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How Retailers can
Use Ambient Data
for a Multi-Channel Strategy

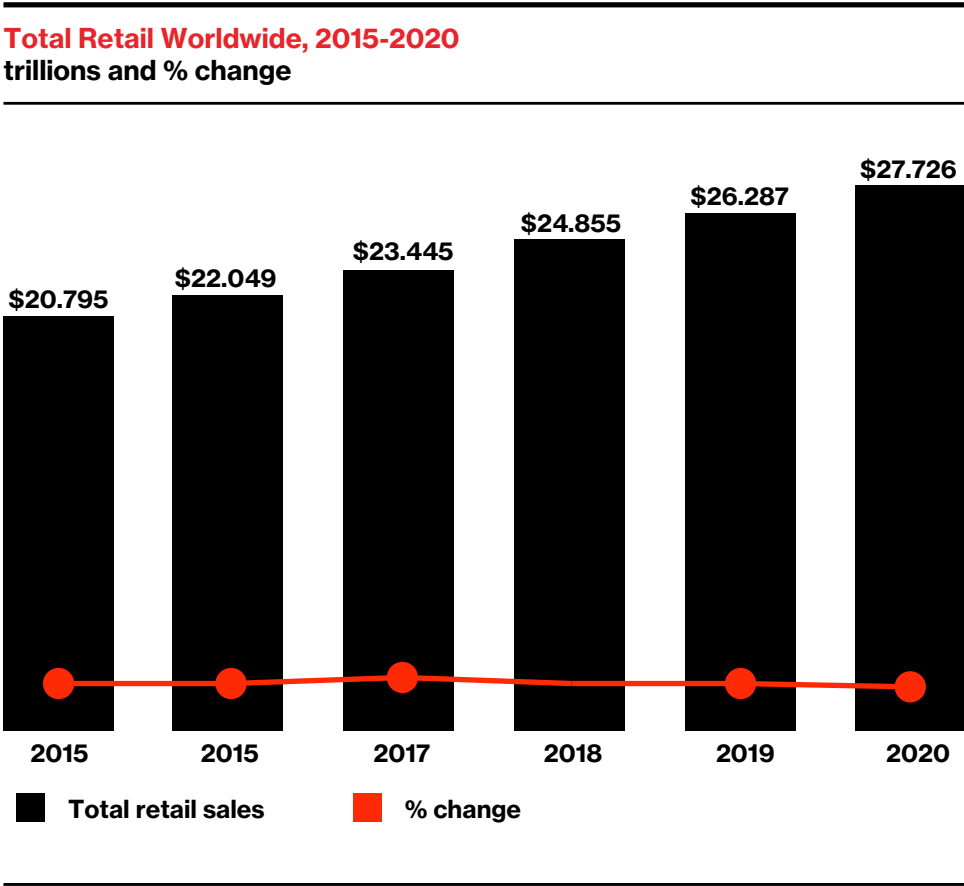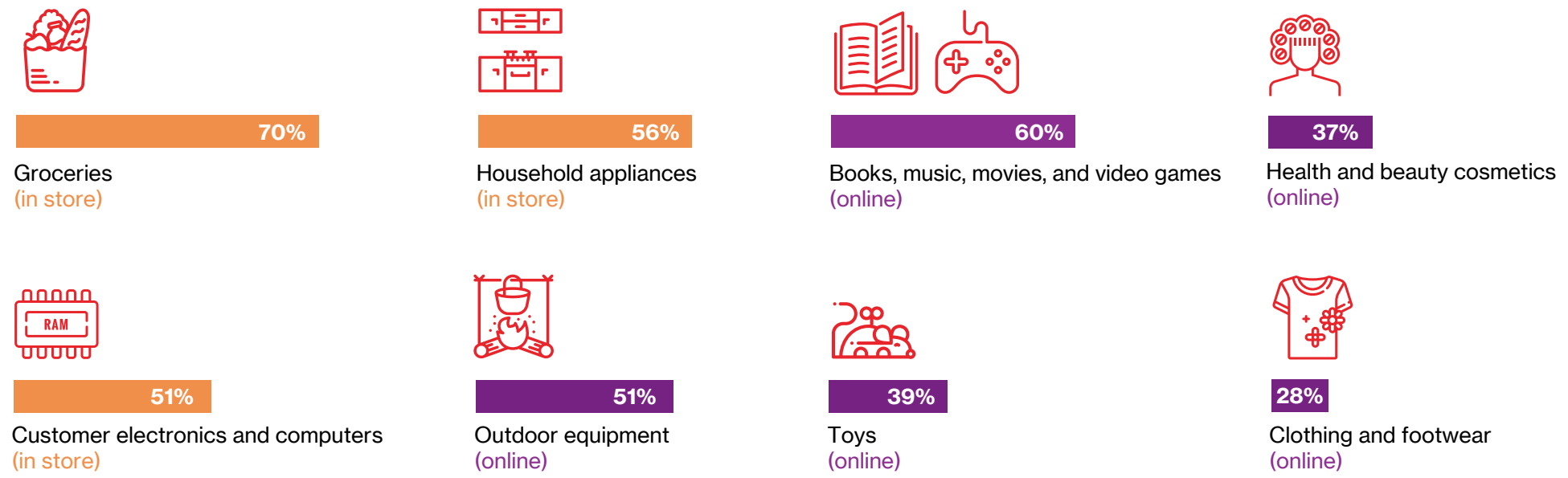Produced by Near

