Simon + ASCENDANT NETWORK

Revolutionizing Retail Data Leadership Practices

By Ascendant Network,
in partnership with Simon Data

Introduction and Methodology

The retail universe revolves around data, especially the link between browsers, shoppers, inventory, and operations. Integrating siloed data correctly requires strong leadership to ensure proper data gathering, orchestration, handling, governance, and literacy. The benefits to operators getting this right? Better marketing, stronger merchandising, higher conversion, and more profitable operations.

During the pandemic, the 25 top-performing retailers, most of whom are digital leaders, were 83% more profitable than laggards and earned more than 90% of the sector's gains in market cap. McKinsey estimates that implementing advanced analytics would add 2% to grocers' earnings — a windfall for a low-margin business.[*]

Ascendant Network, in partnership with Simon Data, interviewed senior business leaders and data/analytics executives at large e-commerce and omnichannel retailers. The discussions focused on data leadership and how data governance, data management, and data literacy are currently handled in their organizations. Conversations also covered future technologies like AI and generative AI in data analysis and how retailers can predict outcomes instead of relying on historical data.

Source: _Why Retailers Fail to Adopt Advanced Data Analytics,_ Harvard Business Review

Executive Summary

Key findings from the research point to a slow but improving approach to data leadership across retailers:

Retailers are gradually democratizing access to data. Conversely, e-commerce pure plays have to define more controls over time.

"Everyone needs to know their numbers."

Data management is becoming centralized, while policies and access are being decentralized based on role and level in the organization.

"Data is not any one person's responsibility."

Data enables insight, but humans need to act for the good of the business.

"We're not ready for automated action. We need to remain curious to determine how to respond to situations and make decisions."

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Data Leadership in a Nutshell

Retailers, particularly more traditional sellers, are realizing the importance of collecting, managing, and allowing access to data to remain competitive and maximize revenue opportunities. Notably, firms that previously only sold in physical stores have turned their nascent online offerings into scalable places to shop to understand customers in both channels better.

The key elements of data leadership break down into three main categories:
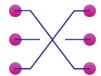
Data governance: Determines the proper guidelines for handling data and by whom.

Data management: Collecting, keeping, and using data securely, efficiently, and cost-effectively.

Data literacy: The ability to explore, understand, and communicate with data meaningfully.

Each element is key to a retailer's data strategy, helping the company define its approach to data, which technologies fit into its approach, and a framework for employees to access and make decisions based on available data.

Retailers' Varied Paths to Data Leadership

There is more data available than companies need, but having a strategy for what the data will uncover is key to its proper use. For example, one company we spoke with is just beginning to harness the power of in-store and online data as it reflects the entire customer base, recognizing that some customers shop one or both channels interchangeably. The company uses this data to understand customer profitability, not just who to target with a particular ad or promotion.

In these interviews, we spoke with people at varying levels of maturity regarding incorporating data into their marketing and merchandising approaches. While all of them had a data strategy, their maturity level fell into three categories:

1 **First-time investment in full-funnel data** (investing in infrastructure, training, and e-commerce)

2 **Upgrading marketing and merchandising approaches,** with data and business objectives driving decisions

3 **Strategic realignment using data** (thinking about new revenue streams based on data, such as RMN, marketplace of customers, and cross-promotion)

> **"Leadership is shared between the VP of Engineering and me to ensure the data flows correctly. The validation of data is run and governed by my e-commerce team. So our systems and users are not just looking at 'data,' but validated data."**
>
> *VP and General Manager of E-Commerce, Omnichannel Retailer*

> **"We are actively bringing modern marketers into the organization, and cross-training analysts to be marketers."**
>
> *VP Marketing, Online Retailer*

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Data Governance Must Start at the Top

Empower, but not control.

Across all three archetypes, there was one consistent trend: **Governance has to be a priority at the top of the business**. This doesn't mean the CEO needs to be a data nerd. What it means is that the decision to invest in the sources and technology to manage all of the company's data must be a company-wide initiative.

From there, the most consistent model from Ascendant members was that **the business unit governed decisions about data.** Typically the head of e-commerce or the direct-to-consumer P&L sets the rules for access, particularly regarding customer data used for activities like targeting or assortment. They are shielded from credit card and PII data, which is solely in the control of finance.

