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# Retail Systems

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## Data Driven Retail:

How are the most successful retailers changing their business models to face the new competitive landscape?



# ROUNDTABLE SPECIAL

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## How are the most successful retailers changing their business models to face the new competitive landscape?

Senior leaders from across the retail industry explored the key opportunities and pain points for retailers as they develop their data strategies.

**A**s the retail industry and customer expectations continue to evolve at a breakneck pace, almost every retailer, whether bricks and mortar or omnichannel, is under intense pressure to make sure that their levels of customer service, pricing and efficiency can compete with the likes of Amazon.

As a result, data is the driving force behind excellent customer service, optimal stock and inventory management, supply chain visibility and meeting sustainability and

ESG goals, which are critical to staying ahead.

But in today's retail landscape, where retailers are facing countless supply chain, workforce and cost-related pressures, many are weighed down by legacy systems and lack the ability to connect data from across their organisation and deliver it to frontline employees whenever and however they need it.

To combat this challenge, many retailers are exploring the potential of data and analytics technologies

to drive business strategy, integrate data and ensure employees have the information needed to deliver excellent customer experience and keep up with the competition.

At a roundtable dinner in central London, hosted by Retail Systems and MicroStrategy, senior leaders talked about the key challenges for retailers as they look to instil a **data-driven culture**.

The event kicked off with a discussion about changing customer expectations and how important it is for retailers to become data-driven in order to keep up with the likes of Amazon both in-store and online.

"With customer expectations, I think for digital it will be about UX, which I'm probably most close to in retail, we're trying to create that digitalisation, we're calling it, experience," said one industry peer from a gambling business. "We're trying to move away from the image of a betting shop to something which is pure digital, touchscreens, instant service, easy to use interfaces, that sort of thing."

He added that a big challenge for the company is that a lot of the technology is owned by third parties, which makes it difficult to integrate different systems.

The head of BI from UK retailer, who





has been doing data analysis for more than 20 years, talked about a previous role where he worked for a large supermarket retailer.

"Amazon actually have only got 15-20 per cent of the market, that means there's another 80 per cent of the market out there," he said to the group. "They were almost ignoring Amazon because they went right, let Amazon have their 20 per cent, 30 per cent, there's still 70 per cent to go after."

When it comes to being data-driven, he said that there isn't a silver bullet.

"People say let's do detail on this, it's going to solve all our problems," he added. "It's not like that at all - you can **put analytics at the heart of what your strategy is**, but you have to underpin it with data and again - I'm very analytics focused as opposed to data - but I cannot succeed without tech on my side."

One head of data analytics from a UK department store explained that

***"Many are weighed down by legacy systems and lack the ability to connect data from across their organisation and deliver it to the frontline"***

he is in charge of BI and engineering.

"For us, we really need to make sure that we maximise every engagement we have with customers and opportunities to make a loyal customer," he commented. "My role talks a lot about data but I prefer to look at it as an **evidence driven organisation**; are we making sure the decisions that we're making are based on facts?"

He added: "I think the days of a fashion buyer being able to say I know what's going to sell are done. You need to understand what people are doing and make the most of it. That for me is what has to permeate the organisation, whether you consider yourself a data person or not, are you making decisions with relative

information and something that you can then track, monitor, make sure that you improve?"

Gary Strickland-Clark, account director at MicroStrategy, reiterated the importance of the human factor.

"If you haven't got that mindset, behaviour, cultural perspective that changes us from an operational thing to a behavioural thing and a strategically driven thing that will respond to the data, then all the technology in the world won't actually get to the result that you're trying to push for," he told the group.

The head of data analytics from a British department store agreed that technology is necessary but that you need people to adopt it.

"I would say the analyst side of my organisation spends at least half their time explaining to people how to ask good questions," he explained to the group.

Tom Cunningham, account executive at MicroStrategy, said that **business**

**models are dependent on the world in which a company exists.**

“What’s interesting about the common theme of use of data and more importantly around business intelligence, is that it’s contextual to your business,” he said. “So your business has determined how it is that you’re going to operate and therefore, how that data’s going to be used should reflect that; it should be driven by the business itself.”

He added that **data analytics is worthy enough to have a seat at the executive management table** and shouldn’t be reporting in to any one particular business function.

“We’re all going to say that around this table,” said one senior leader working for a gambling company.

One head of BI from a UK retailer explained that his role is 80 per cent change management.

“It’s pureplay change management, it’s getting the business to understand that actually the way that they’ve done things before needs to evolve and change,” he explained to the group.

MicroStrategy’s Tom Cunningham

**said that to be a change agent within a business, you have to be aligned with the business itself.**

A director of customer service from a British clothing brand explained how being at the company for many years,

*“How that data’s going to be used should reflect [business intelligence]; it should be driven by the business itself.”*

he’d been on a distinct journey.