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Introduction | Research on Sports Retailers | Challenges | How Ambient Intelligence can Help | Next Steps | In Closing

Introduction

Retail is a powerful industry, with a recent eMarketer **study** estimating that sales will touch **$27 trillion** in 2020. The same study also asserts that majority of the retail e-commerce will come from China, and the rest of the markets still have huge untapped potential.

How do Consumers Shop? ▶
Findings from the yearly Total Retail Survey

70%
Groceries
(in store)

56%
Household appliances
(in store)

60%
Books, music, movies, and video games
(online)

37%
Health and beauty cosmetics
(online)

51%
Customer electronics and computers
(in store)

51%
Outdoor equipment
(online)

39%
Toys
(online)

28%
Clothing and footwear
(online)

Total Retail Worldwide, 2015-2020
trillions and % change

$20.795 — 2015
$22.049 — 2015
$23.445 — 2017
$24.855 — 2018
$26.287 — 2019
$27.726 — 2020

■ **Total retail sales**   ■ **% change**

Note: excludes travel and event tickets
Source: eMarketer, Aug 2016

This report also highlighted some interesting behavior of shoppers by regions:
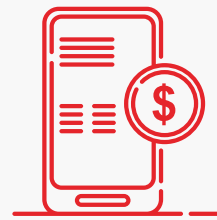
It turns out that shoppers in **China, Asia, Middle East, and other developing countries, such as Brazil were more adventurous when it came to online shopping.**

On the other hand, quite surprisingly, **shoppers in Europe and Australia showed a clear inclination towards in-store shopping.**

" The above findings present quite a mixed bag. There is no clear "winner", when it comes to online vs. in-store. "

People prefer brick-and-mortar stores for some things, but they prefer online channels for others. Therefore, retailers need to keep this mixed trend in mind while deciding on the direction their future strategy must take, and this is where data can play a crucial role in helping the retail industry find the clear direction of their future marketing strategy must focus.

Research on Sports Retailers

Insights from Location and Audience Analytics

A recent study was conducted by Near on Sports Retailers across US, UK, Australia and Singapore. Here are some key insights:

Gender Preferences: Who takes Fitness seriously?

