

A photograph of a grocery store aisle with shelves stocked with various products. A shopping cart is visible in the foreground on the right side, and a person is walking in the background. The image is slightly blurred to create a sense of depth.

How **Intelligent Automation** Drives **Business Growth** by \$300M



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As commerce becomes more micro-modeled, retailers are adopting robust analytics tools to unlock customer insights at the individual level, stay engaged with shoppers across ever-proliferating and competing touchpoints, and streamline their operations to manage the new funnel.

At the center of a customer-centric strategy, is, of course, the growing dominance of digital and the data it collects. According to a study from Boston Retail Partners, consumers said that digital tools — everything from mobile apps to proximity-triggered mobile coupons to automated returns options — influence up to 75% of their pre-store visits and are leveraged in 46% of in-store shopping experiences. However, the same study shows that less than half of retailers are meeting customer expectations by delivering on these highly desired capabilities.

Retailers collect data from every interaction their customers make — online or in the store — but success is measured by their ability to apply the information to determine customer behavior and preferences and meet their expectations. By correctly analyzing customer data, retailers can better identify and anticipate the needs of specific shoppers and create tailored, consistent shopping experiences that drive repeat purchases and long-term loyalty.

While this may sound intuitive, this shift is not without its barriers. Many companies have legacy KPIs focused on operational metrics like sales volume and inventory management. These benchmarks, while critical to the organization, can directly conflict with customer-first strategies such as shopping baskets and visit frequencies. It takes a kind of alchemy to blend the two into a holistic set of customer-focused goals, a process well beyond the limitations of traditional reporting.



The role of intelligent automation

Retail Systems Research cites that 81% percent of retailers define customer analytics as “very important” to their success. Further, Boston Research Partners found that 62% of retailers indicate customer identification is their top customer engagement priority, and 83% plan to suggestively sell based on previous purchases.



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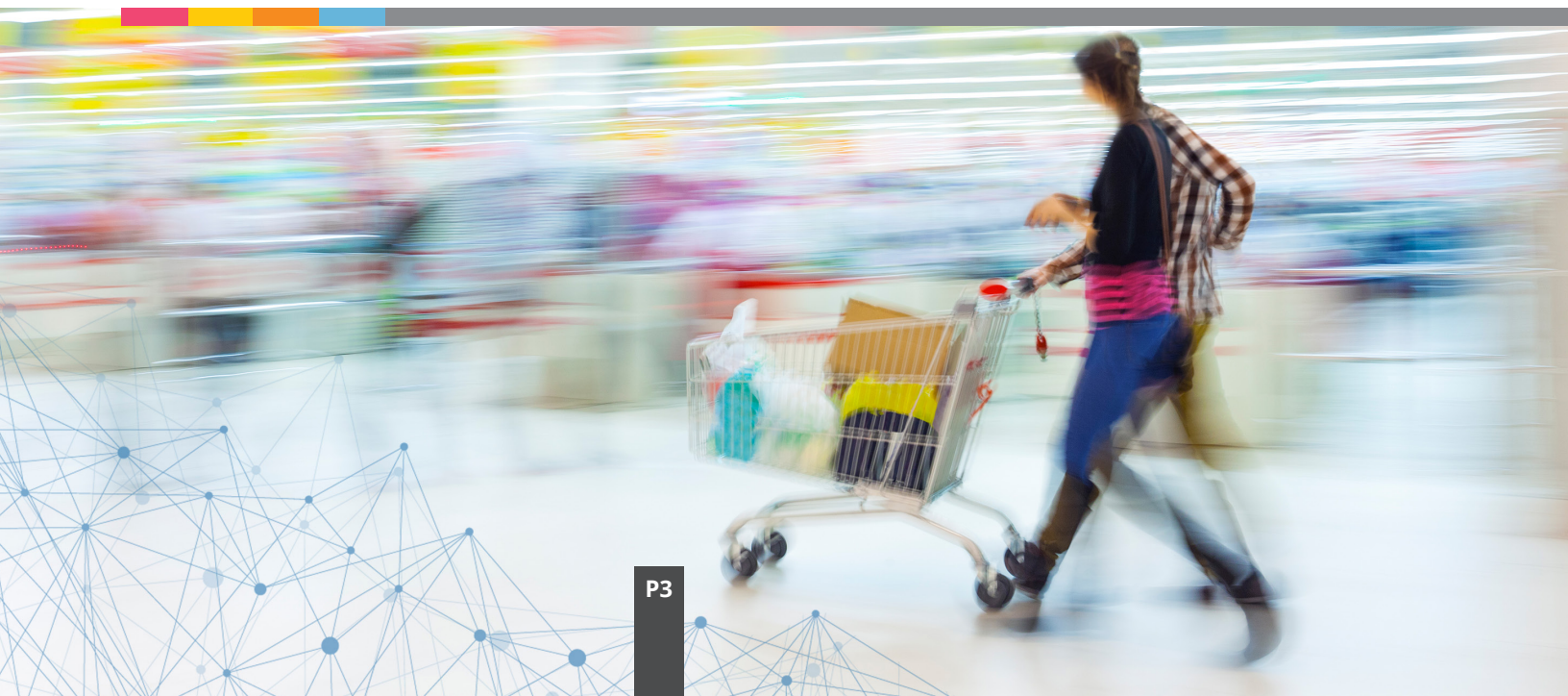
However, retailers' legacy systems are not robust enough to handle the data and developing more complex tools internally has proven to be a lengthy and expensive undertaking.

