

Driving business value through analytics for the retail industry

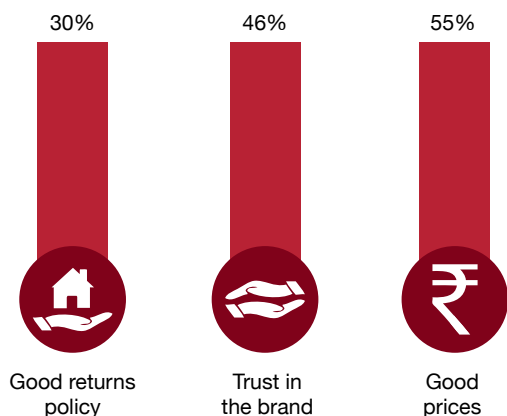




Key challenges for Indian retailers

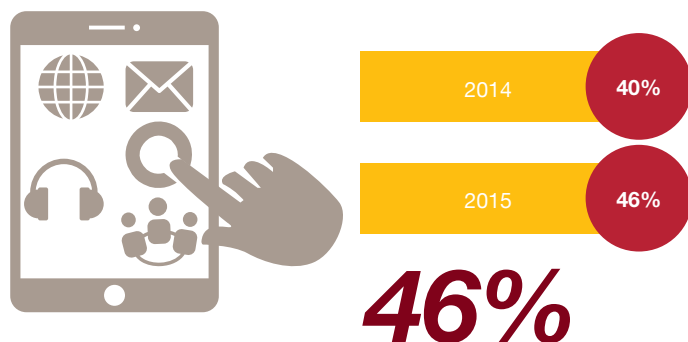
PwC conducted a global survey¹ to understand and compare consumer shopping behaviours. The survey revealed the following challenges for retailers, which can be solved using various data and analytics techniques.²

Pricing is the single most important criteria influencing customer's choice of a retailer.



Source: PwC analysis

Omnichannel touchpoints for customers are the future.



of our global sample buys products via mobile at least a few times a year, compared to 40% last year.

Source: PwC analysis

Customers are demanding high degree of personalisation



91%

of our global sample are members of a loyalty/reward program.

Source: PwC analysis

There is room for retailers to grab the leading innovator

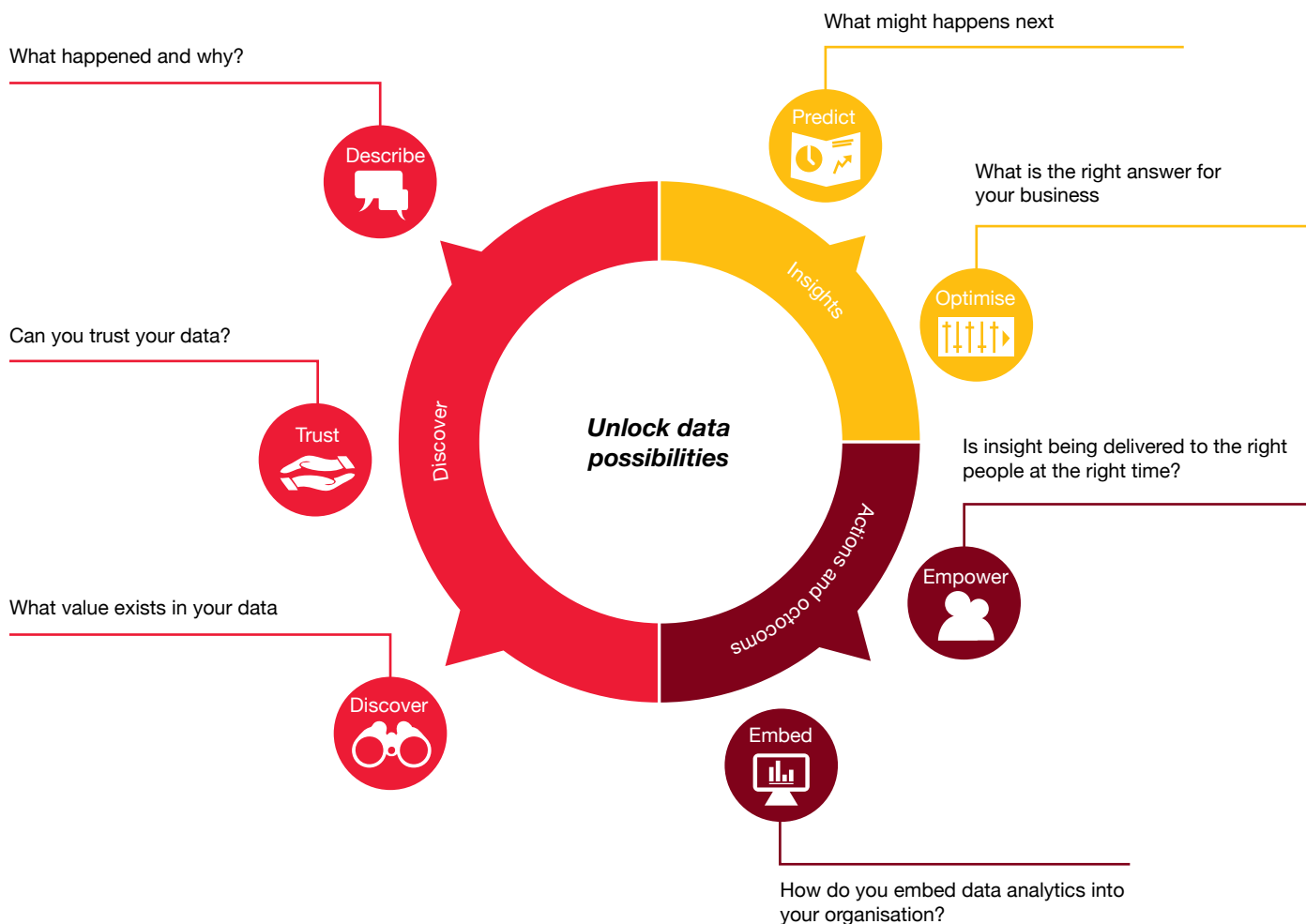
When we asked our sample if their favorite retailer is a "leading innovator" in any of the following categories, the highest any category scored was 17%



