

Forbes insights

The Commerce Data Opportunity

How Collaboration Levels the Retail Playing Field

IN ASSOCIATION WITH

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INTRODUCTION

The retail industry is in the midst of a disruptive transformation. Physical-digital giants created through mergers like that of Amazon and Whole Foods, and partnerships like Walmart and Google, are reshaping the commerce landscape and the requirements of success. Central to this transformation are evolving consumer expectations as they interact with retailers and brands across devices and channels, online and offline. The players who can effectively use technology to activate their data will be more competitive in the battle for consumers' share of time, attention and wallet.

The rise of these data-fueled requirements is leading to a division in the industry. On one side, there are companies who own and control large amounts of customer data and are able to leverage it to fuel their growth and dominate the marketplace. On the other side, there are those still struggling, unable to keep pace or maintain market share without access to large data sets and the ability to fully leverage them.

To learn how companies are reacting to this changing landscape, Forbes Insights and Criteo surveyed more than 500 global senior marketing executives in the U.S., U.K., France, Germany and Japan. This report highlights the key findings from this research.

The main takeaway? Companies appear to understand the critical importance of data, are working hard to leverage the data they have, and see opportunity in working together to gain an edge.

KEY FINDINGS



Brands and retailers realize the potential of data—almost four out of five include customer data as a part of their business strategy—and are successfully collecting and using data across channels and phases of the buyer journey.



The disruption to the retail industry is reshaping commerce. Brands are most concerned that physical-digital giants will limit access to their products, and retailers' top worry is that this trend will cause consumers to turn away from smaller retailers.



Pooled data assets are a way to gain a competitive edge in this changing market. Brands and retailers see value in collaboration and pooling data assets to meet customer needs and drive value for the business. In fact, three-fifths of those surveyed are already part of a data cooperative, and seven out of 10 of those companies are happy with their agreements.

POTENTIAL OF DATA

Brands and retailers realize the potential of data as they're increasingly pressured to provide value and grow their profits. Companies know that customer data is a strategic resource—42% believe that it is significant, critical or foundational to their business—and only a very small number (5%) have no plans to incorporate data into their business strategy.

That's because forward-thinking brands and retailers understand that data is key to helping them better understand customers, and seven out of 10 surveyed believe that consumers are also satisfied with their efforts around using data to deliver more targeted and relevant marketing. This is what enables them to deliver the seamless and relevant customer experiences that fuel both profits and market share. Nine out of 10 companies report that over the past two years, the value they offer customers has become the most important driver for their business—more important than factors like brand recognition or having a unique product.

Customer data is the key to uncovering actionable insights and driving the business forward—overall, seven out of 10 companies believe they successfully collect, analyze and use data to drive sales and profits. This is led by a strong ability to turn information into insight in France, Germany and Japan—where 86% of the respondents are manufacturers. Companies in the U.S. and U.K., where the results featured more retailers and highly competitive markets, are much less confident in their ability to turn data into actionable insights. In fact, manufacturers in the survey are 42% more likely than retailers to believe they are successful here (Fig. 1).

This demonstrates a paradox in how retailers and brands view their success collecting and using customer data. Retailers have access to significantly more data than brands do, especially online data, yet they are less confident in their success in analyzing data and turning it into actionable insights. Could it be that retailers have higher expectations when it comes to their ability to capitalize on customer data? Or is this difference in belief simply illustrating the fact that more data does not necessarily translate into more insight?

CHANNEL DATA

Companies see overall success in obtaining necessary customer data, yet not all marketing and sales channels are equal in terms of their ease of capturing information. The most difficult channel for manufacturers to collect data from is the mobile app. Retailers, on the other hand, struggle most with the online/desktop website—34% cite this compared with only 9% of brands/manufacturers. This is surprising given its maturity relative to other channels like social media, mobile websites and apps. Could this disparity be because it's easier to identify



Figure 1. How successful are you at collecting, analyzing and using customer data across different channels to gain actionable insights that drive sales and profits?

(Those who rated 4 and 5. Scale of 1 to 5, where 1 = not successful and 5 = very successful.)

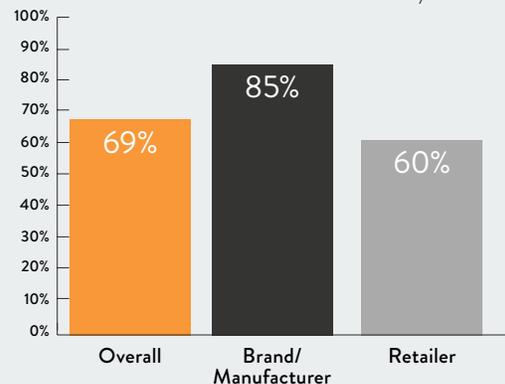
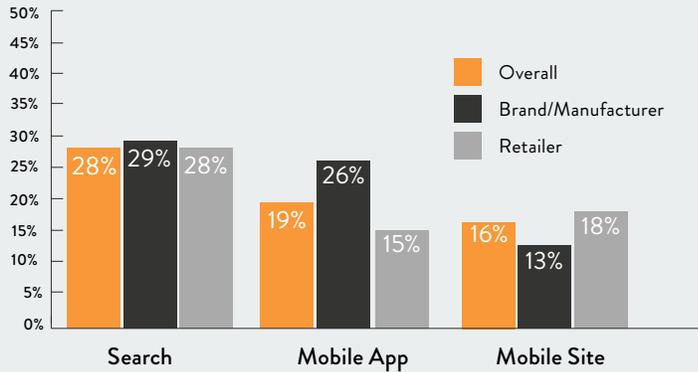