Interestingly, the e-commerce companies we spoke to had **different issues related to governance versus their omnichannel colleagues.** While these companies had plenty of data when they started, many did not initially put strong governance in place. While more traditional retailers had to build the data sources and expand access, e-commerce pure plays had to start restricting the unfettered access to data, put in controls to make sure certain types of data were held by the proper organization, and protect themselves from the liability inherent in having sensitive data on their servers.

> "As a flat organization, we give access to more people, in three tiers: the top tier has access to very structured data like PII; the middle tier can access more unstructured data to help drive decision-making; and the lower tier has read-only access to activate customer cohorts."
>
> *VP and General Manager of E-Commerce, Omnichannel Retailer*

> "We must have transparency from creation to consumption. Manage the data centrally and understand where quality is suffering. Then, the user goes to the marketplace to understand what is available and build it into their models."
>
> *VP, Data and Engineering, Online Retailer*

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Data Management is Centralized, but Data Literacy is Becoming Decentralized

Tools for data management — from CDPs, data lakes, and data meshes to business intelligence tools to access and manipulate data — are best bought at the enterprise level. IT has an important role in selecting the best tool for the job, whether it be storing in-house records, aligning data with external/third-party sources, or establishing procedures to extract, clean, and analyze data. Of course, the actual activity needs to be in the hands of data scientists and analysts.

> **"Data is not any one leader's responsibility; it has to be decentralized. We see a marketplace approach for accessing and using the data."**
>
> *VP, Data and Engineering, Online Retailer*

> **"Our data is not yet centralized for the customer domain. We are still organized by domain — customer, product, stores — and leaders have their own strategy and IT executes."**
>
> *VP Analytics and Insight, Specialty Retailer*

> **"Any original requests or things beyond canned reports go through our outsourced business intelligence partner. Even when we want to select campaign segments, we have to team up with an analyst. It's definitely something that we're working on fixing."**
>
> *VP Marketing, Online Retailer*

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Self-Service is the End Goal of Universal Data Literacy

Among the more mature retailers interviewed for this report, **there is a distinct movement toward self-service for business users,** allowing more people to access data on their own. This requires the company to centralize data but then allow end users access to a marketplace to identify and extract the data they need to act. Cataloging tools and using data dictionaries help these organizations expand access to data securely. Conversely, some companies only give access to data via analysts, and others are just starting to build proper data repositories from which to access and analyze data.

> **"Don't limit yourself to existing practices. Use AI to understand who is using the data and what can be gained when trying to get actionable insights."**
>
> *VP, Data and Engineering, Online Retailer*

> **"Data was so distributed it first needed to be centralized and controlled to eliminate duplication. Now, we are focusing on self-service."**
>
> *VP, Data and Engineering, Online Retailer*

> **"Internal and external teams are on retainer to help with data access. They are the data cleansing team. The internal head of analytics builds reports in Looker, then marketers pull from both our CDP and Looker into the database from BigQuery."**
>
> *President DTC, Omnichannel Vertically Integrated Retailer*

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Leadership is Key to Tying Data to Business Value

Data should not be considered a cost to the business. While managing data is expensive, it is imperative to look at the application of data as a driver of profitability. Most of the retailers we spoke to align their data strategy directly with their business requirements.

1 **Growth opportunities hide within the data that retailers hold,** while short-term justification for data investments comes from the ROI of better media investments and merchandising activities. More strategic growth opportunities supported by data include the active development of new revenue streams like retail media networks that use data to target customers on and off the retailer's site and can be sold to endemic and non-endemic brands.

2 **One retailer pointed out that the marketing and promotions teams were using data to drive top-line growth,** but they were not considering the cost of that growth. They have since shifted to a "profitable growth" mindset, which considers the EBITDA of consumer marketing based on the best channel or channels to serve them.

3 **While all retailers, especially digital and omnichannel brands, have an endless supply of data, there has to be close attention paid to where and how that data is stored.** CDPs are excellent sources for activating consumer segments, but they are not designed to be storage platforms. That function should be in the form of a data lake or data mesh approach to providing access to validated data but more cost-effectively sit outside marketers' systems.

