![snowflake](snowflake logo)

RETAIL VS TECH: THE RACE FOR CONSUMER DOLLARS IS ON

HBR research reveals who's winning with data analytics and how

CHAMPION
GUIDES

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ARE YOUR ANALYTICS STUCK IN THE LAST DECADE?

Nearly half of the retail industry, 42 percent, relies on static and backward-looking standardized reporting and analysis for their digital data analytics strategy.[1] Meanwhile, an almost equal portion of technology companies, 43 percent, have embedded data and analytics into all processes and decision-making, and many of them have implemented predictive or prescriptive analytics to automate their most innovative business decisions.

To put it simply, imagine one company relying on last year's sales data to determine what goes on store shelves during the holiday season. All the while, a competitor captures what shoppers put in their carts and uses that data, in real time, to modify the product lineup to tempt them to buy more. Who wins?

This is exactly what's happening in retail today, as tech-savvy, online-first brands enter the industry with a modern, data-driven bang. From flash sale websites that leverage machine learning to provide customized feeds to millions of members, to subscription services that pick for their customers just the right designer styles, these relative newcomers belong in retail as much as they do in the technology sector. Marrying the best of both worlds, they have turned the competition for consumer dollars into a multi-platform, 24/7 event. These findings from a new Harvard Business Review Analytic Services report show more than half of the retail industry is far from taking full advantage of all the data its customers generate. *(Figure 1)*

HOW WOULD YOU DESCRIBE YOUR ORGANIZATION'S DIGITAL DATA ANALYTICS MATURITY?
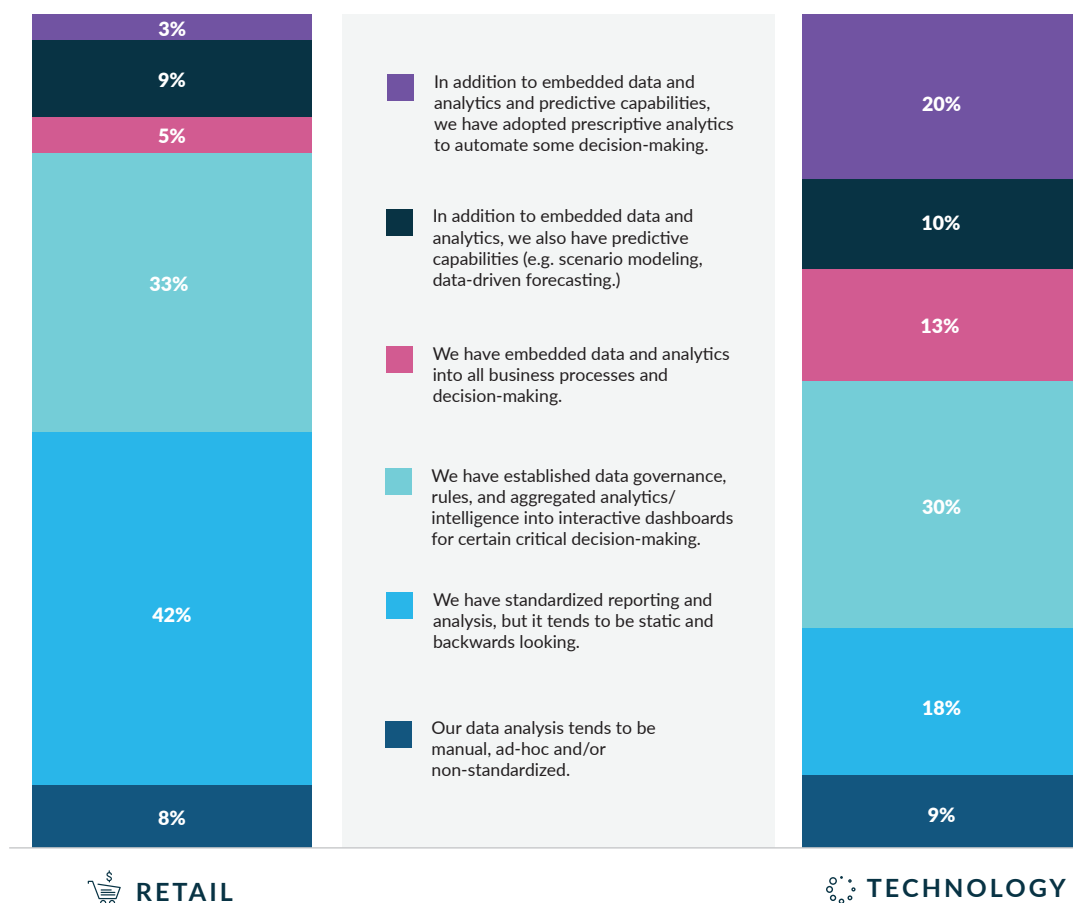

Figure 1: Digital Data Analytics Maturity, by industry.
Source: An Inflection Point for the Data-Driven Enterprise, Harvard Business Review, 2018.

