

Reinventing Retail with Omnichannel Analytics

An overview of the market and the issues it faces

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Understanding the New Consumer



Personal consumption is up, but some types of retail sales remain sluggish



“Conspicuous consumption” to **“conscious consumption”**



Shoppers **spending more on experiences**, less on products



Exponential technology – **fickle loyalties**; opportunity and variety at the consumers’ fingertips



Omnichannel exposure – **difficult to retain customers & staff**



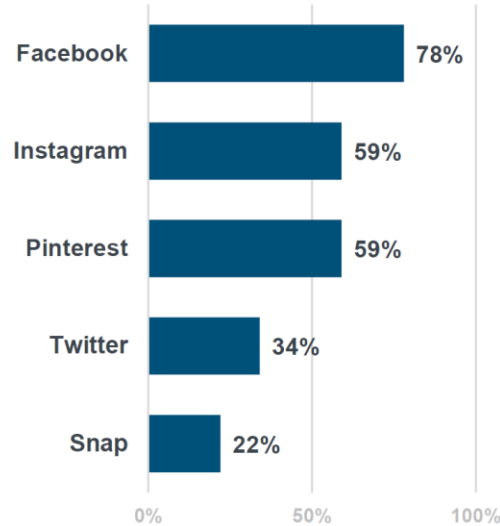
Retailers must face into extreme & variable competition to stay relevant & buoyant

A major shift is happening in the way people shop and what they want to buy

Social Media = Driving Product Discovery + Purchases

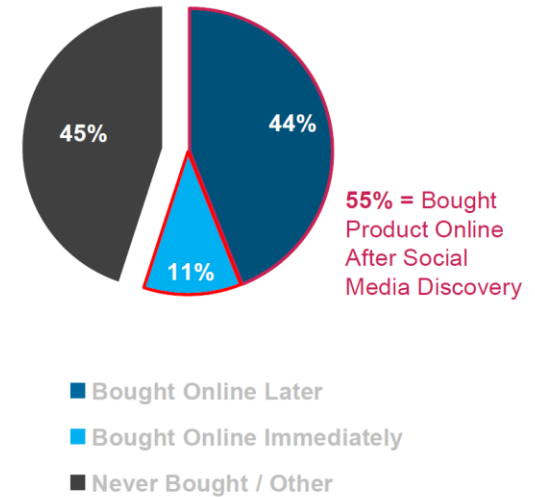
Product Discovery

Social Media Driving Product Discovery...



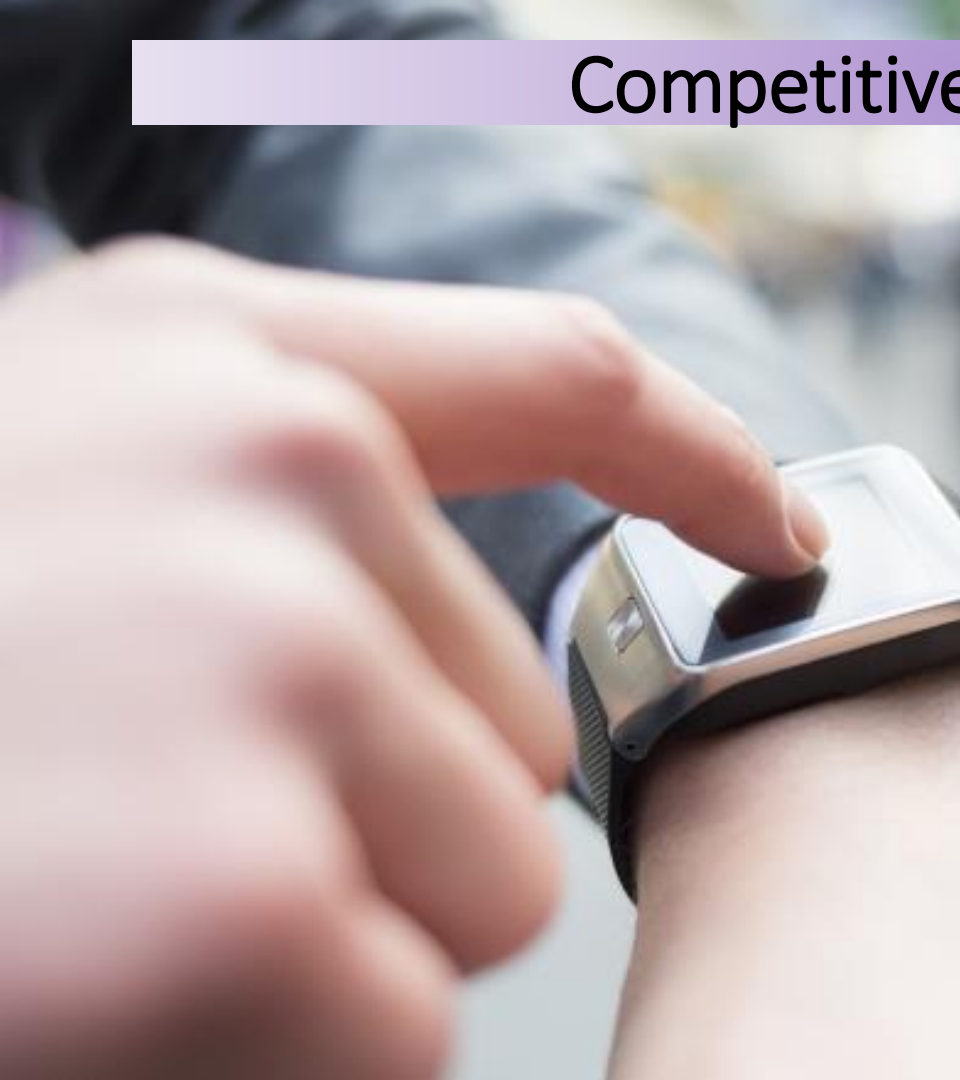
% of Respondents that Have Discovered
Products on Platform, USA (18-34 Years Old)

