Moving Beyond Customer Analytics

Key Data Considerations
for the Customer-Centric Retailer

Introduction

The retail landscape has shifted dramatically over the last decade due to disruptive innovations in technology and an expanding global marketplace. Today's consumers have infinite choices at their fingertips and have grown to expect personalized experiences throughout their buying journeys at every touchpoint and through every channel. In turn, retailers have had to evolve business models to keep up, increasingly investing in tools and processes to stay ahead of customer demands and deliver unique experiences amidst fierce competition.

An enormous amount of customer data is being collected from different sources—from loyalty cards, to mobile app activity, to brick-and-mortar transactions. Retailers have more customer insights than ever before. However, the challenge isn't in accessing data, but rather operationalizing the data to effectively make decisions.

Personalization at scale is very difficult to achieve with fragmented customer experiences that span various channels, products, business lines, and geographies. Other contributing factors include incomplete or out-of-date data, long lead times for analytics due to data access and integration complexities, and significant gaps in insight to action. How can retailers begin to make sense of the data at their disposal when it lives across these disconnected systems? Many retailers want to move toward hyper-personalized customer operations, but what does this look like in practice?

In this white paper, we explore some of the key data challenges retailers are facing today, and how Palantir Foundry is positioned to accelerate existing efforts and investments in customer data.

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Key Considerations for the Customer-Centric Retailer

Operationalizing customer insights

→ <u>How do I fully leverage all of this customer data</u>?

Many retailers struggle to maximize the use of data at scale. Producing valuable insights from customer behavior and transforming them into business actions requires cross-functional collaboration between technology, business, and frontline operators. Retailers need to move beyond the traditional creator-consumer paradigm of data and adopt a more collaborative approach to operationalize insights.

Siloed customer data

→ <u>Do I have access to the most up-to-date information about this customer/segment</u>?

Customer data is often siloed and replicated across various systems and lines of business, ultimately limiting an organization's ability to make informed decisions about the customer. Consolidating these silos is a difficult data problem, but one that should be solved in order to extract optimal value from customer data.

Speed of insight delivery

→ <u>How can I action this data in a meaningful way, on a timeline that matters</u>?

Insight to action needs to match the speed of decision making in a fast-paced environment such as retail. Retailers generate hundreds of millions of data points daily which could improve business decisions being made the very same day. Being agile with big data is crucial to operationalizing it—not only to make better decisions faster, but to capture learnings from those decisions and recalibrate quickly.

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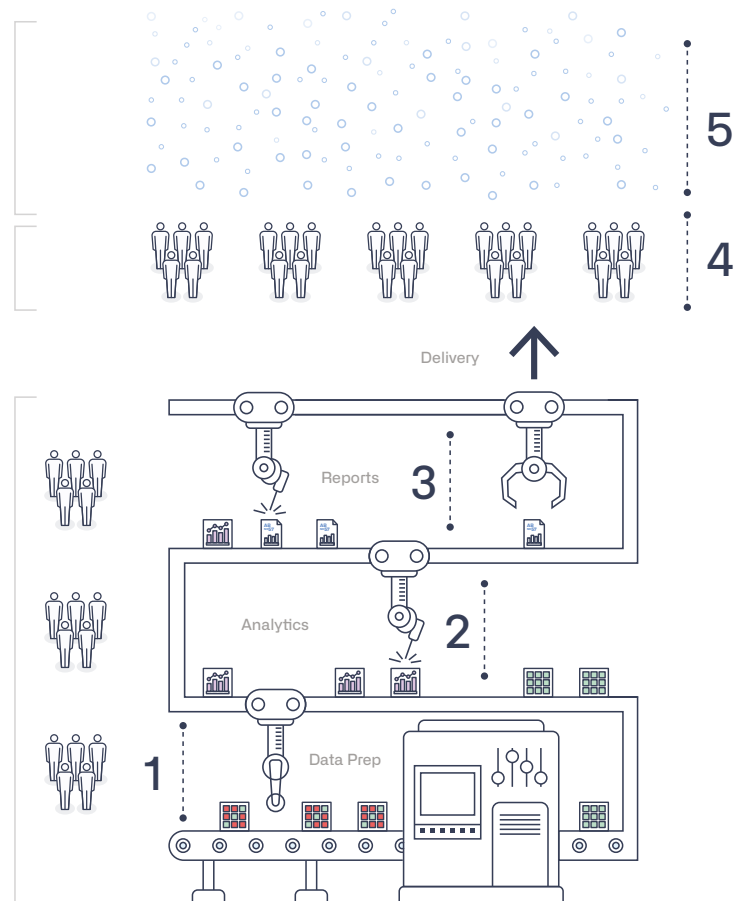# The Traditional Approach
↳Linear Data Consumption

Linear data consumption paradigms are often disjointed, slow, and unable to react to retail consumer behavior and changing environments:

