

## Thought Leadership Series

### Featured Article

# Empowering Store Operations with Analytics and Business Intelligence

by Bill Robinson, Senior Advisor, [QuantiSense](#)



Across the retail industry, Store Operations is underserved when it comes to analytics and Business Intelligence (BI). Merchants and marketers must exploit this information every day in order to succeed – if Store Ops were empowered to do the same, retailers could build and sustain competitive advantage in a market that's tougher than ever.

In this issue of Retailing with Insight, we illustrate how BI can and should be extended to Store Ops users including Store Managers, District and

Regional Managers, VPs of Operations, Store Auditors, Trainers, Store Planners and Store Analysts.

Store Ops' challenges extend to all areas of retail management. It may be difficult to serve a demanding and informed customer, but it's more difficult to staff the stores. It's challenging to provide the necessary training for store associates and managerial assistants, but more challenging to know who really needs what kind of training.

The list of Store Ops' responsibilities within a single store mirrors those of the company as a whole:

- from staffing to stacking,
- from supplies to supply chain,
- from gift wrap to gift card,
- from dock to stock.

However, most District Managers and Store Managers are given static Flash Sales reports via email or POS printouts. These reports deliver no insight and little context as to how stores are performing, and they drive no real action. This leaves the field personnel in reactionary mode jumping from one fire to the next, day after day, week after week, season after season.

Technology has long been a barrier to providing interactive information services to Store Ops Field Managers. Even with the advent of inexpensive communications and the Internet, traditional reporting tools are bulky and

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### About QuantiSense

QuantiSense is the leading provider of business intelligence and data warehousing applications exclusively for specialty retailers. The company was formed in 2001 by a team of experienced data warehousing professionals who recognized the need for a retail-specific data warehousing and BI solution that was low risk, cost effective and could be quickly implemented.

unresponsive in the fast-paced world of Store Ops.

So what is the answer? We believe it is a combination of BI and mobile Web (whether it's via smartphone or laptop.) BI filters out the noise and delivers actionable information, while the smartphone can present the information, record the action, and disseminate multimedia instructions to colleagues. Mobile devices are the perfect vehicle for bridging the technical divide between your company's information resources and the store.

Let's look at how a BI-enabled mobile device might come in handy to deal with the daunting problems of managing a chain of stores.

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*"...traditional reporting tools are bulky and unresponsive in the fast-paced world of Store Ops."*

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## **BI and Mobile Web in Action – Pinpointing the Trouble Spots**

Imagine that you are a District Manager responsible for 12 stores in a 200-mile radius covering two metropolitan areas. Your data warehouse has three to four years of store data, including sales and returns, traffic, associate hours, staffing plans, customer data, and payroll.

It's Wednesday morning of what is expected to be your fifth biggest week of the year, nine days into the Back to School promotional period. At 7 a.m., your BlackBerry alerts you that three stores are significantly under your week-to-date plan based on Sunday – Tuesday sales. Thankfully, another store is 15 percent above plan. Your alert suggests that your slow stores should cut back weekend hours based on recent weekend traffic trends, and your outperforming store should add 10 hours to capitalize on higher recent weekend traffic. You like the suggestions and record a brief voice instruction to each of the four managers before forwarding the alert. Each Store Manager will hear the instructions as they check in on their BlackBerrys on their drive to work. By noon, the affected employees are notified of their schedule changes, and expenses are aligned to demand.

After your morning coffee, you shift your attention to performance in the Back to School promotions that have been running since last Thursday. You connect to the corporate network via a secure hyperlink. A Promotion To-Date report is waiting for you, summarizing promotion performance for each store in your district and comparing your performance to last year, other districts, chain average, and the best stores. You study the uplift in traffic and sales as well as changes to the gross margin. Your district's mediocre performance is puzzling to you, since your stores usually shine during Back to School.

You look to your BlackBerry for a simple cluster chart designed to pinpoint

outliers. You note that you have one store that is dramatically underperforming in sales and conversion ratio as well as Units Per Transaction and Average Sale. You quickly click on that store and drill down to its unique promotional inventory, looking first to key items, then through the whole promoted assortment. The store is loaded. You request to see a photo of the promotional planogram that was required to be taken by the store's management on the promotional launch – and there's no photo.

