



# From data overload to data-driven decisions in retail

Executive summary

KPMG International

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## From data overload to data-driven decisions in retail

In an era where technology advances at an unprecedented pace, the retail sector finds itself at a crossroads. Retailers are inundated with vast volumes of data, yet many struggle to harness this asset effectively. While there is a consensus that data represents the next frontier for enhancing performance and competitiveness, the transition from data overload to actionable insights remains a significant challenge for many in the industry. This report, drawing on insights from KPMG's Global Tech Report 2024, KPMG's 2024 CEO Outlook and other authoritative sources, delves into the imperative of data-driven retail, offering a practical guide to helping unlock consumer insights and delivering seamless commerce for profitable growth.

## Introduction

The retail landscape is undergoing a profound transformation, driven by rapid technological advancements and changing consumer expectations. Today's consumers demand personalized, seamless shopping experiences across all channels, putting pressure on retailers to not only understand but also anticipate their needs. The fragmentation of organizations and data ecosystems, coupled with the sheer volume and velocity of data, presents a formidable challenge. Retailers must move beyond siloed data and embrace a holistic approach that leverages insights to personalize experiences, enhance operations, and empower employees at every touchpoint.

# Key findings



## Data-driven retail as a competitive advantage

According to KPMG's Global Tech Report 2024, 54 percent of retail respondents reported at least a 10 percent increase in profit due to data and analytics. However, the retail sector's data maturity lags behind other industries, underscoring the untapped potential of data-driven strategies.



## The imperative of understanding the customer

Retailers need to develop a 360-degree view of their customers by harnessing data to answer critical questions about who their customers are, their motivations, and how they discover products. This understanding is crucial for crafting personalized marketing strategies and enhancing inventory investment.



## The six pillars of a data-driven retail transformation

A practical data strategy rests on six pillars: the right operating model, processes, enabling technology, people with the right skills, data literacy and culture, and data quality. These interconnected pillars form the foundation of a unified approach to building a data-driven operation.



## The role of AI and advanced technologies

The advent of Generative AI (Gen AI) and other advanced technologies offers new opportunities for enhancing customer experiences and operational efficiency. Retailers must navigate the ethical use of AI and help ensure transparency and responsible data practices.

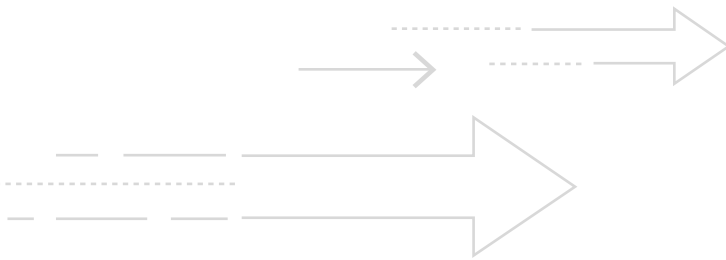


## Sustainability and data

Data-driven strategies also play a crucial role in promoting sustainability within the retail sector. By enhancing inventory management and enabling better traceability of supply chains, retailers can make more sustainable sourcing and production decisions.

# Conclusion

The journey from data overload to data-driven decisions is not without its challenges, but the rewards are significant. Retailers that successfully harness the power of data can unlock new levels of personalization, operational efficiency, and sustainable growth. The key lies in adopting a holistic approach that integrates data across all aspects of the retail operation, from customer insights to supply chain management.



# Recommendations

- 01 Embrace a holistic data strategy:** Retailers should adopt a comprehensive data strategy that aligns with the six pillars of data-driven retail transformation. This strategy should be designed to help break down silos and integrate data insights into the decision-making process.
- 02 Invest in technology and talent:** Retailers must prioritize investments in technology and talent development to leverage advanced analytics, AI, and machine learning. Building a team with the right skills and fostering a data-driven culture are essential for realizing the full potential of data.
- 03 Enhance customer experiences through personalization:** Leveraging data to understand and anticipate customer needs is crucial for delivering personalized experiences. Retailers should use insights from customer data to tailor marketing strategies, product offerings, and shopping experiences.
- 04 Prioritize data security and ethical practices:** As retailers increasingly rely on data and AI, it is imperative to maintain high standards of data security and ethical practices. This includes aiming to ensure transparency, protecting customer privacy, and responsibly using AI technologies.
- 05 Leverage data for sustainability:** Retailers should use data analytics to make more sustainable decisions regarding sourcing, production, and inventory management. This not only contributes to environmental sustainability but also resonates with the growing consumer demand for responsible retail practices.
- 06 Seek professional guidance:** Retailers should consider working with professionals to help navigate the complexities of data modernization and digital transformation. Specialist guidance can help retailers develop and implement effective data strategies, technology solutions, and cybersecurity measures.

In conclusion, the transition from data overload to data-driven decisions represents a pivotal opportunity for the retail sector. By embracing a holistic data strategy and leveraging advanced technologies, retailers can achieve profitable growth, enhance customer experiences, and contribute to a more sustainable future.

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