



The keys to retail success.

Metrics every retailer should monitor and measure

Phocas.
Got data. Get results.

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Introduction.

Using product, people and places performance data to build sustainable and successful operations in today's turbulent retail environment.

The headlines continue to highlight retail industry struggles, one suggesting that the “Retail Apocalypse” could last another two years.

The headlines continue to highlight retail industry struggles, one suggesting that the “Retail Apocalypse” could last another two years. This after two-thirds of major U.S. bankruptcies in 2019 were retail businesses. According to [Coresight Research](#), more than 9,300 retail stores closed this year, up 47 percent over 2018. These closures included brand names such as Payless Shoes, Rue 21, Gymboree and Charlotte Russe. The struggle is global, as more than 140,000 retail jobs were lost in 2019 as 16,073 retail shops closed in the U.K. Retail sales and confidence fell in [Japan](#) and other parts of [Asia](#). Consumer confidence is down in the U.S., and economic pessimism hit a three-decade high in Australia. In fact, only [12 percent](#) of Australians think 2020 will improve over 2019.

Not all is lost however as overall retail sales in the U.S. are expected to increase up to 4.4 percent in 2019, and according to [IHL Group](#), for every company closing stores, 5.2 are opening stores. Target opened 100 mini stores in the last two years, Dollar General opened 900 stores last year, and according to [RetailNext](#), while store traffic is down, “the average transaction amount increased by nearly 3 percent and the sales value per shopper increased by about 3 percent.” During the 2019 holiday season rose by 3.4 percent from 2018 despite the season being six days shorter than last year. U.S. e-commerce sales jumped [18 percent](#), up 3.4 percent over last year, while U.S. in-store sales rose [1.2 percent](#). (A staggering 24.5 percent of all U.S. holiday season shopping happened on Cyber Monday.) In addition, U.K. consumer confidence increased at the end of 2019, the biggest increase since 2016, and In China, retail sales are expected to grow 8 percent in 2019. (China's November's Singles' Day, a.k.a. 11.11 Global Shopping Festival, reported \$38.4 billion in sales; up \$8 billion over 2018.)

Retailers around the world are adjusting their businesses because of increased competition and growing consumer spending online and via mobile devices. In fact, “[retailers](#) should expect to see a 30 percent growth in online sales over the coming year, with 70 percent of those sales transacted on smart phones.”

They are also embracing new ways to reach consumers and measure success, from TikTok, and VR to AI and data analytics, to ensure they can meet consumer demands and survive the challenging retail landscape.

Below are a few retailers that have embraced data analytics:



A **110-store shoe retailer** in Australia got better visibility into how each of its stores was performing, as well as regionally and company-wide. The company gave managers near real-time updates on how many sales, value of transactions, items in sale, and upsell accessories. With Phocas, front-line managers now have ownership of their performance which creates healthy competition between teams, departments and branches.

Hairhouse has 140 stores across Australia and is using data analytics to get an accurate picture of its business operations. Executives are using data to make better purchasing and buying decisions, and improve marketing and promotions. The company is also exploring monitoring deadstock, recommended repurchases, and making more efficient use of stock on hand.



Stewart's of Scotland is a well-known distributor and marketer of shortbread and gift food, which are packaged in nostalgic, iconic, and retro tins.. Stewart's primary objective is to build the brand as quickly and efficiently as possible, making it stronger in the marketplace while increasing customer retention and loyalty. Data analytics is helping the company's sales team be more prepared for customer meetings, while helping the company manage budget and focus on margins and profitability.

Texas Peak is a wholesale/retail company for Brooks athletic shoes and Diesel clothing. Phocas has enabled the sales staff with data tools to help them achieve selling targets. Given the challenges in the retail and wholesale markets, the company needed new ways to service the customer. Phocas is helping everyone, from sales to customer service, to answer complex business questions.