Insight 1

Only 33% women are seen in the Nike and Adidas stores in UK, lowest across regions

Insight 2

In Singapore, Adidas is preferred by men (60%) while Nike is preferred by women (54%), while preferences in other countries are similar across both brands

46%

54%

60%

40%

Singapore

Singapore

■ Nike   ■ Adidas

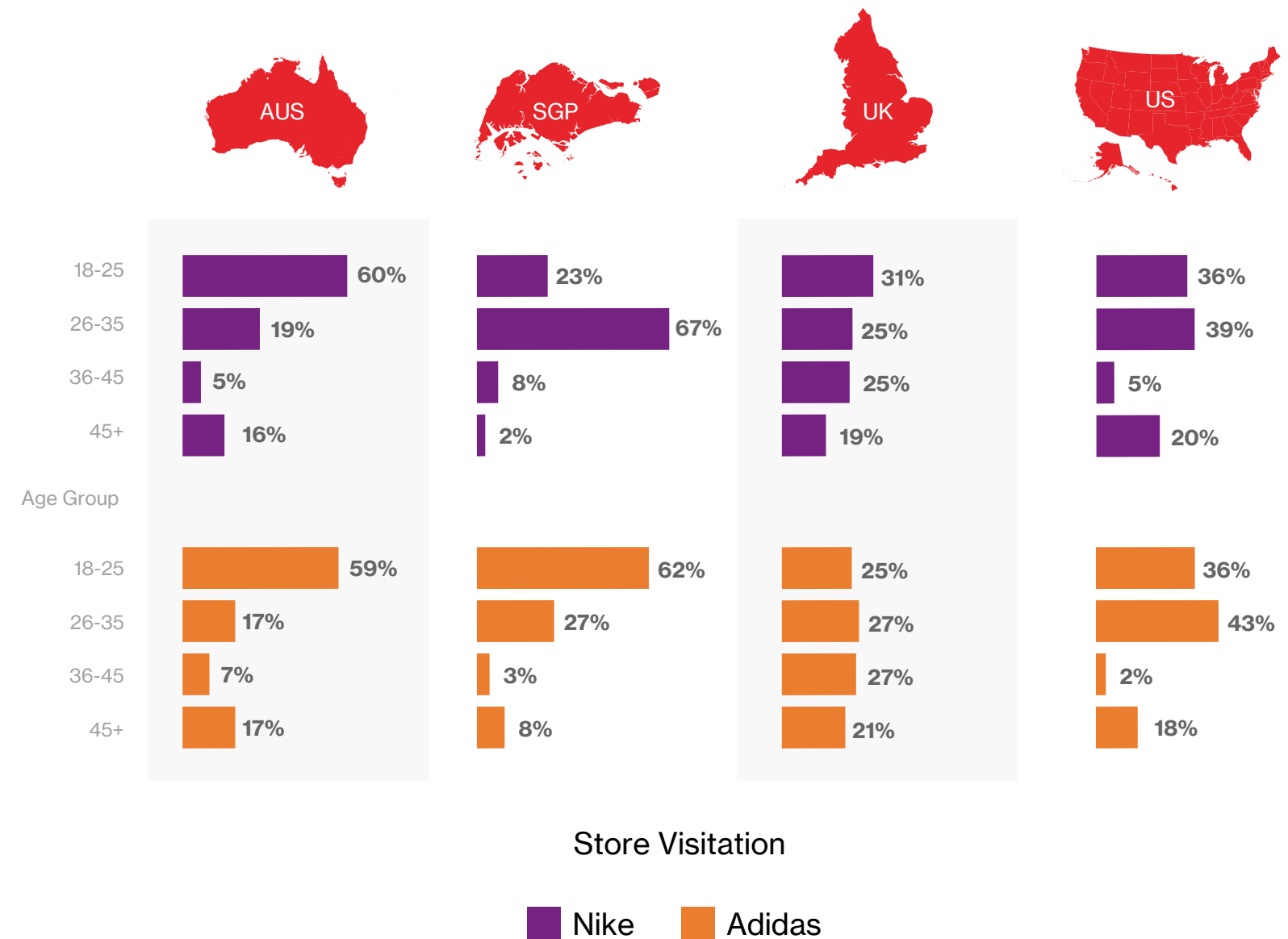# Age Group Behaviour: Too Young or too Old for Sports?

