consumer-specific stimuli are greater than ever.

In 2012, consumer organizations have to be past masters at balancing volatility throughout geographically dispersed supply chain levels with increasingly and intricate consumer demand. Competitive pressures around local and domestic regulation, consumer, product and pricing trends, and shorter shelf lives and business cycles reshape this dynamic industry every day, week and month. But the tools retailers are using to manage their business in the face of this fast-paced complexity are proving less a source of intelligence and more one of frustration.

It's a well known fact that it pays to know what the customer wants and that it costs more to win new customers than it does to keep existing ones. Satisfied customers are more likely to remain loyal and make future purchases and are often willing to pay premium prices. So, having a single, integrated view of the customer allows the next-generation retailer to better understand and connect with their customers. Merchandising, promotions and marketing can be tailored to provide timely, targeted and relevant offers.

However, gaps in customer information can invalidate significant corporate analysis and forecasts if the retailer essentially doesn't know to whom they are selling. This is where the single view comes in to play most. Insight into the supply chain, online activity, product, supplier and finance data are all areas of concern.

With so many vital operational areas lacking comprehensive businesses data, it's increasingly difficult to extract meaningful information for the business. Managing the complexities of integrated multichannel ecommerce, internationalization into new markets, and tailoring brands to different buyers are retailer's top three areas of focus for 2012, according to Hitachi Consulting **20/20 Retail Vision Report: 20 Technology Challenges from 20 Leading Retailers**. However, retailers highlighted ongoing frustration, lack of business insight, and inadequate reporting from their existing Business Intelligence systems as a hindrance to success – many of which have not been properly aligned or deployed.

Retailers are having to invest in evermore complex strategies to compete in a rapidly changing and evolving marketplace at the mercy of economic, political and environmental forces beyond their control. Yet, with gaps in inaccessible corporate data, they are ill equipped to handle that extra complexity.

Whether operational retail data is locked in customer, transactional or supply chain systems, a retailer can thrive when this data is accurate, up-to-date and, most importantly, accessible and easy to manipulate. It needs to be visible at summary levels for simplicity, but with the power to pull out issues for attention and to dive into the detail when required. That way, it can validate and support the most effective business plans.





Worryingly, the issues identified in our latest research were not due to lack of previous investment in BI, or a lack of leading BI tools being deployed. In fact, every single retailer we polled had deployed market-leading BI systems, and in many cases four or five different ones were being used. But the information gaps still exist and the ability to keep pace with business change is still widening.

It is not the BI products themselves that are failing here, but rather their deployment and use that are failing to bridge the gaps in retailers' knowledge and ability to keep pace with business demand.

With no immediate improvement in the economic situation on the horizon, retailers will need to look again at their corporate information and BI systems to streamline and simplify information gathering. Ongoing political, economic and environmental pressures will require it. And the rapid pace of change of consumer habits will demand it.

Addressing the challenges around the successful deployment, implementation and integration of BI systems is core to achieving the business agility retailers so need right now to succeed.

In order to address these areas, the role of BI will only become more important. The underlying key to the success of BI projects is to engage with the main decision-makers within the business. A BI implementation requires business leaders to approach BI as a business enabler of better decision-making support tools. That way proper BI-enabled integration and access can cut through organizational and business complexity to provide a clear view of how the business is doing and where it is going.

This requires a recognition of the fact that the modern retailer is primarily an information business – having the right tools and processes in place to enable commercial teams to make the most of the vast information it creates therefore offers the greatest potential to transform retail performance.

The ability to successfully mine retail data, to access, manipulate and present the information it holds, will be even more essential for forecasting and planning by retailers moving forward. Retailers should look at current BI strategies around these business-critical areas to maximize their BI technology investments and provide the insight required for growth and profitability.

- Customer and Channel (sales, marketing, and customer service) – to sell, market and support products and services more effectively;
- Product – weekly line level performance analysis and category analysis to identify and optimise the best sellers and minimise the impact of poor performers;
- Corporate Management (finance, information technology, human resources, and strategy) – manage and run retail operations more efficiently;
- Supply Chain (procurement, manufacturing, logistics, social responsibility) - efficiently manage and optimise procurement, supplier relationships and time-to-market efficiency.

By focusing on the people, technology and processes deployed around BI in each strategically important area, retailers can tackle information silos by closing data gaps with integration, standardization and centralization, to become as agile and proactive as market pressures require. They can keep track of customer demand and become faster in bringing the products into their target markets to become a next-generation retailer.

The next-generation retailer requires information systems that underpin seamless business processes and provide comprehensive operational intelligence. Although many retailers today already have these systems in place, our 20/20 Retail Vision report found that poor integration between information silos and gaps in corporate data make accessing business information time intensive and difficult.

But the next-generation retailer must enable a unified view of its customers and operations in order to offer the right products to the right markets at the right time. They must also deliver a consistent retail proposition regardless of sales channel or location, but tailored to highly targeted customer groups.

Retailers need to look again at the way they are deploying and integrating BI systems and tools to overcome information challenges and cut through data complexity. Sitting across operational systems, a unified and process-led BI system will help decision makers operate at speed, while managing finer corporate and operational detail.

The shrewd deployment and use of BI within today's retail businesses can help reduce costs, increase profits, improve efficiency, productivity and accountability, and provide the insight required to be successful, and so ensure profitability for generations to come.



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- **Retailer led**

Hitachi Consulting's retail practice is led by an award winning retailer, with over 10 years retail experience. This translates into everything we do being tied back to the language, the culture and the drivers of your retail business.

- **Approach**

Hitachi Consulting know your business is an impatient one and value oriented. However, we also know that often retailers will struggle to get beyond the immediate priorities, of which there are many. We use our extensive experience to quickly deliver a pragmatic strategy, and then help you deliver the steps to deliver it in manageable business focused phases – we call this Rapid Time to Value.

- **Qualified**

Hitachi Consulting only employ experienced consultants, and we hold the top level accreditation from both Microsoft & Oracle. More to the point, we bring the lessons we have learnt and the IP we have delivered to every engagement, to shortcut your time to benefit – there is nothing worse than feeling like you are paying someone to learn on your account.

- **Backing**

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- **Partnerships**

Hitachi Consulting actively aims to foster long term relationships that are mutually beneficial, and will be honest and transparent in the way that we work – we will apply the test of “Would I buy that?” at every turn. We actively encourage networking between our clients to enable lessons to be shared. We will flex our approach and our team client by client, to complement what you've already got. And we are highly referenceable. Just ask Tesco, Whitbread, Experian and many others

For more information contact our Retail & Consumer Products Practice at 469.221.2812 or email [bhairston@hitachiconsulting.com](mailto:bhairston@hitachiconsulting.com)