RETAIL, MEET YOUR BIGGEST COMPETITOR: TECH

It comes as no surprise that tech companies are ahead of the curve in adopting the most advanced analytics tools on the market. What retailers must embrace, however, is that today, they are competing for consumer dollars with the tech (retail) sector.

Online-only, mobile-focused (or mobile-only), tech-heavy retail companies are growing their online sales three times faster than traditional retailers, according to a recent study by industry research firm Digital Commerce 360.[2] In 2017, a third of all e-commerce sales in the U.S. were made on a mobile device[3]– a number that's expected to reach nearly 50 percent by 2020.

Naturally, the biggest and best traditional retailers are charging ahead in the e-commerce and m-commerce space. Walmart is now the fourth-biggest e-retailer in the United States, behind Amazon, eBay, and Apple.[4] Amazon is, of course, the prime example of how data-rich every interaction can, and should be. The online retailer captures everything every customer does, analyzes browsing habits, and surfaces the best items, at the best price, all in real time. It's no wonder more than 100 million people now pay $99 a year, or more, for Amazon Prime.[5] It's not just the free shipping they're after.

[2] Internet Retailer. The Rise of the Web-only Brands, February 2018. https://bit.ly/2oGGkna
[3] Internet Retailer. Mobile Accounts for Nearly 35% of 2017 e-Commerce Sales. February 2018. https://bit.ly/2EFXJmS
[4] eMarketer, Amazon Now Has Nearly 50% of US Ecommerce Market, July 2018: https://bit.ly/2ushhYB
[5] Amazon Letter to Shareholders, 2018.

WHY RETAIL AND TECH MUST COEXIST, NOT COMPETE

This fast-and-furious pace of changing shopping habits and expectations makes it that much more important for retail companies to step up their data analytics game and gain a better understanding of their customers. In fact, the vast majority of retail industry executives surveyed by HBR, 89 percent, identified achieving better insight into customer needs and expectations as one of the most important goals for their organization. *(Figure 2)*

To stay competitive in today's fast-moving market, the industry must not only catch up to its tech-savvy competitors, but learn how to embrace the future of technology in a retail world driven by data.

TOP THREE RETAIL INDUSTRY GOALS NEEDED FOR AN ORGANIZATION TO EVOLVE INTO A DATA-DRIVEN ENTERPRISE

1.
Better insight into customer needs and expectations — **89%**

2.
Faster, more effective decision-making — **79%**

3.
Improvement of process and cost-effiency — **68%**

Figure 2: Retail's top three goals in the journey to becoming data-driven.
Source: An Inflection Point for the Data-Driven Enterprise, Harvard Business Review, 2018.

THREE STRATEGIES FOR SUCCESS

1. ELIMINATE SILOS TO EXTRACT MAXIMUM VALUE FROM CUSTOMER DATA

Getting new insights out of the data they already have is a priority for 83 percent of retail executives in the HBR survey, yet only 18 percent say they are doing this well. Siloed data not only results in missed opportunities to market more effectively, it creates potential pain points for customers. To anyone who recently bought a new dishwasher, an email pushing discounts on new dishwashers instantly becomes irritating spam.

It is key for retailers to be able to collect, integrate, access and analyze all of their data, and easily share it within their organization or even with strategic partners and vendors. Flash sale e-commerce site Rue Gilt Groupe, for example, was unable to get a 360-degree view of their customer, as their clickstream and email data lived on one platform, while login and order data lived on another. By combining the two data streams

in a cloud-built data warehouse, Rue Guilt Groupe's marketing department was able to better target promotions to members based on their personalized preferences that were not explicitly stated, but inferred based on their online activity.[6]

2. CONTINUOUSLY ANALYZE AND PERSONALIZE, IN REAL TIME

Capturing and analyzing data in real time enables retailers to personalize the online and mobile shopping experience, and as any salesperson knows, delivering better recommendations increases sales. For online retailers and flash websites, this means delivering recommendations based on a constantly updating purchasing and inventory activity.

