

# Profitability under pressure: 5 imperatives for maximizing value through analytics



A guide for retailers and consumer goods companies

# Charting a winning course

Getting the right product on the shelf (or on the doorstep) at the right time is fundamental to the success of every retailer and consumer goods company. It's where the supply chain ends, and profitability takes off. But after years of supply chain disruptions and amid today's inflationary pressures, product availability is no longer a given. For shoppers, the top questions have become: Can I find what I'm looking for, and can I afford it if it's in stock?

These uncertainties have helped shape a new retail landscape. Consumers are more willing to explore new channels and retail ecosystems - and less inclined to stick with the same brands. To meet shoppers' demands, companies are investing in inventory safety stock, transportation and on-time delivery, rapidly increasing their own costs.

Unpredictable consumer behavior mixed with higher costs is not a sustainable recipe for profitability. How do companies chart a course forward? By having better connections and deeper insights at every step of the supply chain and consumer journey. And along the journey, analytics plays a critical role in shaping a winning strategy for retailer and CPG success.

**How do companies chart a course forward?**

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# Top questions for retailers and consumer goods brands

Understanding and responding to consumer demands means asking the right questions to uncover solutions that will improve the consumer experience and sales margins.

**How can we sense demand in a nuanced way from multiple data sources?**

**How do we personalize the customer experience, marketing and promotions?**

**How do we improve customer satisfaction and loyalty in a sustainable way?**

**How can we collaborate with partners to achieve supply chain efficiency?**

**How do we deploy cloud solutions to achieve our digital goals?**

**“Retailers who are too slow to implement critical AI-led merchandising processes to support the business’ transition to customer centricity will not survive.”**

*Top Unified Retail Commerce Execution Trends for CIOs 2023*

# 1 | Boost sales and margin growth amid ongoing inflation pressures

As inflation not seen in decades continues to rise, consumers have become more discerning with their dollars. When topline sales fall, margins and the ability to invest in the future are disproportionately impacted. Retailers and CPG companies are also looking for new ways to control costs on everything from staffing to transportation, while holding back on capital expenditures.

From avoiding understocks and overstocks to optimizing pricing, companies need to know which levers to pull to improve profitability. That's where analytics can identify

pockets of opportunity. By incorporating large volumes of granular data in near-real time, AI/machine learning improves upon traditional forecasting models and speeds up the frequency of planning cycles to better respond to fluctuating demand. It also allows for detailed scenario analysis through capabilities like digital twin simulations to model dynamic market and production situations.

## Gain the analytics advantage

**Accelerate time to action** by leaving spreadsheets behind

**Balance cost and goals** with what-if simulations

**Predict the best possible outcomes** while understanding risk

**Seamlessly integrate business planning** across the entire organization

With agile, short-term forecasting techniques, SAS customers can increase revenue

# 2% - 5%



## 2 | Increase market share and customer satisfaction by keeping an eye on product availability

Today's changing retail environment doesn't simply reflect how much consumers are buying. It also reflects changes in how they're shopping. Pre-pandemic sales patterns have not been useful for forecasting demand, while channels that grew robustly during the past few years may not be the source of future growth.

Whether you're a grocer or a CPG, where buying patterns may change by the week, or in apparel, where you're making bets on new products months ahead of time, accurate demand sensing is crucial for optimizing inventory, correcting costs and operations, and assessing profitability.

How can demand planners improve accuracy? By going big and small - at the same time. Big, by incorporating a multitude of demand signals - online behavior, seasonality, promotions - into large-scale forecasting. Small, by optimizing inventory distribution for every SKU, location and channel.

Analytics lets companies sense demand of all sizes. Using multitiered causal analysis of inputs like price and promotions, advanced statistical models will automatically assess the accuracy of their initial predictions and learn from and respond to consumer needs in near-real time to remove any lag in decision making. When models drift, variables are auto tuned and demand planners are alerted to make forecasting changes.

### Gain the analytics advantage

**Connect internal and external data** to complete the most accurate picture of demand

**Automatically discern data outliers** vs. customer opportunities

**Detect local shopper behavior and needs** in large data sets

**React automatically** to demand spikes and supply chain pressures

**A global pasta manufacturer optimized deliveries and orders with SAS® advanced analytics on Microsoft Azure.**

*“Both the manufacturer and SAS rose to the challenge of improving business process and demand planning. Through the partnership, the customer is able to meet extraordinary demand expectations during times when supply chain disruptions seem to be the norm.”*

*Richard Widdowson, Vice President of Global Retail and Consumer Goods Solutions at SAS*

[Read more customer stories](#)



### 3 | Balance shopper expectations and sustainable stewardship as a loyalty differentiator

Along with prices, consumer expectations for brands are also on the rise. Ease, convenience and other elements of customer satisfaction are at the heart of strengthening brand loyalty.

