



## MAKING AN IMPACT WITH ANALYTICS

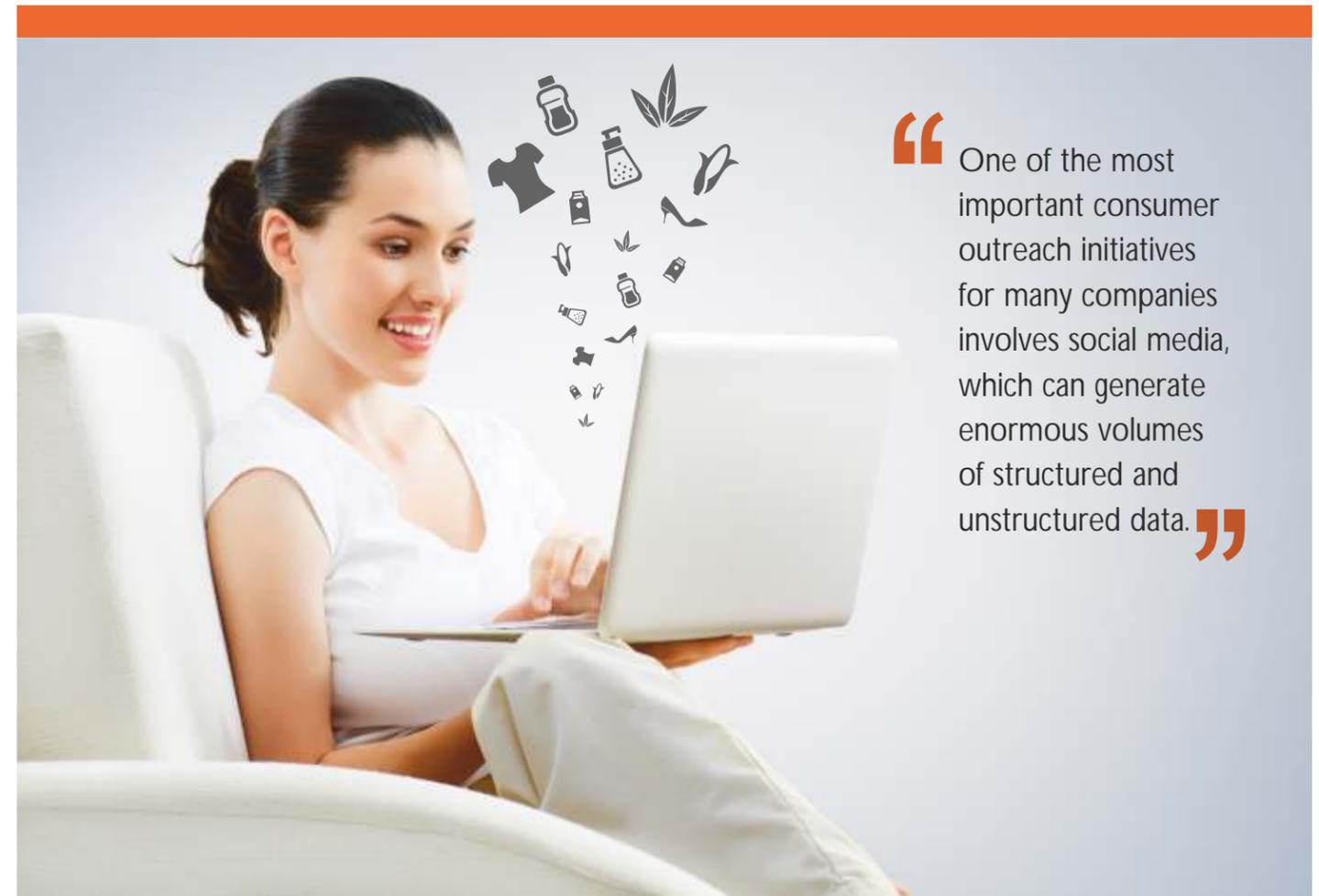
A Requirement to stay competitive.

As the consumer goods (CG) industry becomes more complex in the face of a challenging economy and a fickle consumer, companies are turning to analytics to help transform the masses of “Big Data” into actionable insights. The information requirements are all encompassing and impact every business process. While the industry is no stranger to data itself, the speed, variety and sheer volume of data has increased substantially, and leaders are quickly figuring out how to leverage it.

This month, CGT partners with Wipro Technologies to take a look at how analytics are used and where efforts to transform data are most successful. Not surprisingly, most efforts focus in sales and a wide range of capabilities throughout the industry. This trend will continue to evolve as more companies turn to technology to stay competitive.



