Winning With Data Sharing
Driving New Analytical And Revenue Opportunities
To collaborate successfully, businesses must share data. Savvy retailers are taking note, creating invaluable information exchanges with their suppliers, brokers and other third-party participants in the supply/sales cycle. Enter cloud-based vendor portal — a cutting-edge technology that allows retailers to share critical data such as point-of-sale and inventory with suppliers across corporate boundaries. For years, retailers have accommodated suppliers’ intermittent requests for select sales data. However, large scale data sharing was not possible due to the constraints of existing technology and security concerns. Now cloud-based vendor portal technology is revolutionizing the playing field, turning suppliers’ occasional queries into a steady stream of detailed reports and collaborative initiatives. In fact, top retailers already are taking advantage of this innovative analytics platform with impressive results.

Forward-thinking retailers have weighed in on the value of retailer-supplier collaboration. During a VICS CPFR (Collaborative Planning, Forecasting & Replenishment) meeting in 2009, experts cited six key benefits for retailer-supplier collaboration:

- Improving localization of product assortments down to the store level;
- Improving the company’s ability to hold prices and maintain customer loyalty;
- Optimizing inventory levels across the chain;
- Allowing buyers and merchandisers to focus on making better decisions;
- Enabling faster insight into sales and inventory performance; and
- Cultivating better supplier relations.

Retailer-supplier collaboration has delivered substantive results to numerous retailers, including improvements in in-stock percentage of 2% to 8% for products in stores, as well as inventory reductions of 10% to 40% across the supply chain.

Retailer-supplier collaboration has delivered substantive results to numerous retailers, including improvements in in-stock percentage of 2% to 8% for products in stores, as well as inventory reductions of 10% to 40% across the supply chain, according to VICS.

**Mining For Monetary Gain**

Retail has entered the era of Big Data. The largest retailers lay claim to enterprise data warehouses brimming with transactional and sales information. Unfortunately, many companies hoard these massive digital silos, missing out on the opportunity to collaboratively share insights with their partners.

Today’s vendor portal technology changes all that by enabling suppliers to reach to the cloud for critical POS information and supply chain data. Forget about aggregated or summary data that presents an incomplete view of the business. Rather, this unique analytics platform grants suppliers access to the core of consumer transactions, raw data down to market basket granularity.
For retailers, cloud-based vendor portal technology is not only the opportunity to empower suppliers, but to monetize their data by selling it to others. What’s more, this technology can inform entirely new business strategies and offer critical, competitive insights into the marketplace. By charging suppliers a fee per category for access, retailers are essentially transforming their data warehouses from a cost center into a profit center. Suddenly, a dark server room stockpiled with massive volumes of information can become a brand new source of revenue for forward-thinking companies in competitive markets.

**Two Heads Are Better Than One**

The value of retailer-supplier collaboration through vendor portals is indisputable for both parties. Take, for example, one of today’s largest discount retailers. Recently, the company began selling various brands of beer in thousands of its stores across the U.S. Top merchandisers have long believed if a customer purchases a case of beer, the second largest item in his or her market basket is likely to be a salty snack like potato chips.

However, by allowing manufacturers to glean business intelligence from its treasure trove of customer data, the retailer and its suppliers discovered that customers were more likely to purchase meat products, such as sausages, than salty snacks with their alcoholic beverages.

Without vendor portal technology, this retailer would have continued displaying salty snacks alongside its beverage department. However, by slicing and dicing critical POS data using its vendor portal, this retailer was able to discover new and previously uncharted opportunities to boost basket size and drive revenue not only for its bottom line, but also for its multiple suppliers as well.

“A vendor portal brings a whole new level of cross-merchandising to the table and really changes how you can sell your products. It really opens the door to a wealth of information.”

—retail VP of IT
A Window Into Point-Of-Sale Activity

The monetization of data assets is one clear benefit of vendor portals. Another is the ability to facilitate a single version of the truth among retailers and suppliers. These days, many suppliers rely on third-party providers for data such as consumers’ overall purchasing habits and emerging market trends. Unfortunately, these findings aren’t always reflective of a supplier’s particular industry or customer base because the reporting is based on statistics from a handful of data points from across many regions and retail sectors.

