ACCELERATNG RETAILER GROWTH THROUGH DATA

LEADING DATA AND
INSIGHTS COMPANY

DataOrbis

CONTENTS

**LEADING DATA AND
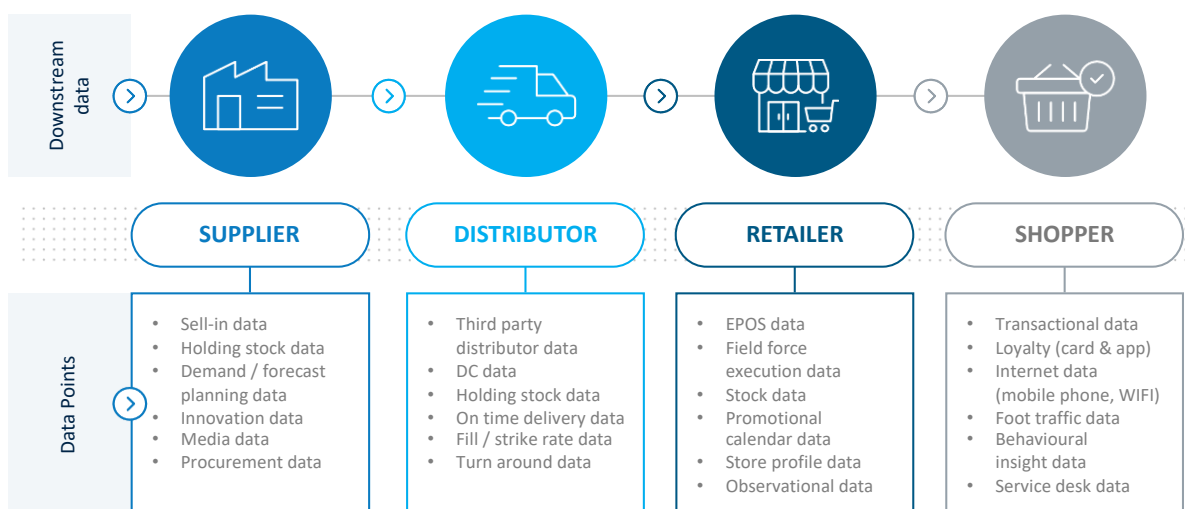INSIGHTS COMPANY**

www.dataorbis.com >   A member of the Smollan family

DataOrbis

USING DATA TO GAIN A COMPETITIVE EDGE

The retail industry is one of the biggest creators of data on the planet. For every second of every day, retailers of all sizes are tracking the movement of product. From the moment it is dispatched from the factory to its actual purchase in store, each piece of data created has the potential to provide retailers with a competitive edge to outperform their peers. This is true for behemoths, like Walmart, right down to independent retailers and wholesalers.

Key Data & How it is Used Across the **Retail Value Chain**

Downstream data	SUPPLIER	DISTRIBUTOR	RETAILER	SHOPPER
Data Points	• Sell-in data • Holding stock data • Demand / forecast planning data • Innovation data • Media data • Procurement data	• Third party distributor data • DC data • Holding stock data • On time delivery data • Fill / strike rate data • Turn around data	• EPOS data • Field force execution data • Stock data • Promotional calendar data • Store profile data • Observational data	• Transactional data • Loyalty (card & app) • Internet data (mobile phone, WIFI) • Foot traffic data • Behavioural insight data • Service desk data

A landscape growing in complexity

With thousands of SKUs and constant changes to ranges and promotions, as well as shopper behaviour, retailers are being called on to manage an increasingly chaotic landscape. The key to success is quite simply, the ability to make the best, most accurate or data-driven decisions.

For retailers, access to the right data has the power to:

- Streamline logistics & operations.
- Measure price, promotion, and in-store activity performance.
- Keep them in-tune with customer needs.
- Inspire business strategy & highlight growth opportunities.
- Empower suppliers with data-driven insights promoting mutually beneficial collaboration

However, becoming a truly data-driven retailer requires a considerable investment in people, culture, and technology.

In the past, only a few retailers had the budget and resource to make this investment, leaving most retail and wholesale players in South Africa unable to leverage their data.

Until now.

DataOrbis

So what's changed?