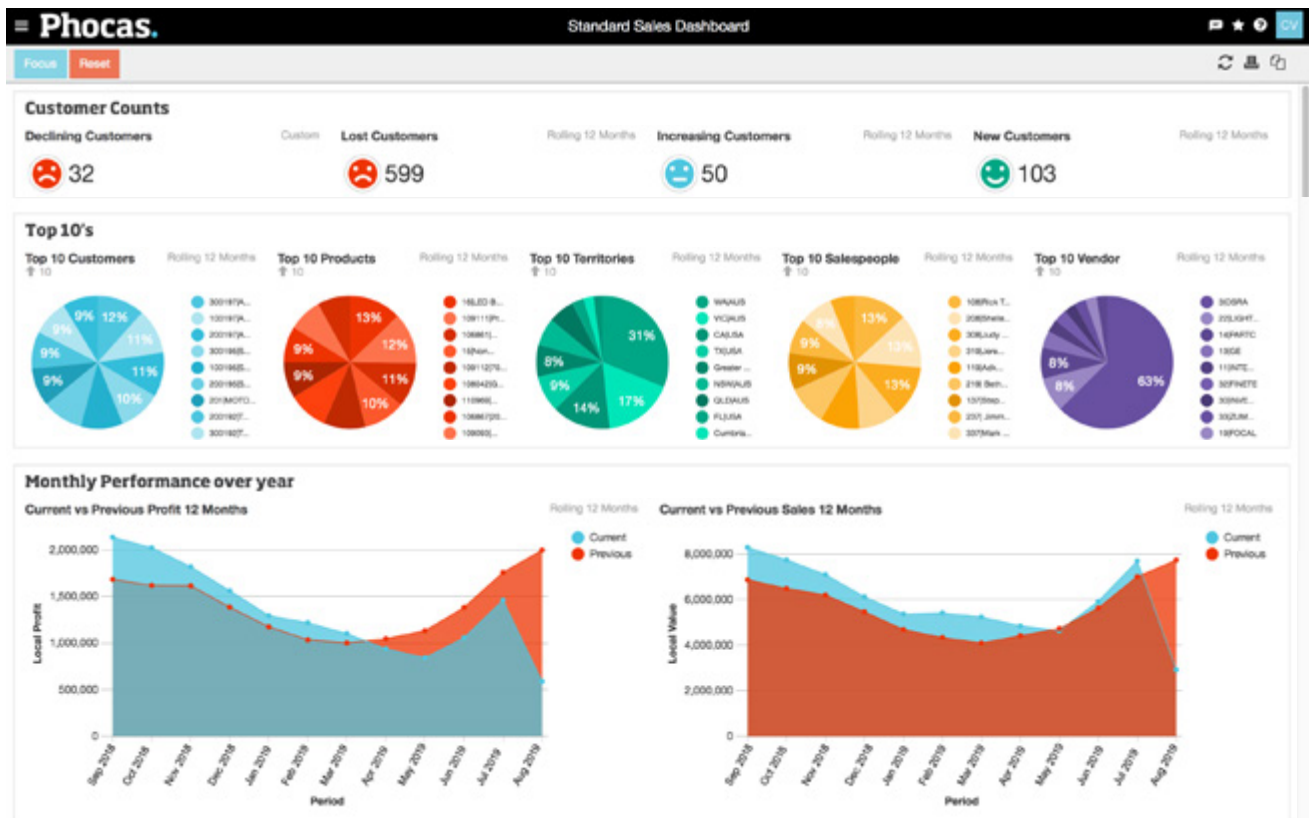
Data in the retail battle for survival.

As struggling retail chain stores work through the challenging conditions, key to their success should be data analytics.

As the retailers mentioned above validate, winning in retail [requires access to better data](#) from across the operations to understand how products, people, and places are performing. One editor [wrote](#):

“In the battle for survival, data is proving one of the most effective weapons in their (retailers) arsenal.”

Global consultancy [Bain](#) suggests that a winning retail model means retailers “must master data analytics to understand and delight customers who have become more demanding and harder to pigeonhole. The industry leaders are finding that the same data skills have become key to cost-reduction programs in areas such as labor-cost management, supplier negotiations and reduction of inventory shrinkage. Analytics is also core to their attempts to win and retain traffic, both online and in-store.”