Figure 2. Top three most difficult channels to analyze and act on relevant customer information



customers when they are using mobile apps or social media? Or because desktop websites, while providing a lot of behavioral and interest data, are not as good at providing personally identifiable data or connecting that data to individual customers if they are not logged in?

Either way, even if companies can successfully capture data, that is only step one. There is no value for companies if they're unable to extract meaningful insights from these raw numbers. The good news is, four out of five retailers and manufacturers report success with their ability to use channel data strategically, and are generally successful at analyzing and acting on the data they collect from different channels—75% do a really good job with all, or most, channels, or are successful capturing data from all channels.

Search data is the biggest problem when it comes to analysis (Fig. 2). It is a challenge for both manufacturers and retailers and is the most challenging data set for companies in France, Germany and Japan.

BUYER JOURNEY DATA

In addition to being successful at capturing data across channels, most companies we surveyed are able to collect useful data across all or most stages of the buyer journey. The biggest challenge for companies, especially in the U.S. and U.K., is the consideration phase, when consumers are narrowing their options. Companies in France, Germany and Japan are most challenged with collecting data from the purchase phase of the journey, but they also struggle more across all the stages.

As with channels, value comes from being able to act on data from the buyer journey. Luckily, companies are also pretty successful at that—77% do a good job with capturing data from most stages of the buying journey. One stage that presents a challenge for many companies though is evaluation—when customers are comparing products and brands. This is particularly true in the U.S. and U.K., where more

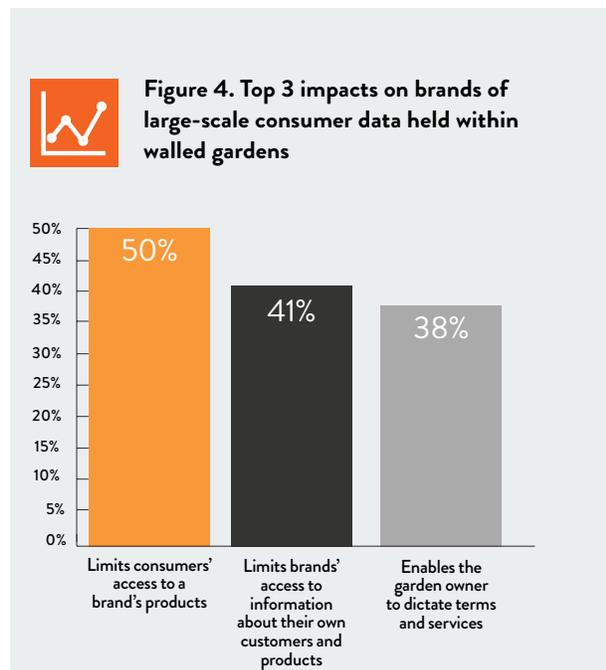
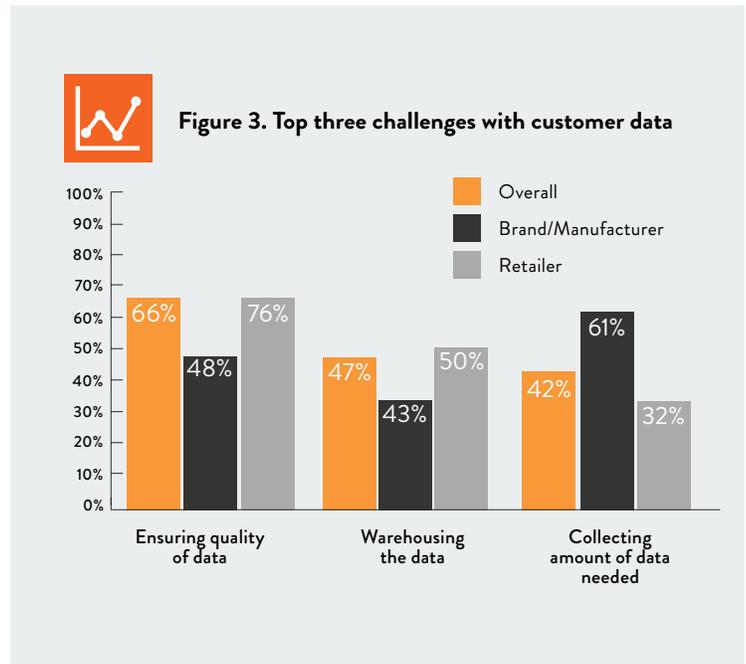


than four out of five companies are seeing this as a challenge.