...Social Media Discovery Driving Purchases



% of Respondents, USA (18-65 Years Old)

Competitive Landscape



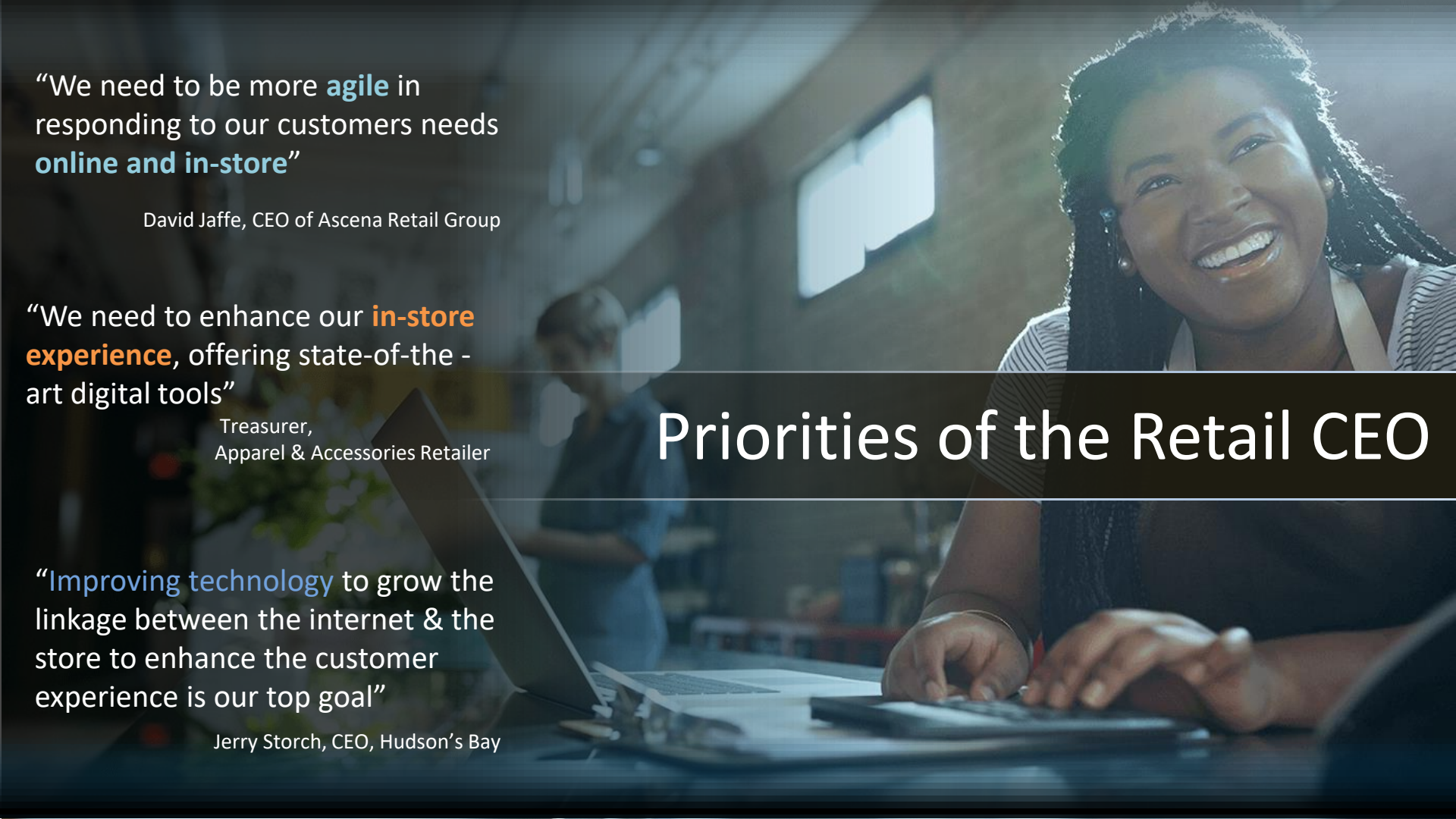
- Strong Web presence now the price of entry into retail
- Omni-Channel capabilities are an expectation
- “One-stop” shops like Amazon and Walmart will continue to dominate
- Traditional malls will become a thing of the past
- Pop-up shops will emerge as an appealing alternative
- Fast fashion and discount retailers will continue to build their competitive presence

Amazon buys Whole Foods

- Alibaba buys supermarket chain and a logistic company
- Walmart looks at buying Flipkart , the largest Indian online retailer
- Tesco buys wholesaler Bookers that supplies convenience stores to extend its reach
- Walmart spins off portion of UK Asda to Sainsbury
- Casino and Auchan enter a purchasing alliance



- Carrefour and System U are entering a purchasing alliance
- Nestle and Unilever are being squeezed and estimates are that 10% reduction in prices will follow
- Amazon launches Wag – a dog food private label to attack Walmart and to keep online sales to prime members



“We need to be more **agile** in responding to our customers needs **online and in-store**”

David Jaffe, CEO of Ascena Retail Group

“We need to enhance our **in-store experience**, offering state-of-the-art digital tools”