Source: PwC analysis

¹PwC Total Retail Survey – 2016

Analytics maturity: Data to decision



How can retailers adopt analytics?

While a lot of retailers have started their analytics journey and are at various stages of maturity, they are still struggling to identify the most appropriate model for sustainable analytics implementation. Retailers can adopt analytics across their enterprise using various options:

- **Organic in-house:** The retailer augments its in-house analytics team gradually over a period of time and introduces analytics in a phase-wise approach. However, this is a slow process and the time to first insight increases drastically.
- **Inorganic in-house:** The retailer buys an analytics company which can start working on various analytics projects across the enterprise. This approach can improve the time to value; however, there are integration issues and the analytics resources may take some time to understand the organisation processes and culture.
- **Primarily outsourced:** Here, the entire analytics work is completely outsourced to an external vendor who ingests the various data feeds from the retailer, performs the analysis, and sends the results and insights back to the retailer. This approach can deliver quick results but in the long run can prove to be an expensive proposition for the organisation due to its as reliance on the external vendor along with loss of control on analytics operations.
- **Hybrid model:** This approach involves the development of in-house analytics capability through an external consultant who develops an analytics center of excellence for the retailers and co-creates various analytics models with on their premises. This not only helps in gaining access to the latest best practices prevalent in the market but also keeps the control with the retailer at all times.

	Organic in-house	Inorganic in-house	Primarily outsourced	Hybrid model
Time to value	✗	↔	✓	✓
Total cost of ownership	↔	✓	↔	✓
Access to latest best practices	✗	↔	✓	✓
Control of operations	✓	✓	✗	✓



PwC's retail analytics framework

PwC can help retailers generate deeper insights across the entire value chain of retail operations, including procurement, supply chain, sales and marketing, store operations, and customer management. Based on our experience of working with multiple retailers, we have identified a retail analytics framework that can help them structure their programmes in the four areas below:



Merchandising analytics: Retailers can use merchandising analytics to stock the right product at the right place and at the right time. Merchandising analytics empower the planners to align their merchandising decisions with customer expectations. The key areas of merchandising analytics are assortment planning, demand forecasting and space allocation, planogram analytics, location based assortment, product adjacency etc.

Marketing analytics: To keep up with changing customer demands and ensure loyalty, retailers need marketing analytics for deeper customer insight, targeted interactions, personalisation and improved customer service. Marketing analytics quickly combine all relevant customer data—from POS systems, CRM databases, loyalty cards, etc., with social media, weblog and channel data—perform sophisticated analytics, and share insights to help optimise marketing decisions. It can help to deepen customer insight, optimise multichannel performance, improve marketing effectiveness and enhance social media presence.

Supply chain analytics: Retail profitability is directly impacted by logistics efficiency to maximise demand fulfilment and avoid any back orders or stock-outs. These include interventions in logistics, inventory and supplier performance to reduce the cost of supply chain operations.