> *"We just aligned the entire organization around customer behavioral segments and launched an entire marketing campaign around a particular segment we identified with the potential for increasing trips to our store. We used propensity models to identify these segments."*
>
> *VP Analytics and Insight, Big Box Retailer*

> *"Data applications used to just be about top-line ROI, not bottom-line profit. Digital can be more expensive and deleverage you if you are not careful. Our digital leader has been charged with customer profitability, driving more digital revenue through partnership with our physical stores."*
>
> *CEO, Specialty Apparel Retailer*

> *"Media efficiency and targeting ability are the fastest ways to justify data expense today. Product testing panels, affinity groups, and identifying buying patterns that drive larger baskets are upcoming merchandising applications for the data."*
>
> *Chief Digital Officer, Retail Holding Company*

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Predictive Insights and AI Will Drive Future Data Usage

Getting alignment on data leadership requires a proper business case. Too much technology and process is involved to go forth without considering the benefits and the workload. While some interviewees justified the effort based on prior roles where data was already considered strategic, others had to explain the impact or business benefit, specifically in the customer-facing realms of marketing and merchandising.

While less mature companies are putting the pieces of the data puzzle together, more advanced companies are thinking about how data can drive decisions more autonomously.

From the interviewees, It's clear that data is best suited to supporting initiatives around:

Prediction: Shifting from reviewing historical data to testing forward-looking theories

Productivity: Helping the marketing and merchandising teams get more efficient and creative

Personalization: Using AI to improve the ability to scale marketing production and deliver more variations of on-site merchandising or personal marketing to drive better traffic and conversion

> **"The goal is to look forward, not just look back. We're looking backward more than we'd like to be. Historical data is not helpful in real time."**
>
> *CEO, Omnichannel Retailer*

> **" 'Assist, augment, automate' is our structure for AI investment and use. 'What are brand crossover opportunities?' or 'Where is attribution likely to happen?' are typical questions we ask AI."**
>
> *Chief Digital Officer, Retail Holding Company*

> **"We use AI to personalize data to give consumers a unique experience. For querying data, we use NLP but not yet GenAI. Today, our dashboards can answer simple questions but can't get deeper."**
>
> *VP, Data and Engineering, Online Retailer*

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What Retailers Should Do Next with Their Approach to Data

Action Item #1: Put everyone on a level playing field with data. All of the retailers we spoke to are on a journey toward the democratization of data access, along with an end goal of self-service access. But many of them, and not just the traditional brands, are at the beginning of this journey.
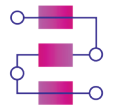
Action Item #2: Agree to a data leadership framework. Decisions on how to manage data about customers for marketing and merchandising need to start from business goals and objectives. The interconnection between strategic thinking about the business and the selection of supporting technologies is critical to seeing a return on the investment in data infrastructure and management. All three core leadership elements — governance, management, and literacy — need a strategy and a structure that technology can support.

Action Item #3: Experiment with AI in partnership with your tech vendors. While generative forms of AI are getting all the attention in the press, other forms of AI are already in place at retailers, often with vendors that have started embedding AI into their products. These tools allow retailers to do more (creative versions and media placements), learn more (faster analytical insights), and optimize more (merchandising tools to improve the findability of products on the site).

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About Ascendant Network:

Ascendant Network is home to three selective communities of senior change agents (typically VP to C-suite) spearheading today's marketing and retail r/evolutions and leading the rise of commerce media. Its mission is to advance the professional development of exceptional leaders. Content, community, and partners are curated by its powerful Digital Ascendant Council, Retail Ascendant Council, and RMN Founding Council. Its twice-yearly community events are not run-of-the-mill conferences; each one brings together 100 transformative executives from the nation's most progressive companies to share, connect, and tackle industry problems. Its closed-door/no-press forum is deliberate — it supports candid sharing and relationship-building among the industry's "who's who."
In short, it's a community of the most influential marketing, retail, and commerce media leaders.

Ascendant Network proactively curates diverse communities:
54% of keynotes/openers and 57% of all speakers are female.
47% of participants are female and 58% are diverse.

About Simon Data:

Simon Data is the leading customer data platform (CDP) for enterprise customer marketing teams. Top brands such as JetBlue, TripAdvisor, ASOS, and 1-800-Flowers use Simon Data to centralize their customer data, build complex segments, and orchestrate personalized experiences across all customer touchpoints.