



# How to get a data solution that works

CPG omnichannel analytics  
& data lakes



# Table of Contents

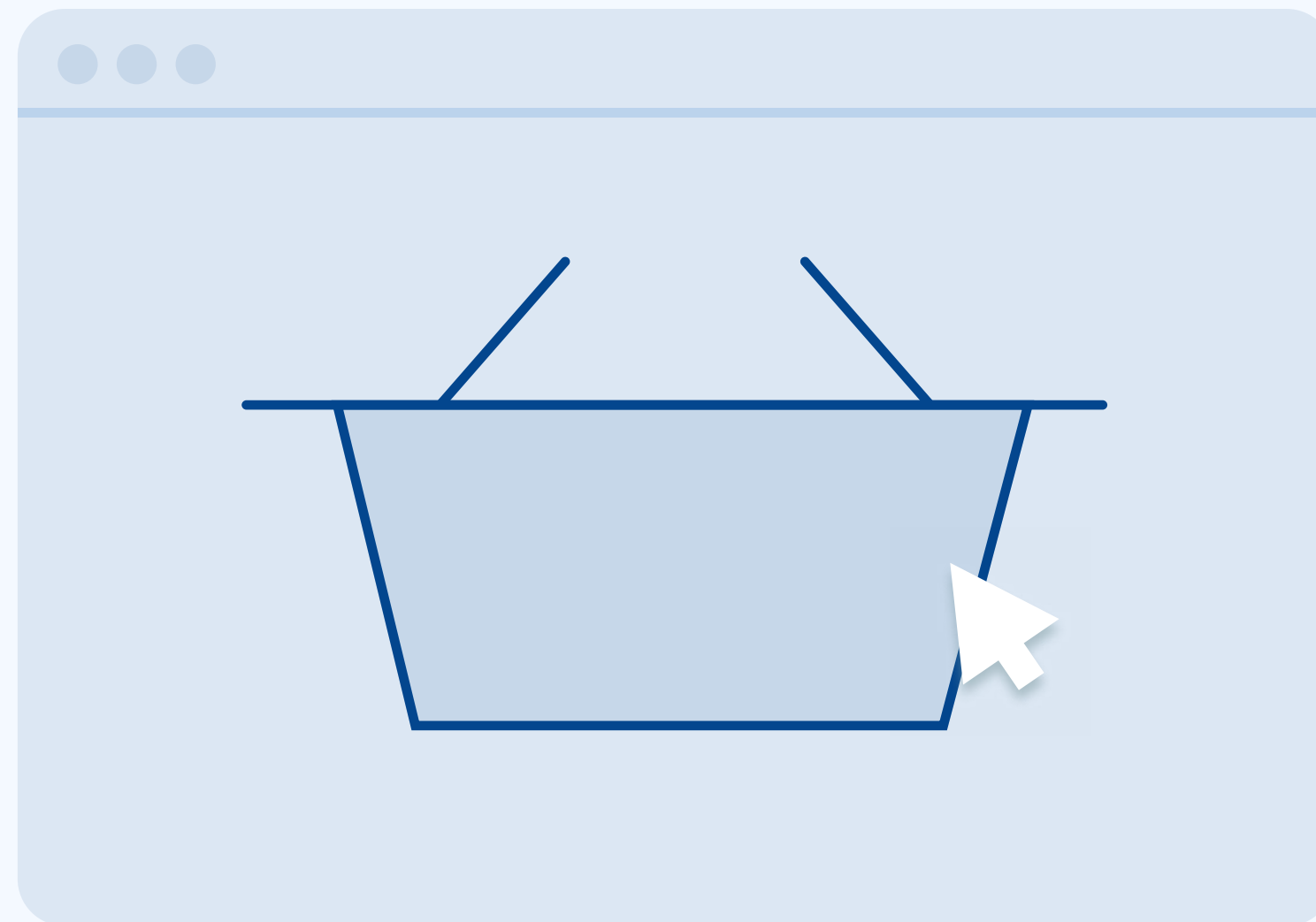
Context .....	01
The challenge .....	02
The source of the problem .....	03
An effective approach .....	04
Defining use cases .....	05
Use case example .....	08
Data quality .....	09
Chosing a data tool .....	10
Conclusion .....	11

# Context

---

A data gold rush is occurring. For some years now, thanks to the digital revolution, interest in analyzing data for insights has surged. By cross-referencing different sources of data, there is indeed valuable information that can be put into action. However, the potential inherent in data is rarely realized by CPGs.