You shoot off a quick email to the Store Manager to note her lack of compliance and question the poor performance of the promotion, then schedule a trip to the store to review their preparedness for this weekend's big Back to School push. In preparation, you request a Store Visit Report which will provide you a checklist for store performance in ten categories:

- Promotion
- Staffing
- Sales
- Sales productivity
- Traffic conversion
- Compliance
- Merchandise classifications with the high incidents of stock-outs and overstocks
- Loyalty
- Density
- Percent of returns

The report arrives on your Blackberry in 15 minutes. The store's loyalty program numbers immediately catch your eye. Only 48 percent of its customers are enrolled in the store's program, compared to 91 percent district-wide. You also see that traffic conversion rates in this store are 35 percent in contrast to a district-wide 50 percent.

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*“Pushing valuable insight into Store Ops gives field management an opportunity to get ahead...”*

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## **Taking Action to Improve the Business with BI**

This store is in desperate need of coaching on basic sales techniques to convert more visitors to customers and more customers to the loyalty program. You take action by tapping into your BI application to find the best performing salesperson with at least six months

experience working for one of the other nearby stores. You note that associate Sarah McKnight works in a store just 10 miles down the road – her ADS is 50 percent higher than average, and her UPT is 70 percent higher. You email Sarah's manager to see if she can be assigned to you for a week to remedy the situation at the troublesome store.

The next day, you meet Sarah at a Starbuck's near the troubled store. She opens her laptop and goes to the report called “Why Aren't We?,” which you've emailed to her in advance. The report shows the top performing styles in the Region in contrast to those in the troublesome store. You show her the recent performance of the troublesome store with metrics including Conversion Rate, Units per Transaction, Average Sales, and Promotional Pull. Sarah agrees to mentor the store's key employees for a week to see if she can help pull up the numbers. You're pleased with her response and let Sarah know she'll be in line for an Assistant Manager job for a new opening scheduled next season.

When the store opens the next day, you visit with the Store Manager, Jennie, while Sarah begins working the floor. Jennie traces the store's recent abysmal performance to a personnel issue. Last weekend's promoted goods were never even removed from the cartons – no wonder sales were so poor! You review her preparation for this weekend's Back to School push: signs, fixturing, and staffing. Everything is in compliance. You explain Sarah's role and sternly set forth a remedial program to increase the loyalty sign-ups and conversion rates.

Your review of the store's soft spots reveals a pattern of overstocking within the Men's Athletic Shoe department. Recently, the store manager had utilized off-site storage. Even though the store is planned to be an “A” store, its proximity to a nearby Foot Locker drags the Men's Athletic Shoes department down to a “D” rating. You fire off an email to the Men's Footwear Allocator advising her of the severe overstock situation. With your BI tool, you set up a monitor until density level and sell-through percentages align with company expectations.

Before you leave the store, you check in with Sarah, who is now working closely with one of the new associates. You leave feeling productive and

satisfied that you have made concrete actions toward correcting the situation at the underperforming store.

Over the next week, you make five similar visits to other stores. Sometimes, you reward top performers like Sarah. Other times, you demand accountability as you did with the finger-pointing Store Manager, Jennie. You send out 14 personalized voice messages attached to alerts that the corporate BI system delivered to you. You initiate three remedy programs and fire off 22 emails to individual store managers and associates at headquarters – all based on key information nuggets delivered by your analytic application. And you closely monitor the progress of the troublesome store after Sarah's intervention.

This scenario can be played out in every chain that has made an investment in retail analytics and BI. Pushing valuable insight into Store Operations gives the field management an opportunity to finally get ahead of their game, shining the spotlight on recurring problems and opportunities.

For more information on retail analytics and BI for Store Operations (including the “Why aren't we?” play from QuantiSense Playbooks™), visit [www.quantisense.com](http://www.quantisense.com).

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### **About the Author:**

As a Senior Advisor and Strategist for QuantiSense Bill draws from his 35 years of experience in providing technology-based solutions to retailers. Prior to joining QuantiSense, Bill served as Vice President of Marketing for STS Systems, a leading provider of retail technology solutions with more than 300 clients. Throughout his career Bill pioneered successful applications in all areas of retailing including Point of Sale, Business Intelligence, and Supply Chain Management. Bill's passion for the retail industry guides QuantiSense in delivering results-oriented business intelligence and data warehousing solutions for retail organizations. Bill is based in Baltimore, MD, where he pursues his passions of jazz piano, gardening and golf. Bill is also a Professor of Marketing at Towson University in Towson, MD.

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### **Questions?**

Questions, comments, or thoughts about our newsletter? Contact Bill and the rest of the QuantiSense team at [retailinsight@quantisense.com](mailto:retailinsight@quantisense.com).