A vendor portal, on the other hand, can bridge the gap between a clearinghouse’s number crunching and a supplier’s market reality by delivering the actual figures - all of them accurately and in near real-time. “Who is buying? What did that individual purchase last week? On what shelf are certain brands most likely to sell? What regions of the U.S. are driving the greatest sales?” All of these are questions that a vendor portal can answer with insights from real and relevant data rather than third-party projections.

“We want our suppliers looking at the data and using it to help us grow our business,” said the VP of IT at a major value chain whose vendor portal provides suppliers with a choice of 18 detailed reports around loyalty data. “It’s great for us when our suppliers conduct a deep dive into the data and share their insights with us.”

Additionally, by achieving greater transparency via a single data set, retailers can open the lines of communication with suppliers to conduct analyses and share results using a common platform. Prior to data analytics, knowing where to display and how to price an item was somewhat of a guessing game. However, with vendor portals, retailers can provide suppliers with a detailed account of how products are performing, how sales stack against competitors’, what price points are likely to stymie sales and what marketing campaigns yielded the greatest results.

“Better Decisions With Granular Data

These insights allow suppliers not only to optimize sales, but also access to granular-level detail that empowers retailers to do things like store-specific assortments, optimize trade promotions through selecting the most effective stores to promote in, and effectively micro-market to their customer segments through better loyalty card analytics based on market basket detail. What’s more, retailers and suppliers can work hand-in-hand on one common platform, assisting one another with the creation of category plans that benefits both parties equally.”
Vendor portal technology helps retailers keep customers satisfied without having to harangue suppliers to replenish inventory levels and address supply chain hiccups. With in-depth data reports at their fingertips, suppliers become responsible category captains while retailers garner the loyalty of happy customers. Of course, this is only possible today due to the record-breaking speed at which vendor portals are able to crunch data. Whereas analysts once had to spend months sifting through billions of rows of data in a table on an Excel spreadsheet, vendor portal technology responds to queries and delivers reports in minutes.

Given the explosive growth of business data, numerous companies have been bolstering their analytics ranks and hiring seasoned scientists to gather and mine data. But managing a team of analytics experts and the equipment needed to parse reams of data is costly and time-consuming—not to mention today’s war for strong analytics talent. Research firm Gartner projects that demand for analytics talent will create 6 million IT and other jobs in the U.S. alone by 2015.

Now imagine empowering hundreds of suppliers with access to real-time POS data via a vendor portal. It’s like instantly equipping a large-size analytics force with its own set of modeling tools and data sets. The best part: Cloud-based vendor portal technology doesn’t require hefty investment in servers and software, and retailers can easily accommodate fluctuations in storage requirements. And thanks to the software-as-a-service model, companies can avoid investing in the manpower needed for ongoing equipment maintenance and upgrades.

**How Collaboration Benefits Suppliers**

Every day more suppliers are demanding a secure and easy way to access and analyze retailers’ POS data. Vendor portal technology is the ideal answer, enabling suppliers to gain a better understanding of the marketplace, identify emerging market trends and make smarter business decisions based on real-time data on a daily basis.

Projections and aggregated data sets are fine for summary reporting, but they are fast giving way to real-time, granular data that easily can be converted into immediate and actionable insights. More than simply a pathway to accurate data, vendor portals can deliver a number of key benefits to suppliers. These include:

- The ability to tweak inventory allocation based on POS data and basket size;
- Greater opportunity for collaborative merchandising strategies between suppliers and their retail partners;
- Highly targeted promotional programs based on careful analysis of POS and shipment data; and
- An uptick in real-time, effective business decision-making in response to seasonal, regional and environmental factors; and
- The ability to leverage actual affinities for tighter promotional effectiveness
**Elements Of A Successful Vendor Portal Solution**

Retailers should look for four key elements in their vendor portal to help ensure success:

1. **Flexible Data Sharing and Access Control.** To begin, retailers must decide on the type of timely and accurate data they wish to share with suppliers, based on their overall business strategy and desire to improve certain aspects of operations. A good portal solution should give retailers the ultimate control over data access. They need to be able to choose whether they will allow individual suppliers to see just their products, their products plus other products in the same baskets, competitive products, or whole categories, and in some cases, the entire store. Retailers should be able to slice and dice the data however they want across not only products, but also geographies, time periods, measures, data sets, etc. with security down to the individual cell level. For example, will suppliers have access to just sales data or a combination of sales and inventory information? Will data be provided for a particular product or for an entire product category? Will suppliers have access to competitors’ information? These are all questions retailers must answer to begin the vendor portal process.