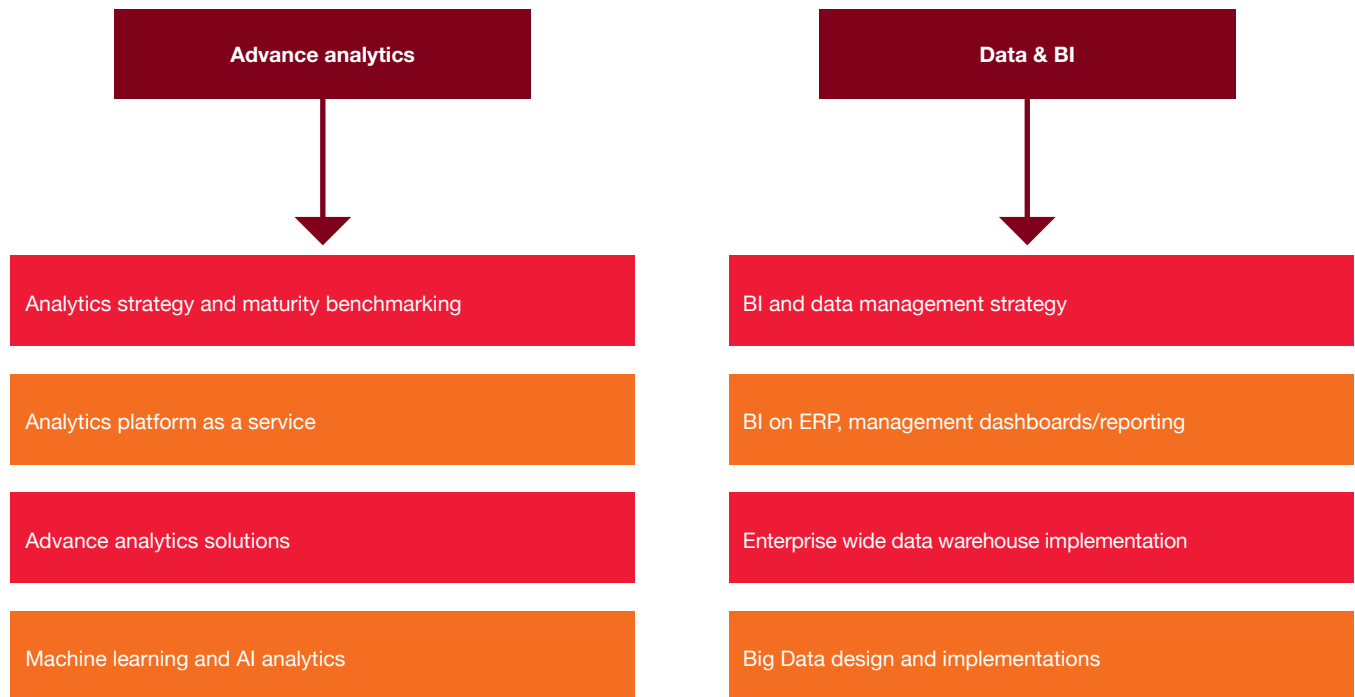
Store operation analytics: The performance of retail operations depends on various factors, including the effectiveness of the store staff, the cost incurred on reducing pilferage from stores, managing the inventory to the right levels, and improving overall staff performance in terms of footfalls and conversion rates. These method also uses video and sensor data to streamline store operations.

The important component of a successful analytics framework is an efficient information excellence backbone which will integrate data from various sources like customers, point of sales, suppliers, the market, and social media and store it in a ready-to-use format for various analytical modelling applications.

The choice of technology will be dependent on the existing technology landscape, the budget of the retailer and the functionalities they would like to have in their analytics solutions.