“ Analytics and insights have the biggest impact on sales; accordingly, more than one-third of those surveyed believe customer or retailer data will provide the biggest value within the next 24 months. ”



“ One of the most important consumer outreach initiatives for many companies involves social media, which can generate enormous volumes of structured and unstructured data. ”

## GOVERNANCE

The good news is that analytics is recognized as a critical capability by even the smallest companies. Most organizations (62 percent) have differentiated between reporting, analytics and insights and look at them as separate functions. Executive sponsorship is typically with the business unit head or vice president, though typically higher, CEO even, in small to mid-sized businesses. Analytics and insights are most commonly one of many inputs for decision making, but 22 percent of those surveyed use it as the standard for fact-based decision making. Investments in this area will continue over the next 18 months, with 42 percent of our respondents planning 10 percent to 29 percent growth in spending and 47 percent planning a smaller increase in spending of 0 percent to 9 percent.

## MAKING A DIFFERENCE

As we dig a little deeper to understand how analytics and insights are being used, it's no surprise that they are having the biggest impact on sales (see

Figure 1). Marketing, finance and supply chain were also impacted to a lesser extent. Interestingly, while supply chain was cited by only 11 percent of the general respondent pool, that number jumps to 25 percent within companies earning more than \$10 billion in annual revenue.

Turning to the data itself, we asked which type of analytics will provide the biggest value within the next 24 months. In line with the findings above, more than one-third of those surveyed are focused on customer or retailer data. Consumer and shopper insights are next in priority at 27 percent and 24 percent, respectively, with internal and household data deemed less valuable. While these findings were expected, what many companies may find interesting is the data sources themselves (see Figure 2). Many CG companies spend millions of dollars on syndicated data, yet it was ranked third behind retailer point-of-sale and shipment data for providing visibility into product movement. One of the biggest factors companies struggle with when implementing analytics is determining the timeliness and granularity of the data needed. Some assume that more is better, but companies need to assess what they are capable of responding to. For example, the level of visibility into trade and marketing spends varies widely, with 29 percent having weekly chain level visibility, 26 percent citing monthly visibility and 23 percent with daily store level.

But what are companies actually doing with the data? The primary goals of analytics initiatives seem to be split (see Figure 3). Almost one-third are focused on providing predictive analytics and the remainder is split between business insights, business process improvements and data services. As competencies mature, the amount of data services, including migration and cleansing, should become foundational and require fewer resources.

While early in most company's implementations, most (66 percent) are using that data for product information and awareness. We expect this to change as initiatives evolve.

## BEST AND LEADING PRACTICES IN ANALYTICS & INSIGHTS

Many CG organizations are focusing on data and analytics. Both are hugely important, but that's not where the opportunity lies. The leaders are focusing on insights, and not customer insights, as they are fixated on shopper and consumer insights.

Everyone will agree that data is important. The present buzz around "Big Data", including consumer level information, will dwarf everyone's previous definition of what we thought was "Big Data". Everyone is talking about "Big Data" and analytics, but we believe this will be a short conversation as both become quickly commoditized within the next few years.

The "PAD" methodology takes into consideration the base layers, otherwise known as D(ata). We incorporate advanced A(nalytics) and modeling into your organization, and then layer in domain experts to help with the P(rocess) and insights layers. Your company will take over the insights portion and drive the highest value back into your organization.

A few years ago, we saw companies focusing on data and then analytics. Now, we are seeing leading companies outsource the "heavy lifting and loading, and dirty work" of data, and more and more, companies are piloting the outsourcing of modeling. It's a fundamental shift in thinking.

Not everyone is ready for this, but many Tier 1 CG companies are recognizing the importance of focusing on Insights while off-loading the D(ata), A(nalytics) and P(rocess) improvements to firms that have a better value-to-cost proposition. Companies of all sizes should be considering this model, especially when IT resources are overworked or scarce. "PAD" is a unique method to improve your business.

By John Rossi, Global Head – CPG Consulting, Wipro Technologies

▶▶▶ To read this research in its entirety, visit <http://consumergoods.edgl.com/research>



## RESEARCH FINDINGS

FIGURE 1 { In which area of your business are analytics and insights making the biggest impact? }

