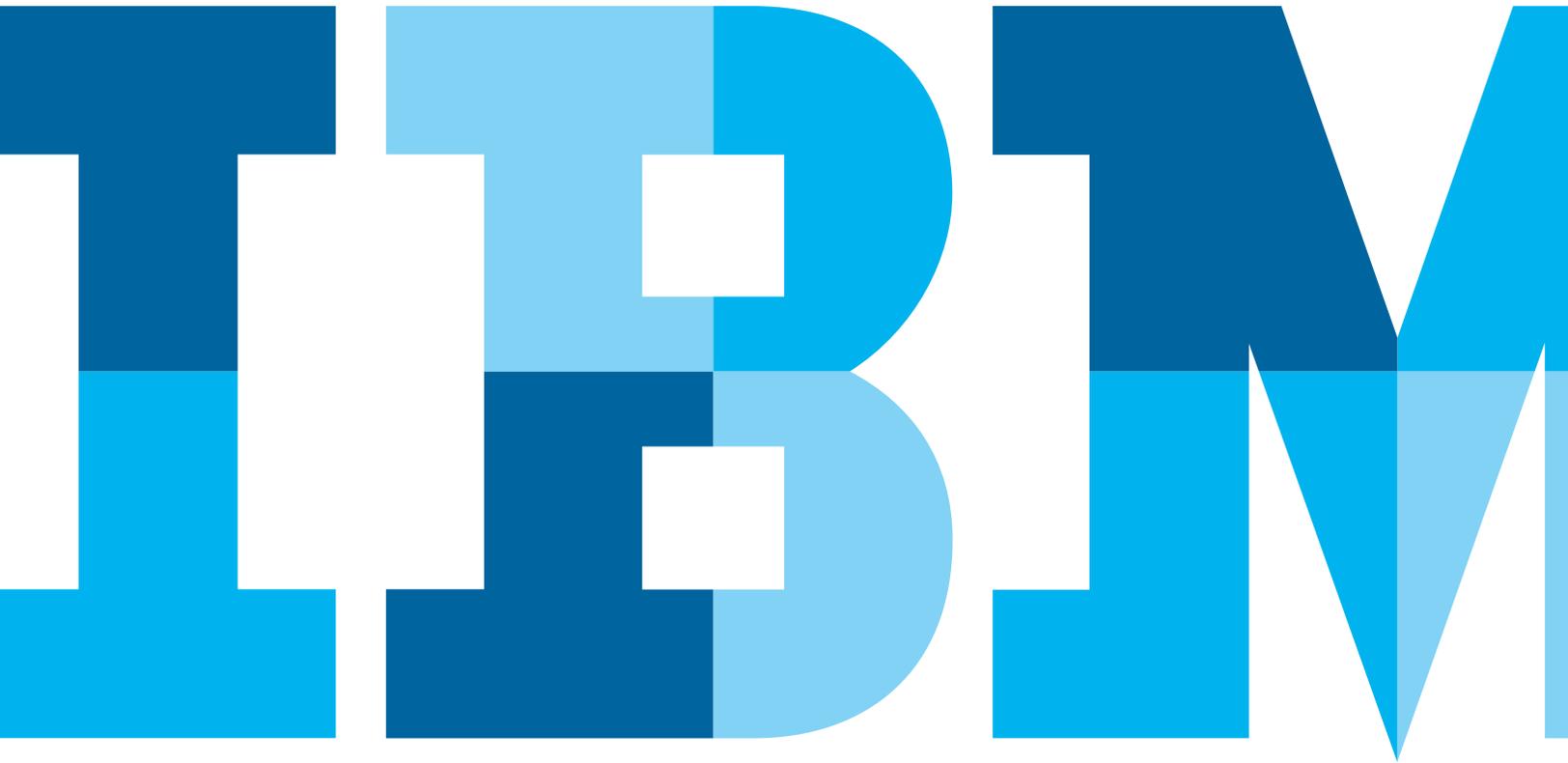


From Insight to Action to Results

*Can your commerce data talk to you like a trusted
business advisor?*



Executive summary

What is driving your decision-making process? Where is the data coming from? Is it exclusively internal – sales data, information about inventory and customer journey – or are you integrating data from external sources, too, for more informed and profitable decisions? These are questions smart retailers are asking themselves to compete effectively in today's data-driven world. But here's the real question: What if all of the insight you needed could be obtained in one place – and you could drill down, and see detail when and where you want it. Wouldn't you take advantage of this opportunity? With new capabilities in e-commerce technology, you can become insight driven.