Retailers generate and aggregate significant data from their customers, and increasingly more from other systems and departments such as marketing, HR and rostering, logistics and finance. Unfortunately, too often data from these areas resides in multiple locations and disparate silos, making it difficult for those that need it to access and analyze the information to create an complete and comprehensive picture of operations and sales.

In addition to accurate and timely data, [executives and leaders](#) from all areas of the business need to be able to turn data into insights, and insights into action.

[Bain](#) cites using data to automate more decisions as one of five main imperatives for future retail success, adding retailers need to, “Build the capabilities needed to master data analytics. Change culture to be more hands-off on decisions such as basic assortment, replenishment and pricing. Concentrate your finest minds on more complex challenges.”

For this to happen, they need access to powerful fit-for-purpose analytical solutions to help them identify trends; find out what products are selling, to who and where; and uncover opportunities to expand, contract, review and refine. They need [business intelligence solutions](#) that will make it easy to interpret and visualize the information, **so less time is spent “running and reading” numbers and more time is committed to developing products, people and places that better serve customers.** Data analytics is no longer something that can remain isolated in the IT department. It must be available and used by key decision makers and their teams across the business.

In this eBook, we will review critical metrics that every retailer needs to monitor and measure in order to compete in the modern retail world. We will also review how aggregating and analyzing your data can be done quickly and easily with the right industry-leading business intelligence (BI) solutions. After all, today’s winning retail companies take a data-driven approach to their business, basing key decisions on fact, not gut feel. Sharing a single view of the truth from which to draw conclusions and base planning ensures that everyone in the company is working with the same information to drive the business forward.

GAZMAN.

GAZMAN is a well-known apparel brand and retailer in Australia.

The family owned business opened in the 1980s, and now has 77 stores across the country. Retailers such as GAZMAN use a number of computer systems for a variety of reasons.

Despite using a fully integrated ERP system, there are still external influences on what data the retailer needs to incorporate within a data set. The company rolled out Phocas because of its non-centric nature. GAZMAN found that it was possible to quickly learn how to use Phocas, and today, everyone from the chairman to general management, operations, merchandise and finance staff uses the BI software.

Phocas gives the company's merchandising team awareness of what products are selling in the stores they visit. This allows them to use sell-through data to decide how and where to arrange products throughout the store. GAZMAN also uses Phocas to store sales information, as well as human resources information system data and staff scheduling/rosters, which allows the company to test people against their productivity. GAZMAN regional managers carry the data on their devices, allowing them to walk into any store with performance data detailing what happened up to the close-of-business yesterday or store sales for that day.

TESTIMONIAL



Chief information officer
leverages multiple data sources
in Phocas to get results

[WATCH VIDEO](#)

“The regional managers carry Phocas around with them on their iPads and laptops and that gives them the ability to walk in the store today with what happened up to the close-of-business yesterday or how the store is actually performing today.”

Peter Denison, chief information officer, GAZMAN

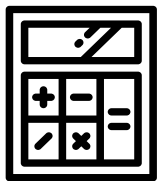
Products, people and places.

Monitoring how your products, people and places are performing is critical to any retailer, particular operations with multiple locations and eCommerce.

The ability to navigate, strategize and adapt quickly to optimize your range, product assortment, staff, locations, store layout and home page offers based on facts can lead to a competitive edge.

While retailers have a variety of systems in place that capture useful data, they are not always integrated, making it difficult to see a consolidated view of the critical aspects of their businesses.

