

Don't Get Left Behind:

The New Shopper Habits Shaping the Future of Retail Analytics





Retailers are drowning in data. That should be no surprise, considering the retail market has more than **\$26 trillion to track**. But in the next five years, the U.S. anticipates a 250,000 shortfall in data scientists to keep up with this volume. The result? An “insights drought,” or disparity between retailers’ *actual* data and their ability to glean new business opportunities.

That’s especially damaging with recent, dramatic changes in shopper behaviors, with **62% of shoppers** expecting inflation to shift their buying habits. What’s more, **major retailers have experienced inventory challenges** that indicate inconsistencies with their predictive analytics. To keep up, retail operations across enterprises will need next-generation predictive analytics that include:

- **Data from multiple internal and external sources. 81% of CX professionals** say getting more intelligence and analytics from internal data centers is important. Organizations that funnel those insights into better customer management also show tangible improvements. According to Qualtrics’ **Global State of XM** 2020 report, **89%** of organizations that are focused on experience management report better revenue growth than competitors. **Nine out of 10** report improved profitability, and **84%** report higher rates of employee retention compared to competitors in the previous year.

- **Trend analysis to help contextualize customer activity.** Some retailers define “loyal customers” as those who spend a certain threshold (say, **\$1,000**) over a year, but additional context might change your data’s perspective. **Citi Retail Services** combined customer SKUs with card usage data to go beyond customer purchase data. With increased contextual analysis, they were able to determine “share of wallet” – which means *total* purchases within a specific retailer compared to *potential* purchases – and pinpoint true customer loyalty.
- **AI applied across the full omnichannel enterprise.** AI that can offer **guided selling** — especially during busy holiday seasons — can create a more personalized experience for shoppers without placing additional strain on staffing. This is still an opportunity, as only **26% of retailers** use guided selling.
- **Tools that allow retailers to make use of historical data.** Historical data adds context for trend following and forecasting. This helps put present trends in perspective while highlighting best practices for future retail needs, such as inventory planning and omnichannel marketing.

This *Retail TouchPoints* whitepaper, sponsored by MicroStrategy, will discuss the recent developments in analytics, revealing the impact these analytics can have on retail organizations. It will also point to the greater need for accurate predictive analytics in a retail environment that’s seeing sweeping changes in customer behavior.



Using Analytics to Thrive in a New Environment

Forecasting the future of the retail environment without proper data can feel a bit like a coin toss, with one expert saying that data scientists today spend about **80% of their time** just integrating and cleaning data.

The challenge isn't that the data isn't there — it's sifting through available intelligence, driving new insights and doing it all quickly enough to respond to rapid shifts in consumer behavior.

Case Study: Sainsbury's Democratizes Data to Empower a Competitive Advantage

With so many consumers shifting to online shopping — especially in the wake of the COVID-19 pandemic — **Sainsbury's** was looking for ways to evolve its shopping experience.

The problem: The UK supermarket brand is a conglomeration of other brands, which had led to disparate systems and analytics solutions being siloed throughout its organization. Sainsbury's had dozens of data warehouses and analytics and visualization solutions in place across its 1,400 grocery stores; the resulting consistency challenges were inevitable.

The solution they sought was to “democratize” their data. In other words, if Sainsbury's could make its customer data available throughout its disparate brands, every channel in the organization would benefit from insights into emerging customer trends.

Sainsbury's sought out MicroStrategy to facilitate its digital transformation. In turn, MicroStrategy leveraged its cloud data and analytics capabilities, supported by AWS infrastructure, to build a central storage and management system for the data. This data included plenty of customization options, ensuring that different teams — each with different data needs — could customize that information and find the unique insights that drive their department. At the core, this approach helped Sainsbury's create a single “version of the truth” from which all departments could draw.

150K hours

Saved every year by democratizing data and analytics

Steps Retailers Can Take for Better Consumer Analytics

Having the ability to centralize data gives disparate brands and departments within a retail organization the capacity to draw from a single data source and derive insights as necessary. But what about using analytics to specifically identify shifting consumer habits and trends? How can organizations collect and analyze data with an eye on watching these trends shift in real time?

Data centralization is the first step. For Sainsbury's, having all the data available meant more comprehensive analytics no matter what the query might be. That resulted in **89%** colleague engagement across the organization. Why? Centralizing data means making data more comprehensive. As long as the tools are in place to dive deeper into the data and glean insights, data centralization is the essential first step.

Enabling in-store data is just as key. One example is [Guess Jeans](#), which took steps to send relevant customer data to on-site staff via a mobile app. This meant sales representatives could see what a customer had purchased previously, what they had in their basket on ecommerce and more. This made it possible for in-store recommendations to be just as robust as AI-enabled recommendations online.

Close the gaps between offline and online user workflows by going mobile. Home improvement giant [Lowe's](#) understands that getting the right data in the hands of its associates is a key to providing an exceptional customer experience. But Lowe's employees are always on-the-go and not tied to a computer. To get them the insights they needed at the right place and time, Lowe's partnered with MicroStrategy to launch a mobile app that uses HyperIntelligence features to streamline data between staff and the company's central data hubs.

Centralization of data in retail has multiple advantages. In the case of Sainsbury's, it meant teams from multiple silos and even brands could access the same data to drive different interpretations as they saw fit. For companies like Guess and Lowe's, it meant empowering staff on-site while also feeding real-time data back into a central hub. This helped both brands keep up with shifting customer habits in real time, both on an individual sales basis and in gauging long-term trends.

"It's about getting data into the hands of the store clerks on the front line. Information can then flow back to merchants and get pushed out to corporate for a constant feedback loop."

-Jason Colaco, Senior Retail Expert, MicroStrategy



Using Data to Adapt to Changing Consumer Preference

Retailers are creating future-looking analytics strategies by doubling-down on customer and staff flow data. Two examples:

- **Monitoring customer omnichannel habits for better staffing and inventory estimates.** “One problem retailers face is learning how to segment omnichannel customers,” said Michael Tuffey, Sales Director at MicroStrategy. “Where are the customers? Are they members of a loyalty program? Were they members in the past? Are they returning customers?” Joe Lake, MicroStrategy Senior Principal Sales Engineer, agreed: “Are [customers] picking up at the store? Those things have an impact. For example, for a multichannel retailer, the impact of customers ordering online and picking up in-store has implications for how they staff their store and stock their inventory.”
- **Combining historical and predictive analytics.** “You have to have a pretty good sample size to come up with a predictive [estimation] that’s accurate,” Lake says. “That comes down to trend and affinity. You have to look at trending over time to spot patterns and see if there are outliers.” Jason Colaco agrees, saying that a prominent retailer was able to watch trending data and identify supply chain issues caused by COVID-19 lockdowns in Asia. “Having access to historical data and knowing how to quickly make predictive decisions leveraging all available data assets was critical to optimizing their inventory during the pandemic,” he says.

Turning Trends Into Insights

Today’s consumer has a lot to think about. The post-COVID-19 world is leaving many on edge when it comes to supply chain issues. Rampant inflation has many scrutinizing every purchase. And an increasingly-digital shopping environment has sent **double the usual amount** of shoppers online.

With fast-changing trends comes the need for flexible data and analytics systems. Said simply, for the world’s largest retailers to drive competitive advantage in 2023, they must simplify multi-siloed teams, create single sources of truth, and enable on-site staff and managers to become more responsive to customer trends.

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