Future-Ready Retail and the Role of Technology, Data and Analytics

RETAIL BY MICHAEL DAY, RETAIL GLOBAL PROGRAM DIRECTOR INDUSTRY MARKETING & SOLUTIONS, TERADATA

I left Walmart to pursue what I saw as the future of retail. In my exit interview with Mike Duke (at that time president and CEO of Walmart International) he asked me what I meant by the future of retail. Having worked in the international division, Sam's Club and Costco prior to that, the future I saw at the time revolved around leveraging data and managing technology to understand customers in a granular fashion and speaking to them directly as individuals with highly lifestyle relevant products and services.

This data-driven retail revolution which lured me away from Walmart in the fall of 2006 has since become table stakes in retail. Examples of this transformation were front and center at a first-of-its-kind event called the NWA Tech Summit held recently in Walmart's backyard. John Stine, Intel's global director of sales and strategy, talked about the "Vortex of Change in Retail" and the fact that we are living in a world of technology inflection points

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he dubbed, "Gutenberg moments." The future of retail is now about winning the screens in a consumer's life anytime and anywhere, according to Stine. Technology extends beyond shoppers to employee recruitment and communications, as detailed by Jacqui Canney, Walmart's executive vice president of the Global People Division. In an increasingly transparent world, Canney said that human resources and technology need each other more than ever with workers of the future requiring different skill sets to be successful.

Originally published by

RetailingToday
SERVING THE TOP 100 U.S. RETAILERS & THEIR TRADING PARTNERS

Speaking to the future of retail operations and unleashing the power of data was Tracey Brown, senior vice president and chief member officer with Sam's Club. Her comments made it clear the conversation I had with Mike Duke had come full circle. Her vision for Sam's Club is to be driven by data and transformed by technology. In other words, to truly know who Sam's members are, what they like, and have it ready for them anytime and everywhere they want it. Brown understands that dabbling in data is not an option because data is what will enable Sam's Club—and other retailers—to drive differentiation at the personal level.

She knows what future-ready retail looks like. It is a world where 75% of in-store purchases can be influenced by customers' digital interactions and, according to Deloitte, digital interactions influenced 64% of retail store sales during the holidays. For Sam's Club, future ready retail means all types and sizes of data are leveraged to develop an analytics foundation that facilitates the process of prediction, test and learn and real-time decision-making. Leveraging analytics and its treasure trove of member insights is how Sam's Club will win in the future.

Of course for Walmart operationally "unleashing the power of data" goes beyond Brown's vision for Sam's Club. The retailer is no stranger when it comes to being on the leading edge of leveraging data. The Retail Link information sharing system was a data and technology driven "inflection point" at the time when it was launched in 1992, to strengthen supplier partnerships and provide vendors information on sale trends and inventory levels. Today, as Intel's Stine noted, we are living in an age where we expect these types of technology and data driven "Retail Link like" inflection points to can happen with regularity.

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For example, consider the three "mega-trends" currently driving retail transformation: the always on, connected customer; the continued convergence of physical stores and the Internet; and the Internet of Things for Retail. All three of these present and future-forward retail phenomena are underwritten and materially enabled by technology, data, and analytics, creating angst among retailers and a divergence of capabilities with customers.

A recent survey conducted by Forbes Insights and Teradata, found that compared to other industries it is retailers in particular who are focusing on data and analytics to deliver revenue increases. Data analytics is a key focus for 37% of retail CEOs, compared to 17% for other industries. And retailers are most likely to invest in data acquisition, analytics technology and talent. Yet, at the same time retailers consistently put at the top of their business challenges list: "The increasing disparity between our technology capabilities and those of our consumer."

That "next big thing" in retail, looming on the horizon, should only add to that senior retail leadership angst regarding "readiness," and to the ever growing list of strategic and operational business challenges. According to Juniper Research retailers are expected to spend $2.5 billion in Internet-of-Things related investments over the next five years in the deployment of devices and sensors that collect and exchange information around consumer, inventory, and maintenance. Meanwhile, the number of IoT connected units is forecast to reach 38.5 billion by 2020.

This proliferation of devices and widespread usage and integration across industries means retailers and suppliers are facing a torrent of data the likes of which has never been seen. This goes beyond 'big data' and speaks to immense business opportunity spawned by increasing information volumes.

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That is why future ready retail has at its core the insightful and effective use of analytics. Analytics poised to infuse and enhance all areas the retail business, in decisions both big and small. The immense volume of information coming at retailers and suppliers from an increasingly wide universe of sources, will require they leverage analytics across a spectrum of use cases, from prescriptive to predictive, from familiar to emerging and some yet-to-be-determined. Data has become a new currency in retail and understanding how to apply it intelligently to drive desired outcomes—such as delivering on the promise of personalization and creating mutually beneficial engagements between customer and the brand—is the essence of Future Ready Retail.

The future of retail is now about winning the screens in a consumer's life anytime and anywhere.

About the Author

Michael Day is a Global Retail and Retail Technology leader, with diverse multi-channel, multi-format, and multi-national retail industry domain operational experience and expertise. Michael spent twelve years successfully leading global strategic business development, data-driven business, and highly customer-centered programs for Costco Wholesale and Wal-Mart Stores, Inc. In addition to helping grow U.S. operations, Michael also represented these two Fortune Five retailers in over thirty International country markets. Michael was Costco's first Representative Director in Japan, and has over 20 years of experience driving business development and retail marketing operations in Japan. Prior to Teradata, Michael led highly targeted multi-channel consumer engagement programs for specialty, vertical, and independent retail, and the product management of personalized E-Commerce Loyalty platforms for American Express, MasterCard, and the Affinion Group.

In his current position with Teradata, Michael's role is to leverage his diverse retail background and expertise to lead multiple strategies and initiatives and help shape, drive the execution, and market Teradata for Retail Data-Driven program strategies.

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