Treasurer,
Apparel & Accessories Retailer

Priorities of the Retail CEO


“**Improving technology** to grow the linkage between the internet & the store to enhance the customer experience is our top goal”

Jerry Storch, CEO, Hudson's Bay

A Salutory Reminder: The threat of extinction is real for those who fail to respond

Equity Market Value – World's Leading Retailers \$bn Market Capitalisation

Fall out of 2017 Top 10
Feature In 2017 Top 10

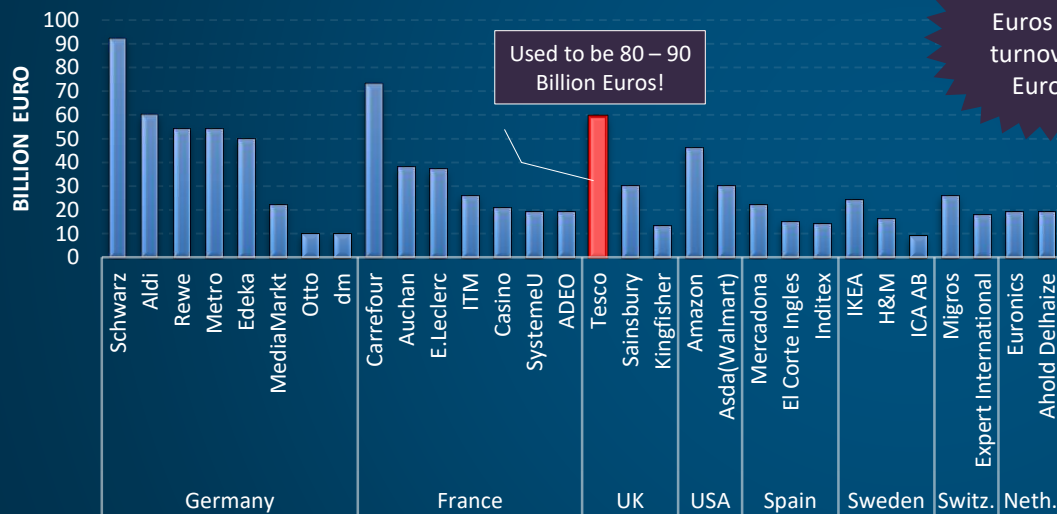


Rank	1996 ¹	2006 ¹	2017 ²
1	Walmart \$58bn	Walmart \$187bn	Amazon \$400bn
2	M&S \$25bn	Home Depot \$88bn	Alibaba \$247bn
3	Home Depot \$25bn	Ito Yokado \$57bn	Walmart \$215bn
4	Ito Yokado \$25bn	Lowe's \$51bn	Home Depot \$177bn
5	Carrefour \$24bn	Target \$47bn	Inditex \$101bn
6	Sears Roebuck \$18bn	Walgreens \$44bn	Nike \$95bn
7	JC Penney \$12bn	Tesco \$43bn	Walgreens Boots \$91bn
8	Tesco \$12bn	Carrefour \$33bn	CVS \$82bn
9	GUS \$12bn	H&M \$33bn	Costco \$77bn
10	J Sainsbury \$12bn	Costco \$24bn	H&M \$42bn

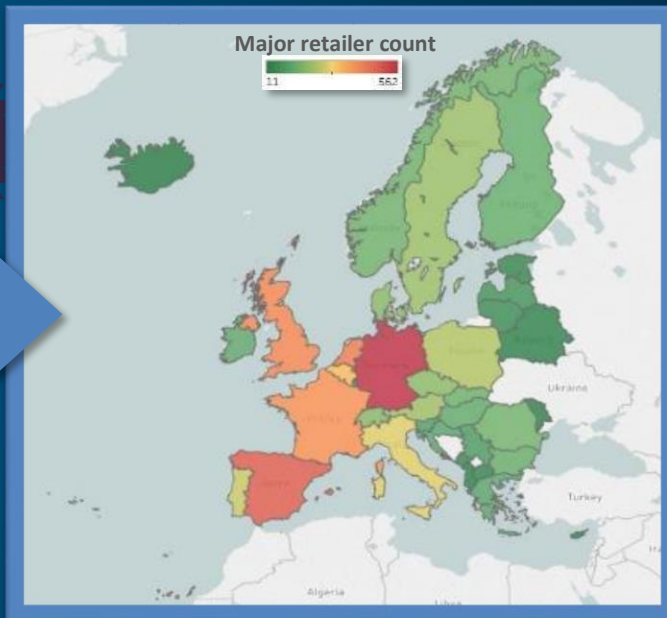
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A flooded & volatile market