The world is awash in data – and the volume is growing exponentially. Consider that by 2020, about 1.7 megabytes of new information will be created every second for every human being on the planet. With this rising tide, today's challenge lies in curating data from an increasingly wide universe of sources and delivering insights to practitioners who can apply it intelligently to drive desired outcomes.

Nowhere is this truer than in the world of retail.

Interconnected systems across sales channels – in-store, online, mobile and call centers – capture and retain vast amounts of structured and unstructured data. Each customer's journey is a well-documented trip that leaves a long trail of data: Purchase information, lifetime value, where the buyer spends time on a site; how much is being spent in a channel; where and when customers prefer to buy – and what may have caused them to defect. Add external sources into the mix – think social, economic or environmental data – and what emerges is a vivid portrait of customers and market opportunities.

But, it is largely inaccessible to most retailers today. Time-strapped online merchandisers, marketers, and product managers may have access to big data, but they are overwhelmed by the sheer volume and number of data sources required to effectively and efficiently run their business. These retail practitioners are not data managers – they are not trained in the art of data extraction. But, increasingly, they need data – all types – to perform their jobs well. So, unproductive time is invested in compiling information from disparate sources to decide their next best action. They struggle with contextual visibility into business metrics, inhibiting their ability to respond quickly to revenue opportunities.

The truth is that most online merchandisers are making business decisions based on intuition and what has worked historically. Yes, data is available, but tapping into the right data is the challenge. Online merchandisers have limited access to relevant data and deep insights in one location – a place where they can see and interact with information to make informed decisions and take immediate action, until now.

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Changing the game

Commerce technology is evolving at a rapid pace. Not only are more sophisticated systems capable of aggregating a seemingly infinite volume of structured and unstructured data, but they are infused with a level of intelligence or cognition never before available. It is this intelligence and the ability to apply it across the commerce continuum that is changing the game in retail. And it is why 94 percent of C-suite retail executives say they intend to invest in cognitive capabilities.¹

Applying predictive analytics and cognitive commerce principles, retailers now can access customer and market insights where they are needed – in the case of a web merchandiser, for instance, through the web store, embedded in their products and categories. Under performing products or categories are visible immediately – along with a view of top-selling products. Time once spent sifting through irrelevant data to discern patterns or glean insights is invested in shaping and executing strategy to drive sales and deepen customer engagement.

Through highly visual and contextual representations of customer and performance data, teams see the implications of business actions against revenue goals and margins. Online merchandisers can use drag and drop tools to create and configure their own workspaces and take actions based on insights revealed. Page content and layout can be edited, products can be re-sequenced, search rules can be updated, and merchandisers can create and modify promotions or update pricing rules. In short, retailers now have access to the right data at the right time to ensure that goods are available in the right place, at the right price.

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A conversation with data

But that's not all. Cognitive technologies such as IBM Watson Analytics are allowing online merchandisers to have conversations with data. In their own vernacular, practitioners can query systems to uncover hidden trends across all sales channels and explore relationships between disparate data sources. Ideas and outcomes are brought to life through visualization. Insights and answers to vexing questions are obtained without tapping information technology teams to customize data when nuanced information is needed.

An athletic apparel seller, for instance, sees that its yoga category is under performing. Through a natural language query it is revealed that pricing for the merchandise is being undercut by competitors. With this information, category managers can take broad and immediate action, adjusting pricing in trouble spots and creating promotions that improve performance. Outcomes from these actions can be monitored and corrective actions can be taken until the desired result is achieved.

Insight-infused interactions

Cognitive technology such as IBM Watson can bring together all manner of data— geo-location, web interactions, transaction history, loyalty program patterns, data from wearables, even details revealed in social media. With this insight, online merchandisers can create highly targeted campaigns and content aligned with specific customer behaviors and preferences. Online pop-up stores, for instance, can be created for outdoor enthusiasts or fashion lovers. Content can be curated – not just merchandise, but insights, articles, multimedia materials that appeal directly to the shopper's interests and preferences. Customer interactions with a brand become more holistic – less transactional, more focused on creating an experience where customers interact with each other and information – essentially building an environment where they want to buy.