This ebook will show you how to **realize that potential**. It examines the path typically taken by CPGs into ecommerce, a channel that is growing at a steady rate.



# The challenge

---

By 2025 Nielsen and IMF estimate that nearly **60% of Americans will shop online for groceries**. That shopping activity will provide a lot of analytic insight for manufacturers who know how to harness it.

Most CPGs initiate data lake projects, or pore over customer acquisition and shopper insight data, but these tasks are complex and the results are unsatisfactory. It's complicated to transform data into actions that have real world business results and many CPGs become frustrated with the process. However, it's entirely possible for these companies to **efficiently derive unique and actionable insights** from their data if they approach the project correctly.




# The source of the problem

---

There is one common error that CPGs make which sets them on the wrong path to data optimization: **they attempt to build a solution before understanding their needs.**

By embarking on the process in a false direction, the entire data solution value chain is affected. Typically, manufacturers purchase a data lake, then they begin to experience difficulties using it, so they recruit employees to manage it. If the new talent is able to extract some analytics from the new tool, it is rarely useful, because it doesn't answer clearly identified business needs.

## The typical CPG journey to acquiring data analytics

- 
- 1** CPG approached by supplier that pushes data lake.
  - 2** CPG buys data solution.
  - 3** Lack of clarity on which data to input/data doesn't exist.
  - 4** Impossibility of industrialization (e.g, incompatible data structure such as excel sheets).
  - 5** If data is obtained, wrong in-house skill set for data preparation, analysis and modelization. Data engineer, data analyst and data scientist required.
  - 6** Realization that problem being solved doesn't correlate to business needs.

# An effective approach

---

The approach that works is just the opposite. The first step is to identify the use cases, and then to rank them in terms of priority and complexity. Then a CPG can choose a solution provider, hire some personnel if necessary, and reap the benefits.

By not starting with use cases, companies spend a lot of time and money and almost always end up abandoning the project when it doesn't yield insights.

## An effective method for acquiring a data solution

- 1** Identification and prioritization of use cases by CPG
- 2** Choice of an appropriate solution provider
- 3** Internal upskilling or hiring to implement insights



# Defining use cases

---

Winning online today requires the optimized functioning of interdependent digital shelf features: **availability, visibility and attractiveness.**

Success cannot come from the sole participation of the ecommerce team. Category managers, revenue management and supply chain teams all have different challenges and thus different use cases to define within ecommerce. This is why cross team collaboration and silo removal is a hallmark of CPGs that have successfully mastered the ecommerce transition. Communication must be fluid between these teams.

## Challenges to achieving omnichannel success



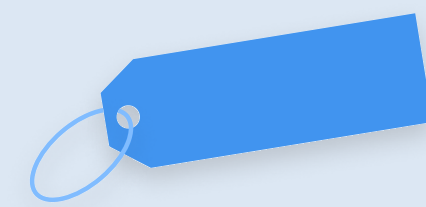
### Distribution: online availability

- Gaps between online and offline listings
- High level of out of stocks
- Inconsistencies among channels



### Visibility: search, position, emedia

- Variations in search engine algorithms
- Bad execution of emedia campaign



### Attractiveness: price, promotions, content...

- Different prices among estores and monitoring of iMAP
- Gaps on the execution of the promotions
- Inadequate content for SEO

CPGs should begin by asking themselves what problem they want to solve. What do they want insight into or what do they want to do? For instance, manufacturers may want to:

- decrease their out of stock levels
- optimize their emedia campaigns
- optimize their promotional offers
- automate their assortment recommendations
- improve their performance in search
- automate analysis of ratings and reviews
- monitor product launches and discontinuations of competitors
- know when and where iMAP violations occur