Insight 1

In Singapore, Adidas has a large percentage of it's walk-ins from 18-25 year olds (62%), whereas majority of the walk-ins for Nike come from 26-35 year olds (67%)

Insight 2

Younger people (18-35) form atleast 75% of the walk-ins at Nike and Adidas in all regions except UK. In UK, footfalls across age groups are equally spread.
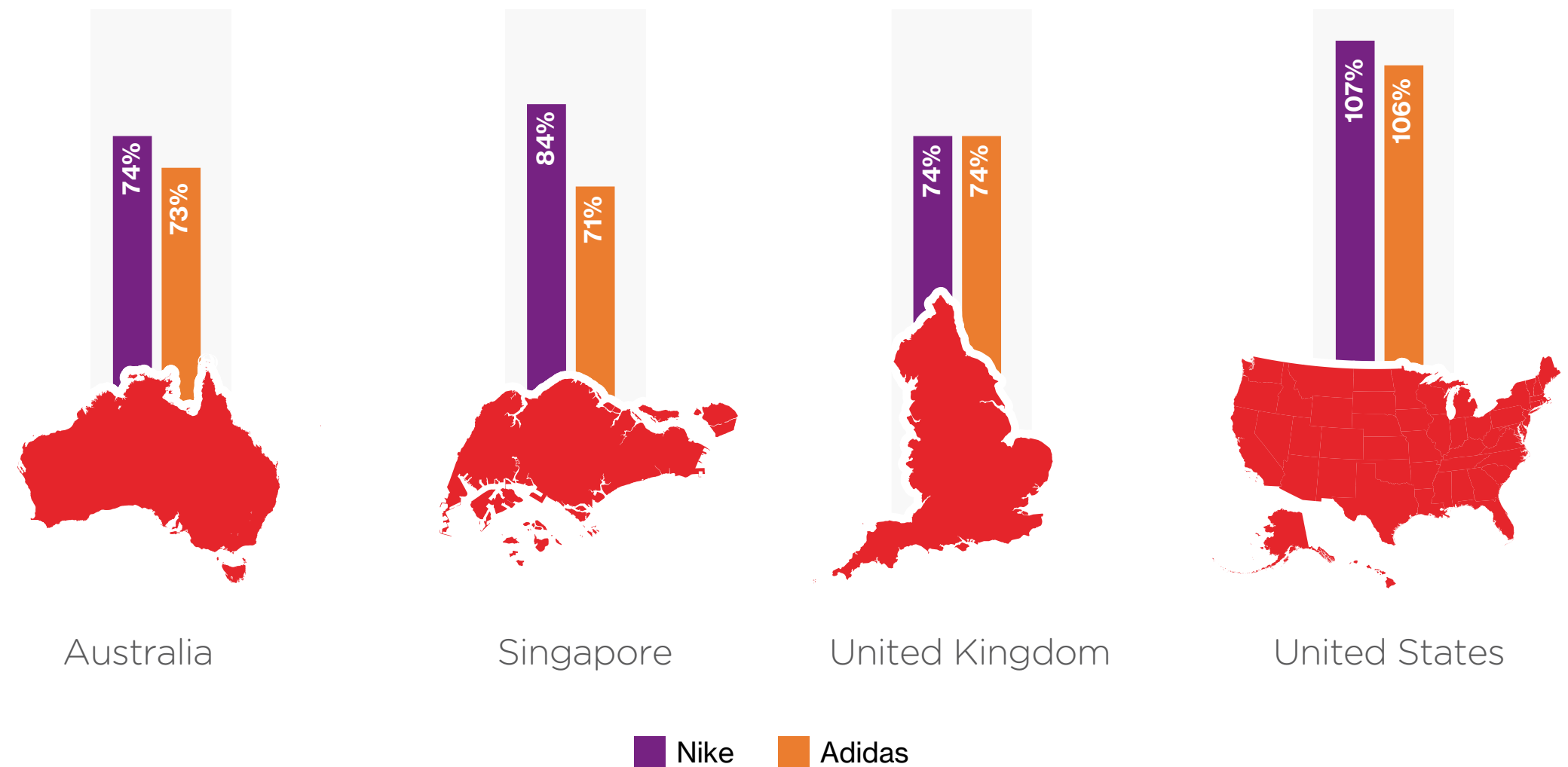
Insight 3

Consumers over 45 years don't prefer visiting these stores in Singapore, they probaby shop online.