“Initially I was literally brought on to run the customer services team or call centre, but over the last few years it’s been much more about customer insight, customer experience, what the pain points are,” he remarked.

“Why do we have 10,000 customers or more calling us, emailing with us, web chatting with us every day? None of them are just contacting us because they want to tell us that their parcel has arrived on time, it just doesn’t happen.”

Next senior leaders around the table explored the key roadblocks for retailers in consolidating data from

across the organisation and using it to streamline operations.

“It’s a systems challenge,” said one industry peer working for a betting business. “It’s just the end users and how they can have rapid access and insights into what they need without having to go to an analyst in my team, or an analytics guy on my team or another team saying I want you to understand you did XYZ.

“But I don’t think it’s as simple as natural language processing of each type of query, people don’t care about that. They just want something in their inbox which gives them what they think they need.”

One head of BI from a UK retailer said that the roadblocks for his company would be the same as everyone else’s around the table.

“It’s culture and systems,” he explained. “The fact of the matter is that Amazon operates on data, whereas we are all working for organisations that have been around for a long time.

“Our systems are not built to put out - we’re working on stock systems that are 40 years old. To get the data out that you want, it’s just not possible. Whereas Amazon’s built on the fact that they wanted to get everything out. So just getting the quality of the data asset that you want to do things is difficult.”

MicroStrategy’s Tom Cunningham said that **there is a need for someone at the executive level to have confidence in their own vision.**

“We’re really lucky because we have very supportive leadership,” responded the head of data analytics at a British department store. “The first thing that leapt into my mind was capacity – I get asked questions every day and I think, great question – but not this year.

“By definition analytics is experimentation, so we don’t know if some projects are going to fail and that doesn’t always create the



right mindset.”

One head of BI at a UK retailer explained that one of his bugbears in life is that people do not celebrate failure.

**“Failure is a good thing because you learn something** and people hate that,” he explained. “It’s like risk, people don’t like the word risk. Risk is a good thing.”

One senior leader working for a department store in the UK explained that people in the organisation jumped immediately from not being interested in data, to “only being interested in the most awesomely sophisticated data”.

“I think it’s managing expectations at the senior level,” he said. “They say: great, I’ve invested in analytics, how come I haven’t predicted next year’s sales yet?”

“Well that’s not exactly how it works.”

He added that the people who he has worked with who taught him the most are those that know when not to use analytics.

MicroStrategy’s Gary Strickland-Clark explained how once at a conference the keynote spoke about how everyone is heading towards AI and machine learning.

“I was speaking to two guys afterwards who quietly confessed to me they were still having trouble getting two numbers to add together in their systems,” he told the group.

One director of customer service explained that one challenge is dealing with analysis from a different department.

“Now when it comes to the website, we find it quite easy to test and we are pretty good at it and we are quick,” he said. “On a website you can just change something and within however long the timeframe is.

**“As long as you know what your criteria are for success, you can fairly quickly establish whether something works or doesn’t work.** I think this is



***“Throwing data at people is quite easy, making it relevant is not, it’s why we have to do a lot of work. That’s something we’re trying to improve, if we can get the right data.”***

what we’re pretty good at. We do have resource problems in terms of we could do more if we had more people, so that is a limiting factor.”

He added that while the company doesn’t celebrate failure, it doesn’t make an issue out of it.

The group then spoke about how advanced retailers are in enabling store-based staff to access data on stock, inventory, warehousing, supply chain and marketing on personal devices to improve the customer experience and drive efficiencies.

**“One of the key criteria is that if you ask your colleagues to keep their eyes and ears open, they need to understand why they’re doing it,”** said one senior leader. “If you just ask, can you let us know what the customer is saying? I think you will have a very disenfranchised workforce fairly quickly.”

The head of BI from a UK retail agreed: “It’s value exchange, isn’t it? It’s why you say sign up to a loyalty scheme.”

One head of data analytics from a department store said the business is fairly effective at getting data to its people.

“I’m less confident that it’s all valuable, to be frank,” he explained. “Throwing data at people is quite easy, making it relevant is not, it’s why we have to do a lot of work.

“That’s something that we’re trying to improve, if we can get the right data.”

MicroStrategy’s Gary Strickland-Clark said that the company is hearing about a siloed experience.

“It’s the conviction that you can overcome some of these obstacles through sheer determination of application of the strategy that says ‘I don’t care where our starting point is’ and it might be back in the dark ages in some context or another,” said Strickland-Clark. “The conviction that you can move from there to here through change management, whether that’s technology or culture, financial or just an ideology that drives it.”