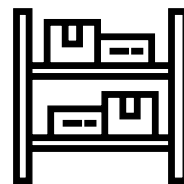
Among the disparate and often isolated systems a retailer might use are:



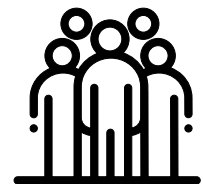
Accounting



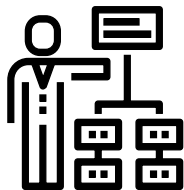
Point of sale



Inventory/stock
management system



Rostering



ERP



CRM



eCommerce

A business intelligence layer that aggregates critical information from these systems makes it easier to analyse and monitor and report on performance so you can make more intelligent business decisions. Regardless of whether you sell furniture, apparel, sporting goods, pet supplies, toys, or consumer electronics, , the ability to review data from past, present and future time periods is important as you work to remain competitive, optimize business processes, reduce costs and drive revenues from offline and online operations.

Whether you are hiring, opening new stores, adding SKUs, expanding interstate commerce or pushing for more or less wholesale business, the data is available to answer key performance questions about your products, people and places such as:

- 1 What aren't we selling?
- 2 What could we be selling?
- 3 How can I sell more, today?
- 4 How are we performing over any comparison period - yesterday, last week, last month?
- 5 How are my stores performing vs. our daily sales budget?
- 6 Where can we look to cut our stockholding?
- 7 What opportunities do I have to improve margins?
- 8 Which customers are most likely to buy our new product range?
- 9 Where should I be targeting my next promotion?
- 10 Which products are slow movers?
- 11 Which products show the best growth trends?
- 12 How can I continually monitor my targets for volume, value, margin by store, product and sales person?

When it comes to monitoring and measuring performance metrics, retailers need to track three areas of their business:



PRODUCT

product mix, inventory, stock and sales



PEOPLE

staffing, productivity and training; customer demands and fulfillment



PLACES

stores, website traffic, locations, sales, staffing, transactions and promotions – how do you create an orchestrated, consistent user experience across all your sales channels?

Product performance.

Ultimately, what the customer wants drives retail, and success hinges on the ability to profitably turn over product.

This means:

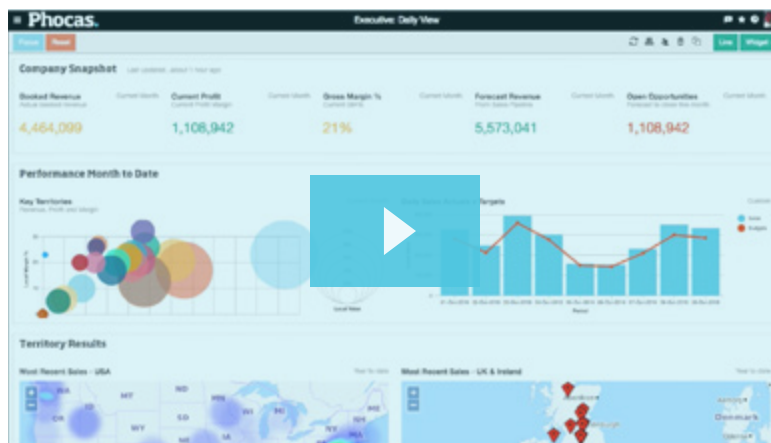
1 Managing your existing product lines in the supply chain (dead stock, stock on hand, under stock, slow moving stock, stock demands)

Given the competitive nature of the retail industry, you can't afford to mismanage inventory. If customers can't find the products they want from you, at their local branch or online, they will go to the next retailer. While not having enough product on hand could mean lost sales opportunities and revenue, having too much stock on hand can be equally costly for your business. Data from POS and inventory management systems contains a wealth of insights about your sales performance and supply chain. When combined through a BI system, the data can provide you a historical perspective on product performance to help you identify short- and long-term trends, better understand the factors that impact sales such as influencers and weather, and help improve product forecasting. For retailers with multiple locations, understanding product performance by location will make it easier to manage how and when stock is allocated.



2 Serving and delivering on-time and in-full to meet the demands of retailers and other distributors. Sometimes the supply chain can be complex and one distributor can on-sell to another distributor before it reaches the consumer.

Customers have an expectation that when they place an order it will be delivered complete and on time. BI can help you measure how much inventory you have on hand by retail location and within your distribution center so you can better understand when you need to ship to stores and or order additional stock. The goal is to maintain an efficient and effective delivery in full and on time performance record so your customers won't need to look elsewhere for fulfilment.