Insights shared across sales channels create an opportunity for brands to more deeply engage and delight – from online merchandisers and customer service teams to in-store associates. New levels of collaboration are inspired. A more cohesive, personalized brand experience is created.

With access to insight across a brand's commerce spectrum, for instance, product recommendations reach new, more personalized levels. In the case of apparel sales, a wardrobe consultation—online or in person—is based on what the brand knows about a customer's previous purchases, including size, color and style. Assortments displayed on a web page are customized to each buyer's preferences and insights into their predilections. Recommendations no longer reflect what customers in aggregate are consuming, but what each customer prefers.

Insight infused in every interaction across the customer journey—from the start of a campaign to fulfillment—transforms customer relationships, and drives more sales, satisfaction and customer loyalty. And, it is why marketers who put data-driven personalization at the center of their efforts achieve greater returns on investment.

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Acting intelligently

In addition to creating highly personalized interactions, predictive and cognitive analytics optimize performance, too. Rather than looking exclusively at inward-facing data, retailers can import external data—economic, competitive, business or environmental—to make decisions. All manner of data can be combined to predict outcomes. For instance, based on a forecasted weather pattern—say, a snow storm—retailers can ensure that they have enough snow shovels in inventory and that pricing is optimized.

So, combining predictive analytics with demographic and environmental data can reduce lost sales due to out-of-stock conditions. Similarly, brands can predict trends that create new market opportunities—and, with this insight, race ahead of competition. Imagine these scenarios. A popular television program brings retro fashion back in vogue, a blockbuster movie popularizes a fedora-style hat or a fashion fad in Europe is gaining traction in North America. Social listening and insight into early sales pinpoints rising trends and predicts rapidly accelerating consumption of goods. Again, with this insight, merchandisers will ensure that enough inventory is ordered to address explosive demand, and that pricing is optimized.

Cognitive technology frees up retail teams to focus on activities that drive the most return on their investment of time. The self-adaptive nature of IBM Watson, for instance, enables the technology not only to predict outcomes, but also to learn from patterns identified or history revealed. As a result, merchandisers can automate activities that are more prescriptive in nature and mundane. The technology can be applied, for instance, to define and execute how and when items should be moved into clearance, to suggest promotions or to identify when inventory needs to be re-balanced or re-stocked.

And this just scratches the surface. There is a world of possibility to transform customer experience, too. Ironically, technology is personalizing online interactions and adding new opportunities for brands to connect with shoppers. The traditional criteria of price, convenience and selection is expanding to include new factors: expertise and personalized advice.

A buyer shopping for a backpack, for instance, can query IBM Watson for insight into the right product for a 14-day hiking expedition in Patagonia. Rather than investing hours reviewing dozens of options – and getting frustrated and overwhelmed – the hiker receives personalized suggestions that are ideal for their trip along with recommendations for additional items. IBM Watson not only answers consumer questions, but learns from their responses. The technology understands the context of its users' questions, and continuously learns about their needs based on the information they share.

Cognitive technologies such as IBM Watson Analytics are allowing online merchandisers to have conversations with data.

The future is now

The good news is that the ability to move from insight to action to results exists today. A single view of integrated information and insights is at the fingertips of online merchandisers, product managers and marketers – and it is changing the way these teams work. Insights are richer and more actionable. Results are delivered faster. Collaboration is improved. And, most importantly, customer engagement is deeper and more personal than ever. Insight infused in every interaction across the customer journey – from the start of a campaign to fulfillment – transforms customer relationships, and drives more sales, satisfaction and customer loyalty. And, it is why marketers who put data-driven personalization at the center of their efforts achieve greater returns on investment.

Yes, cognitive commerce is the future of retail – and the future is available now through IBM Commerce Insights. For more information visit: ibm.com/commerce-insights.



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Route 100
Somers, NY 10589
U.S.A.

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1. Redefining Boundaries: Insights from the Global C-Suite Study, IBM Institute for Business Value, October, 2015



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