At the very same time, brand loyalists also increasingly want to understand corporate progress toward sustainability targets. Customers, through social media and other forums, are now defining quality and sustainability

expectations. Consumers want greater transparency around sustainability - from product tracing to tracking a company's environmental, social and governance (ESG) goals.

Now, with interactions across many brand touch points from in-store to online, you need greater insight into what actions are at the core of customer brand and value perceptions. That requires high-resolution measurement with contextualized decisioning at every step of the customer journey.

#### Gain the analytics advantage

**Understand**  
which brand elements and sustainability goals customers care about

**Conduct A/B testing**  
and measure effectiveness of messaging and content

**Tune and personalize**  
interactions in the moment

**Guide shopper journeys**  
across channels for the next-best action

# 86%

of consumers would switch to a competing brand for a better experience. ([Hyken](#))



# 46%

of consumers are looking to brands to take the lead on creating sustainable change. ([NielsenIQ](#))

## 4 | Be ready to build new retail ecosystems to defend against competitive threats

The traditional retail competitive landscape has changed dramatically. Multiple brands now frequently operate under a single platform (think Walmart Marketplace), virtual storefronts are popping up in the metaverse, and the expansion of Web 3.0 is putting consumers in charge of their own data.

Thriving in this new reality requires rapid collaboration and innovation, even among competitors. Leveraging digital investments across organizations and making strategic brand placements can be cost-effective ways to deliver value. Is your customer insight delivering on its potential?

To be on the leading edge of innovative shopping experiences, companies need to maintain control of brand-specific interactions, rather than cede customer touch points to third-party platforms or MarTech software. It's crucial to have an ecosystem solution that puts you in the driver's seat for everything from marketing data management to customer journey activation to monetizing consumer data.

That solution is a customer data platform (CDP). A robust CDP with rich, detailed customer data supports analyzing and acting on that wealth of customer insight to allow you to be the best brand steward possible. CDPs provide an omnichannel view of customers and help safeguard privacy, foster loyalty and orchestrate the best possible customer journeys in real time.

### Gain the analytics advantage

Reclaim your customer data from third-party platforms

Monetize the opportunities in your data to best serve shoppers

Explore customer segments and test new products and shopping experiences

Adopt intelligent automation that dynamically responds with next-best actions



95%

of sales are coming from returning guests.

Automating and personalizing its marketing efforts has helped Ulta Beauty achieve an impressive 95% sales penetration. Using data to create granular targeting and personalized campaigns has been a key benefit of using SAS.

Get the whole story

# 5 | Accelerate technology transformation for greater efficiencies

In an era of high inflation and teetering sales, cost control measures reign supreme. Since many operations have already been streamlined - from sourcing goods to automating in-store labor through point-of-sale technologies such as self-checkout - companies may be wondering what else can still be achieved.

In fact, digital transformation opportunities are just in their infancy. For example:

- Software as a service (SaaS), deployed quickly in the cloud, accelerates flexibility throughout an organization

by enabling AI-powered demand plans and a work-from-anywhere culture that allows for greater collaboration.

- Embedded in-store tech, such as shopping kiosks and point-of-sale analytics, can shape decisioning around marketing, refunds and even staffing in near-real time to boost profitability.

Controlling costs means measuring profitability at the store and transaction level - and across a customer's lifetime. Analytics makes that possible.

## Gain the analytics advantage

**Collect and respond to streaming data**  
from customers, systems and devices

**Enrich insights and awareness**  
by cleaning and organizing data

**Embed AI in systems**  
to keep up with customers on the move

**Govern and monitor**  
all of your analytics and model behavior



*“The analytics we use day in and day out from SAS gives us the ability to make adjustments on the fly and in near-real time. Our merchants do a fabulous job of making sure that the right trends are being hit at the right moment and getting the sequences correct, which in the end provides a wonderful experience to our customers.”*

*Arnie Leap, CIO at 1-800-FLOWERS.COM, Inc.*

**1-800-FLOWERS.COM, Inc. enhances customer engagement with cloud-based analytics and AI.**

[Read the whole story](#)





## Seize greater profitability with analytics

Having a clear view of your business – and a complete picture of shoppers' preferences – can help you chart a profitable path forward. Top retailers and brands rely on analytics to create meaningful personalized experiences and drive sales in even the most challenging market conditions.

Take charge of the shopper journey with analytics.

Start at [sas.com/retail](https://sas.com/retail)