AUS   SGP   UK   US

Age Group	AUS	SGP	UK	US
18-25	60%	23%	31%	36%
26-35	19%	67%	25%	39%
36-45	5%	8%	25%	5%
45+	16%	2%	19%	20%
18-25	59%	62%	25%	36%
26-35	17%	27%	27%	43%
36-45	7%	3%	27%	2%
45+	17%	8%	21%	18%

Store Visitation

■ Nike   ■ Adidas

Walk-in Patterns: Weekend Footfall Compared to Weekday Footfall

Insight

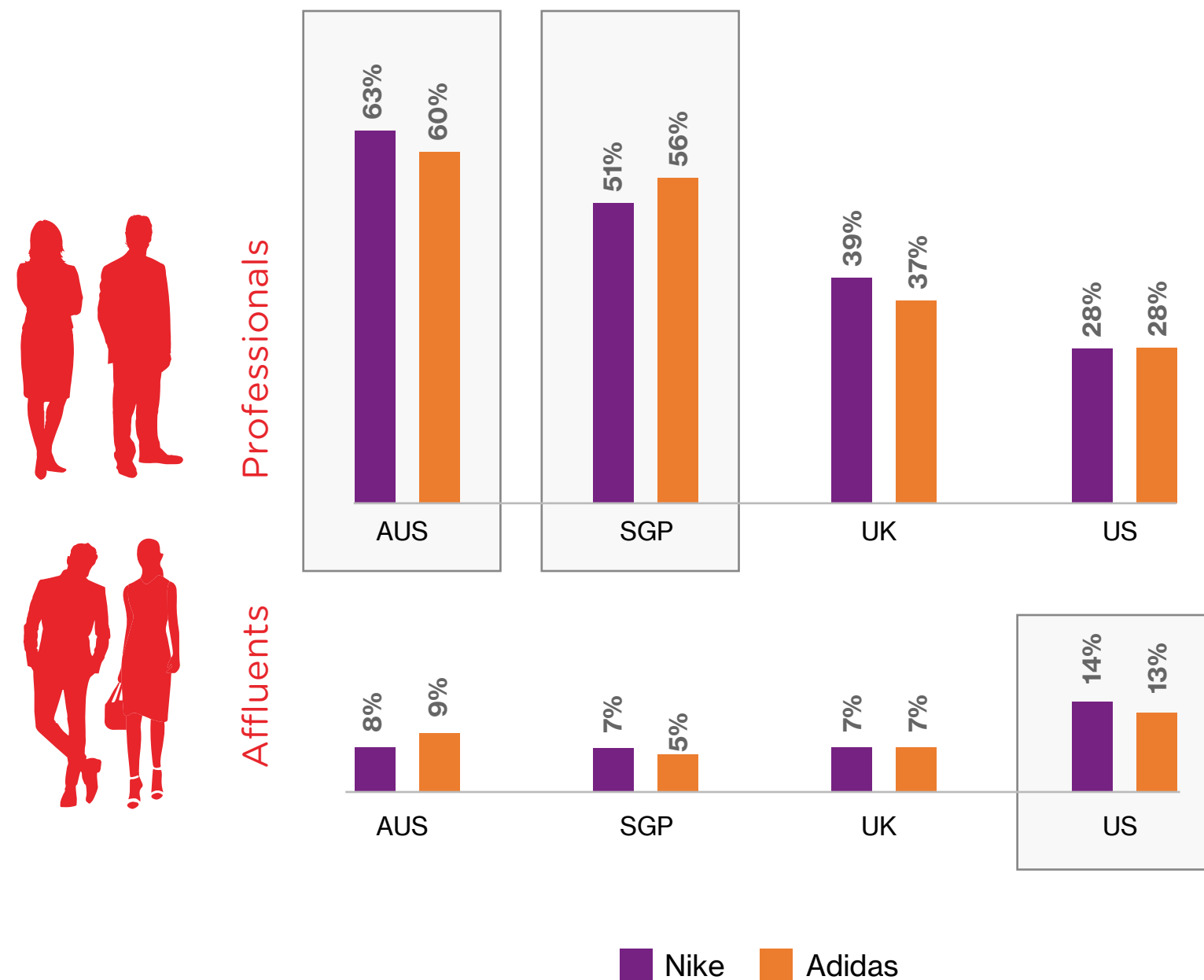Stores in the US see footfalls double over the weekends compared to weekdays.