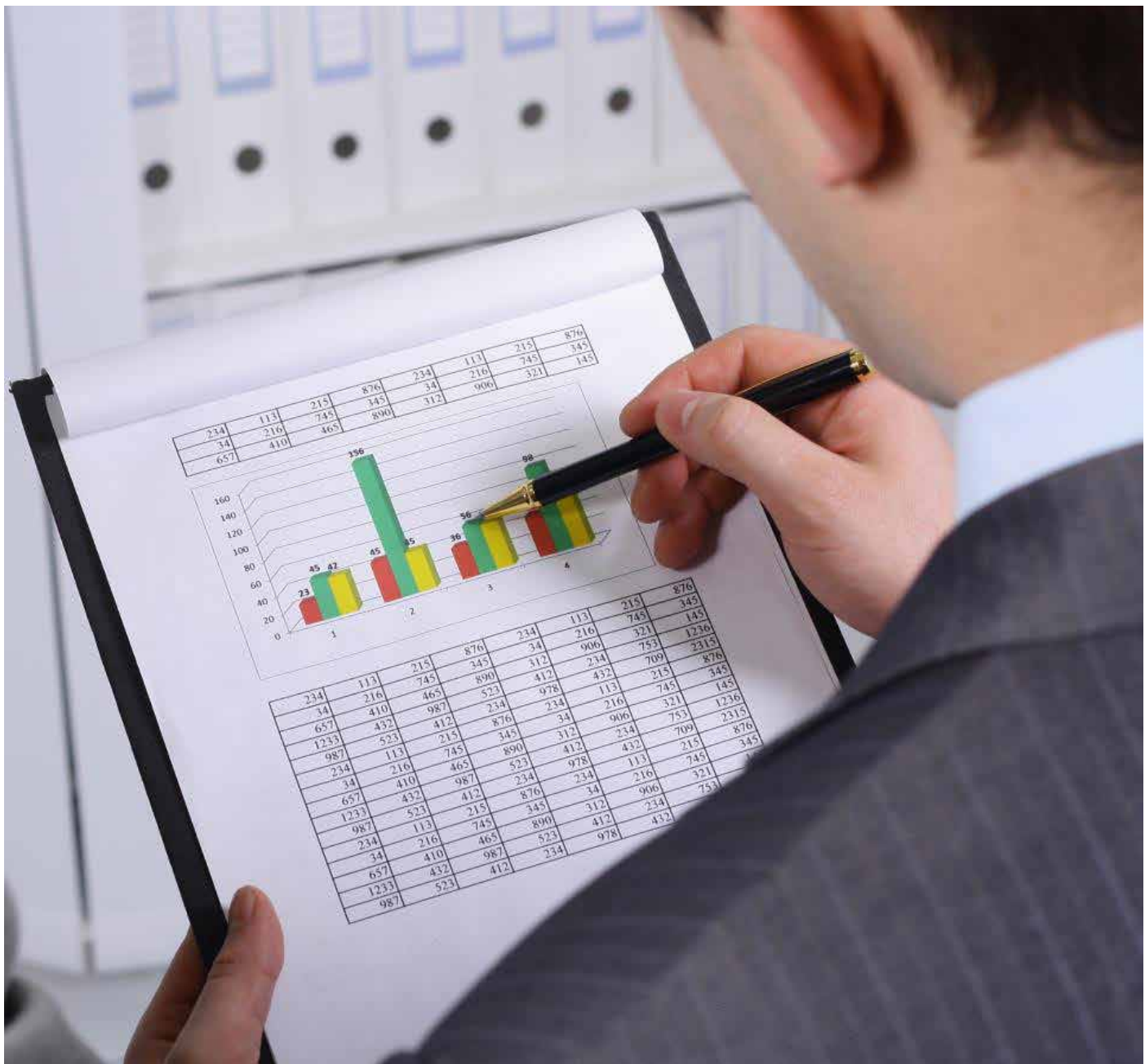
PwC's analytics services

PwC offers services in the following areas which help retailers to solve key business issues:



About our Analytics practice

Our Analytics practice has been working with leading organisations across the globe, helping them with strategy and needs assessment, benchmarking, process management, vendor and tool evaluation, model implementation, financial modelling, analytics competency centre set-up as well as support and change management. We have executed multiple projects across the retail and consumer, insurance, banking, private equity, manufacturing, mining and utilities, telecom, automotive, healthcare, pharma, and government sectors. We are experts in implementing analytics solutions through leading market tools by aligning them with the client's technology landscape.



Notes

[illegible]

Notes

[illegible]

About PwC

PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 157 countries with more than 2,08,000 people who are committed to delivering quality in Assurance, Tax and Advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.com

In India, PwC has offices in these cities: Ahmedabad, Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai and Pune. For more information about PwC India's service offerings, visit www.pwc.in

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

Contacts

Sudipta Ghosh

Partner

Leader, Data and Analytics

Email: sudipta.ghosh@in.pwc.com

Raman Bhushan

Partner

Leader, Retail and Consumer Analytics

Email: raman.bhushan@in.pwc.com

Saurabh Bansal

Associate Director, PwC India

Retail and Consumer Analytics

Email: saurabh1.bansal@in.pwc.com

pwc.in

Data Classification: DCO

This document does not constitute professional advice. The information in this document has been obtained or derived from sources believed by PricewaterhouseCoopers Private Limited (PwCPL) to be reliable but PwCPL does not represent that this information is accurate or complete. Any opinions or estimates contained in this document represent the judgment of PwCPL at this time and are subject to change without notice. Readers of this publication are advised to seek their own professional advice before taking any course of action or decision, for which they are entirely responsible, based on the contents of this publication. PwCPL neither accepts or assumes any responsibility or liability to any reader of this publication in respect of the information contained within it or for any decisions readers may take or decide not to or fail to take.

© 2016 PricewaterhouseCoopers Private Limited. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Private Limited (a limited liability company in India having Corporate Identity Number or CIN : U74140WB1983PTC036093), which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity.

SUS/IMS-September2016