

Access to actionable data insights has never been more important for retailers battling today's challenging environment. The combined power of cloud data marketplaces and automated analytics enables fast access to insights.

Accelerate Retail Digital Transformation by Combining the Power of Cloud Data Marketplaces with Automated Analytics

August 2022

Written by: Margot Juros, Research Manager, Retail Technology Strategies

Introduction

Retailers currently face the dual challenges of continuing to adapt to pandemic disruptions and dealing with new problems of inflation, labor shortages, and economic uncertainty. Real-time, actionable insights are even more critical to retailers as they manage disruption and constantly changing macroeconomic conditions.

At the heart of successfully addressing these challenges is improving data analytics maturity by leveraging both internal and external data signals to inform daily operational and longer-term strategic decisions. The combination of cloud-based data warehouses/lakes and third-party data marketplaces with automated advanced analytics can accelerate the time to value while addressing urgent considerations in today's retail environment such as pricing, promotions, inventory, effective marketing, supply chain logistics, and supplier collaboration.

Common barriers to achieving actionable data insights include the following:

- » **Lack of fast access to data insights.** Having near-real-time access to data analytics is especially critical for supply chain forecasting, inventory management, customer personalization, and merchandising decision making.
- » **Lack of governance and lack of trust in data due to silos.** Many retailers haven't architected their businesses for data-driven decision making from the start. Instead, they often layer on many on-premises and cloud technologies over time without an overarching strategy. This results in silos of data fenced off from one another, making it difficult for workers across the organization to be able to make quick, confident, and consistent decisions.
- » **Disparate data from multiple sources.** Retailers face the challenge of managing nonstandard data that is inconsistently formatted and that comes from a variety of sources, including physical stores, POS systems, online activity, and third-party systems.

AT A GLANCE

WHAT'S IMPORTANT

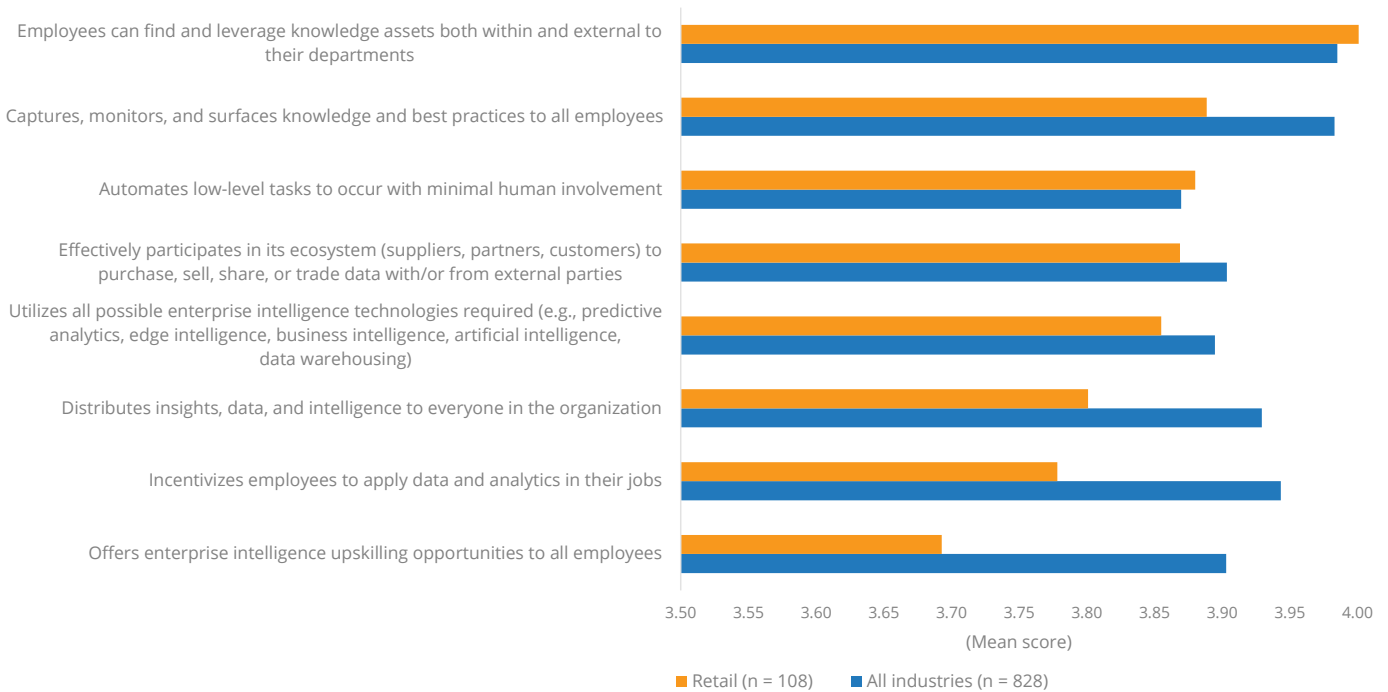
- » Access to actionable data insights, gained by leveraging the power of automated analytics with cloud data marketplaces, can improve outcomes for retailers in today's challenging environment.
- » Cloud capability enables retailers to get fast enough access to insights for continually changing market conditions.

