Retail Analytics
A sharper approach to winning with knowledge
Advisory, India
Analytics
Retail businesses are faced with pivotal questions

Retailers have always been at the leading edge of change. They generate a large volume of data on human behaviour and action. Generating insights from this data could help organisations find answers to some of their critical questions. Some of these pertain to:

- **Assortment optimisation**
  Are you offering the right mix and quantity of products?

- **Loyalty programs**
  Have you switched your loyalty program on the lines of the ‘earn a point for every 100 bucks spent’, as is the industry trend?

- **Omni-channel retailing**
  How are the different channels driving your sales?

- **Pricing optimisation**
  Have you priced your products right?

- **Inventory planning**
  Are you able to avoid stock-outs and also minimise carrying costs?

- **Effect of promotions**
  Are your promotions and offers really boosting sales? Which promotions have worked for you?
Analytics is relevant at different levels of maturity and in multiple business areas

Analytics helps organisations convert data into information, insight and intelligence, based on the maturity of data and complexity of analysis.

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EY assists its customers through all stages of their analytics journey

**EY enables clients to jump start their analytics journey and provides support at various stages to help them come up the analytics maturity curve.**

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<th>Analytics discovery</th>
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<th>Analytics enablement</th>
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<td>► This entails the development, enhancement and/or execution of analytic models that create business value and insight.</td>
<td>► This entails analytics delivery for a client on a perpetual basis through EY people, process and technology within the EY environment.</td>
<td>► EY deploys analytical enablers in the areas of people, process, technology and governance to support the delivery of analytics in a client’s owned or contracted environment.</td>
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<td>► The results are used by the client to analyse business issues, objectives and/or opportunities.</td>
<td>► The results are provided on a pre-defined ongoing basis through a secure FTP or a client portal.</td>
<td>► The deliverables may include operating frameworks, analytic models, procedures, data governance and/or technology configurations that the client owns and operates.</td>
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Organisations can leverage analytics to perform:

- **Advanced analytics** — A business-focused approach to answer complex, forward-looking questions, e.g., “what will happen?”, “what is the best thing to do?”.
- **Reporting** — Consistent and periodic business reporting and analysis by tracking KPIs to answer backward-looking questions, e.g., “what happened?”, “why it happened?”.

Sample insights
Advanced analytics uses mathematical models to provide deep insights

**Advanced analytics**

- The client is a hypermarket chain in India that wanted deeper insights into customer purchasing behaviour and the effect of campaigns on various products.

It was looking for details around:
- Seasonality effects on each department/product category
- Market basket analysis
- Brand affinity analysis
- Effects of discounts and offers on sales
- Product bundling

Examples:
- Seasonality is not always a singular effect. Retailers experience both annual and weekly seasonal cycles, as follows:
  - October brings in twice the revenue of the other months.
  - Weekly sales are mainly driven by weekends.

- Customers prefer to buy shirts over T-shirts when they buy jeans and trousers together.

More than 50% of women’s wear is sold without any discount, and more than 70% of men’s wear is sold only on discount.

Brand affinity is tied to price. Customers switch to premium brands when the price of economy brands goes up.
Sample insights

Analytic reporting allows organisations to take control of their operations

Reporting
► A leading jewellery retailer in India wanted EY to apply analytics for its Point of Sale (PoS) data and provide an interactive dashboard with drilldowns.

► EY reported key insights to the retailer’s management pertaining to:
  > Performance rating of its stores and products
  > Seasonality trends for jewellery
  > Customer preferences and promotion effectiveness

Examples:
► Company-owned stores outperform franchisee- and agent-managed stores by more than 50%.
► One-third of annual sales are generated in Chennai stores on Akshaya Tritaya day.
► 90% of the sales on Akshaya Tritiya were of gold coins.
► Customers prefer plain gold jewels more than stone-studded ones.
EY brings strong analytics knowledge through its rich retail consulting experience

EY’s advanced analytics frameworks/ data models/ toolkits and analytics repository of Key Performance Indicators (KPIs) supported by its sector and domain knowledge. This helps the firm’s clients apply analytics successfully.

**Analytics knowledge**
- 250+ information management professionals and 100+ data scientists
- Analytics labs in Chennai, Gurgaon and Mumbai
- Exposure to major analytics tools such as SAS, SPSS, R, Spotfire, Tableau, SQL, ACL and Monarch
- Solutions accelerators including 200+ automated scripts for data quality, data mining, model building and 120+ KPIs in repository for retail

**Sector knowledge**
- Sector-aligned competencies and an experienced team providing sector-specific solutions
- Knowledge of sector-specific issues and business needs
- Experience of working with more than 50+ retailers, which includes the top 10 retailers of India

**IT enablement**
- Capability to deliver end-to-end, single-window solutions and services across most technology platforms
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