Phocas for retail

See how retailers use Phocas business intelligence for new insights about their customer spending patterns and behaviour to improve profitability.

[WATCH DEMO](#)

3 Tracking product performance such as sales by region by product by sales rep

You need to know if the products you're selling are helping your business to grow. As you [track product performance across your stores](#), you will have a better understanding of what products are gaining traction by specific location. You also understand who is selling what and where opportunities exist to improve by location and by salesperson. A new promotion or additional training on product features may be all it takes to for underperforming stores and staff to turn around sluggish performance.

4 Effectively tracking and optimizing product profit margin

The goal for any business is to be profitable, generating revenue above any costs related to product development, manufacturing, marketing and logistics. Margins in retail are small and shrinking due to growing competition and price conscious consumers. BI gives you the big picture as well as the margin on individual products, customers and store. You can also monitor and manage transactions so you can stabilize margins. Monitoring profit margin consistently across your products, people and places, will make it easier to adjust pricing appropriately and as needed.

5 Monitoring sales trends for production and import/export teams

Product sales impact every area of your business, from finance to manufacturing. BI software helps you track sales so know how quickly you need to escalate or reduce production and ordering. With timely and accurate data, BI can help other departments stay on top of trends in order to optimize their operations, including managing labor and reducing service delays and factory downtime.

6 Measuring success of product promotions

Product performance is a result of a variety of factors, including product promotions. **BI helps marketing to create highly targeted offers and promotions based on facts, and then measures the success of the campaigns using transactional-level data.** Some customers use data collected by their BI systems to create promotions for their loyalty program customers, such as buying suggestions based on past purchases, preferences, and predictive ideas.



7 Managing product assortment

BI allows you to analyze a large amount of detailed data, helping to identify buying patterns for products with similar features or attributes across your stores. You will have better visibility into your inventory so you can create, maintain and refine the most profitable mix of products to carry in your stores.

8 Preparing for holiday and seasonal opportunities

One Aberdeen analyst [suggested](#), “business intelligence is important for any seasonal sales, but it’s crucial for the high traffic, high-volume Christmas holiday season.” Aggregated data reveals patterns to provide critical insights about customer demand during holidays and seasonal shopping times. You can use these insights to improve sales and marketing, while helping prepare other areas of the business for the potential increase in demand.



People performance.

In retail, people represent your team and your customers.

To compete in the retail industry, optimizing the performance of your staff and meeting the demands of your customers is key.

They can also be your biggest overhead expense, and optimizing your human resources can be the difference between a profitable and a struggling store.

Employees working in your stores are the face of your organization, and ultimately they are the ones who execute your brand's vision for customer experience. Customers that have a poor experience in one of your stores are likely to share their experiences across a number of communication platforms. Data can help identify who is doing well to reflect your brand and deliver a memorable customer experience; one that will result in repeat business and positive feedback. Data can also help you track your customers' shopping journey from online to in-store, as well as understand what customers are buying, and not buying, so you can help your team deliver a consistently great customer experience.

As you track your overall business, you learn where to dedicate time, effort and resources so that your company can continue to move forward. Similarly, as you track individual employee performance, you will know who on your team is exceeding expectations or falling short of established goals. Over time, you will have the data you need to accurately identify and design training requirements and where to reward or reappoint people. You will also have the information you need to optimize your store staffing with the best sales people and ideal staff size during peak times. By using BI, you are providing your employees with a single source of truth that is easy to access and understand. BI solutions such as Phocas allow you and your team to identify trends fast, so you can act on them before problems arise or opportunities disappear.

Among the metrics to monitor employee performance are the following:

1 Sales productivity (staff)

There are a number of metrics that you can use to track sales productivity. These include:

- **Items per transaction** – this data point reveals how well your staff is working with customers and finding complementary items that can increase the quantity of items they are buying, as well as the revenue generated. BI will help identify opportunities to increase items per transaction, and what was to blame for few items, from inventory problems and product assortment limitations to staff's limited knowledge of products.

