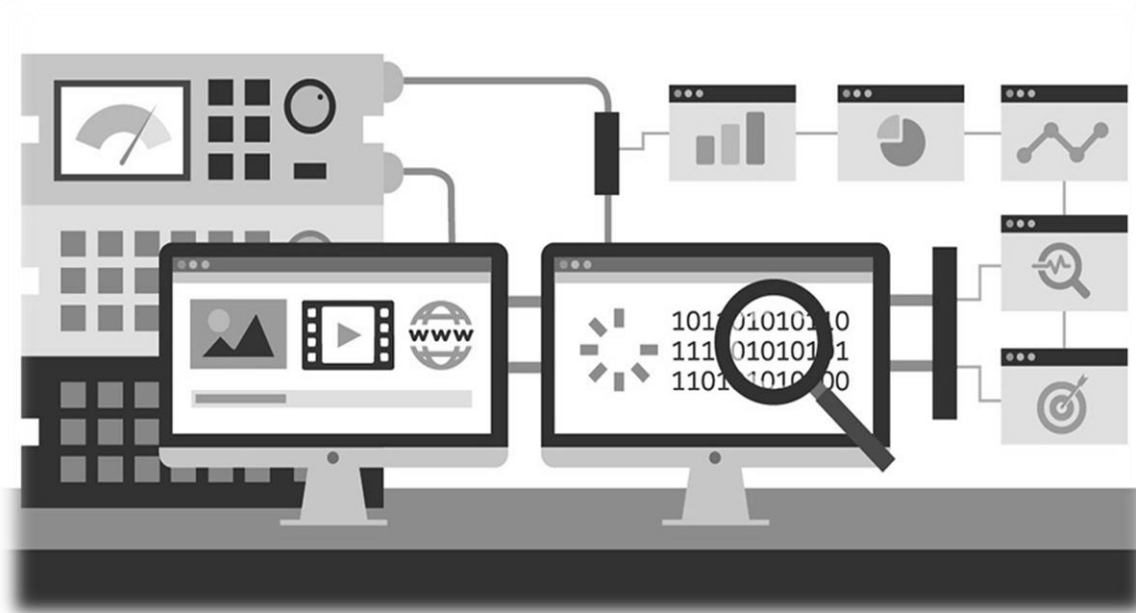


How Can Predictive Analytics Help Small Retailers?



Predictive analytics is a three-part formula. "It's looking at the past performance of whatever you're trying to analyze, understanding the present, and applying that past to the present to predict the future."

Predictive analytics allows small business owners to broaden their time horizon when developing a strategic plan. Rather than focusing only on what should happen next, you can use predictive analytics to pinpoint the results you hope to achieve further down the road get started: "Once you know your goal, you can then figure out what data will help you reach it."

How Can Predictive Analytics Help Small Retailers?

Transform business with Predictive Analytics

Making data-driven decisions is no longer about learning from the past; it means making changes to the business constantly based on real time input from all data sources across the organization. Making predictions and applying Predictive Analytics is based on traditional data but also on new and innovative sources like connected Internet of Things (IoT) devices and sensors or, going a step further with deep learning, unstructured data from things like static images or cameras monitoring stock in warehouses. Consumers can be fickle, so being able to accurately anticipate what they will do next and quickly react is what puts the most innovative and successful retailers above the rest

Customer Retention

According to **Gartner**, **growing and renewing existing customer account is about five to twelve times cheaper than acquiring a new one**. A predictive analytics tool can tell which customers are seemingly to come back and which are simply one-timers

Deliver Enhanced Experience

Predictive Analytics tools can track preferences and habits of particular customers through their individual sales and interaction data. While others may find tracking individual customer behavior and preferences unwanted, using the information to delight customers through personal interactions make customers appreciate such personalized gestures

Target Marketing

Small retailers can use a sample of existing customers and with the help of predictive analytics tools create a model that can rank all the customers present in the company's database. Customer ranking can be on the basis of their likelihood to subscribe or buy a product or service.