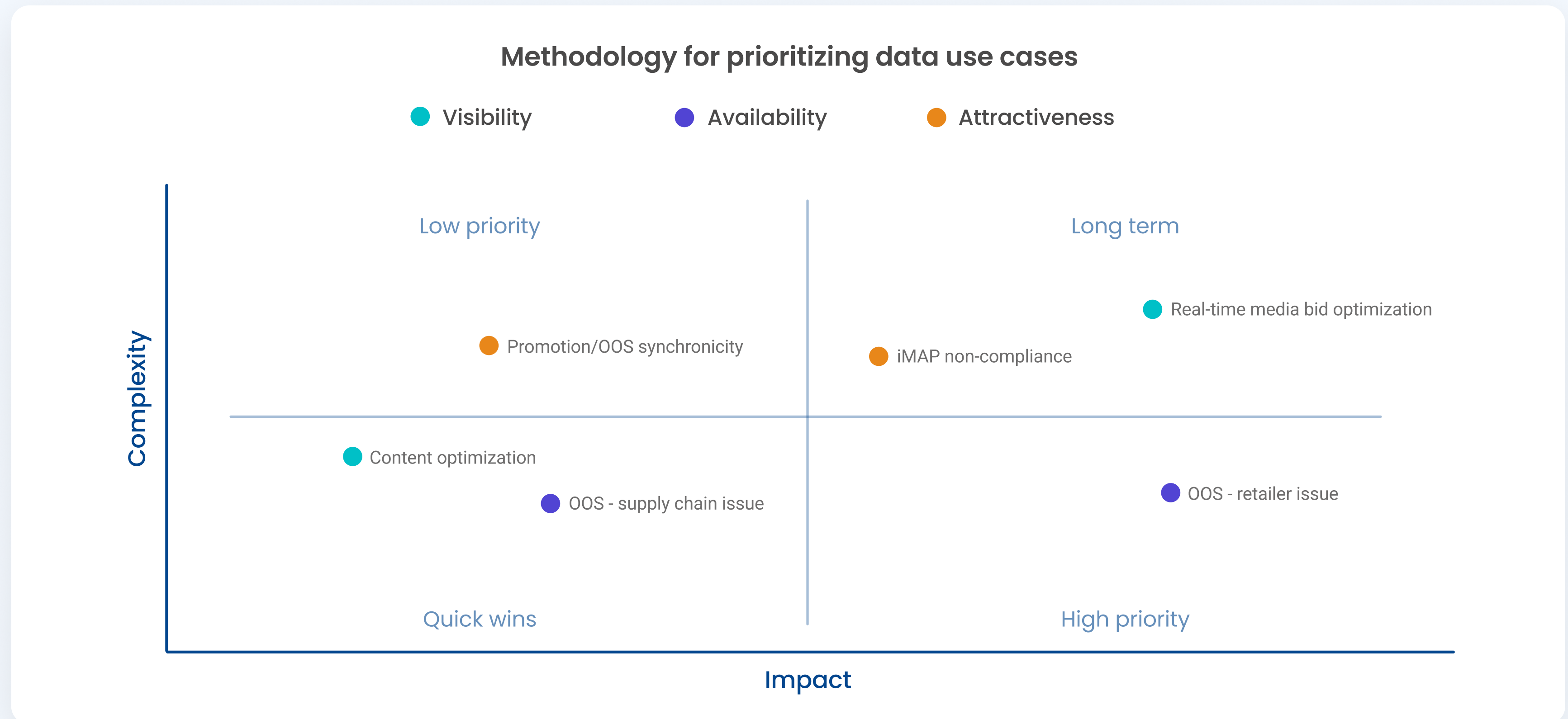
### Multiple pain points go beyond ecommerce teams

Illustration of use cases	Ecomm	CatMan	Sales	Sales Field Force	Analytic: Data Science	Revenue Management	Digital Media	Supply Chain	R&D: Innovation	Consumer Insights
Decrease out of stock	✓	✓	✓	✓				✓		
Optimize distribution	✓	✓	✓	✓						
Align offline and online distribution	✓	✓	✓	✓						
Track Innovation		✓	✓							✓
Retailer negotiation/JBP	✓	✓								
Price monitoring	✓	✓	✓	✓		✓				
Optimize online promotions	✓	✓	✓			✓	✓			
Optimize search results	✓		✓						✓	
Sentiment analysis (R&R)	✓								✓	
Optimize media spend	✓		✓			✓	✓		✓	
Modeling/Data lake	✓				✓	✓	✓			



Next, to prioritize the use cases a few things need to be considered: the potential business impact of the data insights, the strategic importance of the insights, the resources required, and finally the feasibility of doing the analysis, as in whether it would require basic, advanced or expert level input.