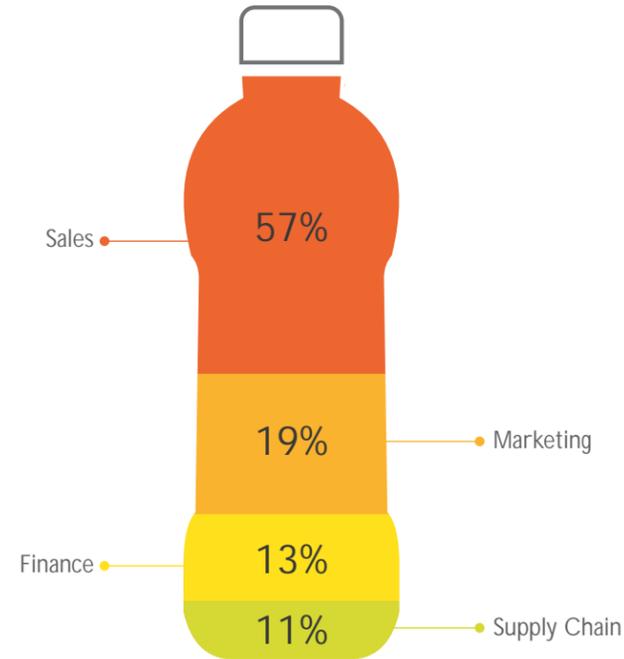


FIGURE 2 { Which data sources provide the best level of visibility into your product movement? }

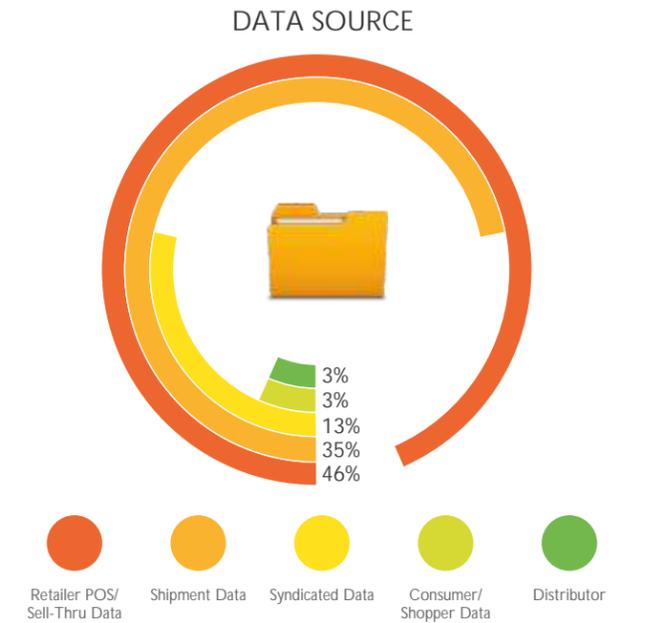
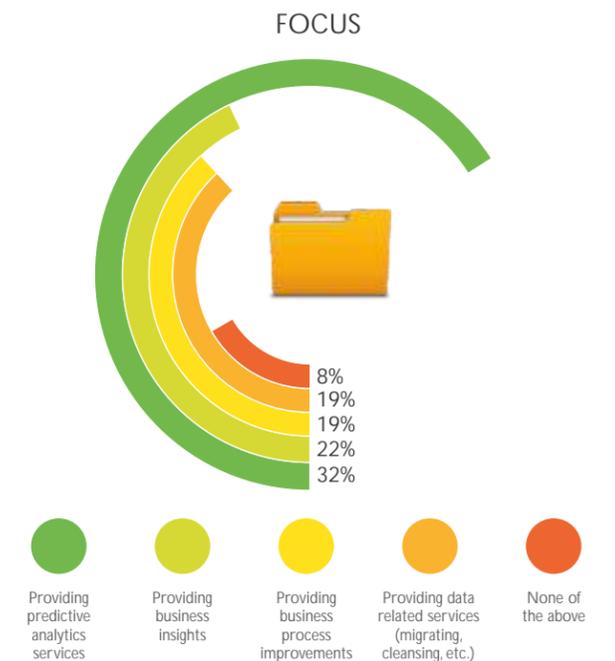


FIGURE 3 { What is your primary focus for 2012? }





BRINGING CONSUMERS CLOSER TO YOU

## About Consumer Goods Technology

Consumer Goods Technology (CGT), an integrated media brand, is the leading resource for consumer goods executives looking to improve business performance. Delivering content in print, online and face-to-face, CGT reaches an audience of more than 54,000 consumer goods executives ranging from managers and directors to VPs and CIOs. CGT also covers all major segments of the consumer goods sector, including Food, Beverage, Packaged Goods, Consumer Electronics and Footwear. For more information on CGT, visit [www.consumergoods.com](http://www.consumergoods.com).

## About Wipro Technologies

Wipro Technologies, the global IT business of Wipro Limited (NYSE:WIT) is a leading Information Technology, Consulting and Outsourcing company, that delivers solutions to enable its clients do business better. Wipro Technologies delivers winning business outcomes through its deep industry experience and a 360° view of “Business through Technology” – helping clients create successful and adaptive businesses. A company recognised globally for its comprehensive portfolio of services, a practitioner’s approach to delivering innovation and an organization wide commitment to sustainability, Wipro Technologies has 130,000 employees and clients across 54 countries.