2. **Hassle-free Data Integration.** During data integration, retailers “mash up” disparate datasets and build sophisticated data models that enhance the distribution and monetization of their data. A platform that can support the analysis of raw data at its most granular level is the best option for retailers and suppliers alike. Moreover, retailers should look for platforms that let them integrate third-party data on the fly to enable even more sophisticated analysis. Unfortunately, some vendor portals require months of data cleansing and summarizing to get up and running. However, more powerful solutions allow analysts to cleanse the data in real time, granting suppliers almost immediate access to data for on-the-spot analysis. Such speed is especially critical to retailers who need to respond to changes in consumer buying patterns and market trends sooner than later to maintain a competitive edge.

3. **Powerful Analytic Applications.** State-of-the-art analytic solutions include pre-built reporting, visualization, and “what-if” scenario applications for enabling insightful decision-making. These analytic packages can run the gamut from basic overviews to in-depth analyses. Cloud-based analytics platforms are preferred for crunching large amounts of data more quickly, easily and less expensively than on-premise alternatives. However, it is important to be able to work hands-on and visually with the data, avoiding rigid “canned” reporting.

4. **The Right Partners.** To add greater value to a vendor portal, many retailers take great care selecting partners. These partners include data providers, integrators and independent software vendors. Objectives range from monetizing data to delivering analytical solutions. But the benefits are the same: an opportunity for each to expand their markets by making smart use of vendor portal technology. Retailers should ask these potential partners about their experience with similar retail companies and their ability to upgrade and expand the solution set as necessary.
Conclusion

Because of the exponential growth of data, retailers today are facing an avalanche of digital activity. Luckily, savvy retailers are fast discovering the power of cloud-based vendor portal technology and its ability to transform bits and bytes into a brand new revenue stream and an opportunity to optimize sales. The strategy is simple: cloud-based vendor portal technology lets retailers share their POS data with suppliers to better understand the marketplace. In exchange, these companies pay a fee for various levels of access to data and reports.

By allowing suppliers to reach to the cloud for POS data, retailers are not only monetizing their data assets but also fostering greater collaboration on everything from merchandising strategies to promotional opportunities. And by leveraging third-party data sets they are able to take their analytics to the next level thinking outside the four walls of brick and mortar retailing. The result is a win-win scenario that promises to revolutionize the way retailers value their data for years to come. In time, retailers will come to value their data as much as any other asset they own on a balance sheet.

Top 10 Questions To Ask A Vendor Portal Provider

Before choosing a vendor portal partner, be sure to ask the following 10 questions:

1. Can the system look at all transactions at the line item level of detail on a daily basis? Are there any limits on the amount of data that can be included?
2. How is the information delivered? Does the portal include additional tools for data analysis?
3. How can vendor portal technology improve my business processes for merchandising, inventory, marketing and loyalty?
4. Does the portal include pre-packaged analysis for merchandising and inventory including market basket analysis, affinity analysis, promotion effectiveness analysis, out-of-stock monitoring and new product testing?
5. How can third-party data, such as weather, census, or other demographic data be seamlessly integrated into analysis on the fly?
6. Is there an opportunity to monetize my data assets?
7. Do I need to purchase any new hardware or software?
8. How quickly can my vendor portal be up and running?
9. What types of programs and support do you have in place for bringing vendors on board? How flexible can I be with custom projects and ad-hoc data sharing programs?
10. Can access and security be tiered according to my own custom rules for my vendors?
About 1010data

1010data provides a unique, cloud-based platform that unifies big data and analytics. It is used by hundreds of the world’s largest retail, manufacturing, telecom, healthcare, government and financial services enterprises because of its proven ability to deliver actionable insight from very large amounts of data more quickly, easily and inexpensively than any other solution. Please visit www.1010data.com for more information.

About Retail TouchPoints

Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The Retail TouchPoints network is comprised of a weekly newsletter, category-specific blogs, special reports, web seminars, exclusive benchmark research, and a content-rich web site featuring daily news updates and multi-media interviews at www.retailtouchpoints.com. The Retail TouchPoints team also interacts with social media communities via Facebook, Twitter and LinkedIn.