- **Sales per employee** – use this data point to identify your top sales people who may be ready for promotion and or willing to share their secrets to success to help other team members increase their earning potential. The data will also reveal what staff needs additional training, and whether they should be a long-term part of your team.
- **Accessory percentage** –like items per transaction, this data point will help identify which of your employees are educated about your products and capable of helping customers find items to complement their bigger purchases.

2 Time of day/time of week

As you aggregate data over a period of time, you will come to understand the appropriate level of staffing needed for hours of the day and days of the week. BI will help you correctly plan your staffing rosters to meet highest demand.

3 Rostering your best sales people during peak times

To optimize your peak sales times, why not ensure your best sales people are also working? BI provides the evidence you need to make these staffing decisions.

4 Identifying gaps and training needs

As you monitor and evaluate your staff's performance, you will identify gaps and training needs and can hold your team accountable. If certain employees constantly underperform, you have the data points to take action. Communicate with the employee, show them the data indicating they are underperforming and ask them what they believe they need to improve. Perhaps they could benefit from working alongside successful team members, or additional training about the business and products. In some cases, the data may reveal common issues across the entire team, which will require a broader fix to business processes and/or more product training for new hires for more experienced staff.

One final note about people performance: managers and merchandisers that travel around need access to data and visual, easy-to-read dashboards.

Mobile and cloud BI is critical for distributed locations and helps to eliminate the need to simply react on gut feel, "take peoples' word for it," or the need to rely on data from a single system. Meaningful conversations among management visiting stores are facilitated when data points for individual stores, people or product lines and categories are presented for quick analysis via attractive easy-to-interpret dashboards or in a real-time grid.

Places performance - Omnichannel.

As a retailer that operates multiple locations, it's important to review your business as a whole, as well as the performance of each location so that you can deliver a consistently good shopping experience across all your sales channels.

After all, you're only as strong as your weakest link. Your omnichannel strategy is critical to insuring your marketing, selling and customer service is integrated and cohesive now matter how or where your customer connects with your brand.

While you try to operate every store the same way, each of your locations is different. Store sizes vary, customers have unique demands, and your team members have different strengths. External forces such as weather and local competitors will also have varying levels of influence on your operations. These internal and external factors can make it challenging to be consistent in how you manage your locations.

With BI, you can aggregate your systems' data to monitor and measure a variety of metrics that will make it easier to implement an omnichannel experience and monitor store performance equally across all locations. Critical to competing effectively in today's retail environment is tracking performance of selling space or sales relative to floor space.