Then, CPGs can determine, per use case, which team(s) would be involved and impacted by the data analysis, and what their needs would be in order to take action on the insights the data provides.

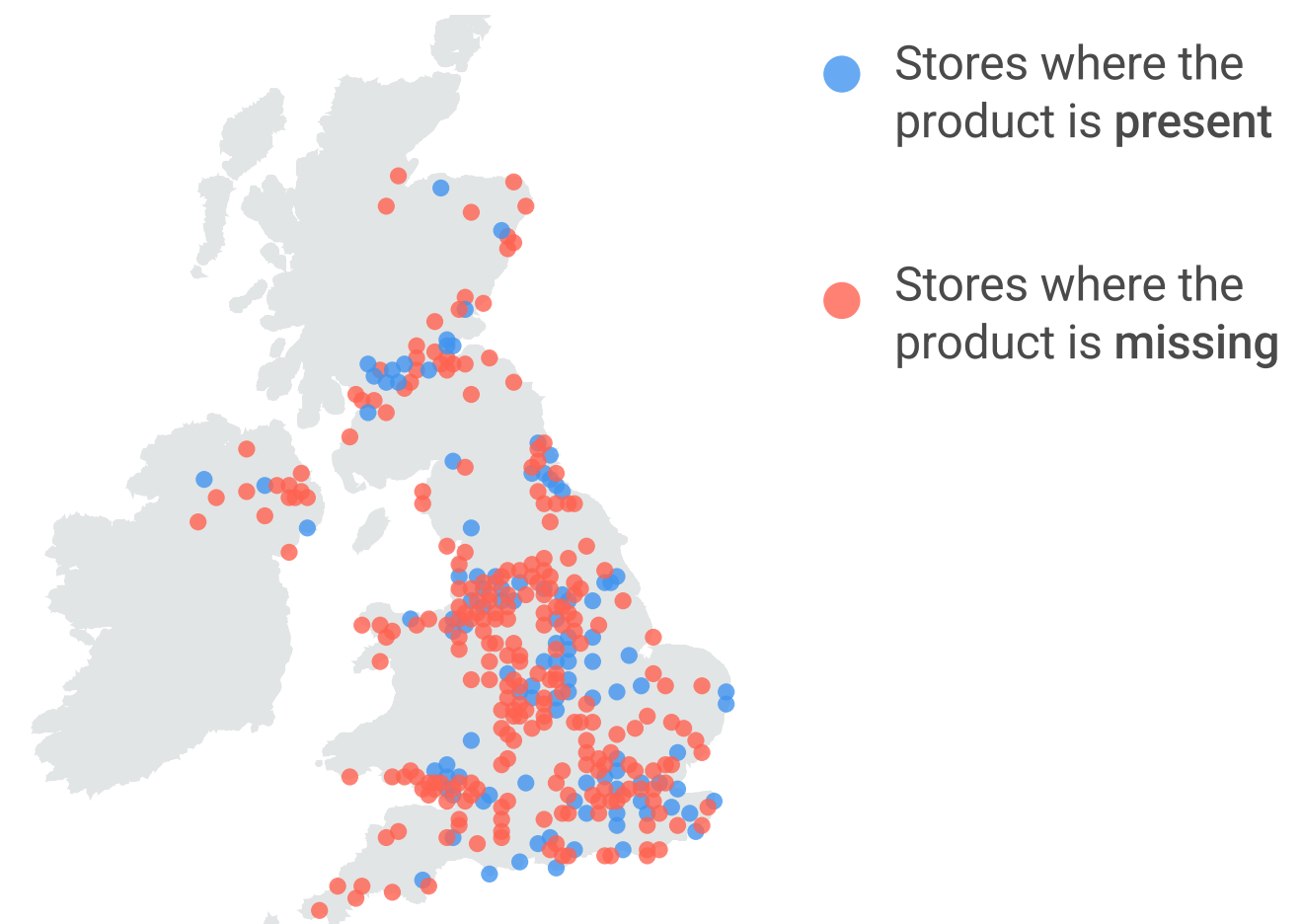
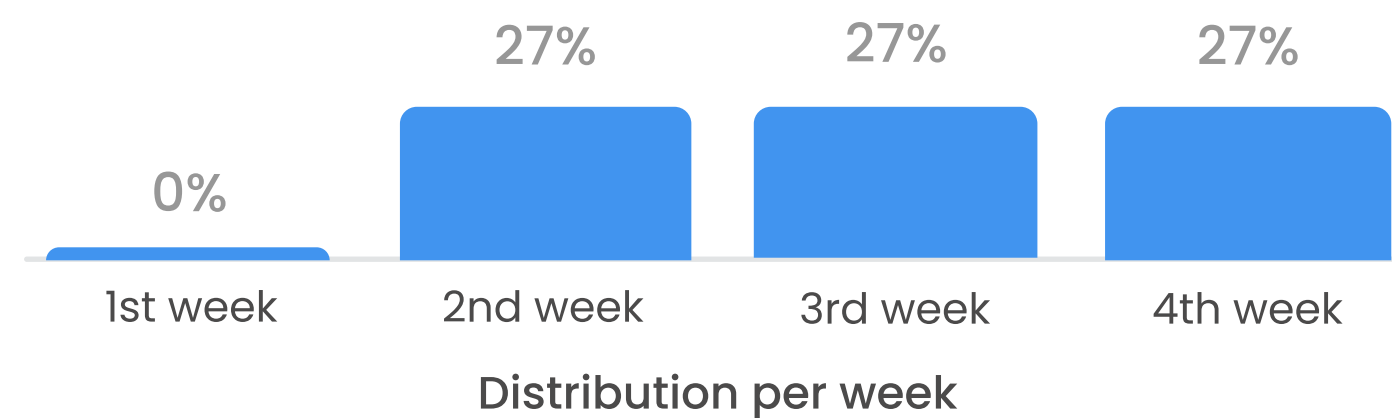


