

Data technology driving agility in retail



By [Lauren Hartzenberg](#)

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Competition amongst suppliers and retailers are at an all-time high, and today's consumer is much less predictable than in the past. Throw in South Africa's broad spectrum of shoppers with equally diverse buying behaviours and you're closer to understanding the challenge retail brands and manufacturers are faced with trying to stay on top of customers' wants and needs.



Pictured from left: Muthalip Karim, strategic pricing director at Tiger Brands; Pieter van der Merwe, senior analytics consultant at IRI South Africa and Martyn Freemantle, interim managing director at IRI South Africa.

While catering to the South African consumer may be especially complex, personalisation is key and retailers are racing to perfect the art, said Martyn Freemantle, interim managing director at IRI South Africa.

He was speaking at the annual IRI Mini Conference, held in both Cape Town and Johannesburg in September. Each year, IRI South Africa, the local office of global market intelligence provider IRI, hosts the event for representatives from SA's retail and consumer packaged goods (CPG) industry.

Investing in data

Freemantle defined true customer personalisation as being relevant, price-driven, service-driven and convenient. Retail brands are betting big on data and technology to cultivate personal relationships with consumers and to drive growth.

"We've seen our top five retailers all invest in data in the last 5 years, with varying degrees of success. They're all investing heavily in data science capabilities, building up data science teams and making sure they're adequately skilled," Freemantle said.

He cited a 2018 Kantar study which showed that big brands like Heineken, Duracell and Revlon were increasing their e-commerce teams by 83% last year, while this year their focus has shifted to their data science teams.



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AI at a tipping point

On the topic of artificial intelligence, Freemantle said that while there's been a buzz about AI over the last few years, there hasn't been a large amount of value derived from it just yet. However, this is about to change.

"We believe that AI is at a tipping point, and it will be a game-changer in the next 4 to 5 years. AI and mastering the science of complex data is at the forefront and is being driven by the explosion of data - every day there's more data and it's more complex."

Most tools are not able to adequately cope with vast amounts of complex data, and for this reason, IRI is investing not only in AI, but the tools around it. "This is to make sure that we future-proof our clients and ourselves," he added.

"There's a stat that says that AI will drive 16% growth in the global economy by 2030; that's a \$13 trillion statement! Meanwhile, Boston Consulting Group did a study on AI and advanced analytics and they're stating that AI will drive 10% incremental growth in things like demand forecasting, personalisation of media and data-driven sales forces. That's a huge cost saving for businesses."



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Potential for voice tech

Today, there are 114 million smart speakers in the world. By the end of 2019, this number is expected to rise to 200 million and by 2023 there will be 8 billion smart devices that people will be interacting with on a daily basis.

Freemantle said that there's huge benefit for business using voice technology as it's a natural way to interact with systems. "Think about how people have meetings and make decisions – they talk. We believe that voice as a way to interact with data makes sense and that's why we're investing heavily in it."

Enabling rapid decision-making

In the business world, the big used to eat the small, now the fast eat the slow, Freemantle said. Smaller businesses have the benefit of being more agile and therefore quicker to innovate. Freemantle posed the question: "how do the big become fast?"

He said that most retailers and CPG manufacturers are currently occupied with insights and visualisation, with just a small

percentage (20%) of IRI's customers' reports being automated. The industry needs to completely automate the way it does its insights, he said, adding that the value of automated reporting lies in the fact it removes the manual nature of the process.



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Once insights are automated, one can move on to augmented decision-making, which involves getting high-quality recommendations into the hands of the people who matter and, importantly, who can make rapid decisions.

The process of getting these augmented decisions into the right hands needs to be based on alerts, said Freemantle. Performance targets need to be built into a platform and they need to be measured against, with alerts to tell us when we're not hitting those targets.

"Use AI and machine learning to sift through the hundreds of billions of rows of data we have as an industry to find the insight and make recommendations automatically. And then we need voice as a way to interact with the platform. I should be able to ask it, 'how do I improve distribution in retailer X, and it should give me the right recommendation as a response'."

He continued, "Think about a recommendation that says your stock is going to run out in 3 days. Usually, it goes to the sales person who places an order and fixes the stock issue. The future is that it's linked to an ordering system that orders the stock for you."



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Agents of change

Freemantle ended his presentation encouraging retailers and manufacturers to work together as an industry.

"We need to be change agents. We need to become experts in technology. We need to be good teachers and democratisers of data. We need to upgrade our skills, and get data science in our organisations.

"We need to set clear goals for automatic insights. We need to find areas in our business where we can augment decisions, and everything needs to be anchored in how we measure short-term profit and long-term customer lifetime value."

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