Top 30 major retail brands – Billion Euro
Turnover by HQ Location

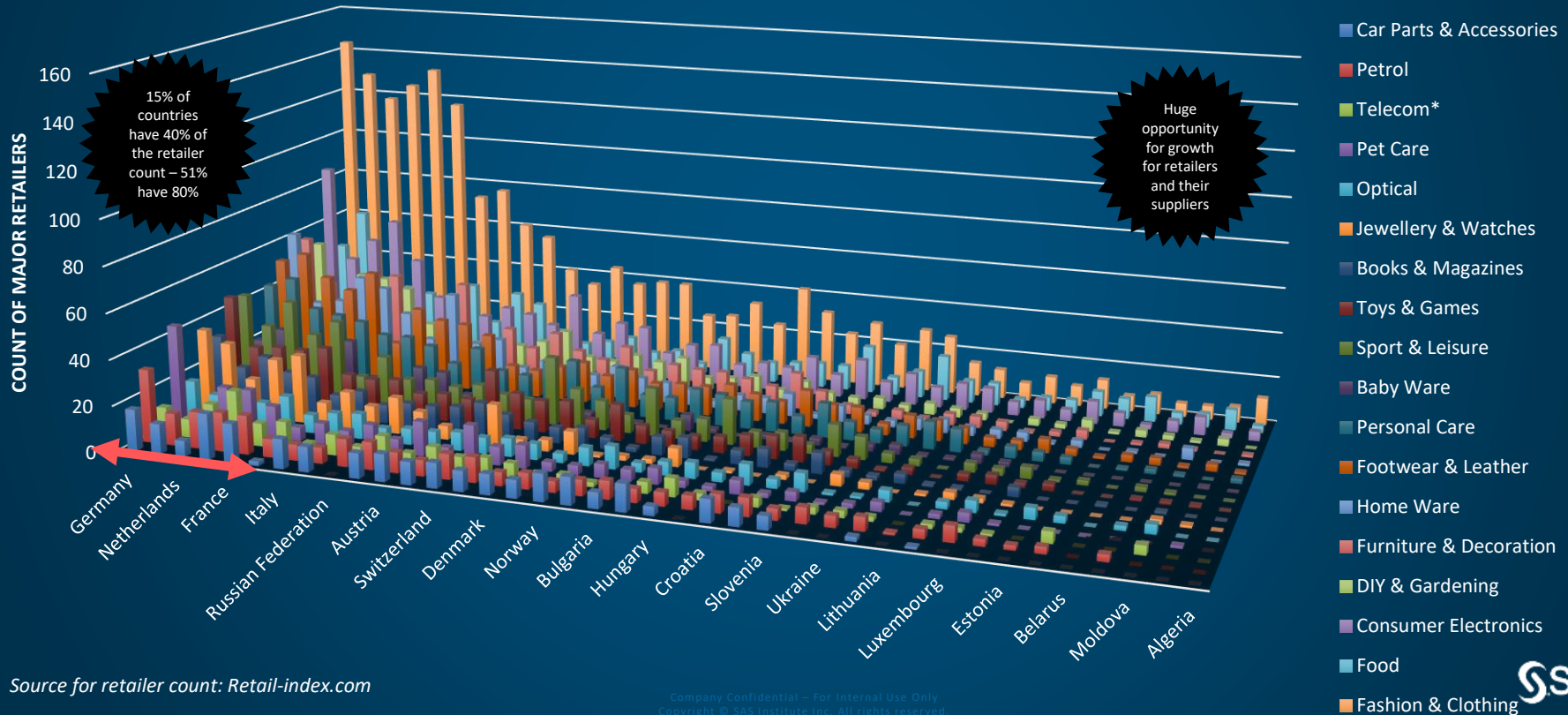


945 Billion
Euros total
turnover in
Europe



Retailers need to face into the most extreme & variable competition to stay buoyant & relevant