More accurate and targeted churn prediction



Robust fraud detection systems



More effective marketing campaigns due to more advanced customer segmentation



Better customer service

Manage Stock & Supply Better

Predictive analytics enhances this by making accurate demand forecasts so that businesses can manage inventory better. With the rise of omni-channel approaches to doing e-commerce and retail, it's even more crucial to have integrated inventories to eliminate the requirement of tracking separate stocks for physical and online stores

Price Optimization

Predictive analytics plays an important role in price determination. Its algorithms perform several functions like tracking demand, inventory levels, activities of competitors, and respond automatically to market challenges in real time. Price optimization helps to determine when prices are to be dropped which is popularly known as **'markdown optimization'**

Demand Forecasting

Predictive analytics involves collecting demographic, seasonal, occasions led data and economic indicators so that a good image of purchase behavior can be created across target market. This is extremely helpful in inventory management



More efficient inventory management based on real time data and behavior



Optimized pricing strategies

Forecast Trends

Predictive analytics can also be accustomed to get insight concerning markets and market segments to detect trends, confirm market directions and spot potential sales opportunities. Understanding which shoppers are likely to buy a particular product, and finding the most effective way of placing the item in front of them, is important for small retailers to succeed in today's highly competitive retail industry

Respond to Customer Needs

Beyond products, service and after-sales are essential components of the value chain where analytics can help shine a light on opportunities. Connected devices can provide information if products or their components would need replacement or servicing. Such information can guide small retailers to intercept demand and even act proactively by initiating contact to customers

Reducing Risk

Small retailers usually provide credit policy while dealing with their customers or buyers. A credit score is a number generated by a predictive model that incorporates all data relevant to a person's creditworthiness



Anticipating what a customer will do next



A more agile business based on up-to-the-minute signals



The ability to adapt automatically with customer behavior

Handle Work & Workers Efficiently

Predict the headcount you need at any given time, and you will be able to configure worker schedule consequently. This way, you simply pay for the hours that are profitable. By tagging sales expedited by particular staff members, analytics can also track who among them are performing well

Taking Informed Decisions

Predictive tools will facilitate your salespeople and marketers make better, more informed, and more efficient decisions so that their activities and actions align with the best end result for your company. Small retailers can find out:

- Which accounts salespeople should invoke first
- Which value proposition to spotlight with a specific account
- What kind of content medium (white paper or video, for example) and form of communication (email or phone call, for example) will get the most effective engagement



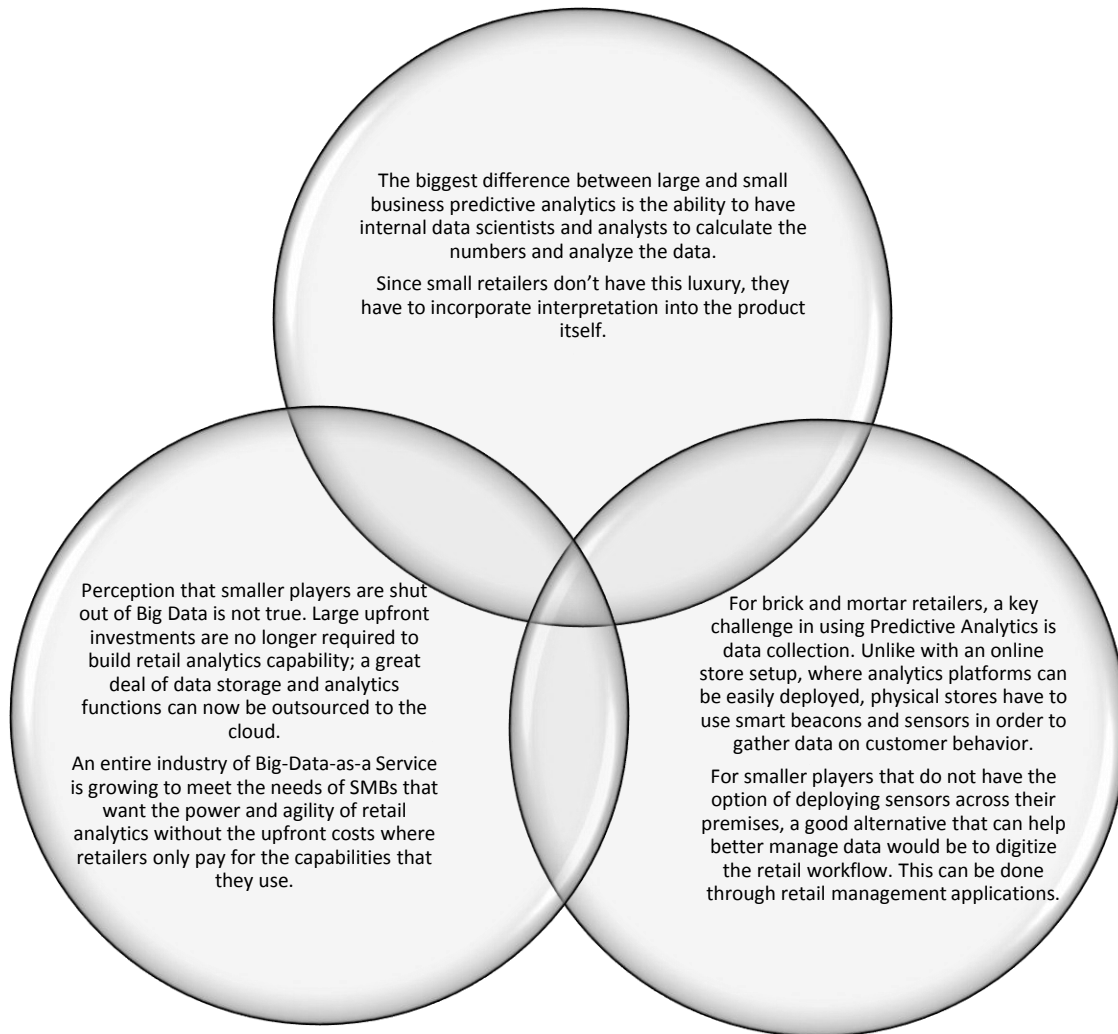
More efficient team that can scale as the company grows