Yet customer data is only useful when it's complete, accurate and reliable. As you might imagine, quality is a big concern—it's the biggest challenge retailers face with the data they collect and analyze. While ensuring data quality is a top challenge for brands and manufacturers as well, they struggle most with collecting the amount of data they need (Fig. 3).

CHANGING COMMERCE LANDSCAPE

Not surprisingly, commerce companies are concerned about the rise of physical-digital giants and their maintenance of walled gardens—controlled data environments owned by a single entity, such as Amazon.com or Facebook, and not in collaboration with others. Retailers and brands are unsettled by this industry-wide disruption and how it will affect their ability to compete in the marketplace.



Retailers are most concerned that the effectiveness of these large players in using data to deliver competitive prices and convenient interactions will lead consumers to turn away from smaller retailers. Brands, on the other hand, 86% of whom were in France, Germany, and Japan, are most worried that walled gardens will limit consumers' access to their products or even limit their own access to information about their customers and products (Fig. 4).

There is apprehension among retailers and brands about their ability to respond to the development of these walled gardens and how this new landscape will impact their ability to operate successfully. While all companies see the biggest challenges as maintaining good margins, maintaining market share and the specter of increased price competition, companies in the U.S. and U.K. are especially worried about these impacts on their business (Fig. 5 on following page).

POOLED DATA ASSETS LEVEL THE FIELD

Brands and retailers are beginning to embrace the idea of collaboration and the use of data cooperatives as a way to deliver customer value and remain competitive in this changing marketplace. With data reigning supreme, companies strongly believe that pooling non-personally identifiable customer data leads to more satisfied shoppers and improved sales. This type of collaboration addresses some of the very fears they have about how the physical-digital giants will impact their business.

Three-fifths of the brands and retailers surveyed are already part of a data cooperative, and most are



Figure 5. Top challenges companies face with responding to the creation of physical-digital giants

	Maintaining Good Margins	Maintaining Market Share	Engaging in Price Competition
Overall	64%	59%	49%
France	51%	43%	21%
Germany	52%	42%	31%
Japan	46%	36%	27%
UK	83%	85%	86%
US	90%	91%	82%



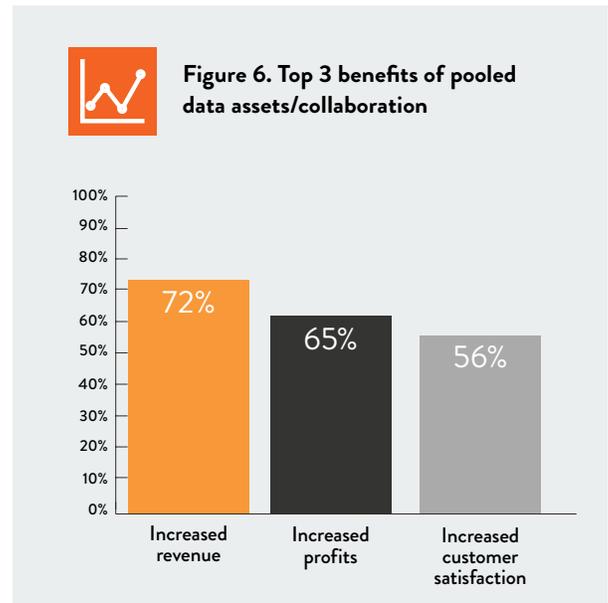
happy with the terms and conditions of their agreements as well as with the utility of the data they get. Companies that participate are already seeing the benefits of this collaboration with increased revenue and profits (Fig. 6).

Given the repeated and massive data breaches that dominate the news, there remains some unease about how these collaborations/data cooperatives will affect security issues. Companies express the concern that pooling data may lead to misuse of the data and privacy violations. Despite these fears, however, 71% of brands and retailers are willing to contribute online search data to a pool, believing the benefits outweigh the risks. The top three types of data companies are willing to share include online search, website usage and browsing behavior, and in-store/point-of-sale. Companies are much less willing to contribute data about their customers' interests or intent, their mobile app usage and browsing behavior, or their shopper journey data.

Overall though, brands and retailers are willing to share information because they see the benefits of doing so in a market that gives the advantage to those with access to large-scale data assets. Collaboration and data sharing enable companies to gain useful insights, which ultimately improves their ability to meet customer needs and create more effective marketing initiatives. As companies endeavor to be on the right side of the commerce digital divide, they are working together to leverage technology to meet customer needs and deliver the value inherent in their brand promises.

METHODOLOGY

This report is based on a survey of 504 CMOs, heads of marketing, and other senior marketing executives of retailers and brands. Sixty-five percent of respondents were CMOs/senior marketers of retailers, and 35% were CMOs/senior marketers of brands. The survey was conducted in August 2017 by Forbes Insights, and respondents were from several industries, including department stores, fashion and clothing, and food and drink. Firms represented in the survey were based in five countries—France, Germany, Japan, the United Kingdom and the United States. Companies had annual revenues of \$50 million or more; 58% had revenues of more than \$1 billion.



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