The cost of storing, processing and analysing data is substantially lower than in the past. The advent of Big Data has resulted in the ability to generate analytics and insights previously unobtainable. Before the 1990s, retailers relied on gut instinct with a trial-and-error approach. Today, the data solution landscape is vastly different. All retailers now have the opportunity to be data-driven organisations.

In South Africa there are four main reasons why retailers need to focus on turning their data into a key strategic asset:

1. **Retail competition in SA is fierce.**
   Data provides the opportunity for retailers to build compelling offerings that add value and keep customers returning.

2. **There is a growing necessity to collaborate across the supply chain.**
   Data-driven collaboration means retailers and suppliers are speaking the same language, a key advantage to driving growth for both stakeholders.

3. **Retailers with agile technology & systems will outperform competitors.**
   Retailers, especially those with no legacy systems in place, can be more agile and are able take system implementation learnings of other retailers.

4. **Data can offer a commercial opportunity to increase category margin mix.**
   With the right data solution retailers can monetise their data.

Data via trading terms model
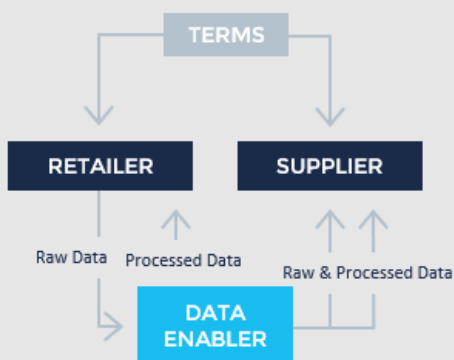
Why data monetisation is an exciting commercial opportunity

One of the most valuable assets a retailer has is its data and data analytics. By implementing the right strategy, powered by the right technology, retailers can gain access to a whole new source of income competitors have yet to discover.

Data monetisation in SA

In the past South Africa's retailers have typically sold their data to third-party data aggregators, who took ownership of the data, refined it and sold it on to suppliers. This data is typically funded out of the suppliers fixed marketing budget.

A new win-win model

With retailers understanding the value of their data, "data via trading terms" has become a revenue stream tapping into a supplier's commercial budget, which is always linked to a percentage of what the supplier purchases from a retailer. A win-win for both retailers and their suppliers, this model gives suppliers direct access to their data (in it's raw form or via a specifically built insights/reporting portal).

