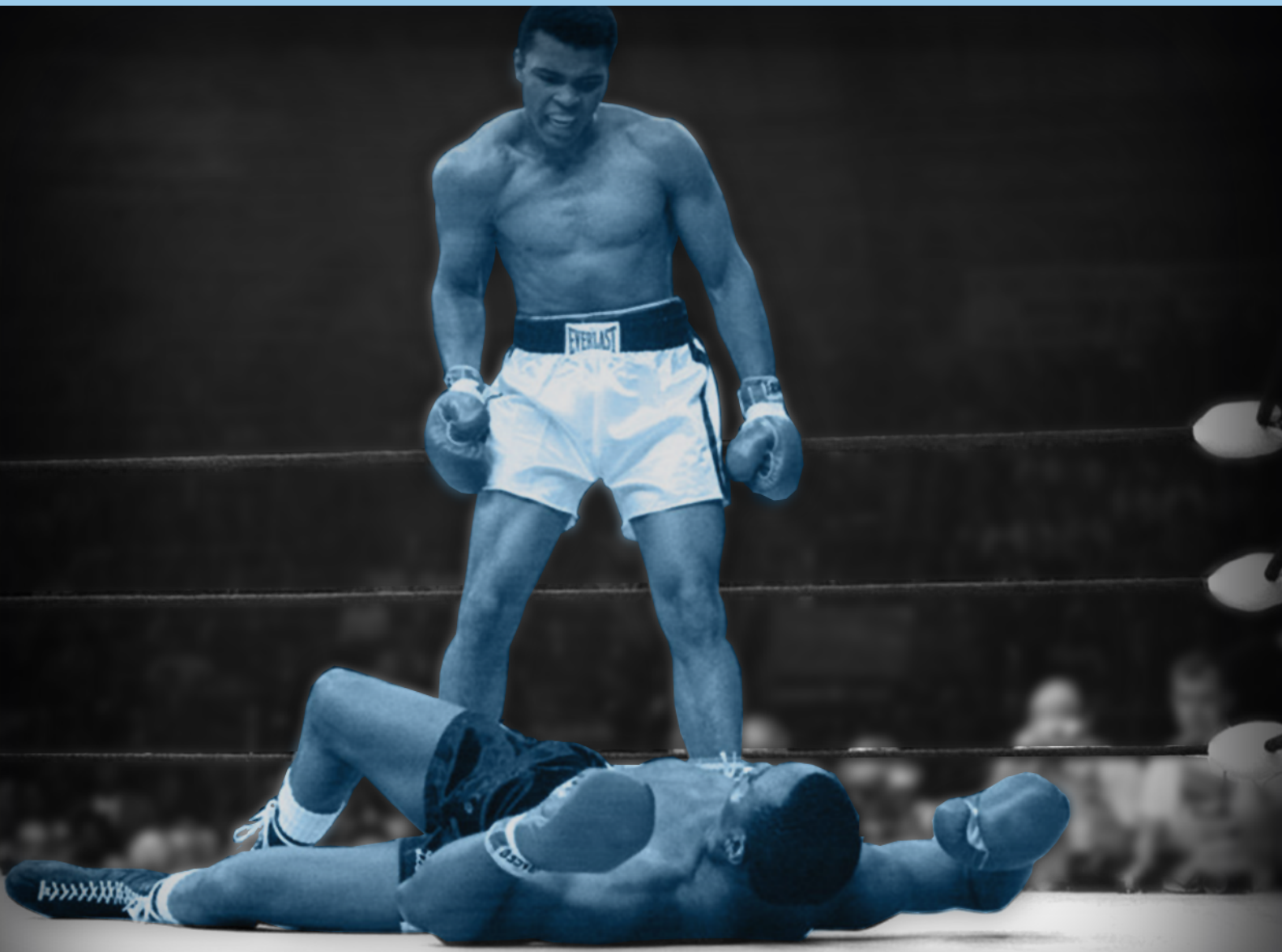# DOMO

4 Ways Retailers Can Beat the Competition

(With Data They Already Have)

On the surface, the retail data playing field looks fairly level. From big-box retailers like Walmart to small, independent boutiques, virtually every modern retailer has the same four data sources at their fingertips:

1. Point of Sale (POS) System

2. Supply Chain Data

3. E-commerce

4. Social Media

But simply possessing the data does nothing to move your retail business forward. The way to gain the upper hand—the "secret sauce," if you will—is found in how you gather, access, and then use the data these sources provide.

In this paper, you will learn how to apply business intelligence to each of these four data sources in order to make your retail information a competitive differentiator. Then you will learn how retailers can use the data that's naturally multiplying in their retail systems to make smarter decisions and to run more efficiently.

1: Point of Sale

Nothing can teach a retailer more about the who, what, when, and where of customer behavior than the data collected by transaction log and customer relationship management (CRM) systems—in other words, the data gathered at the POS. This information provides the basis of store clustering and assortment planning decisions, merchandising efforts, promotions and campaigns, and customer loyalty initiatives.