→ One-way flow of data and information
→ Limited collaboration across teams and functional roles
→ Analytic insights used to address discrete challenges only
→ Solutions are alienated from a wider business understanding

DATA [+] DECISION EXHAUST
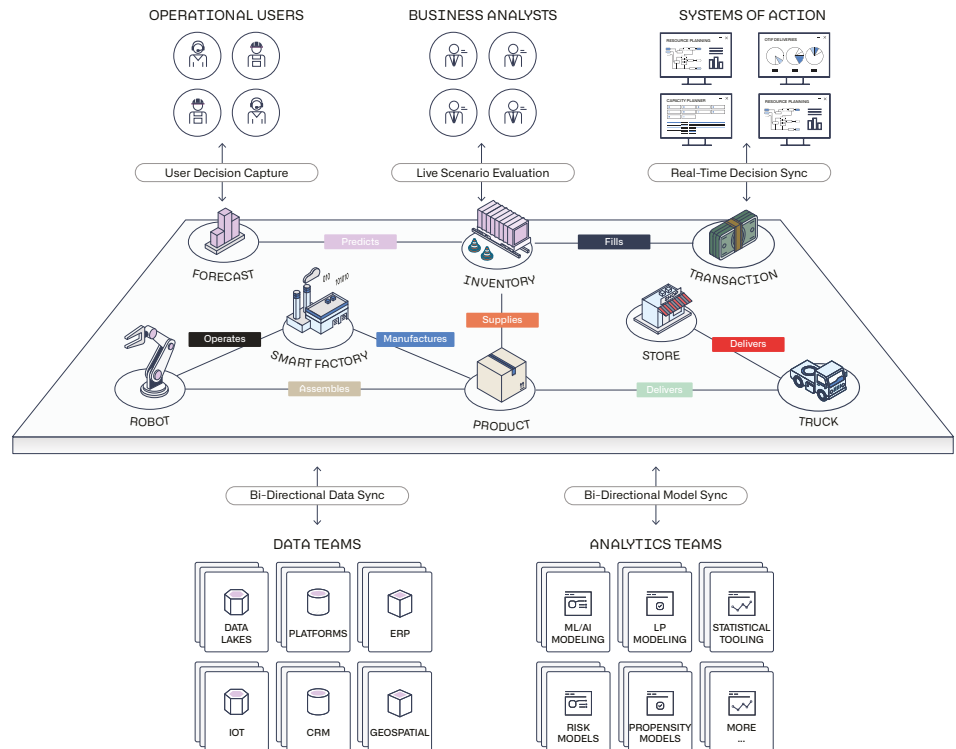Insights, decisions, & actions are not captured.

5

DATA CONSUMERS
Business and Operations teams consume data via BI and point apps.

4

Delivery

DATA PRODUCERS
Data & Analytics teams prepare data, produce insights, and generate reports.

Reports

3

Analytics

2

Data Prep

1
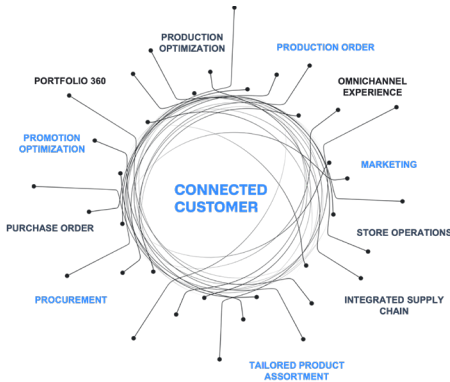
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Palantir's Proven Approach

A holistic view of the entire customer data journey, from actual customer touchpoints to data science teams and back.

→ Data silos are broken down, enabling bi-directional flow of data between systems

→ Native integrations close the loop with model builders and business users

→ Decisions are dynamically captured from systems of action and operational users

→ Use cases and operations are connected to compound value and offer shared learnings

→ A common language, semantic layer to connect data and models to business principles

→ Data is protected leveraging multi-layered security to ensure accountable and appropriate use of data by users

Palantir Foundry for Customer Operations

The Palantir Foundry platform was built to operationalize data. An operating system for the modern enterprise, Foundry connects previously disparate data silos—grounding data, analytics, and business teams to a common foundation.

With flexible deployment that can meet retail companies wherever they are in their digital transformation journey, Foundry provides value from day one, interoperating with existing data systems and to create a "digital twin" of the business—within days or weeks, not months or years. Integrating and managing information with Foundry is seamless, allowing effective discovery, analysis, and modeling of data at speed.
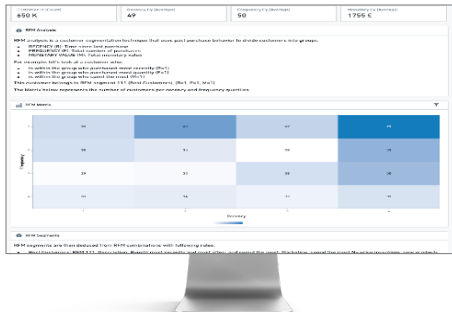
Siloed data, teams, and processes limit the potential to optimize different parts of the value chain. Foundry was built not only to connect isolated operations, but also to allow users of all technical levels to work together through a single, intuitive interface. A connected infrastructure allows learnings and data to be shared quickly and securely so all parties stay up to date, making operations collaborative and efficient.

