

Benefits of business intelligence in retail



Initial Proposal for Dissertation Topic Topic: Benefits of Business Intelligence in the Retail sector: A Case Study of three companies done in Delhi & NCR.

Background: What is Business Intelligence? Business intelligence (BI) is the process of gathering enough of the right information in the right manner at the right time, and delivering the right results to the right people for decision-making purposes so that it can continue to yield real business benefits, or have a positive impact on business strategy, tactics, and operations in the enterprises. Business intelligence is a well-established and generally well-known software category that spans a wide range of functional capabilities. Business Intelligence systems are one step above knowledge management systems. Although specific definitions will vary from customer to customer and vendor to vendor, but most will agree that business intelligence typically refers to the challenge of providing business users with meaningful information from company data sources to help those users make better, more informed business decisions. BI applications include activities of online analytical processing (OLAP), decision support systems (DSS), data warehousing and data mining.

Business Intelligence includes the following functions: •Collecting and refining information from many sources •Analyzing and presenting the information in useful ways •Enabling people to make better business decisions Importance of the Study: Retail Companies have to answer key questions every day. What impact do price changes have on buying behaviour? Is the supply chain aligned with consumer demand? Though companies have the data that could answer these questions few properly leverage all of their resources. A company needs to first extract tangible

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information and then to make sure it gets into the right hands. To effectively and efficiently run the business a company must convert their data into knowledge. At the core, a company's problems in executing stem from improper use of data due to lack of visibility.

A strategic Business Intelligence platform puts the right information in the right hands at the right time, and gives managers and executives the ability to test various scenarios for business spending and investments while monitoring important operational drivers of company performance. Problem Statement: Management information is the lifeblood of any business, but some businesses have more complex needs than others. Retail, in particular, presents complex issues and challenges to providers and consumers of business intelligence software. In this dissertation, I want to take a look at what it is about retail that makes it unique and identify some of the challenges faced by retailers in the successful adoption of business intelligence techniques and systems. First and foremost, retail presents a complex multidimensional problem. Most business users will identify with analyzing data according to time, cost centre and product or service.

Retail is special though in having to cope with thousands of SKUs across hundreds of outlets. In addition to this, retailers constantly measure themselves against not just budget but against last year and last week, and they are also addicted (often due to internal pressure) to "like for like" analysis. As technology allows it, managers are also increasingly starting to demand near real-time analysis. The volumes of data that these requirements need to support meaningful analysis can be quite staggering.

The major issues faced by retailers are: •Problems of Scale •Fast-Moving Environment •Globalization RFID (Radio Frequency Identification) •The Collaborative Power of BI •Data readiness, information output need, information access norms and preparing the user for the change. Objectives of the Study: This paper focuses on the functional aspects of BI from a business point of view. It is not too much about how BI works but rather on why one should implement BI. The Business Intelligence Solution provides an enterprise view of data, which can affect all areas of the retail business. The key areas to be covered in the study are: To identify the potential benefits of BI for a Retail organization.

- To explore the impact of BI in (strategic, tactical & operational) management decision-making processes.
- To determine the relation between BI and existing methodologies and its financial benefits.

Research Questions: •What is the business value of BI? •Is Business Intelligence (BI) required in the retail industry? •Is BI being adopted as a strategic and enterprise initiative? •What is the level of awareness of Business Intelligence in the retail sector? What are the expectations in terms of operational improvements and its benefit from Business Intelligence? •How successful is BI in terms of profitability, gaining new customer and increasing the basket size of existing customers in the retail sector? •What are the Critical Success Factors for BI Initiatives? •What are the types of BI components that are being used and what type of integration is required? •What is the future of BI in the retail sector? Research Methodology: Nature of Study: The research will be exploratory in nature. Data: Primary data will be collected through structured questionnaire and personal interviews conducted in the three

companies in Delhi, Gurgaon and Noida. Secondary data will be obtained from previous research papers, journal, books, websites, newspapers and magazines. Sample: The sample for the research will include executives (Supervisors, Assistant Managers, and Department Managers) who actually implement BI and managers (Merchandise Managers, Store Managers & Vice-President) who use BI in retail organizations operating in Delhi and NCR (National Capital Region).

Limitations: It would have been ideal to analyze the change in financial position, customers and increase in customer basket size, whether it has improved after deploying Business Intelligence tools. Dissecting the revenue sharing arrangements and mapping it over a period would also be an area of research which could give us leading indicators of who would be the most valuable player in the Business Intelligence implementation sphere in future. But due to certain limitations mentioned below it is not possible, The primary limitation of this study is the lack of quantitative data as BI is a new concept and still evolving. •The retail industry in India is still disorganized with hardly four percent in the organized sector where as 96 percent falls in the unorganized sector and does not employ BI solutions due to thin margins and other cost factors.

- Further complicating the analysis is the high level of secrecy in the industry, with firms being very reluctant to share data. Preliminary Literature Survey: •Effective Business Intelligence Systems by Robert J. Thoreau
- Journals from University of Wales Online Library, SSRN, ICFAI University Press, •Business Intelligence in the Digital Economy: Opportunities, Limitations and Risks By: Raisinghani, Mahesh •www. businessintelligence. <https://assignbuster.com/benefits-of-business-intelligence-in-retail/>

com, <http://www.b-eye-network.in>, •CRM at the Speed of Light-Paul Greenberg. Schedule: TaskOct 2008Nov 2008Nov-Dec 2008Dec 2008Jan 2009 Initial Proposal Literature Survey, Questionnaire Design (10, 000words) Data Collection and Analysis Draft Report Final Report Submitted By: Sachin Sinha MBA Batch - February 2008 Reg. No # WM/Feb 08/28