

BY RALPH TKATCHUK

# DATA HAS NEVER BEEN MORE IMPORTANT TO RETAILERS

RETAILERS HAVE ACCESS TO A VAST AMOUNT OF DATA THAT CAN HELP THEM BETTER UNDERSTAND THEIR CUSTOMERS, COMPETITORS AND FUTURE TRENDS.



Ralph Tkatchuk is founder and operator of TK DataSec Consultancy, which provides advice on e-commerce security.

**D**ata has never been more important to retailers. While successful merchants have always used data to make business decisions, the volume and types of data available have changed, as have the tools available to retailers to collect and make use of this valuable commodity.

Businesses can leverage the new powers provided by data to see through organizational walls into your competition's inner working, to see customers as individuals in a practical sense, to see opportunities for greater efficiency throughout the supply chain, and to see what effect, if any, your marketing is having on potential customers.

62% of retailers report using information and analytics to gain a competitive advantage against other retailers, according to a recent IBM survey. Further, the 2017 Retail Trends and Predictions report from point of sale software vendor Vend Ltd. says that performance benefits drive retailers to apply data to all parts of the retail process.

## SEE CUSTOMERS DIFFERENTLY

Online data services can literally put names to your customers' faces. Their real power, however, lies in their ability to associate a particular individual with

tastes and tendencies that allow a retailer to tailor its messages and offers to that individual.

More than half of consumers are more likely to shop in a store or online at a retailer that recognizes them by name, according to recent Accenture research cited in the Vend report. The report suggests that all retailers, including smaller ones, should seize on the opportunity to target customers with content tailored to their data, such as their purchase histories and location. This may mean promoting products to the consumers who are most likely to buy them or it may mean offering shoppers incentive programs tailored to their specific interests or behaviors.

The number of consumers willing to share information and preferences with retailers increased from one in three to over half from 2014 to 2015, according to Accenture, a clear sign of consumers' growing preference for a personalized retail experience.

## SEE COMPETITOR INVENTORY

Having access to competitors' sales and inventory data can provide retailers with several advantages.

Services like Amzpecty's Amazon Seller Tool can provide retailers with price

trends and their competitors' sales data. Amzpecty estimates each seller's daily sales and detects major adjustments in their inventory.

If a competitor consistently sells significantly more of the same item, there is a reason why. Knowing that reason can help you adjust your approach to increase sales. Similarly, if a competitor suddenly orders a huge quantity of a certain product, it probably expects its sales to rise. If you can identify the reason why, you can adjust your inventory or marketing, based at least in part on the picture of your market provided by data analysis.

### SEE THE FUTURE (OR CLOSE TO IT)

Using constantly refreshed data on current trends, historical sales, and other factors allows retailers to predict demand with striking accuracy. Russian book-sellers ramping up advertising in anticipation of a cold snap and clothing company Patagonia minimizing waste with inventory efficiency based on demand prediction are examples of this principle in action.

Retailers can create trend-forecasting algorithms with an open-source software platform such as Hadoop or they can outsource the task to a data services company. As far back as 2013, half of the Fortune 50 were using Hadoop to process data. Predictive survey platform Prediki uses data analysis to provide the marketing intelligence, and is one of many tools available to businesses of all sizes.

### SEE THE REAL IMPACT OF YOUR MARKETING

Even retailers that take an omnichannel marketing approach by reaching out to customers in every possible way, from social media to broadcast advertising and everything in between, have to constantly weigh their decisions. How should various channels be used? In what context do you want to

---

## 62% of retailers report using information and analytics to gain a competitive advantage against other retailers.

---

deliver your message? At what time? Retailers that collect data on how many consumers visit their website, how long they stay, and how many visitors make a purchase can use that information to help them determine the best use of their marketing resources.

According to Salesforce's 2016 State of Marketing Report, 60% of social media "high performers" tie together customer data from disparate sources to create a single view of the customer, compared to only 4% of "low performers." This personalization of the feedback the retailer receives, in the form of likes, clicks, and other metrics beyond sales, enables them to accurately target shoppers and to appreciate the importance of relationship building prior to a shopper making a purchase.

### DATA DRIVES DECISION-MAKING

Retailers have long collected sales and customer data to draw direct insights into improving operations, and many had begun to explore the possibilities now provided by technology. New approaches to data collection and analysis made possible by computer technology are delivering wide-ranging benefits to many businesses, in effect giving them new eyes, with the ability to see the retail environment differently.

Those retailers using data to find new ways to engage with consumers, identify new opportunities for efficiency, stay ahead of the trend curve, and maximize the cost-effectiveness of their marketing efforts will have a better basis on which to make important business decisions. ●