# Why data is the new retail battleground

Opinion Paper

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# Are data-led competitors taking your ground?

You're a retailer with a solid brand. You've invested in your online commerce channel and are doing well. But, you're still using decades-old back office systems and processes governing Product Lifecycle Management (PLM), Product Information (PIM) and Product Master Data Management (MDM).

What impact is this having on your ability to move at the pace of your digital competitors?

Consider Amazon and think about the speed at which it takes a product – any product – to market, accepts orders, processes them and delivers the product without a hitch. It's phenomenal. The challenge for traditional retailers is how to match this speed; how to get to grips with their data; and how to bring about the technical and cultural change needed to support a new data-led operating model in today's fast-moving retail environment.

# The retail data challenge
## why it's time to act, right now

You can't fault Charles Dickens when it comes to capturing people's imagination in an instant. His much-quoted opening lines in A Tale of Two Cities are incredibly evocative:

> *"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness…"*

What's more, they could have easily been written for today as we all look to the huge transformational opportunities of digital, while recognising the disruption it is causing.

For consumers able to shop via multiple channels at any time of day or night, and who expect a choice of convenient delivery options, the times are pretty good. Digital 'savvy' customers can stay up-to-date with rapidly-changing product assortments, new and changing products and highly personalised offerings from the comfort of their own homes. Next-day delivery – even same-day delivery – is expected.

While all of this is great for consumers, it presents a significant challenge for many retailers yet to fully realise the benefits of the digital revolution. Cloud-native retailers, who were born digital, have a significant advantage in that their eCommerce systems and processes have been designed with digital in mind. However, more traditional retailers, and especially those with a catalogue heritage, retain a large legacy of systems, processes and cultural norms that are not aligned to the expectations of today's customer. They've typically expanded into digital channels to meet the consumer appetite, but they're being hindered by operating models that remain wedded in their legacy data management principles.

# Responding to the
# demand for speed

Failure to take action now, not a year or two years down the line, could very well end in 'the worst of times' for some much-loved brands. Traditional 'bricks and mortar' retail is under massive pressure, and we have seen many leading brands disappearing from the high street. So why now? What's the urgency after more than a decade of successful online commerce?

Many retailers have invested heavily in their shiny front-end eCommerce technology platforms. However, despite this investment, behind the scenes often paints a very different picture. Heavily manual and typically siloed PLM, PIM and MDM processes are preventing retailers from turning their product data into commercial advantage.

This might have been acceptable ten years ago when speed to market wasn't such an issue. For example, in fashion retailing many companies operated twice-yearly product cycles, with spring and autumn catalogue ranges. Compare that with today's average of 18 product cycles a year and sometimes daily changes to product ranges, and it's clear the seasonal cadence has undergone a significant shift. Speed is of the essence as customers demand more and they demand it faster.

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# Driving sales with
## good quality data

Those responsible for managing the product data in this fast-moving environment really have their work cut out for them. More products, with more data attributes, more digital images, video and other rich media content are making product data management ever more complex. Add in regulatory and compliance requirements, along with the increased cycle speed of new products and changes, and the problem becomes clear.

Further, the complexity of today's global supply chains increases the need for centralised and well managed product data. To meet growth ambitions, retailers are also looking overseas at international expansion, creating more data challenges, for example with language and cultural variations. Digital channels require good quality, accurate and complete data to drive sales and minimise the cost to serve.

> Trying to scale existing manual solutions and processes will not resolve the situation.

It's time to automate those areas of data management that are tying up valuable human resources in manual repetitive tasks.

# Confronting the
## manual data challenge

Ensuring that the right product information is captured quickly and accurately, then pushed out to the relevant operational (Finance, Warehouse, Transport, Order Management, etc.) and commercial (Merchandising, Marketing, Pricing, etc.) systems is critical to digital retailers. These processes are typically not well managed, or even automated, by traditional retailer organisations today. Everything from data input, data cleansing and data matching, data enrichment and data profiling, through to data syndication and data analytics, is still dependent on disconnected and largely manual operations.

Many retailers have been addressing this by simply adding resources; more people data inputting, data tagging, data matching … you get the picture. But this isn't fixing the underlying issue, it's the same operating model, just with more cost added in and no increased speed or accuracy. This isn't sustainable. Instead, what's required is something new, something smarter.