Unravelling the market – by country, by sector

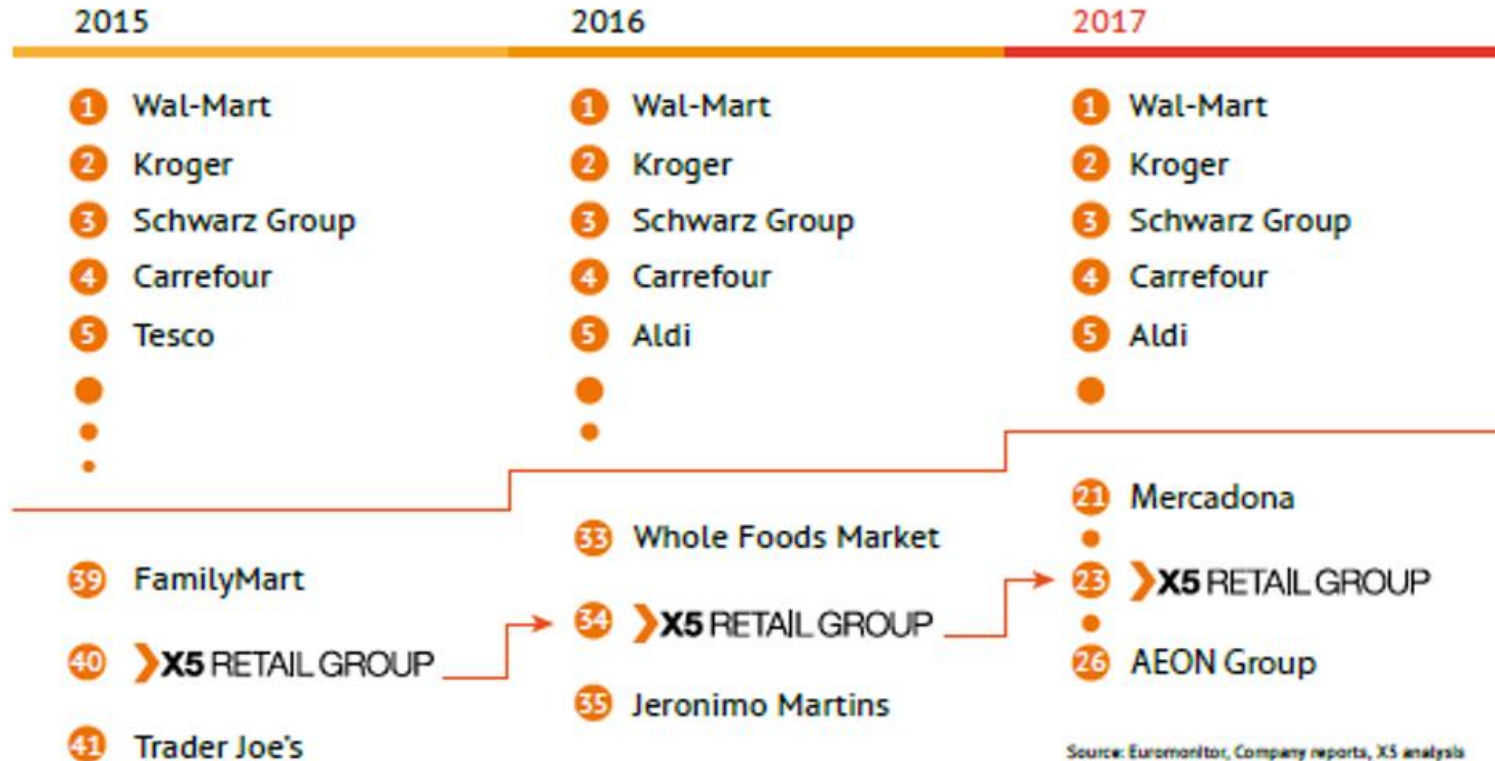


Source for retailer count: Retail-index.com

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NEW BIG PLAYERS – GROCERY LANDSCAPE

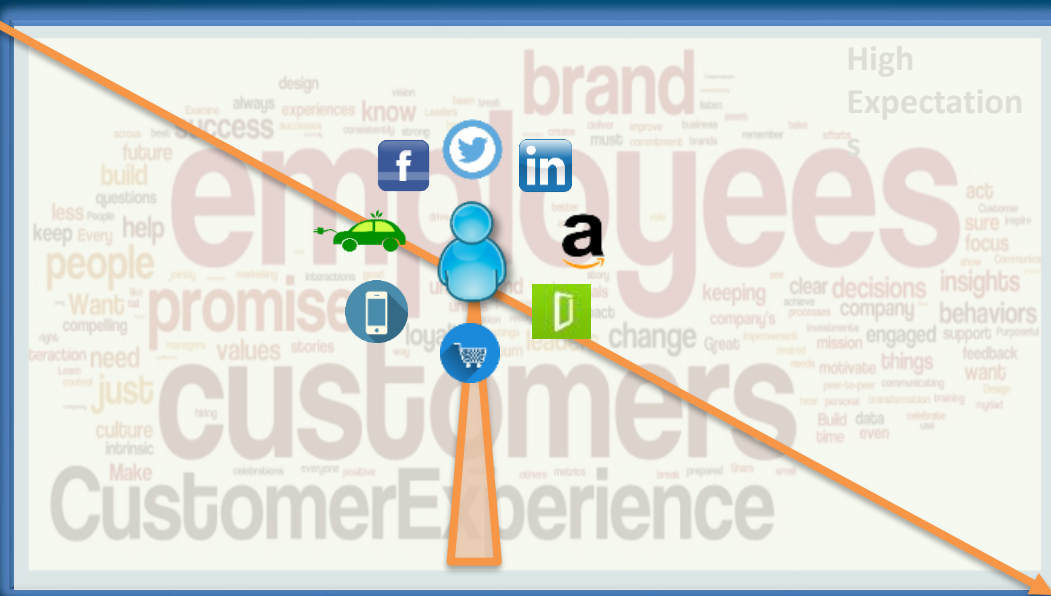


Source: Euromonitor, Company reports, X5 analysis



Fickle loyalties

Your business



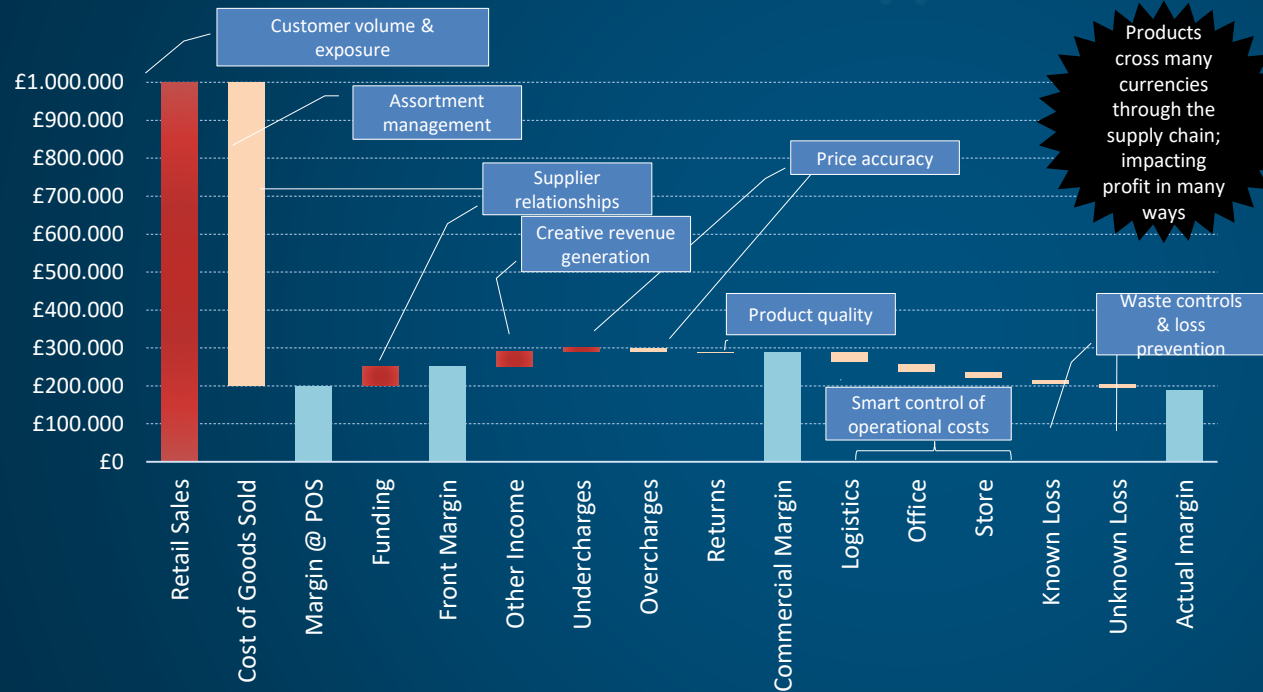
- **Opportunity and variety at finger tips – customers define ‘good’ by experiences**
- **Transient mind set and behaviours**
- **‘Prove it’ – visible positive behaviours improve perception**
- **Once the ‘slide’ downhill starts, it’s an uphill battle to attract people back**