- » **Inability to make data/insights available across the organization.** In some retail enterprises, access to data insight is limited to just trained data analytics professionals, whereas wider access would be beneficial in decision making.
- » **Stricter privacy regulations and depreciation of third-party cookies.** Changing regulations and practices regarding privacy and personal data make it tougher to personalize retail experiences to the customer and require a certain level of data governance that many organizations are not set up to accommodate.

As Figure 1 illustrates, retailers generally rate themselves as just moderately mature in three facets of enterprise intelligence maturity:

- » Distributes insights, data, and intelligence to everyone in the organization
- » Incentivizes employees to apply data and analytics in their jobs
- » Offers enterprise intelligence upskilling opportunities to all employees

FIGURE 1: **Measures of Enterprise Intelligence Maturity**
Q Rate how well your organization performs in each of these areas.



Note: Respondents were asked to rate how well their organization performs in these areas on a scale from 1 to 5, where 1 = very poorly and 5 = very well.
 Source: IDC's Future Enterprise Resiliency and Spending Survey, Wave 3, April 2022

Benefits

In today's retail environment, there is a heightened need for fast access to data insights. The key to getting these insights is the ability to apply customer-centric analytics to data that is optimized for analysis and easily accessible and available to all business users.

While retailers already rely on data analytics to gain insights, the marriage of automated analytics with cloud data marketplaces can accelerate and improve the outcomes for several use cases essential to retailer success amid rapidly evolving conditions. Such cases include the following:

- » Dynamic supply chain forecasting to bring together external and internal data with automated analytics to speed access to dynamic SKU-level forecasting and insights
- » Merchandising to provide tailored, personalized assortments across digital and physical shopping channels to optimize sales and profit margins and reduce the probability of returns; delivering intelligent models to drive optimized in-store merchandise placement
- » Logistics to enable route optimization leveraging external data, such as weather and traffic, along with critical internal data sets
- » Hyperlocal targeting to enable hypertargeted campaigns with data analytics incorporating a variety of local data sets such as schools, weather, events, and demographics

Key Trends

Retail trends contributing to the current need for easier, faster access to actionable data insights include the following:

- » Concerns over the prospect of a looming recession and declining consumer demand leading to greater need for price optimization
- » Shopper behavior shifts/rise of omni-channel view of customer
- » Supply chain disruptions
- » Customer affinity for retailers embracing sustainable business practices, products, and suppliers
- » Growing inflation/labor shortages

Considering the Snowflake-Alteryx Partnership

Snowflake Computing is a cloud computing data warehousing company based in Bozeman, Montana.

Alteryx Inc. (NYSE: AYX), headquartered in Irvine, California, is a leading provider of an end-to-end analytics platform for the enterprise.

The Snowflake-Alteryx partnership brings together optimized, accessible data sets to enable retailers to access data-driven insights quickly and easily. The combined solution unites data preparation, data science, and automated analytics into one platform enabling "self-service" analytics across the enterprise.

The Snowflake Retail Data Cloud offers:

- » Data Marketplace platform designed for retailers and their vendors and partners to share structured, unstructured, and semistructured data, eliminating separate data silos
- » Data and services from over 200 providers, including third-party data such as financial, demographic, geospatial, government, and weather
- » Seamless data updates and the ability to access near-real-time data
- » Lower data integration costs

The Alteryx Analytics Cloud offers:

- » Facilitated access to an organization's data and the ability to transform and enrich the data, giving business users (not just data scientists) greater ability to create actionable insights
- » Ability to harness the sprawl of data sources throughout the organization
- » 300+ low-code/no-code automation building blocks that support the analytics process life cycle
- » Automated analytics and machine learning
- » In-database analytic building blocks that allow pushdown of complex computations into the Snowflake Retail Data Cloud while leveraging its performance, governance, and scalability

The partnership gives retailers a scalable, data-centric automation solution for users across all retail operations, essentially putting the power of data analytics into the hands of business users who may not have analytics skills but would benefit from accessing data insights. This is especially important in today's environment where there are ongoing skills shortages and a greater need to upskill existing workers to be able to draw data insights.