Transaction log data is the catalyst to making better decisions; when transaction log data is mixed with other data sources, it produces an unparalleled view of the business's successes and opportunities.

How Is POS Data Applied?

Consider how POS data drives loyalty and revenue at Camping World, North America's leading RV and camping supply store. The fact that its loyalty club tops 1.6 million members is only made more impressive when you consider that club membership is based on a yearly subscription.

Camping World uses its POS data to actively track what its customers buy, where they buy it, and when they buy it. They then make decisions on merchandise allocation, CRM, and supply chain accordingly.

But it's not as easy as looking at a bunch of numbers on a screen. To be so targeted, retailers have to look at data in context, meaning that they pull data from disparate sources into one place, join that data together, and analyze it. Looking at data in context requires a robust business intelligence (BI) system.

Applying a layer of business intelligence over POS, CRM, and supply chain data not only ensures

Camping World has the right merchandise in the right quantities and in the right stores, but it ensures that merchandise is promoted to the right people. Sharing POS data allows the entire company to work as one entity in order to provide customers with a consistent and targeted experience.

Creating a Customer Experience through POS Data

When a loyal shopper engages the brand in store or online, the retailer can instantly identify who the customer is and access a trove of relevant data points to guide the company's interaction with the customer to the point of fulfillment. Access to this customer intelligence improves the customer experience, which results in measurable sales lift. In fact, as a result of its ability to "mash up" its CRM, inventory, and

Non-Member
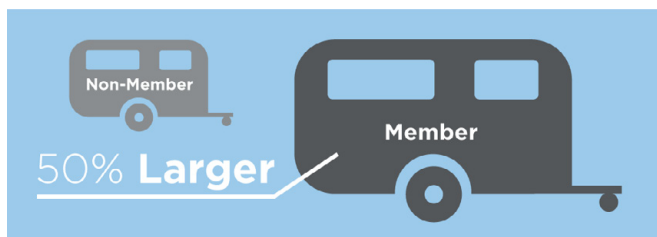
Member

50% **Larger**

POS data, the average order size for loyalty club members at Camping World is an incredible 50% larger than that of non-members.

Business intelligence drives results when applied to sales, inventory, and customer data gathered at the cash wrap. POS data is where it all starts; when it remains locked up and out of reach in the transaction log—where it can't be used to make accurate ordering, merchandising, and promotions decisions—retailers are hamstrung.

2: The Supply Chain

Beating the competition on both in-stock positioning and assortment is a natural way to create and maintain customer loyalty. If you have what they need, they call you customer-centric; if you don't, they call you irrelevant. And it all starts with the supply chain data.

How Is Supply Chain Data Applied?

If you struggle with supply chain efficiency, you're not alone. Supply chain systems are rigid, and when sales and demand trends indicate that a change is necessary, it takes you a lot of time and effort to adjust the course. Complex trade agreements, cumbersome order volumes, and merchandising and promotions deals mired in legal stipulation all add to the supply chain challenge. The supply chain is rife with hidden costs and missed opportunities that BI tools can handily expose.

Here's a bright example: the parent company of True Value recently leveraged BI to draw intelligence from its distribution and marketing systems that, collectively, resulted in a $50 million reduction in inventory carrying costs. How? They did it through tracking promotions data.

Its marketing department uses BI to track promotions successes at the store and regional levels. By analyzing their historical promotions data, True Value was able

$50 million reduction in inventory carrying **costs**

to accurately stock individual stores to meet promotion demand. When they applied business intelligence across their data sources, True Value reported that the order/in-stock, sales forecasting, and promotions improvements resulted in an astounding sub-six-month ROI on their BI efforts.

While virtually every retailer has the benefit of the same supply chain data, many are handicapped to do anything with it, because their systems simply are not nimble. It's a competitive weakness that—with the right BI tools—more agile retailers can exploit.

3: E-Commerce

The Web is, without a doubt, the most "trackable" commerce environment, making retailers' e-commerce site their lowest-hanging fruit for business discovery and analysis. The opportunities presented online also extend to cross-channel metrics when retailers correlate the online data with in-store metrics to gain a 360-degree view of the market. E-commerce metrics therefore help to create a responsive cross-channel brand presence that eclipses the static presence of more rigid retail competitors.

How Is E-commerce Data Applied?

Rock/Creek is an outfitter in Chattanooga, Tennessee, that sets the bar for turning data points into business tactics. In November 2007, Rock/Creek was named one of the top 25 specialty outdoor retailers by Outdoor Business magazine. Then in 2009, SNEWS and Backpacker Magazine chose Rock/Creek as "Retailer of the Year for Best Online Business."

Rock/Creek has had a Web presence since 2000; but it wasn't until the company applied analytics and A/B testing to its e-commerce effort that Web sales took off on a national scale. This small-but-progressive outdoor lifestyle retailer uses BI to nurture a national digital brand presence, allowing the business to grow rapidly from its current base of five physical stores.