In the realm of Customer Operations, Foundry enables retailers to build a unified data foundation to solve their most complex analytical problems and drive customer-centric transformation. Retailers can use Foundry to deliver customer-centric strategies including personalized marketing, omnichannel customer journey experiences, and more.

The following use cases provide a closer look at how Foundry can help retailers make better decisions with customer data.
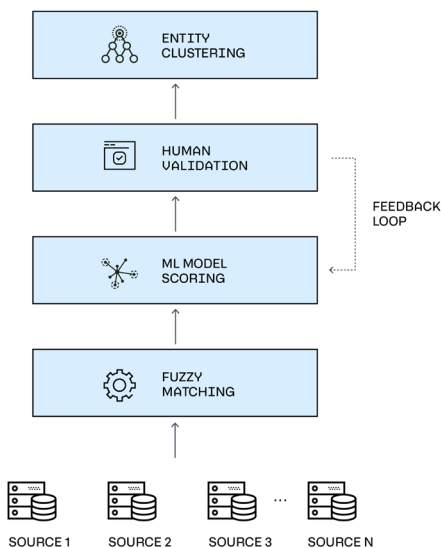
Personalized Marketing

Automate and integrate your customer analytics: In a matter of hours, Palantir Foundry's HyperAuto tooling connects and integrates multiple data sources to create a dynamic customer data asset based on both digital and in-person sources of information. Business users can easily leverage this common "digital twin" to automate the production of insights without having to periodically sift through data.

Automated segmentation of customers: Palantir Foundry provides a variety of segmentation approaches to classify customers through transparent models, which can be re-used or enhanced by retail technology teams. These models plug directly into the digital twin as well as operational workflows to help the business better understand their customers.

Enhanced decision-making at every organizational level: The product of ML algorithms and opinionated analytics can be delivered as actionable recommendations to end-decision makers—ranging from local operators to central teams. Recommendations for personalization can include special advertisements, customized discounts, alignment of prices with competition—ultimately improving a customer's purchasing experience.

Customer Entity Resolution

Combine algorithmic power with Human Intelligence: Industry-leading entity resolution methodology which leverages fuzzy matching techniques, human validations, and ML models that learn and improve pairing suggestions over time. This approach yields the most accurate results to decrease false positives and increase true positives.

Transparency and flexibility: End-to-end transparency on logic and flow of data. Users can fine-tune logic and parameters depending on their risk tolerance (permissive or strict matching).

Modular inputs and use-cases: The algorithm can be applied against any number of inputs for a variety of use cases:

→ Resolution between distinct internal data sources
→ Screening of internal data against external data
→ Deduplication of a data residing in a single data source

40% increased accuracy over customer-led attempts
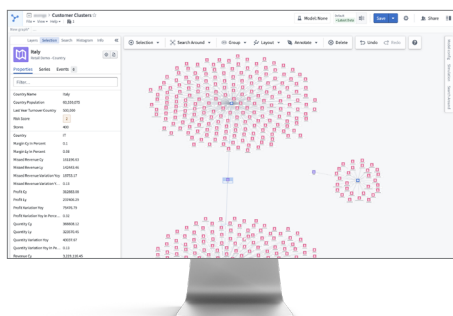
Omnichannel Customer View

Tap into customer DNA: Rapidly build a digital twin of the customer-base as the organization-wide source of truth for customer data and analytics. Analyze, report, or investigate all touchpoints of a customer and their linked entities (such as stores and products) with your business.

No scale limitations: Interactive non-technical views of millions of customers can be created within hours.

Single client view: Leverage a common single client view in range of business use cases such as marketing, relationship management, exploring customer satisfaction surveys, and anti-fraud.

Customer Clustering and Affinity Modeling

Unlock the power of customer and transaction data with Foundry ML: Build, compare, and deploy models that combine rich customer attributes with large-scale transactions analysis to add a layer of customer intelligence into operations.

→ Discover similar customers: Leverage customer attributes and baskets to generate similarity scores among customers, and enhance upsell and cross-sell campaigns

→ Match products to customers cohorts: Build customer-product matching to improve promotion creation processes, as well as targeting algorithms for marketing functions.

→ Reveal product affinities: Quantitative affinity scoring among products to measure assortment synergies and cannibalization, as well as optimize promotional decisions such as "bundling."

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Ready to see Palantir Foundry in action?
Schedule a retail demo today.