

Measure What Matters: Five Reports Every Retailer Needs

IBM Cognos software helps retailers better understand their organization, allowing them to make more timely and informed decisions. In the next few minutes we're going to show you five essential reports using scorecarding, reporting and analysis, and planning tools to measure what matters and optimize performance.

Today's market conditions and uncertainty have forced consumers to make tradeoffs and alter spending habits. More than ever, retailers have to stay on top of trends and better manage their operations, promotions, and financial performance to continue to maximize profits.

The IBM approach is to link operations, marketing and merchandising with finance so that all parts of the organization are working together. This strategy allows everyone to manage to a single set of financial goals and business objectives; provides a complete and consistent set of KPIs to measure performance; and gives your organization a systemic way of driving positive outcomes company-wide.

The IBM Cognos Financial Workbench Dashboard looks at performance by comparing the current year plan to the actual outcome. Retailers can track these results using several metrics, across all of their divisions for a given time period. The dashboard is also helpful in looking at controllable costs for your various plans, what-if scenarios, and actuals. All of these financial numbers roll up into a set of high-level Key Performance Indicators to help retailers measure their business. Users then have the ability to drill down into these results for a deeper understanding of why they're happening and can use this information to take action and improve performance.

Retail organizations also need to understand their ROI for store investments. For example, if a store wants to implement a green initiative, management can use the initiative report card to do a utility cost analysis of green locations in comparison to other locations. If the green locations show a positive ROI, the initiative could then be rolled out to other stores.

Another important area for retailers is merchandise and assortment planning. Customer preferences are constantly changing. Retailers have to plan months in advance, but they also need to be able to react to the market instantaneously. To outperform their competitors, merchandisers need to be able to analyze plans down as far as the item level and take action on areas that need improvement. The Merchandise Planning and Analytics report provides an in-depth view of performance by product and department. Using the product heat map you can see the effectiveness of your retail financial merchandise plan in a specific season or time frame.

A sound product mix is also essential for smarter merchandising. Retailers want to make smart bets to maximize their investment – this requires that the right products be available at the right time and place. Conducting a market basket analysis and sequencing analysis for an individual product enables smarter decisions. Each shows a set of statistics to help identify positive relationships between products. Users can draw on these results when creating promotional activities to optimize their product offerings and better anticipate customer behavior.

Understanding customer behavior is key to successful retail performance management. Customer profiling reports provide insight into the customer base, allowing retailers to align shopper preferences with merchandising decisions, promotional planning, and multi-channel initiatives.

You've just seen how retail organizations can use IBM Cognos software to improve their ability to make timely, informed decisions in all areas: store operations, marketing, merchandising and finance.

Through the integration of reporting, analysis and metrics, IBM Cognos provides the visibility retailers need to improve operations and meet profitability objectives – while providing the best shopping experience for customers. The result can help you achieve sustainable, profitable growth.

For more information on our performance management solutions for retail, please visit the IBM Cognos retail resource center at <http://www.ibm.com/cognos/retail>.

Thank you.