

# ANALYTICS SHOPPING

**The retail sector is on the cusp of radical transformation and analytics is the engine for change**

**W**ith over 20 years of experience delivering point-of-sale and business management software to retail, TRC Solutions is well positioned to assess the part that analytics plays in a sector that was badly hit by the recession.

"Analytics has become the differentiator," said chief executive Gavin Peacock. "If there's no intelligent analytics coming out of the data that is collected, there is no way that management can make informed decisions."

He made the point that there are hundreds of thousands of "data points" in retail, more than almost any other sector because of the nature of the business. These data points are stock keeping units, each one accounted for on the overall merchandising plan. Being able to identify fast moving items is the key to profitability.

"A store is like a monopoly board where Mayfair and Park Lane are the most visited aisles and the Old Kent road gets less footfall. You need to put the highest margin best sellers at the biggest traffic points," said Peacock.

While retailers will have a good grasp of what's hot and not in their product lines, the devil is in the detail. Peacock said that understanding the sales performance of the middle 65-70 per cent of units is the hard part and that's where analytics make the difference. "It's about informing decisions for an attrition programme to drum out non-performers or add new merchandise," he said.

Another huge area of retail that benefits from better visibility is discounts, marking down the right items at the right time to ensure a timely turnover of stock. "Without analytics around the mark down and sales, a fashion retailer, for example, risks ending up with out-of-season stock they couldn't give away."

This is why tier one retailers appear to be constantly

having sales, because they have identified what isn't moving and likely to cause a block if it isn't sold off to make way for the next range. "The profitable retailers buy properly and smartly in cycles. They wouldn't have a clue how to do it without analytics," he said.

TRC provides a range of products such as Tableau and Qlik, as well as more specialised retail applications. A natural consequence of stores generating more raw data – through electronic point of sale systems and accounting packages – is growing interest in analytics.

The recession also played a part. In Britain and Ireland, from 2008 to 2012, all but the most disciplined retailers were in survival mode, according to Peacock, and they were under pressure to become more efficient. A number of banks and groups called on their retail clients to use analytics as a condition of survival. "Reduced footfall, tighter margins and the decline in the average consumer spend have encouraged them to drill down into data to find ways to do



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more with less," he said.

Now, with signs of recovery, analytics promises to take retail to a whole other level. Technologies around cloud, RFID (radio frequency ID) and IoT (internet of things) are coming of age and combining for unprecedented transformation.

TRC is launching a product in March that plugs in to

an always-on RFID device capable of reading 5,000 items, 100 times a minute, and streaming the data to the cloud to be analysed.

"It could tell you how many times an item is picked up before it is bought; how many times a garment is tried on before it is purchased; and how quickly staff get items back on the racks," he said. "The time of flat, obsolete and out-of-date reporting has gone. The new way is about having trigger points for real intelligence built in across the entire enterprise."



**Gavin Peacock,**  
chief executive,  
TRC Solutions








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