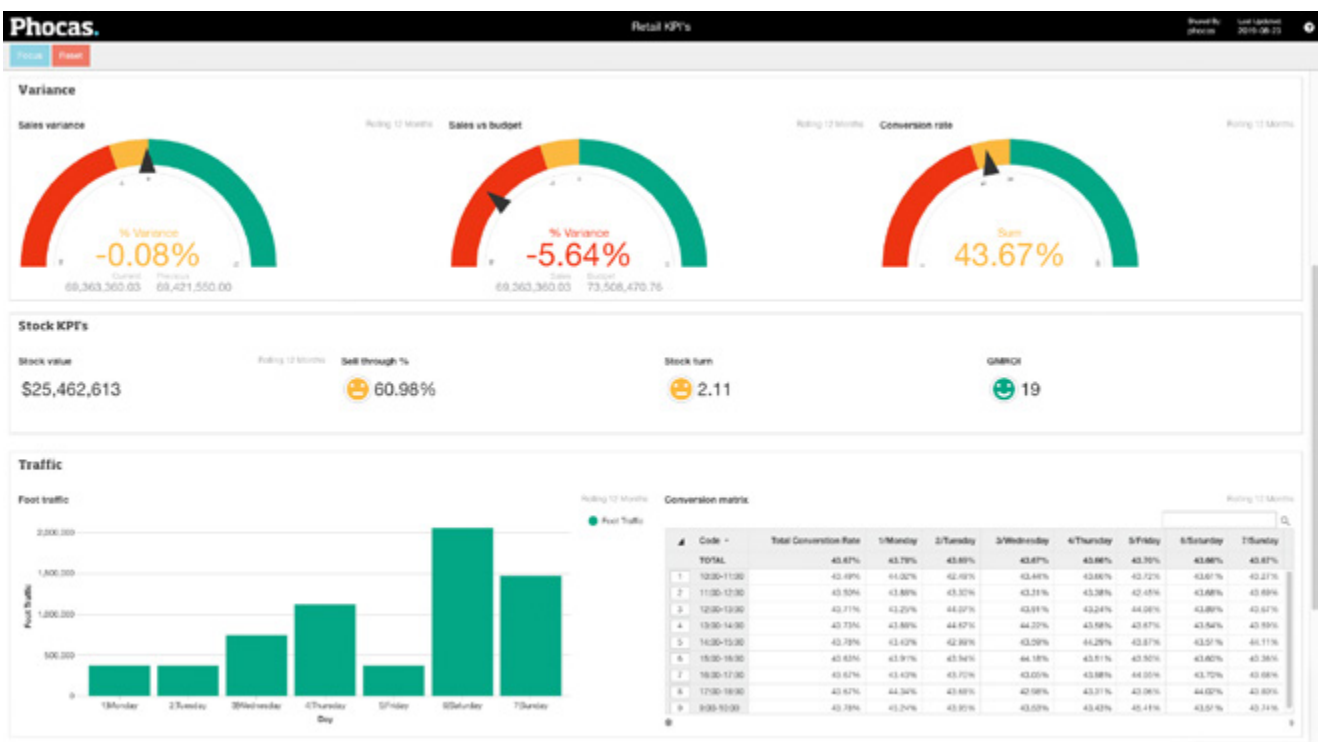




1 Performance of selling space/sales relative to floor space

- **Sales per square foot** – provides information that validates or disproves the store layout by measuring the average sales generated for every foot in the retail store. As you monitor this data point through using BI, you can identify the store layouts that are most effective and replicate them across all your locations.
- **Sales per linear foot of shelf space** – this data point helps identify what products or product categories merit shelf space within your locations. BI provides you the evidence you need to allocate valuable shelf space to certain brands or categories of products.
- **Sales by department or category** – you will value this metric as you compare categories or departments across your store. The data will help you to justify expanding specific categories or departments based on how well they are performing.
- **Inventory turnover** – this data point is a measure of how many times your inventory is sold in a period of time. Since inventory is the biggest drain on your cash, monitoring how often your inventory turns over will help you better understand if you have too much or not enough stock of a specific product.

- **GMROI (gross margin return on investment)** – you can use gross margin return on investment to make more informed decisions about inventory levels and gross margin by department, category and product
- **Footfall** – there is more data than you typically aggregate and analyze through traditional business systems such as POS, accounting and marketing. An increasing number of retailers are capturing data from a variety of new technologies, including digital cameras and mobile devices that track audience movement and interaction with store displays and merchandise. The data can be used to help improve store layout and product assortment as well as create connected and customized in-store experiences.
- **Promotions** – data that measure store space performance can also help you decide what and where in-store promotions should occur based on stock volumes.



Phocas free demo

Click here to [book a free demo](#) of Phocas for retail.

Why retailers need BI?

The future of your business may depend on how well you can use metrics to automate decisions and deliver a consistent omnichannel experience.

Companies with BI solutions can analyze their data in a variety of ways, from identifying customer buying patterns and accurately forecasting future sales trends, to evaluating marketing campaign efforts and optimizing operational processes such as purchasing and inventory management. As you analyze product, people and store performance data, you can make decisions that will deliver incremental improvements and potentially provide the evidence you need to justify future expansion.