Australia — Nike 74%, Adidas 73%

Singapore — Nike 84%, Adidas 71%

United Kingdom — Nike 74%, Adidas 74%

United States — Nike 107%, Adidas 106%

■ Nike   ■ Adidas

Audience Behaviour: Who to Expect in the Same Brand Stores Across Geographies?

Insight 1

Professionals in APAC engage more with sports brands compared to other regions.
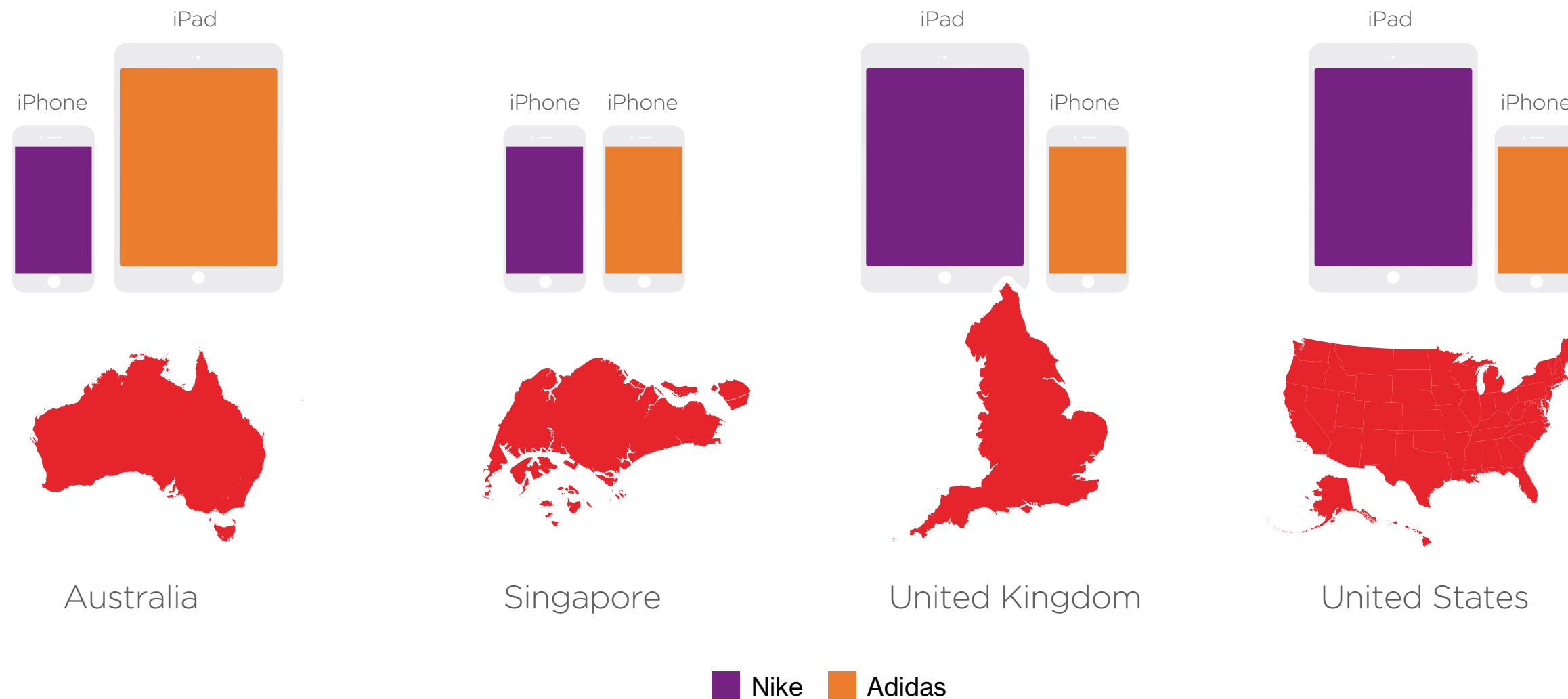
Insight 2

Affluents in the US are more engaged with sports brands compared to other regions.

