Maximize the impact of point of sale data with Data-to-Action Analytics℠

Consumer packaged goods (CPG) companies and retailers lose close to $100 billion in annual sales when customers cannot find what they want. Nearly 90% of out-of-stock conditions stem from inconsistent, inaccurate in-store operations. CPG companies no longer have to accept this situation: They can lead in integrated business reporting and point of sale (POS) data analytics to help their own brands and retailers satisfy customers and perform better.
POS data is rich in actionable insights. For instance, trading partners that know customer demand and inventory levels can precisely match supply chains to projected sales and smooth product flow to retail shelves and displays. Retailers have shown they want analytics help to grow sales against online and physical store competitors. According to a study, up to 40% share shopper data with their suppliers. The business impact is significant, since about 70% of purchases occur on impulse, 38% of customers use a mobile device to help decide on an in-store purchase, and stores can achieve a 3.7% sales rise just by stocking shelves better. Automated data management is the quickest, most productive way to support real-time decision making.

### Bridge the data gap

There is a chasm between the exponential growth of data and the ability of the CPG industry to master it. The retail trade generated data at a rate of 7 zettabytes (ZB) in 2014, was up from 1 ZB in 2010. POS data plays a pivotal role in this fast-changing scene because it reflects the “sales action” in stores and brings other benefits such as:

- It enables CPG companies and retailers to improve order performance by 20%
- It lowers supply chain costs, which can be as much as 5% of the revenue
- It gives twice the visibility into store-level sales and inventory trends
- It increases understanding of customer demand and behaviors, and informs strategic decisions about pricing and trade promotions

To develop on-target actionable reports, data is best acquired, collated, and analyzed within the context of varied sources: the Internet, social media, customer contact centers, mobile devices, shipments, research studies, and syndicated third-party data. Additional types of data could be coming soon. Research indicates that 2% of master data changes every month.

This data surge brings new opportunities to “extract more value” through effective reporting and analytics. The rewards will go to CPG companies that are best able to make real-time, fact-based business decisions built on data insights—particularly POS data. Others that lag will face a competitive disadvantage.

However, the state of the industry today has 75% of leading companies conceding they are incapable of creating a unified view of their customers, according to one study. Other research suggests the potential heavy cost of this shortcoming: 86% of consumers say they stop doing business with an organization after one bad experience.

### Turn complex data into insights and results

Data reports and insights are key drivers of day-to-day business. However, the fast-scaling growth of data volume and sources challenges CPG companies and retailers to blend and analyze all the data appropriately. Too often, companies under-utilize or misrepresent data and pursue costly, ineffective strategies as a result.

In POS data, for example, inconsistencies such as empty fields, incorrect values, and character mismatches are common and lead to erroneous reports such as out-of-stocks. Complexity multiplies for CPG companies that receive data from numerous retailers globally in multiple data types, on various storage platforms, and in different database engines and platforms.

No wonder research shows more than 40% of retailers prefer a single consumer platform to manage interactions and transactions across various data channels and that 70% of retailers plan to refresh their current POS software every 3 years.

Retailers and CPG companies aim to avoid costly out-of-stocks, which 70% to 90% of the time stem from in-store operations problems and 10% to 30% of the time from upstream supply chain
issues, reports the International Journal of Logistics. How costly? More than 30% of customers will visit another store to find an out-of-stock item, reveals Food Marketing Institute research. Another 26% will buy a different brand, 19% will buy a substitute item from the same brand, 15% will delay the purchase, and 9% would not buy the item. Incidences of non-purchase translate into lost sales opportunities of 2.5% for manufacturers.

Out-of-stocks are common. Every day, a customer has only a 4% chance of buying all 40 items on his or her shopping list. On promotion, the out-of-stock incidence rate often exceeds 10%. If retailers could slash these rates through better shelf-stocking, they could raise store sales by more than 3.5% on average. The right data insights also pay off, as shown in a study by the National Association of Chain Drug Stores that established a clear link between the on-shelf availability of goods and sales:

- A 3% gain in on-shelf availability raises CPG sales by 1%
- A 2% gain in on-shelf availability raises retailer sales by 1%

**Marketplace shifts raise stakes for CPG companies to manage POS data**

Today’s retail backdrop has smaller stores on the way, more online competitors, more private-label sales, and increased use of mobile devices to research, plan, keep lists, shop, and pay. These trends make it more compelling for CPG companies to manage POS data because of:

**Planogram shelf space:** It will soon be at a premium in small-grocer formats reportedly being tested by Walmart, Publix, and Kroger to fill in densely populated markets. The stronger a company’s analytics, the better its CPG brands can compete for less-available shelf space. In addition, the better the CPG brand can manage its marketing and media mix.

**Informed customer:** Shoppers are more informed before they purchase and often pick the value choice of a private label or buy from a website.

Abundant data from mobile devices will enrich the process of CPG brands and stores getting closer to their customers.

**Genpact automates processes, drives gains for CPG**

Most CPG companies find the complex management of POS data to be beyond their current capabilities. Genpact has a holistic POS data management solution, Genpact DataCentral℠, which encompasses three critical pillars: master data management, retailer management, and holistic reporting.

We help clients extract data based on requirements, and complete end-to-end processing (encryption, validation, harmonization, and integration) using custom tools and technology infrastructure. We also automate real-time holistic reports, with client-customizable dashboards for complete operational views of POS data.

Genpact DataCentral℠ enables retailers to check their business health through various key performance indicators (KPIs) such as daily sales, retailer’s market share, sales growth, product performance, incremental sales, average purchase value, stock-to-sales ratio, and on-shelf availability, with advanced reporting capabilities, including visual reporting formats, and across three tiers, Standard, Business Insights, and Advanced Analytics, to empower clients every day.

Case studies prove DataCentral℠ processes are 50% more efficient and six times speedier in cycle time than current CPG processes. DataCentral℠ integrates data from multiple sources in multiple formats. It automates data management workflow end-to-end and notifies stakeholders on the status of each task. CPG clients can host the solution behind their own firewall or in the cloud. It has robust data security measures in place.

**The Genpact advantage**

Genpact has recorded global successes as a CPG/Retail domain expert and analytics pioneer for nearly two decades. We currently manage 160 CPG client portals and have completed more than
750 advanced analytics projects in the past 12 months alone.

We help deliver more than 12,000 client reports monthly, across 1.2 billion retail transactions and seven nations. For the top syndicated market research firm, Genpact updates 3,000 categories and codes 16,000 universal product codes (UPC) weekly, handling 2.8 million new products added every year.

Genpact produces business impact in many ways, chief among them are:

- **Solution accelerators**, which are customized, ready-to-deploy tools with pre-set scripts to analyze multiple data types, across various storage databases running on different engines and platforms

- **Process expertise** and CPG/Retail industry knowledge, including that of retailer data and POS system landscapes across North America, Western/Eastern Europe, the Middle East, Africa, South America, and Asia-Pacific

- **In-house technology expertise**, including custom technology frameworks such as Genpact DataCentralSM (automation framework for CPG companies)