It has never been more important for retailers to run lean and mean, to watch your margins and find ways to cut costs. You face constant pressure from new offline and online competitors, and a changing consumer base that is as interested in the buying experience as they are in the merchandise. In order to do be successful, you must manage and analyze data from multiple sources. You need **BI solutions that are easy to use that allow you to quickly and easily understand the data so you can identify actionable insights**. And finally, they need to use the data and insights to make strategic business decisions that result in effective action.

And finally, you need to use the data and insights to make strategic business decisions that result in effective action.

Many retailers rely on ERP systems for BI. Unfortunately, your ERP systems was likely not built for on-the-fly data analysis. Traditionally, an ERP's role is to process new transactions. As a result, many ERP systems can't provide a quick inventory report at a specific point in time because inventory is a moving target. As you've likely learned, running a report in an ERP can take hours, if not days, and by that time, the important questions you or someone on your team needed answers for have been resolved, or worse, they made the decision based on gut feel or hearsay.

Retail is a complicated, data-driven enterprise, and while retailers have always produced data, you need the right kind of data, aggregated and integrated in the right ways and then presented so that it is easy to understand. You need a single source of truth that makes it simple to see everything from the big picture to individual transactions.

This is what Phocas was built to do.

Phocas for retailers.

At its core, Phocas makes business intelligence simple

Phocas converts data, once locked in hard-to-read spreadsheets, into real-time illustrations, charts and graphs that can help you to quickly and decisively take action. As you review your visual data, you will confirm and contradict your hunches, and reduce hours of analysis into quick, evidence-backed decisions.



“Phocas is very easy and intuitive to use. Its ability to analyse large amounts of data in a few simple clicks of the mouse is outstanding. Learning how to use Phocas was quick and simple. A quick 10-minute demonstration is all it takes to get a new user up and running. I would be lost without it”

Louise Meade, head of buying, Ozsale - a member-based online shopping club.

Phocas is also about accessibility, making information available to anyone at anytime. No longer is data analysis and reporting strictly a function of a select few in the IT department. Data is now important to all roles. Phocas provides self-service analytics that allows everyone, from the customer service rep to the CEO, the ability to ask and answer questions of their data. Phocas provides answers in seconds, bringing together into a single visual Dashboard, the disparate data that most retailers have spread across five or six systems. On one screen, you can see everything you need to make faster and better retail decisions.



“Phocas has allowed our business to quickly analyze data in minutes which previously took hours to produce. The ability to access the information anywhere - from boardroom to shop floor - means we can make more informed decisions on the spot rather than waiting for reports to be produced.”

Myles Fleming, operations, IT & marketing manager, Kidstuff

Phocas is also about taking advantage of the power of information and using data to improve and grow your business. You have real knowledge of sales trends that reveal opportunities and challenges, historical perspective on product margins, and which marketing campaigns have produced the greatest number of sales.

You have knowledge of your employees and how their performance is benefitting your bottom line. You have knowledge of your customers buying habits and can use their shopping patterns to make decisions about a number of factors from inventory and product assortment to promotions. And you have knowledge about your places, which you can use to refine business processes and strategies down to the branch or store level.

Finally, Phocas is real-time. The pace of the retail business demands that you have an understanding about the current state of your operations. You can't wait till the end of the day or the next day for answers. Your success is influenced by a variety of factors that can create sudden challenges and opportunities for your business. Historical data, while valuable, will not always provide the evidence you need to effectively take advantage of the opportunities or address the challenges before they impact your bottom line.

You need BI solutions such as Phocas that place your product, people and places data right at your fingertips.

As you adopt Phocas, you can more effectively identify and eliminate ineffective processes, streamline your supply chain, optimize your retail environment, build a world-class team and develop a clear competitive advantage over retailers that simply are not prepared with the right knowledge or solutions to capitalize on their data.



Get in touch.

Learn how Phocas can help you achieve your business goals.

Give us a call:

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North America: +1 877 387 4004

Or email us directly:

Email: marketing@phocassoftware.com

Want to know more?



Want to understand why retail customers love Phocas?

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Visit our [Phocas for retail page](#)

Book a demo – <https://phoc.as/BookDemo>

Phocas.
Got data. Get results.