



# **Most Retailers at the Tipping Point Are Losing the Competitive Edge Their Data Offers**

Strategies for automating data collection for real-time actionable insights



## Introduction

Few economic sectors have faced as many competitive disruptions as retail: from mail order catalogues, to specialty boutiques, big box outlets, strip malls, enclosed malls, franchising, online shopping, digital transactions with pop-up vendors, and shopper-preference algorithms, the list goes on and on.

New competitors move in and well-established retailers fall by the wayside. Still, there's an old saying that says you can't get a haircut online. As disruptive as online sales and marketing have been for the retail sector, some retail sales still require face-to-face interaction. Many consumers still like to see and touch a product even if they intend to buy online.

To succeed today, retailers need to know how their customers shop, where and why they buy and what they expect from a shopping experience, whether online or in-person. Meeting that demand profitably – and gaining a competitive edge – requires retailers to collect, sift through and analyze many streams of data, and react on-the-fly to insights from that data.

Smaller retailers try to gather data in homemade systems, spilling it out into spreadsheets that eventually become massive, unwieldy, error-prone white elephants. Any business insights that might be gleaned come months after they are needed. Most small retailers on a growth trajectory eventually hit a tipping point where they need a robust, automated Corporate Performance Management (CPM) system that can provide valuable insights in real-time. Acting on these insights will either save money, increase sales and profitability, or both.



## The Opportunity

For example, consider the mid-sized brick-and-mortar retailer with several stores. Its finance team creates unique templates – in Excel – for dozens of different cost centers.

It must collect data from each, populate the templates, consolidate, and perform some analysis. It's a hugely convoluted and easily flawed system that at best gives management a dated view of how the whole business is doing. At worst, it's a frustrating, error-plagued system that tells a different story to everyone who looks at it.

What managers want to know is how each store is doing on a comparable basis, versus what they planned. If the results come in weeks or even a month after the month has closed, there's absolutely nothing they can do to adjust to challenges or opportunities.

The most competitive retailers reach the tipping point and adopt an automated CPM system that enables business managers to react in real-time.

If they see sales at one store lagging, they can quickly dive into the data, find the cause and mitigate it. Maybe the store is understaffed, or a specific type of customer is turning away.

Maybe it's a problem with stocking, either choosing the right products to have on the shelves or the timely delivery of stock. Maybe it's demand-creation that could be addressed with an advertising push.

Whatever the cause, having clear and quick access to retail data enables retailers to understand and quickly respond to challenges and opportunities. Have they over-penetrated a market? Are they cannibalizing other outlets or products? Are commissioned sales staff competing in one location with salaried staff in another? Can white-labeled products provide more value to customers at higher margins than big brand names? Is it better to acquire a company in an under-served area rather than open new stores from the ground up?

### Shoppers are driven to destinations

Create spaces that feature what they prefer:

**59%** – A Variety of product demonstrations

**49%** – Having food and drinks available while shopping

**40%** – Personalized messages while in-store

Source: [Retail Perceptions](#)





## The Challenges

Today's successful retailers are using their data to understand where they are winning and where they have issues. They know the only way to keep ahead of the next tidal wave is to see it coming and adapt before it hits, and the only way to do that is to continuously scan operational data and understand what it is telling you. Insights from data can direct management decisions on corporate structure & acquisitions, and on sales & marketing budgets.

These retailers have dashboard access to analysis from oceans of data across a wide range of point-of-sale platforms. They understand the profitability of each of their retail stores and every product in those stores. What are they selling, to whom, at what margins, in what locations?

Unfortunately for most retailers, all their data, whether from their POS system, in an Enterprise Resource Planning system or in homegrown templates, ultimately feeds back into a spreadsheet. That means substantially more time is spent collecting, cleaning, and organizing the data than is spent analyzing it for insight that will drive profitable management decisions.

Most are missing opportunities to make effective use of scale to eke out incremental margin. They are missing the opportunity to use data to understand where they need to capitalize more; to discern where they are winning and where they are losing; and to be able to react quickly.

But that requires a single picture of truth, and for those that are pulling in data from multitudes of cost centers, in hugely convoluted and easily flawed systems, that winning opportunity is lost. They reach the tipping point – the outer limit of their homegrown systems – and delay as the latest tidal wave of disruption rolls over them.

Source: [Forbes](#)



## Conclusion

But the increasing number of retailers that have adopted a Corporate Performance Management system are able to exploit competitive advantages hidden in their data.

They work with their CPM vendor to consider every aspect of their business, to identify data collection that can be automated and automatically integrated to create a true picture they can respond to in real-time, seizing opportunities and mitigating risks as they occur. In that way, their data becomes the author of their success story.





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## NORTH AMERICA

### CANADA

3250 Bloor St. West  
East Tower, Suite 1200  
Toronto, ON  
M8X 2X9  
1 (800) 387-5915  
+1-905-279-8711

### UNITED STATES

707 SW Washington St.  
Suite 1100  
Portland, OR 97205  
1 (800) 387-5915

### UNITED KINGDOM

Paddington Works  
8 Hermitage Street  
London  
W2 1BE  
+44 (0) 208 050 3590

## EUROPE

### BELGIUM

Lenniksebaan 451  
1070 Brussels  
+32 (0) 2 456 89 60

### DENMARK

Vesterbrogade 149  
1620 København C  
+ 45 7023 2375

## FRANCE

Roosevelt House 6  
avenue Franklin Roosevelt  
75008 Paris  
+33 1 88 86 00 24

### GERMANY

Messeturm  
60308 Frankfurt am Main  
+49 69 509 565 607

### ITALY

Via Paracelso, 26  
20864 Agrate Brianza (MB)  
+39 039 890 1574

### LUXEMBOURG

22, rue de l'Industrie  
L-8399 Windhof  
+352 27 02 01 20

### THE NETHERLANDS

De Boelelaan 7, 7<sup>th</sup> floor  
1083 HJ Amsterdam  
+31 (0)85 400 01 30

### PORTUGAL

Av. D. João II n°35  
Edifício Infante 11ºA  
1990-083 Lisbon  
+351 308 806 770

## ASIA

### INDONESIA

Soho @Podomoro City  
Unit 29-15  
Jl. Letjen S. Parman Kav. 28  
Jakarta Barat 11470  
+62 21 5021 2222

### MALAYSIA

Unit 18-11, Level 18, Menara K1  
Lorong 3/137C  
Off Jalan Klang Lama  
58200 Kuala Lumpur  
+603 4815 1261

### SINGAPORE

Blk 18 Boon Lay Way #07-109  
Singapore 609966  
+65 6316 8681

## SOUTH AMERICA

### BRAZIL – SÃO PAULO

Rua André Ampère  
153/7º andar  
Novo Brooklin – SP  
04562-080  
+55 11 3583-1678

### BRAZIL – RIO DE JANEIRO

Av. Marechal Câmara 160 cj 932  
Centro – RJ  
20.020-080  
+55 21 3094-3900

## FIND US ONLINE

[prophix.com](http://prophix.com)

[info@prophix.com](mailto:info@prophix.com)