Competition

Omnichannel exposure means retailers need to work harder than ever to retain customers & staff

3

Optimising the cost to operate



- Truly understanding the cost to serve customers
- Identifying the genuine opportunities to improve and increase profit
- Acknowledging the impact of making changes to the operation

Knowing the 'levers' that enable you to adapt dynamically

Note: figures used are illustrative

?

How are Retailers responding?



Emotional
connections



Accelerate in
growing
markets



Simplifying
operations



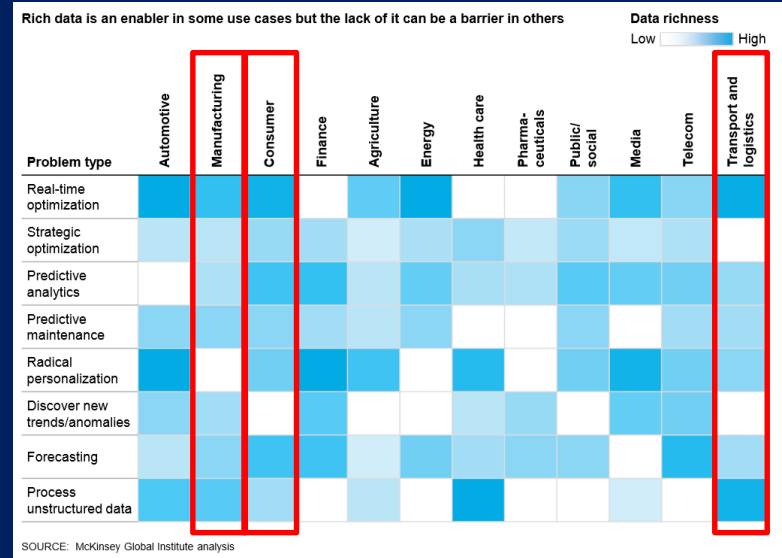
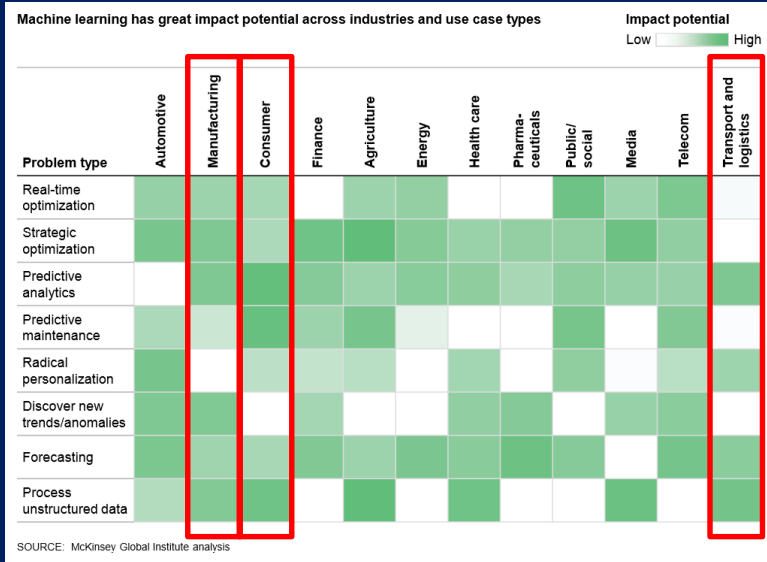
'Big Data'
strategies