I believe it's time for traditional businesses to take a step back and review their data quality and standards, processes and technology. It's time to automate those areas of data management that are tying up valuable human resources in manual repetitive tasks. Trying to do what you do now without automation will not work.

# Automation best practice
## for retailers

There are several automation best practices that all retailers should be considering in this respect:

✓ Automate the product data take-on; using data brokers; workflow, applying business rules; creating a 'golden record', publishing to all interested systems

✓ Automate all manual data entry activities and free up resource for higher value data enrichment and SEO content creation

✓ Use machine learning (ML) and artificial intelligence (AI) to continually improve the process and data quality, e.g. automate checks, reviews and sign-offs to streamline processes

✓ Use an integration abstraction layer to automate data publication / syndication

✓ Use RPA (Robotic Process Automation) where system constraints or IT delivery capability present a barrier to a fully integrated approach

✓ Ensure only the relevant product information is shared across systems

✓ Leverage analytics to make the best decisions faster and understand the impact of product data on performance

# Making a
## strategic choice

That's the ideal, but there is still a long way to go for most retailers. This isn't just an IT issue, either. It is a strategic choice to build a single source of data truth on which product decisions can be made – fast. It is built on an understanding that to remain competitive with responsive and agile operations, every day, organisations need to bring about both technology and cultural change.

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Why cultural? Moving to more rapid product releases, as opposed to the slower cycles that, for example, may have been originally designed for catalogue production, requires people to change what they do and how they do it. Automation of data access and enrichment, for example, will release employees undertaking those roles for other tasks. But what will these tasks be and what impact will this have on jobs? Are there sufficient skills to measure, monitor and analyse data (albeit with the aid of AI and ML tools)? Business leaders will need to manage this change carefully. Nonetheless, it is change that must happen.

# The tipping point
## for data management

I wrote at the outset that there is an urgency about this. That's because those organisations failing to upgrade and digitise how they capture, analyse, access and share business-critical product data will ultimately lose out in the race for speed and efficiency. We are at a tipping point, where data – or rather how it is managed – is now core to whether a business succeeds or fails in the coming years.

Clean, well-managed and easily understood product data should be effortlessly federated to different parts of the business and third parties as needed, rather than sitting in silos. And this process needs to begin now. In two years' time, retail will have moved on significantly again. If you don't act soon there will be too big a gap between where you are and where others already on their data transformation journey will have got to.

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I referred to Charles Dickens' 'best of times, worst of times' sentiment earlier and now offer another, if somewhat less literary, perspective to illustrate the above point. I'm sure you've heard the analogy of the boiling water and the frog. If not, it's the simple premise that a frog suddenly plunged into boiling water will leap out of the pan, but if the same frog is put in tepid water that is slowly brought to the boil, it will fail to perceive the danger and be cooked to death. A little gruesome, I agree, but it perfectly illustrates the risk of doing nothing because you are failing to see the danger.

# Powering data-driven retail insight
## with digital

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What if you don't have the capability or capacity to make change happen now? After all, your core business is retail, not buying and implementing complex digital capabilities. Working with a digital partner such as Sopra Steria can help.

With a powerful analytics platform (including both AI and ML capabilities), an established RPA competency, great integration and data management expertise, as well as proven retail sector delivery experience, Sopra Steria can get you started on capturing the data you need to see trends currently hidden in silos across the business. You'll get an end-to-end data-rich picture of your operating environment. This extends from information captured at every customer-facing interaction across multiple channels, to all aspects of your product data management, including data tagging and attribution, supply, distribution and merchandising.

> The focus purely on consumer eCommerce digitisation that has been a feature of retail for the past decade has to shift.

It must move from front to back – from front-end systems of engagement, to underlying back-office systems connecting all your data streams. Without making this shift, I contend that even if your business is having 'the best of times' today, it will be having 'the worst of times' not too far in the future.

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Gary is a passionate and experienced Digital
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## Join the conversation

Contact us if you would like to discuss how to incorporate
intelligent automation into your end-to-end data processes.
Or join us for one of our series of upcoming roundtables.

On our blog: blog.soprasteria.co.uk/category/retail

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