Addressing this imperative, advanced third-party analytics providers are enabling retailers to integrate their historical shopping information with new data streams to transform existing customer relationships and make predictions about future behavior.

"The ability to predict and target on a granular, individual shopper basis helps enable retailers to win revenue and retain customers in the long-term," said Meinert Mellows, head of global solutions at emnos, a leading retail analytics company.

This evolution toward intelligent automation systems is being fueled by machine learning. By merging machine learning algorithms with predictive models, systems get more intelligent with each new data feed. They also have a forecasting component "so there is no need to manually change models," Mellows explained. "The analytics are self-sufficient."

According to BRP (Boston Retail Partners), 45% of retailers plan to utilize this technology within three years. If that number stays on track, or accelerates, automation will be less of a competitive edge than a necessary means to stay competitive at all.





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MILLION

in **incremental sales**
in the first year.

"It is not just about what customers buy and how frequently," said Mellows, "but also what they are buying elsewhere, why they buy it with me or competitors. These are the answers that automated systems deliver."

To close the loop between physical and digital customer engagement, retailers need to move beyond simplistic IT solutions. Machine learning provide deep visibility into which touchpoints to leverage, and automation support multiple simultaneous interfaces, streamlining how brick-and-mortar retailers interact with customers through technology. But it doesn't end there. Automation at the retail level can be extended to provide unified collaboration with supplier partners for innovative ways to solve problems and inform decisions.



CASE STUDY

Streamlined Customer Journeys

A leading global retailer is doing just that, working with emnos' intelligent automation solutions to improve performance in its culinary aisle.

Concerned by disappointing performance and a loss of customers, the retailer began searching for ways to improve this important section of the store encompassing 23 different categories. Using emnos' proprietary methodology and intelligent assortment tools to mine the data of more than 10 million customers, the retailer gathered insights that revealed how customers shopped, what they bought and what they needed from the aisle. By integrating qualitative market research and analyzing multiple sets of data, they were able to develop a wholly new merchandising plan and assortment strategy to grow sales.

The key insight they uncovered was that customers buy according to usage. Therefore, ready-to-use products, such as pasta sauces and salad dressings, should be displayed and promoted together. The findings were shared with CPG supplier partners that supported the changes.

By implementing an intelligently automated merchandising plan and assortment for the culinary aisle, the retailer realized a 4.3% lift that translated to \$308 million in incremental sales in the first year.



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Seeing the tangible results, the CPG partners applied the changes on a global level with different retail partners. The concept was also considered for cross merchandising complimentary items, such as displaying ketchup next to French fries in the freezer aisle.



CASE STUDY

Improved assortment planning

A leading global grocer launched emnos' intelligent assortment planning solution to optimize its click-and-collect assortment. Armed with emnosAssorter, the supermarket operator used predictive analytics supported by proprietary algorithms to create automated assortment decisions and data-driven assortment planning — all based on customer demand data. The platform also enabled the grocer to measure sales outcome and develop yearly projections.

Within in three months of using the solution, the retailer generated \$5 million in incremental sales through its click-and-collect channel, and at least one of the new products recommended in the assortment mix was carried in 86% of baskets, indicating the recommendations were highly relevant.

In addition, automated analysis contributed to more than a 10% increase of average weekly incremental sales for newly recommended products compared to historical purchases.



CASE STUDY

Better consumer engagement

A retailer implemented a costly new signage program designed to drive sales in an important category. However, the company became disappointed when category sales declined — an issue it believed was due to poor performing promotions.

They employed emnos' Navigator solution, an intelligent web-based platform that provides on-demand guided insights and root cause analysis of unusual category movement. Using machine learning and intelligent algorithms, the solution automatically filtered out the noise of the campaign and quickly uncovered the exact root cause impacting category performance which proved to be pricing decisions — not promotions.



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Upon presenting this data to its CPG partner, both companies decided not to pursue the new signage and instead invested the money into other areas of the business. The decision delivered significant cost-savings for both sides and fostered a new level of trust between supplier and retailer resulting in increased supplier engagement with the retailer.



Conclusion

Consumer-centric strategies are critical in retailers' mission to grow sales and scale their business. Yet, too many retailers remain burdened by cumbersome legacy solutions that can't ingest the massive levels of data being created — factors that take a toll on people and decision-making.

By applying emnos' analytical tools to customer-specific data, retailers will realize exceptional value by intelligently automating the processes needed to deepen relationships with their customers and make their business run more efficiently.

emnos is a leading provider of intelligent automated, data driven solutions for retail Category Management and Assortment planning. Through its solutions, emnos is empowering retail with a simpler, faster and better decision making ecosystem so that their business is ready for tomorrow. Driven by powerful analytics and smart digital interfaces, emnos' quick-to-deploy SaaS based solutions enable retailers to take winning decisions every day and best engage their customers.

With offices across Europe and the U.S. emnos works with some of the leading global retailers and is part of Loyalty Partner GmbH, a subsidiary of American Express.