This is where advanced analytics tools come in – using machine learning and AI to reveal similarities between products based on actual customer behavior and enabling retailers to offer a fresh and enticing crop of personalized recommendations to each customer, every day. Even if your inventory doesn't turn over as quickly as it does at flash sale retailers, having all data in one place, accessible to all business units, enables them to learn in real time what's grabbing customers' attention. Your teams can then immediately put that data to use in all aspects of the business, from the supply chain to the marketing department to the window displays of brick-and-mortar stores.

3. EXPERIMENT WITH NEW TECHNOLOGY, BUT DON'T CREATE FRICTION FOR THE CUSTOMER

Technology is changing and creating new opportunities every day. Today's customer is walking around with a supercomputer in her pocket and the best brands are taking advantage of all that computing power in creative ways. IKEA has an augmented reality app that uses a smartphone's camera to show exactly how a specific product will look in the customer's home. Beauty retailers are starting to use that same augmented reality capability to allow customers to virtually "try on" different types of makeup with their smartphones.

For all the buzz around augmented reality, AI and machine learning, however, retailers shouldn't adopt new tools simply because they are "hot." Instead, evaluate every available analytics or artificial intelligence tool from the perspective of the customer experience: Will this make it easier for them to get what they want, faster? Some grocery stores, for example, have experimented with sensors in stores that trigger an alert to a customer's phone when they pass through a specific aisle, letting them know about a buy-one-get-one sale on certain items. Sounds futuristic and cool, but is it practical? "You have to have the specific store app on your phone, and you have to have push notifications on," says Hamaad Chippa, director of industry consulting at Informatica, a cloud data management company. "A lot of friction comes with that."

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[6] Rue Guilt Groupe: Personalizing Marketing Through Data Driven Decisions with Snowflake: https://bit.ly/2F35zeQ

HOW OVERSTOCK.COM DELIVERS DATA-DRIVEN CUSTOMER EXPERIENCES

Overstock, the home goods and furnishings online retailer, has been focusing on personalized customer experiences for 20 years. Data is a critical component of the company's success.

"To deliver our customers just what they want, at a scale of four million products across 35 million visitors per month, we must utilize data in all of its forms," Overstock's chief digital officer, Craig Kelly said. But on-premises data warehouses and legacy systems fell short when it came to speed of deployment and the amount of cross-team coordination necessary to achieve objectives. As Overstock's data scientists were traditionally using the company's big data resources and analysts were using the on-premises data warehouse, deploying models into production could take weeks. "It left us slower than we needed to be," Kelly said.

Overstock switched to Snowflake's cloud-built data warehouse for its multiple advantages over legacy systems, including instant elasticity, unlimited concurrency, and secure data sharing. As a result, Overstock has seen faster deployment and more collaboration between groups. "With Snowflake, we're able to easily bring new data into the warehouse," Kelly said. "And with instant elasticity, we're able to spin up new clusters as we need for the data science jobs we couldn't have predicted months earlier."

Adds Kelly: "Everything is changing so rapidly. I have no idea where the industry is going to be two to three years from now. But with Snowflake, I feel comfortable that whatever that state is, we're going to be able to wrestle with those new data problems because we have the right tools in place, that can scale effectively in order to address anything that comes our way."

SNOWLFAKE FOR RETAIL

Instant Elasticity

Enable any amount of computing power for any number of users to get the performance and actionable insights you desire.

Secure Data Sharing

Unite your business units and collaborate with your business partners via governed and secure data sharing in real time.

Per-second Pricing

Automatically scale back any amount of horsepower behind your workloads to eliminate the cost of an idle warehouse.

Multiple Clouds

Choose your infrastructure provider, keep data and apps where they are, enable a multi-cloud strategy, support data sovereignty.

BE A DATA
CHAMPION

With more data at their disposal than ever before, retailers today must champion a data-driven culture that permeates all levels of the organization. Collect all the data your customers generate, bring it all in one place to analyze and reveal key insights, share it within your organization and with key partners, and you'll have all you need to create experiences that attract, delight, and retain customers.

Find out more at https://www.snowflake.com/snowflake-for-retail/

ABOUT SNOWFLAKE

Snowflake is the only data warehouse built for the cloud, enabling the data-driven enterprise with instant elasticity, secure data sharing and per-second pricing, across multiple clouds. Snowflake combines the power of data warehousing, the flexibility of big data platforms and the elasticity of the cloud at a fraction of the cost of traditional solutions. Snowflake: Your data, no limits. Find out more at **snowflake.com**