A "data via trading terms" monetisation model will always generate significantly more revenue for the retailer & empower suppliers by enabling data-driven collaboration across a shelf-connected supply chain. *The DataOrbis Enabled Retailer Solution is currently used by retailers globally to monetise their data & enable collaboration*
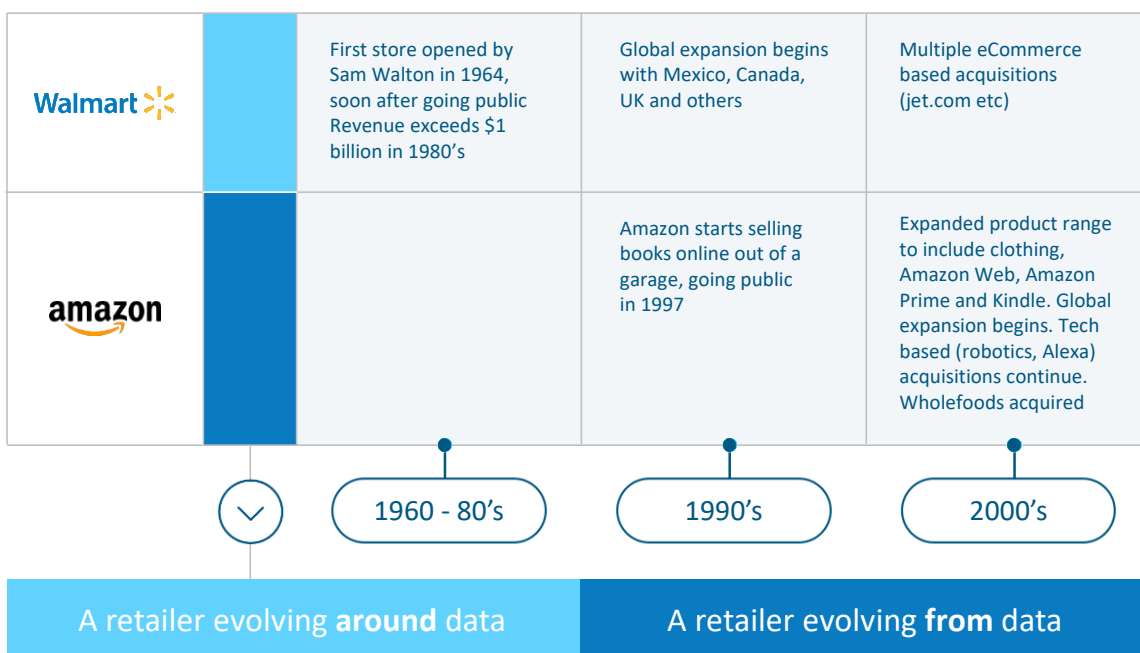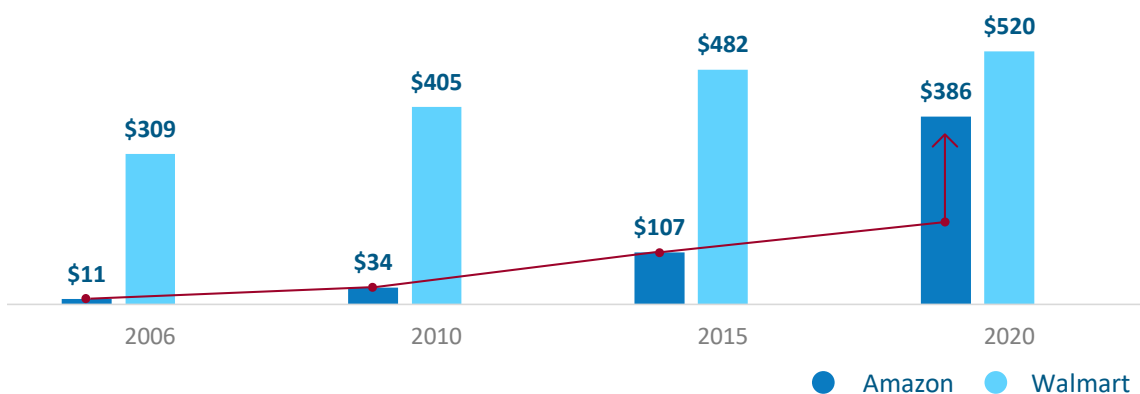
Walmart vs. Amazon

The power of data, and the threat if ignored, is well documented by retail giants Amazon and Walmart.

Today, in both Walmart and Amazon, every day decisions are backed by data. This hasn't always been the case, as evidenced below. Amazon's data-driven approach enabled them to disrupt and attain similar revenue and customer reach in just a few years (instead of decades), essentially leap-frogging the hard school fees paid by Walmart.

Fortunately for Walmart, they invested their large resources rapidly and today are considered as tech-savvy, enabling them to stay competitive with global and local competitors alike. While there are endless nuances to the Walmart-Amazon debate and significant differences to the business models, both businesses demonstrate that data is the foundation for long lasting business growth, especially as more information becomes available.

Annual Revenue in **Billion USD**

		First store opened by Sam Walton in 1964, soon after going public Revenue exceeds $1 billion in 1980's	Global expansion begins with Mexico, Canada, UK and others	Multiple eCommerce based acquisitions (jet.com etc)
amazon			Amazon starts selling books online out of a garage, going public in 1997	Expanded product range to include clothing, Amazon Web, Amazon Prime and Kindle. Global expansion begins. Tech based (robotics, Alexa) acquisitions continue. Wholefoods acquired
		1960 - 80's	1990's	2000's

A retailer evolving **around** data — A retailer evolving **from** data

HOW TO TURN YOUR DATA INTO A COMPETITIVE ADVANTAGE

On the whole data solutions are more affordable, more adaptable, scalable, and easier to implement. The question now is "where do I start?"

