

# Point-of-Purchase

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info@vjmediaworks.com

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a tough nut :  
plastic free packaging**

# EDITOR'S NOTE



## Of Corona, 'Butterfly Effect' & the business of selling

"Does the flap of a butterfly's wings in Brazil set off a tornado in Texas?" Rings a bell, this question? Well, it was asked rhetorically by a scientist about 45 years ago when he was trying to establish the Chaos Theory. Over time, it has come to be known as the Butterfly Effect.

Although often misunderstood and used in different contexts, the Butterfly Effect theory is used to highlight the phenomenon that one small change in initial conditions can lead to varied but big ripple effects later. Like one small virus infects a living being in a remote corner of China and economies across the world get impacted. According to a UN report, India is among the 15 most affected economies due to the Coronavirus epidemic. The trade impact of the Coronavirus epidemic for India is estimated to be about \$348 million, says the report. The effect on trade of course varies across sectors. But if trade and supply chains suffer then there's obviously impact on sales and therefore the retail business. Perhaps it's best to take stock, be prepared and take preemptive actions, if necessary, for all industries associated with retail.

Meanwhile, FMCG companies are reportedly increasing the production of hygiene products such as handwash and hand sanitisers, even as stores run out of stock due to the spurt in demand. FMCG majors are also going big on creating hygiene

awareness and running related campaigns. Enter shopper marketing and the role it can play in a more meaningful brand positioning. Well, it remains to be seen what's really in store for us from COVID-19. Let's just hope for the best.

**N. Jayalakshmi**

# 'MARRIAGE BETWEEN ANALYTICS & BUSINESS INSIGHTS IS NEED OF THE HOUR'



Manishi Sanwal, Managing Partner, VoiceBack Technologies

With tight margins, volatile markets, and changing customer demands, retailers and wholesalers can't rely on intuition alone to drive growth. They need data-guided insights. Voiceback Technologies, Bengaluru based data analytics company, has launched a new service - Dynamic Promotion Engine that aids brands in developing customized promotion programs for targeting each customer individually. **Manishi Sanwal, Managing Partner of Voiceback Technologies**, shares with Point Of Purchase, how the model delivers unique strengths to offline stores.

### What led to the development and launch of Dynamic Promotion Engine? What were the key market drivers?

Lately the e-commerce business has boomed. We also hear a lot of complaints from the offline dealers, traders and brands that e-commerce plays unfair and thrives on discounts. Besides, discounts, e-commerce companies are miles ahead on their ability to deliver a customized experience. We wanted to deliver the same strength to the offline retailer. We started with this premise - It is possible to ensure that an offline retailer can 1) get to know when his customer is inside the store 2) know his past purchase profile and 3) his contact details. Using these three pieces of information and combining it with state-of-the-art data analytics, we have created a dynamic promotion engine which can be used to deliver a customized experience and promotion to delight the customer.

### How does the tool help retailers and retail brands?

Each brand or retailer would have a different strategic objective. We could have some companies trying to increase the number of tickets, value of tickets, increase conversion, sell a particular product line, induce trials or create repeat purchases etc. We analyze the sales/POS data to create clusters of customers which the store wants to target to ensure fulfillment of business objectives. We develop specialized promotions to each cluster of customers in-line with the store objectives and use the technology to deliver these promotions when the customer is inside the store of the brand.

### How does this data work? And how does it help brands to define personalized experiences at scale?

We look at the sales data, sales trends and combine that with customer feedback and create a winning direction. The bridge works in real time and has the possibility of doing any or every of the following things:

- a) Those who bought x, can be given an offer for a. This can operate at a level of SKU, level of brand or any level of master data
- b) Those who bought x, y and z can be given an offer for a
- c) Those who bought x,y and z from stores located in u,v,w in the months of J,F,M can be given an offer for a

### Any sample shopper insights you can share when it comes to behavior at retail or purchasing patterns?

Our slogan, inspired by Carl Sagan is "Somewhere in your data, something incredible is waiting to be known". A few of the patterns which we have seen are: a) Customers who buy more on discounts are more prone to react to discounts b) A successful chain client of ours was surprised to learn that their business grows on new customer acquisition and the store does not get repeat customers c) We have identified group of customers in a store who almost always buy every three months.

### Quick Take Away's

- Online data analytics model used to gather crucial info regarding customer – when he/she visited the store, their past purchase profile and contact details.
- The data model helps create clusters of customers and help clients develop specialized/customised promotions for each cluster
- The data model helps create clusters of customers and help clients develop specialized/customised promotions for each cluster
- Key insight – Customers who buy more on discounts are more prone to react to discounts
- 50% increase in sale seen in the web shop of an offline retailer through the use of this analytics tool

### What kind of challenges did you face while executing Dynamic Promotion Engine?

On execution, the most important and the most critical part is to align with the business objectives. We have an excellent team of engineers who understand analytics and technology however the crux is the marriage between analytics and business insights. This requires a lot of input from the clients and their business heads. They understand the business and they understand what they want from the business. It is important to work along with their teams to develop the customised logic for a successful execution.

### How well has the retail sector responded to the platform? Any challenges in convincing clients on the relevance of this tool?

We are getting a very good response. We have already rolled the program with a couple of big retailers and are under discussion with many more as we speak. They key challenge is in understanding the need for an outside help. A lot of clients feel they are doing enough with their in-house teams. This is a developing field with lot of new developments, new algorithms, new software with additional capabilities hitting the market every now and then. We are specialised players and invest into resources to stay abreast of new knowledge. It is very difficult for a retailer who normally has a different core capability to ensure being on top of changing technology.

### Do you think that with more such tools, brands can get closer to meeting their ROI on retail spends?

Dynamic Promotion Engine allows retailers to give discounts and/ promotions only when needed and to those who react to them. You don't need to give discounts/ promotions to all your customers. This would potentially reduce the cost of the promotion and improve the profitability.

### Any case study you can share?

We are running the bridge on the webshop of a known offline retailer. We have connected the back-end analytics of the offline customers and created a proxy variable for spending power. The promotion is simple and it gives a discount on the bill if it crosses a fixed benchmark. The benchmark or the slab actually changes as per the spending power of the customer. So a customer who normally shops for Rs. 1000, gets an offer if he buys for Rs. 1500 while a customer who normally shops for Rs 2000 gets an offer of a discount if he buys for Rs 2500. We check the modal frequency of his purchases and give him an offer to reach a higher value. The retailer has seen as high as 50% increase in sales happening on the webshop after implementation of the program. We are now implementing the similar bridge on the offline store environment of the retailer. ■

**Mohit Manghani**