By applying BI to its e-commerce operations, Rock/Creek was able to monitor and determine when customers were most likely to react to email promotions and segment customers by their purchases and preferences. Without BI, there was no strategy behind the retailer's email marketing schedule, much less to whom those emails were sent. As a result of its BI-based strategy, the company has quadrupled its online sales by optimizing email send times and targeting email promotions accordingly.

If an Outdoor Outfitter Can Make It Online, So Can You

As retailers strive to create an omni-channel brand experience for their customers, they'll need to rely on business intelligence that's able to reach into disparate and channel-specific data sources, correlate that data, and create actionable insight. By leveraging BI to understand how customers traverse channels, retailers are prepared to make better merchandising and promotions decisions, synchronizing their cross-channel sales

and promotions through cross-analysis with brick-and-mortar POS data. Only then can cross-channel retailers truly understand the lifetime value of each customer and improve on that through channel-specific strategy.

For many retailers, legacy and channel-specific software systems make cross-channel data visibility and analysis difficult to achieve. Because some retailers are neither agile nor integrated, they appear laggard and lethargic in their attempts to converge their brand perception and customer connections across commerce channels. This creates a huge opportunity for more agile retailers to generate understanding from cross-channel consumer activity and quickly respond to that understanding at every touch point.

4: Social Media

There are over 500 million registered Twitter users. More than a billion use Facebook. With every passing second, social media creates a mind-boggling volume of consumer preference data. The ability to establish trends from that data gives retailers an unprecedented opportunity to positively impact merchandising and promotions strategies—if retailers are sufficiently agile and well equipped.

How Is Social Media Data Applied?

Wet Seal, a fashion clothier, has a unique ability to synchronize social chatter with promotions. The result is greater loyalty in its fan base and improved sales tied directly to social media.

Wet Seal was one of the first to recognize the value of gleaning data from a massive community of Facebook fans and applying that data to its merchandising strategy. As its Facebook fan base grew, the company began to extract a deeper layer of intelligence from it through proactive engagement, which in turn fed stronger loyalty.

For instance, Wet Seal developed a Facebook game that allows its fans to build their own apparel collections and share them with friends, which integrates with an apparel pairing application at wetseal.com. The idea behind the applications? A Facebook "Like" isn't nearly as good as knowing specifically what your Facebook fans actually like. As a result of its effort, Wet Seal now drives more traffic to its website from social media channels than from the major search engines. That's the mark of an incredibly engaged fan base, which now numbers more than 2.25 million on Facebook alone.

more traffic *from* **social media** than the major **search engines**

Social Media Is Worth the Effort—Lots of Effort

And that's not the only example of how customer sentiment can be derived from the growing mountains of unstructured data created by social networking activity. There is boundless revenue opportunity living in social data, because it comes from your future customer base.

Still, many retailers don't realize that they can assemble this data into meaningful line-of-business

or C-level insight. Business intelligence enables retailers to aggregate, consolidate, and report on this disparate and unstructured data, which results in actionable information that can be used to improve customer intelligence, product assortment, and promotion planning and execution.

It's important to note that a huge Facebook fan base or Twitter following is not necessary to put social media data to work. Monitoring the social sphere for intelligence on the merchandise and brands a retailer sells isn't an exercise limited to that retailer's own data. Retailers can gather information from Twitter, for example, to track trending topics, hashtags, and conversations—even those occurring beyond their social following. Those who are nimble in their response to the consumer trends uncovered by social media monitoring—and who can apply that intelligence by tying it to CRM and inventory data like Wet Seal does—will have a huge competitive advantage.

Conclusion: Deeper Insight, Smarter Action

In and of themselves, the sources of basic operational and Web-based data covered in this paper hold huge promise and potential for retailers that can quickly apply the intelligence they glean. That potential is amplified exponentially when retailers have access to multiple sources of siloed data in one place, in real time, on any device. Domo answers the call, connecting directly to data wherever it lives, then transforming it into a personalized, cloud-based dashboard. Retailers with Domo are able to create competitive differentiation by connecting the dots between data and better decisions.

The Domo Solution

Many of the growth and efficiency challenges retailers face today are data-dependent. Legacy and disparate systems, however, mean most retailers either don't have it in one place or don't have access to it in real-time. While retailers have no shortage of tools to help them collect and analyze data within specific applications and channels, they lack a solution that brings all those disparate sources of data into a single view.

Domo enables you to see siloed data from across your entire retail organization—whether offline or online—in one place, in real time, on any device. Domo connects directly to your data wherever it lives, then transforms it into a personalized, cloud-based dashboard that's easy to consume and delightful to use.

Domo's unique solution is built to answer retailers' growing data needs, and retailers who use Domo are seeing remarkable results. To discover how Domo can improve your operations, request a demo at **www.domo.com** today.