Before you can start defining a data strategy, it's crucial retailers assess their data maturity, ensure they have a clearly defined business strategy, and link this data strategy to their business strategy.
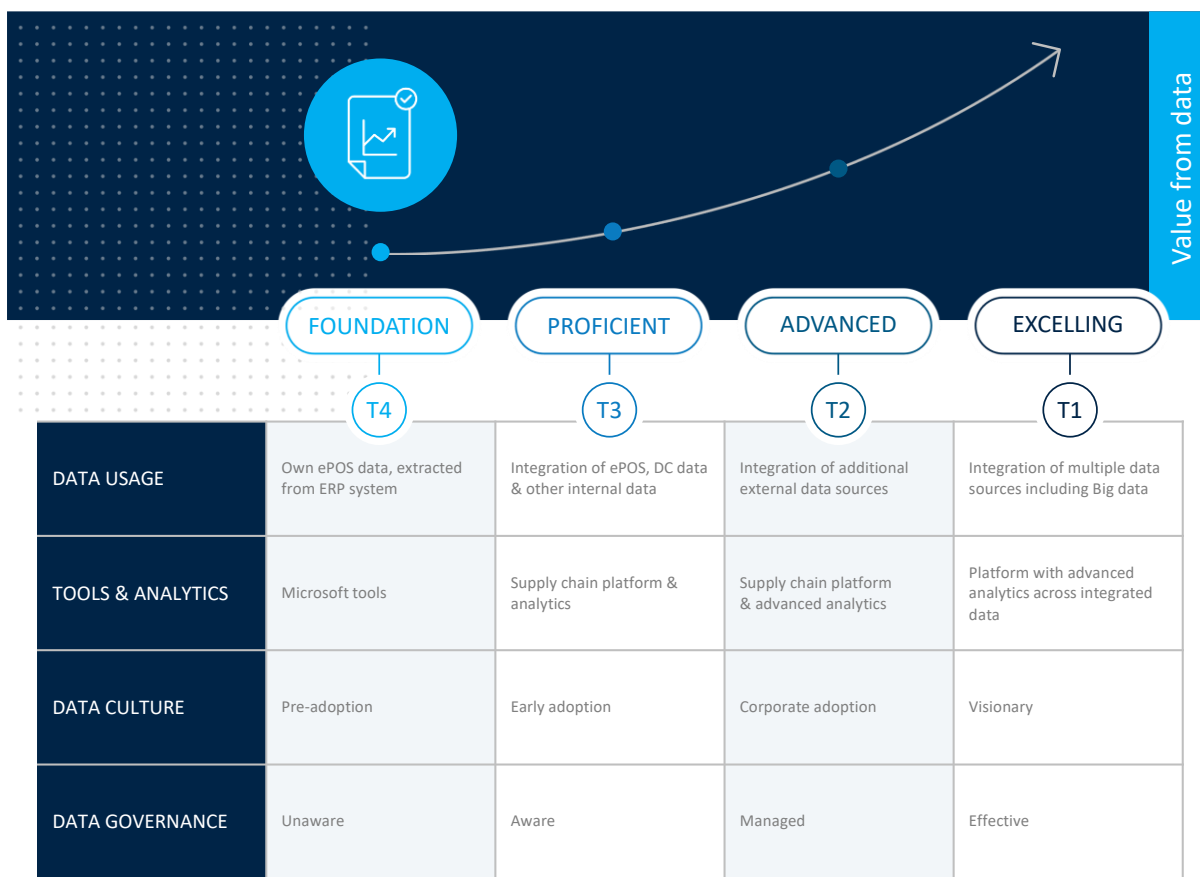
Three steps to take prior to defining your data strategy.

    1. **Assess your data maturity.**

You can't grow without a base. Before implementing a data strategy, retailers need to establish where they are on the data maturity spectrum. Data maturity can be assessed by looking at the four key pillars of a data strategy:

    A. Data usage   what data is used and where does it come from.
    B. Tools & analytics   what tools are used to manage and extract insight from data.
    C. Data culture   the willingness to use data in the business.
    D. Data governance   embeds best practice data structures and controls.

Depending on a retailer's data maturity in each pillar different data strategies may be used to take them up the data maturity curve and increase the value they are extracting from data.

DataOrbis

	FOUNDATION T4	PROFICIENT T3	ADVANCED T2	EXCELLING T1
DATA USAGE	Own ePOS data, extracted from ERP system	Integration of ePOS, DC data & other internal data	Integration of additional external data sources	Integration of multiple data sources including Big data
TOOLS & ANALYTICS	Microsoft tools	Supply chain platform & analytics	Supply chain platform & advanced analytics	Platform with advanced analytics across integrated data
DATA CULTURE	Pre-adoption	Early adoption	Corporate adoption	Visionary
DATA GOVERNANCE	Unaware	Aware	Managed	Effective

2. Ensure you have a clearly defined business strategy

The second step in harnessing the power of your data is to ensure you have a clearly defined business strategy, including business goals and objectives. This is the driving force of your business.