Examples of the benefits retailers may see with the combined solution from Snowflake and Alteryx include the following:

- » Alteryx supports retailer employees with easy-to-use analytic building blocks for multiple use cases, while the Snowflake Retail Data Cloud makes data management and processing flexible, scalable, and highly secure. Together, they empower enterprises to optimize outcomes while upskilling knowledge workers across the entire spectrum.
- » Leveraging solutions of both partners can facilitate the movement and enrichment of data from disparate sources. This native integration enables data workers to gain the benefits of scalability, elasticity, and processing power for more and more of their data.
- » With Snowflake Retail Data Cloud, retailers can structure and organize data and make data available for the Alteryx Intelligence Suite where citizen data scientists can build, validate, deploy, and optimize models in a visual, guided experience.

Challenges

One challenge that may need to be overcome in going to market is lingering cloud data concerns of some retailers. While retailers understand the importance of building value from their data with analytics to draw actionable insights, some departments still may harbor concerns about cybersecurity risks for data in the cloud and will need to be fully educated about the security measures to ensure the safety of their internal data used in the solutions before they consider investing.

Another challenge retailers might face after extending the new ability to build actionable insights to business users within their organizations is developing the structure for clearly communicating the insights throughout the business to realize the true benefits rather than remaining siloed. The Snowflake-Alteryx partnership will need to educate the market to better counter these challenges.

Conclusion

Ongoing pandemic disruptions, rapidly changing conditions, inflation/economic uncertainty, and labor shortages continue to bedevil retailers. Real-time, actionable insights are critical to competing and succeeding in this environment.

The key to reaching the insights needed for both daily operational decisions and longer-term strategic decisions is to improve the organization's data analytics maturity, allowing retailers to leverage both internal and external data signals quickly and easily. Leveraging the combined power of cloud data marketplaces with automated analytics can help retailers gain insights to address urgent considerations in today's ever-changing conditions, including pricing, supply chain logistics, inventory, marketing campaigns, and supplier collaboration.

Leveraging the combined power of cloud data marketplaces with automated analytics can help retailers gain insights to address urgent considerations in today's ever-changing conditions.

About the Analyst



Margot Juros, Research Manager, Retail Technology Strategies

Margot Juros is a Research Manager for IDC Retail Insights responsible for the Retail Technology Strategies research program. Her core research focuses on best practices, trends, market conditions, business concerns, and vendor offerings to provide authoritative advice on investment, life-cycle management, and the use of technologies for modern IT infrastructure.

MESSAGE FROM THE SPONSOR

More About Snowflake-Alteryx

Snowflake and Alteryx make analytics and data science fundamentally easier. The Alteryx Analytics Cloud abstracts analytic process complexity while automating tasks that benefit from independent execution. Thus, less time is spent on non-value-added tasks and more effort is applied to supporting retail digital transformation priorities. The Snowflake Data Cloud makes data management and processing flexible, scalable, and highly secure. Together, they empower the retail enterprise to achieve remarkable outcomes while upskilling knowledge workers to be more data driven."



The content in this paper was adapted from existing IDC research published on www.idc.com.

IDC Research, Inc.
140 Kendrick Street
Building B
Needham, MA 02494, USA
T 508.872.8200
F 508.935.4015
Twitter @IDC
idc-insights-community.com
www.idc.com

This publication was produced by IDC Custom Solutions. The opinion, analysis, and research results presented herein are drawn from more detailed research and analysis independently conducted and published by IDC, unless specific vendor sponsorship is noted. IDC Custom Solutions makes IDC content available in a wide range of formats for distribution by various companies. A license to distribute IDC content does not imply endorsement of or opinion about the licensee.

External Publication of IDC Information and Data — Any IDC information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate IDC Vice President or Country Manager. A draft of the proposed document should accompany any such request. IDC reserves the right to deny approval of external usage for any reason.

Copyright 2022 IDC. Reproduction without written permission is completely forbidden.