The Evolution of Advanced Analytics and Retail

A relationship where the possibilities are truly endless

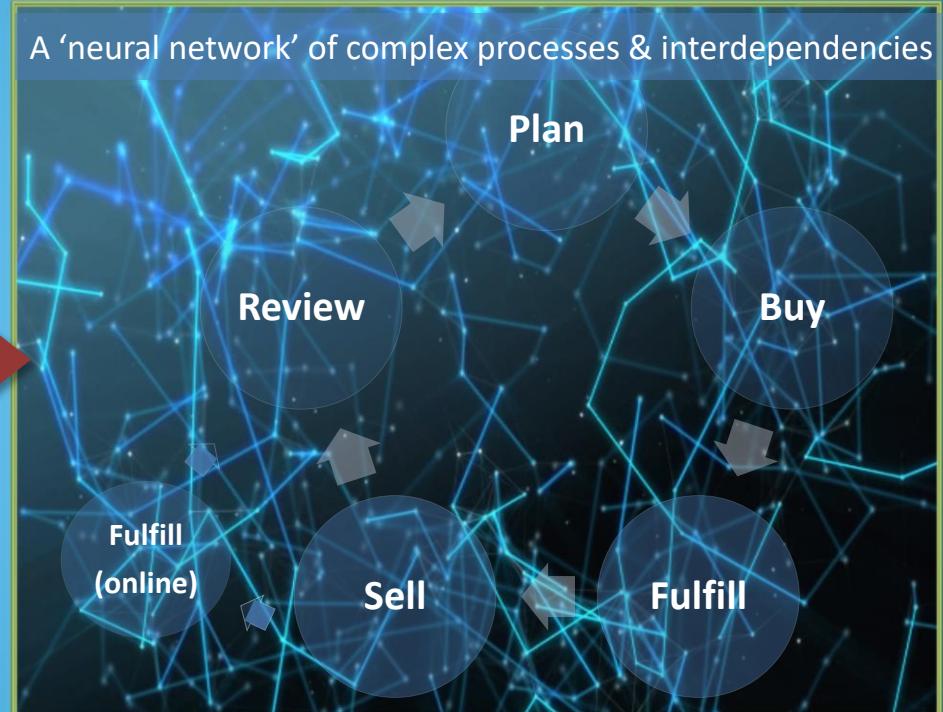
Assessing where to prioritise

Impact potential and data richness assessment



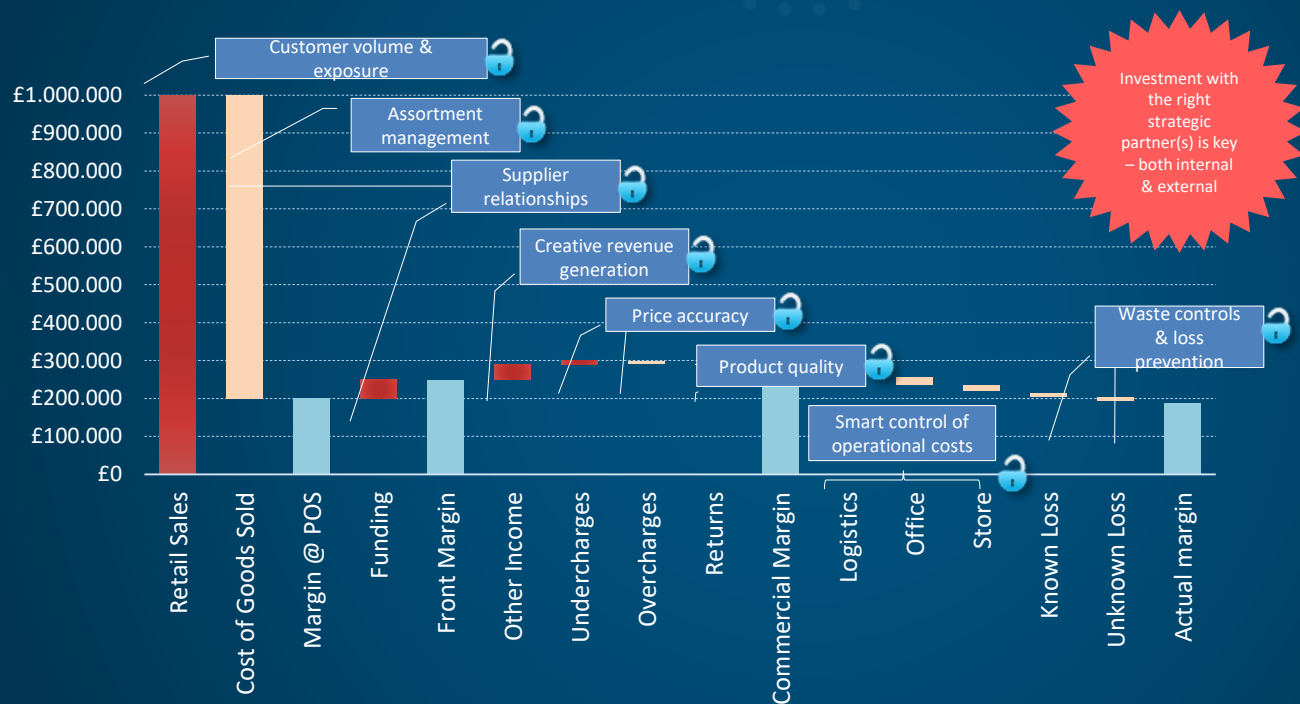
For each industry group, we list the top ten use cases along with the impact score and data richness score. Impact scoring ranges from 0 to 3, while data richness ranges from 0 to 2 based on an average across breadth, frequency, and variety.

The reality of the end to end retail process



So how do we expect to gain clarity & implement changes that make a difference?

How can analytics help?



Working with solid scalable data infrastructures

Open source & 'stackable modules'

Understanding where the opportunities lie & where analytics can solve them

How analytics 'behave' with operational systems

How to implement advanced analytics & AI where it is most useful

Analytics will bring clarity & opportunity we haven't seen in retail before

Note: figures used are illustrative

The challenge

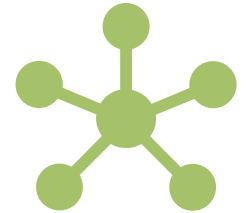
“How hard
can we
squeeze the
operation
each year
without it
breaking?”