Business goals and objectives examples include doubling revenue, reducing costs by X%, gaining market share, upskilling workforce etc.

A word of warning: At this point smaller retailers may be tempted to look for technology (often expensive) to manage their data assets before defining their data strategy. Technology providers may be quick to suggest solutions more suited to larger retailers. Do not put the cart before the horse.

3. Develop a data strategy that links to your business strategy

DataOrbis

Once you are clear on your business's goals and objectives, it is time to develop your data strategy.

A data strategy can be defined as "A central, integrated concept that articulates how data will enable and inspire business strategy." (MIT CISR Data Board)

BUSINESS STATEGY ⟷ DATA STRATEGY = BUSINESS SUCCESS

Finding the right data partner

Developing a growth-focused data strategy requires expertise in data management, analytics, and the operational capability to convert insight into action. There are a host of service providers that play in each space, further confusing the data landscape and putting retailers at risk of developing a fragmented strategy. To help sort, manage and align these providers companies across industries have started employing Chief Data Officers. However, for most SA retailers, already running on lean budgets this option is not a reality. In this case a data partner can step in.

With the pressure to compete, partnering with the wrong provider can prove disastrous. Retailers need to choose partners with the strategic expertise to drive business value for both themselves and their suppliers.
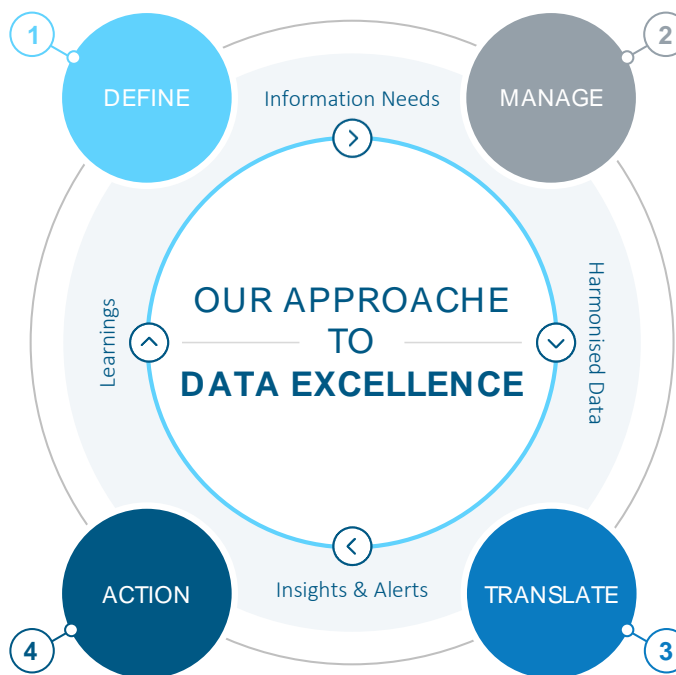
DataOrbis

Why retailers choose DataOrbis

DataOrbis provides retailers with an end-to-end data solution. Our approach to Data Excellence has been developed to consistently drive business growth.

Our Approach to Data Excellence Includes:

1. **Define:**
   Extensive experience and in-depth industry knowledge enable DataOrbis to provide advisory services to help define information needs which support strategic objectives and goals.

2. **Manage:**
   DataOrbis's world-class data platform, together with its skilled operations team, enables retailers to source, process, enrich, store and action their data assets.

3. **Translate:**
   A powerful combination of visualisation tools, skilled analysts, and the DataOrbis Recommendation Engine, seamlessly translates data into action.

4. **Action:**
   The ability to direct people with data-led insights and alerts to empower teams to take action, resulting in measurable outcomes, improved returns and learnings.

By partnering with DataOrbis, retailers will be implementing a solution specifically built to:

- Fast-track their journey up the data maturity spectrum.
- Improve collaboration across the supply chain by empowering suppliers with data-driven insights aligned to growth targets.
- Take advantage of the Data via Trading Terms monetisation model.
- Deliver the competitive insight needed to compete in South Africa's retail market.

About DataOrbis

Leading data and insights experts, DataOrbis combines people, process, and technology to enable retailers to make better business decisions, improve operational efficiencies and monetise their data. For more information visit www.dataorbis.com