# Use case example

This example shows how data analysis can optimize emedia buys. By cross-referencing OOS levels with the periods when a manufacturer advertises on retailer sites, it becomes clear that **etail media investments will not be effective if the featured product is not in stock.**

**A leading ice cream brand player in the UK recently launched a new product with a significant media spend:**

- During the first week of the campaign, the product was **not distributed**
- Distribution levels remained low **throughout the promotion**



# Data quality

When a manufacturer creates use cases it can begin to establish a data strategy by asking a few questions:

- Exactly what data do I need in order to measure what I want?
- Is it certain I'll be able to use this data? With/for who?
- What service provider can give me the data I need?

Actionable data is robust. What precisely defines robustness?

It has three qualities:

- 1** It's geo-specific, taken from the locations at which it's generated. This guarantees coverage of all relevant data sources.
- 2** The harvested data includes all competitors. This is essential to benchmark a CPG's performance.
- 3** The data is comprehensive/exhaustive. This is distinct from sample-based data which is non-representative, inaccurate and misleading. The chart below outlines the margin of error sample-based analytics generate.

Data becomes much more valuable when it can be cross referenced with other reliable data sources, such as **retailer panel data, shopper panel data, and internal data.**

Also, all CPGs have their own method of categorizing their products. It's essential that any external sources of product data can be categorized the same way. All products must be associated with their IAN code.

Sample size	Probability of sample falling within the range of true OOS value at Tesco UK
10	3.13%
50	15.63%
100	31.25%
200	62.50%
300	93.75%

Note: Results are based on analyzing OOS rates for a soda brand across 10,000 samples of random store combinations from February 8 - 14 2021 at online Tesco stores.

# Choosing a data tool

---

Approximately 80% of a CPG's data analysis is somewhat standard, and the remaining 20% is their 'secret sauce'. When a manufacturer outsources their data management, they can concentrate their efforts on their unique qualities that differentiate them and partner with their service provider to optimize for that.

Some CPGs opt for developing their own internal data analysis system.

Unfortunately this approach is also bound to fail because analyzing data taken from tens of thousands of online locations is so complex, only a solution provider that specializes in this field has the manpower, the technology and the experience to succeed. As companies consider what sort of services they need, they should also consider their internal team that handles the analysis. Data scientists are not always necessary. Often a data analyst is sufficient.