With reproducible workflows, team can work on more projects

How Can Predictive Analytics Help Small Retailers?

How Easy Or Difficult Is To Adopt Predictive Analytics For Small Retailers?



Characteristics of Predictive Analytics Solutions for Small Retailers

Flexibility & Choice

A Predictive Analytics solution for small retailers must allow them to choose only the capabilities they need and leverage the solutions and systems already in place. The solution should be complete in having everything a customer might need in one pre-integrated package, but the vendor shouldn't force a company to replace a capability it already has implemented and adopted.

Cost

A Predictive Analytics solution for small retailers must be priced right. Customers should be able to pay for only the capabilities they need, and the licensing strategy should allow them to start small and scale up as the need for analytics increases. This approach is particularly useful for a rapidly growing small business, where it's critical for the cost and capabilities of software investments to align with the rate of growth and expansion of the operation.

Simplicity

A big-data solution for small retailers should be easy to deploy and use and take only a few days or weeks for a company to start using it -- not months or years. All the capabilities of the system should work together seamlessly. And, if the customer is integrating new capabilities with existing systems, it should be possible to accomplish this without the need for expensive specialists.

How Can Predictive Analytics Help Small Retailers?

How to Get Started



When it comes to big data and predictive analytics, cost isn't as much of a problem now that there are more low-budget and open-source solutions to choose from.

The biggest problem lies with small retailers not knowing how to get actionable insights from the data they extract. In fact, a **Nielsen study found that less than 15% of the small businesses surveyed knew how to do this well.** The most successful retail companies worldwide are able to efficiently leverage all of the data at their fingertips by following set processes to see data projects through from start to finish.

DEFINE

Start with a specific goal in mind or a problem that needs fixing. Beginning with a specific objective, such as wanting to sell more of a certain product or service, will start you off with a smaller data range and scope rather than staring at thousands of data points and hoping something will jump out

IDENTIFY DATA

Mix and merge data from different sources for a more robust data project

PREPARE & EXPLORE

Understand all variables, ensure clean and homogeneous data

PREDICT

Avoid the error of training your model on both past and future events. Train only on data that will be available to you when predictive modeling is actually running.

Choose your evaluation method in a manner that it should correspond to your business need

ITERATE

Determine the effectiveness of the model, is it sufficiently generic?

Ensure you've used training, validation and testing sets that are not specific to a certain time or type of customer

TAKE ACTION

Determine what should be done next with the insights you have gained from your data project

DEPLOY

Determine if the project is addressing and ongoing business need and if so, ensure model is deployed into production for a continuous strategy

VISUALIZE

Communicate with product/marketing team to create insightful visualizations. Use visualizations to uncover additional insights to explore in the predictive phase