Keep customers happy
& generate loyalty



Improve Profit & Loss



Grow the business



Omnichannel Analytics:

incorporate *big data* consisting of customer, demand, location and product information, *cross-channel*.

Provide retailers with predictive insights into customer journey preferences, regardless of the channels customers shop.

Retailers use these insights to improve effectiveness of marketing, assortment and merchandising decisions, distribution, and operations across **all** channels of business, *resulting in higher profitability, lower inventory costs and increased customer satisfaction*.



... Regular, Promotional,
Markdown, Price Optimization



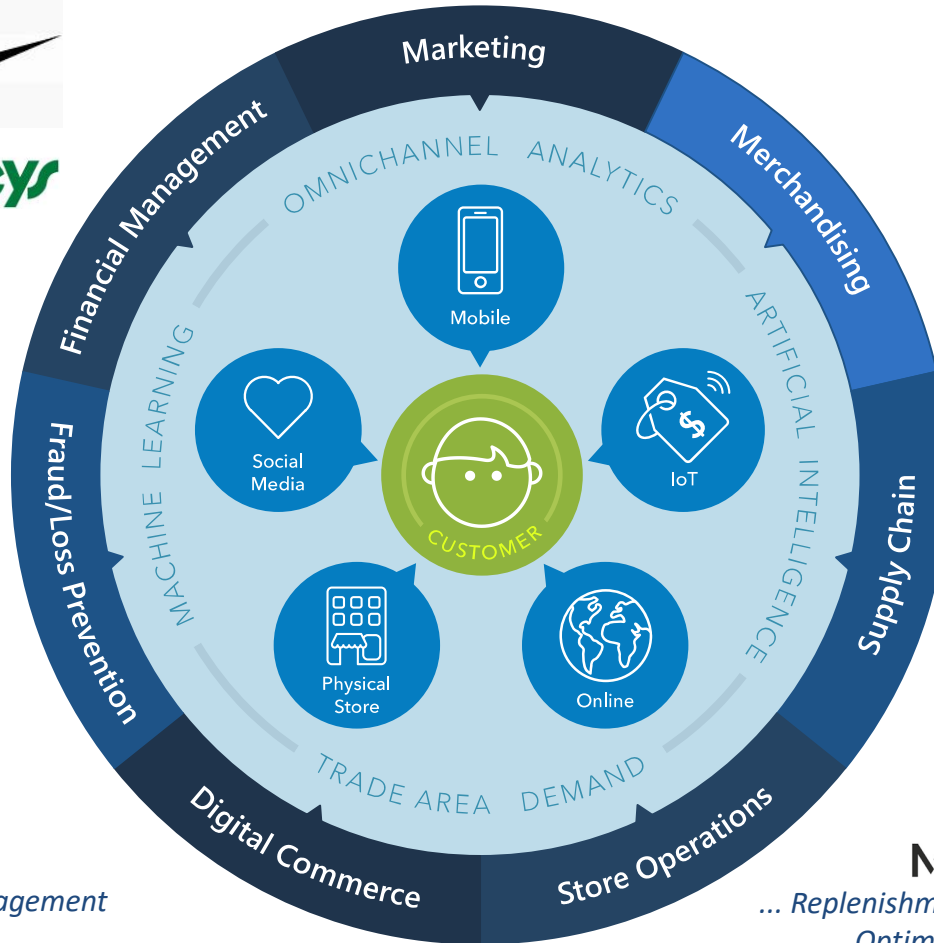
... Analytics Platform...



... Loss Prevention...



... Customer Engagement
Omnichannel ...



.. Merchandise Analytics
Entire Merchandise Process



.. Size and Pack Optimization ...



.. Forecasting Pre-season
and In season planning...



... Replenishment & Inventory
Optimization...

5 ways analytics is changing retail



Fully integrated Platform & Applications

real time, event driven data lakes connecting the dots across the retail enterprise.



Ambient intelligence

Data constantly working & adapting to shape operations, decision making & what we offer our customers.



Accessibility

Analysis will no longer be the domain of data scientists; user friendly analytics will enable the workforce like never before.



Visualisation, Voice, Text, Audible

interaction with data and predictive analytics will replace traditional reporting and decision making.



Mobility

Operators will not be tied to their desks or waiting for reports to arrive to make decisions – analytics will be fully mobile & instantly reactive.



How we make the difference



Market leading pedigree

40 years continuous revenue growth

\$3.2bn turnover

26% revenue reinvestment vs. 12.5% industry average

94 of the top 100 Fortune Global 500® use SAS

83,000 installed sites

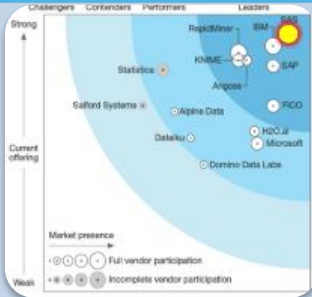
4% staff natural attrition

#15 Forbes top employers



Strong partnerships

Long lasting, reciprocal relationships where trust & understanding are key to deliver the best results for your business.



Recognised industry leader

Gartner: Visionary in magic quadrant

Forrester: Leader in Forrester Wave for analytics and machine learning solutions

2016: more than 30 reports ranked SAS as leader or leader equivalent



Cross industry knowledge base

We harvest and share the knowledge we gain from our cross industry partners so we can apply synergies across different markets, industries and locations.



Scalable Integration

We can deliver a suite of data and business process solutions that are right for your requirements and stage of analytical evolution.

We can combine business IP with our own technology to shape definitive results for you.



Muchas gracias