## Questions to ask to determine the needs of internal teams:

- Will the data be stored internally or externally?
- How will the data be visualized?
- What is the ideal tool for the CPG that will orchestrate the data, combining it from different sources and streamlining it for the most automated decision making possible?
- What sort of data science technology is best suited to a CPG's particular needs?
- Do internal teams want to create end-to-end machine learning pipelines?
- Or does the company need a connector tool that feeds the analyses into a CRM platform or a supply chain tool?

# Conclusion

---

Most CPGs begin the process of acquiring a data solution before knowing what they need. This creates a series of problems.

The most effective process has four steps:

1

Identify a  
business need

2

Build a use  
case around it

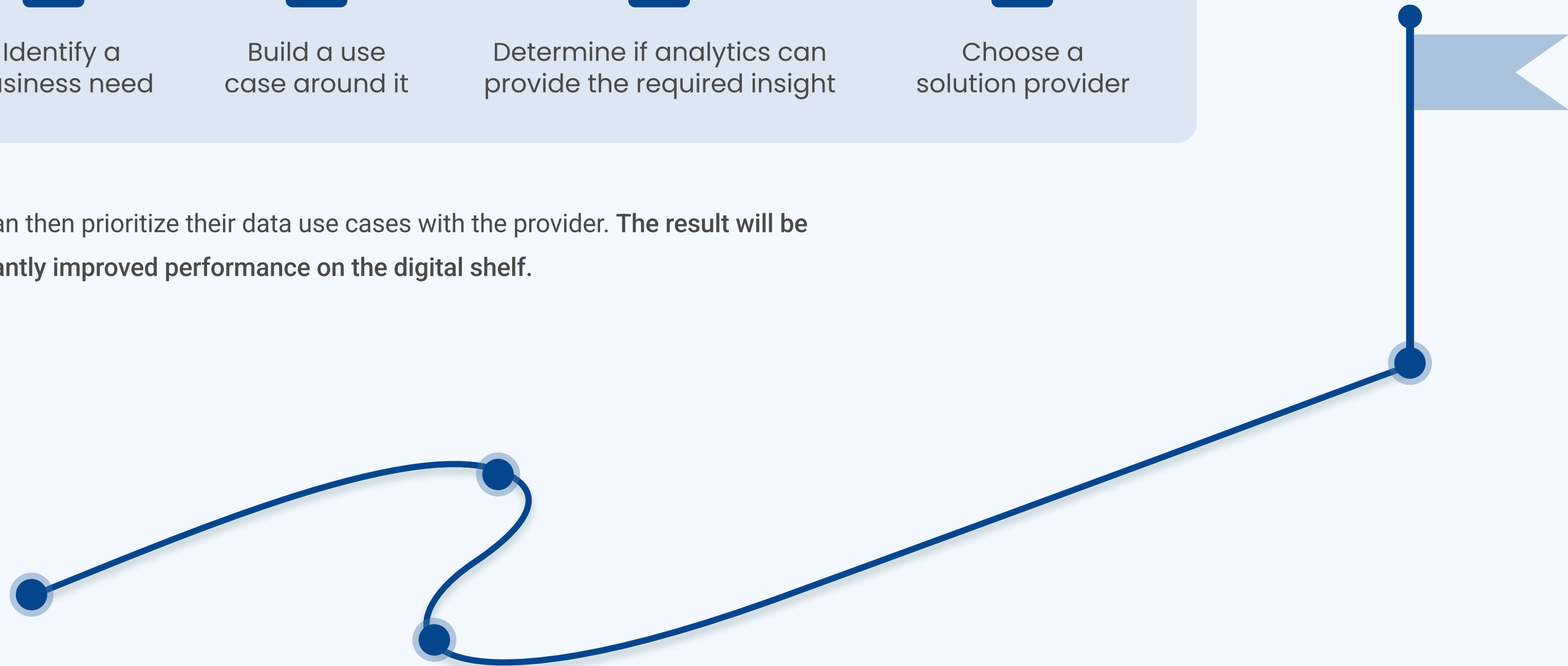
3

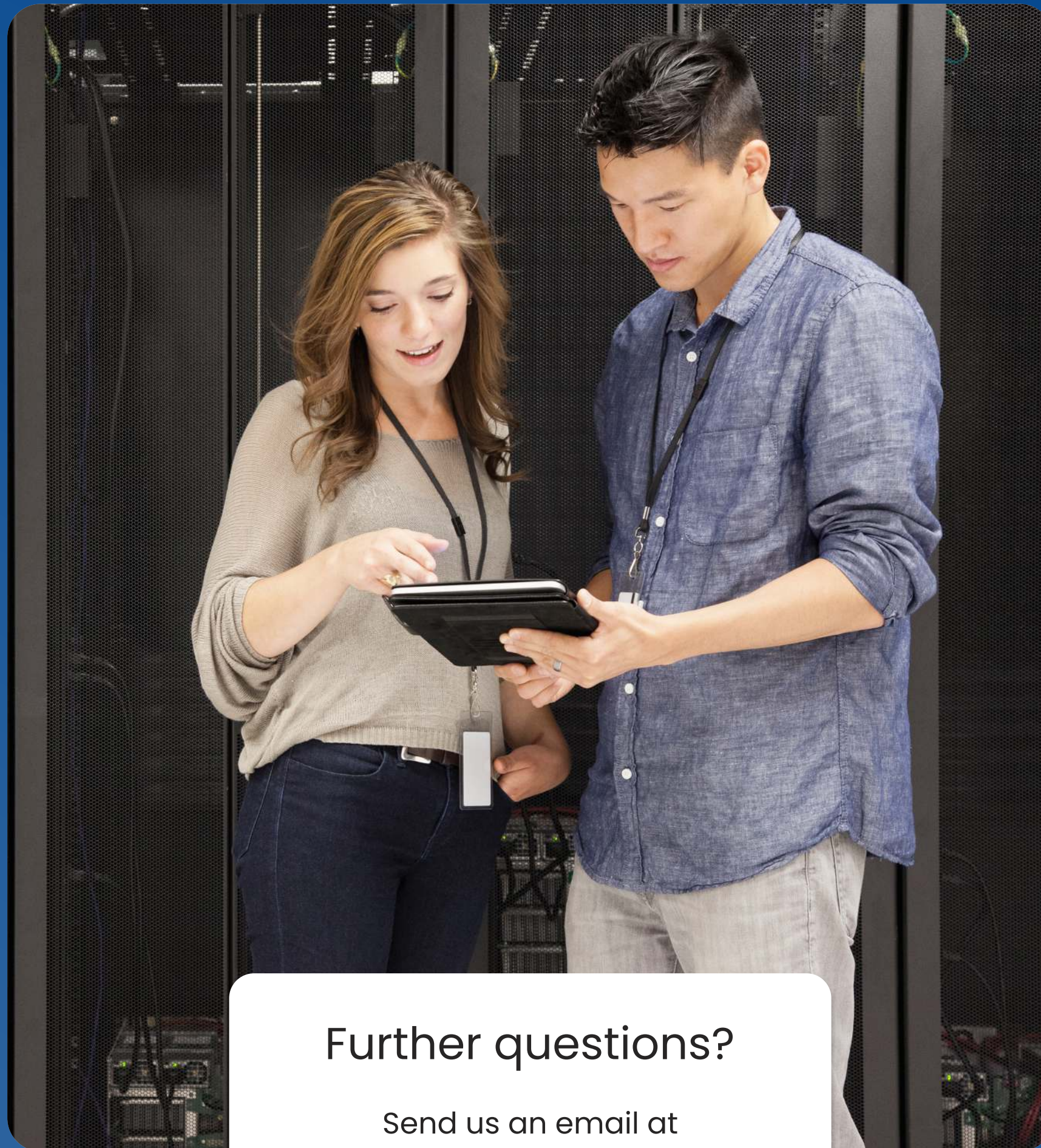
Determine if analytics can  
provide the required insight

4

Choose a  
solution provider

CPGs can then prioritize their data use cases with the provider. The result will be significantly improved performance on the digital shelf.





## Further questions?

Send us an email at  
[contact@dataimpact.io](mailto:contact@dataimpact.io)



## About Us

We help manufacturers improve their digital commerce with a customized platform and a responsive support team.



For more insights like these, follow us on [LinkedIn](#) and [Twitter](#).



To book a demo, visit [our website](#).