IBM SPSS Solutions for Retailers

Summary

IBM SPSS solutions enable retailers to:

- Increase customer value and overall revenues
- Reduce costs and increase operational efficiency
- Develop successful new products and services
- Determine profitable sites for new stores and improve existing stores
- Communicate effectively between departments for better decision making

Retailers today face many obstacles to achieving growth and revenue targets. Customers have more options than ever when deciding what to buy, when to buy it, how to buy it – and how much to pay. As markets become increasingly saturated, retailers are looking inward to reduce operational costs and derive greater value from brands, customers and employees. Most importantly, retailers want to find new ways to differentiate themselves from their competitors.

SPSS, an IBM Company is the leader in providing predictive analytics solutions that help retailers make better decisions throughout their organizations – improving everything from marketing and product development to customer retention and site selection. For years, retailers have relied on IBM SPSS software to provide the customer and operational insight that keeps them ahead of the competition. From regional chains to global online companies, retailers across categories look to us for the technologies we've pioneered and the business expertise we've refined during more than 40 years of serving the industry.

Increase customer value and overall revenues

In the midst of fierce competition, retailers need ways to stand out to consumers. Some slash prices, which can increase sales in the short term, but damage profitability in the long run. Using IBM SPSS solutions, retailers drive sales and increase customer value by better understanding their customers' needs, preferences and habits. For example, retailers can:

- Increase sales to existing customers by knowing which cross-sell and up-sell offers they're most likely to accept – and which will bring the most revenue to the company
- Improve inbound and outbound call center revenue by analyzing customer data and conversations in real time, and making targeted offers
- Provide consistent, coordinated interactions across all channels to improve customer satisfaction and promote loyalty

Six of the top eight domestic general merchandisers are IBM SPSS customers.

Reported numbers are compared to the 2008 FORTUNE 500 industry lists.

How do these capabilities translate into real-world results? A top personal computer and software retailer in Japan tripled the profits of its online operation and increased monthly page views from 16 million to 30 million by offering targeted recommendations. A major U.S. office supply retailer is using IBM SPSS solutions to improve its direct mail, online and call center campaigns by creating a unified view of its customers across all channels.

Reduce costs and increase operational efficiency

Retailers are under constant pressure to produce better results without increasing operational costs. Predictive analytics, however, enables many retailers to improve results while actually decreasing costs. The key is knowing where to focus resources for the greatest impact.

Rather than marketing a product to all customers, for example, market to only those customers that are most likely to buy the product. With IBM SPSS software, retailers determine the right offer, channel and timing for each customer, achieving maximum results without wasting resources.

With IBM SPSS predictive analytics, retailers can:

- Reduce costs by moving from large, unfocused marketing campaigns to smaller, more targeted – and more cost-effective – marketing campaigns
- Increase operational efficiency by enabling business users to find the answers they need to take effective action quickly

For example, a U.S. home-improvement chain reduced inventory shrink and improved its supply-chain practices using a centralized reporting system. A leading U.S. marketer of fine leather gifts and accessories reduced costs by developing more targeted, cost-effective marketing campaigns and conducting data analysis in-house.

Develop successful new products and services

The key to keeping a company, brand or product line profitable is to continually introduce new or updated offerings that resonate with customers. Customer understanding is therefore critical to successful product development. We offer many ways for retailers to learn about their customers' needs, concerns and desires. For example, retailers can:

- Gather customer information at every touch point using survey research applications
- Analyze call center transcripts, customer e-mails, and open-ended survey responses for opinions and suggestions
- Predict which product concepts will have the most success with actual customers

These capabilities enable one of the U.K.'s leading leisure companies, and companies like them, to build marketing and advertising strategies around customer perceptions of product attributes and brand personalities.

Eleven of the top twelve U.S. specialty retailers are IBM SPSS customers.

Compared to the 2008 FORTUNE 500 industry lists

Determine profitable store sites and layouts

Retailers know that store location and design are critical to success. Population demographics, trends in shopping patterns and many other criteria must be considered. After a period of explosive growth, many retailers are developing more cautious expansion strategies that put increased emphasis on the profitability of each new store. Using IBM SPSS software, retailers can:

- Determine how to design interior store space to maximize sales and deliver a compelling shopping experience
- Predict the best new store locations, so as to avoid entering saturated or nearly saturated markets

Retailers around the world are using these capabilities to make better decisions about store location and design. For example, a German office products manufacturer determined the best products and store layout for each of its stores and regions by analyzing a combination of point-of-sale, demographic and competitor data.

A U.K. auto parts supplier identified the most profitable sites for its new stores using historical and store-specific sales data, site-quality criteria and census information. And a major U.S. fabric and crafts supplier redesigned its store layouts according to which products were likely to be purchased together.

Improve communication for better decision making

To maintain a competitive edge, retailers have to make critical decisions quickly. To do so, up-to-date information must be readily available to everyone from executives to front-line staff. With IBM SPSS reporting and deployment solutions, decision makers throughout an organization have fast, secure access to useful data. Retailers use these solutions to:

- Consolidate data from multiple sources and platforms
- Create high-quality, interactive tables and charts
- Distribute reports quickly through secure online portals
- Integrate reporting solutions with popular ERP systems

For example, a major producer of athletic footwear and apparel in North America improved management reporting time and reduced its reliance on internal database analysts by implementing an online reporting system.

Meet specific needs with flexible solutions

We offer flexible solutions that enable retailers to address specific business issues or meet larger organizational goals. IBM SPSS technologies are designed to integrate with existing systems, including legacy systems, and to manage large volumes of complex data. Retailers can implement solutions as they need them, rather than replacing entire systems.

With our solutions, retailers gain the capabilities they need to address

business problems and achieve measurable results quickly.

About SPSS, an IBM Company

SPSS, an IBM Company, is a leading global provider of predictive analytics software and solutions. The company's complete portfolio of products - data collection, statistics, modeling and deployment - captures people's attitudes and opinions, predicts outcomes of future customer interactions, and then acts on these insights by embedding analytics into business processes. IBM SPSS solutions address interconnected business objectives across an entire organization by focusing on the convergence of analytics, IT architecture and business process. Commercial, government and academic customers worldwide rely on IBM SPSS technology as a competitive advantage in attracting, retaining and growing customers, while reducing fraud and mitigating risk. SPSS was acquired by IBM in October 2009. For further information, or to reach a representative, visit www.spss.com.

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