Professionals

	AUS	SGP	UK	US
Nike	63%	51%	39%	28%
Adidas	60%	56%	37%	28%

Affluents

	AUS	SGP	UK	US
Nike	8%	7%	7%	14%
Adidas	9%	5%	7%	13%

■ Nike ■ Adidas

Device Preferences: How do Your Store-Visitors Usually Browse?

Here are the top devices used by the visitors at the Nike and Adidas stores across geographies:

Australia	Singapore	United Kingdom	United States

■ Nike ■ Adidas

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Introduction | Research on Sports Retailers | **Challenges** | How Ambient Intelligence can Help | Next Steps | In Closing

Current Challenges in Retail

In an online-offline world of shopping, let us quickly look at the biggest challenges that retail businesses face today.

1. Lack of a Unified Consumer View

With customers now having the option to purchase both in-store as well as online, retailers do not have a clear view of which of their customers are buying what and where (online or offline). There are many reasons that contribute to this problem:
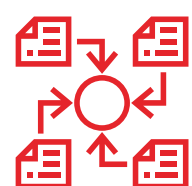
Business are not equipped to harness massive volumes of data

The ground reality is that not all businesses are equipped to handle the massive amounts of data that is generated daily, or more importantly analyze it, and derive actionable insights that can help them increase their sales and come up with effective marketing and operational strategies.
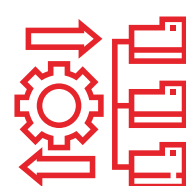
Siloed data due to lack of linkages between collected data

Another downside of the data deluge is that many retailers rely on multiple, fragmented technology platforms that cannot link cross-channel engagement data, and hence, two functions within the same organisation may have two different views of the same customer.

Lack of accurate user identification across multiple user-owned devices

Finally, with users using multiple devices, most of the platforms and enterprise tools are unable to unify this data and point it back to one single user. Retailers need to systematically collect and connect intent data about their customers throughout their shopping journey, and fast enough, to get desired results.

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Introduction | Research on Sports Retailers | **Challenges** | How Ambient Intelligence can Help | Next Steps | In Closing

2. New Customer Acquisition

It is difficult for retailers to track which customer is shopping at which other retailer or competition. They are not aware of all the touchpoints and devices that the customers use, or the best time and place to reach them. This leads to:

Lack of ways to identify new potential customers

Retailers do not have a view into people's behavior outside of their environments - stores, online sites, and apps. As a result, they do not have concrete data on what people are engaging with elsewhere. This makes it extremely difficult for them to build a segment of new potential customers and communicate with them. Because of this, they end up targeting a very broad segment of people based on general demographics, which, in addition to a small percentage of potential customers, will also include a large base of people who are either not interested or who are already buying their wares, causing major spillage in marketing spend.

Lack of personalized messaging to the customers at the right time

Today, customers expect to receive ads and promotions that are targeted to their interests. But, without the proper knowledge of touch points, channels, and devices their customers prefer, it is impossible for brands to deliver such relevant messages and promotions at the appropriate time their customers are expected to engage better. In fact, according to conservative estimates, more than 49% of polled retailers are struggling to do this.

Difference in brand experience across channels

Most customers feel that a brand's messaging across channels is not consistent. For example, the user experience, promotions, or discounts across different channels can be different. As a result, a customer's overall perception of the retailer can be inconsistent and often negative.

3. Not the Best ROI on Marketing Spends

Current promotion spends for online and offline activities do not sync with each other. As a result, the information that is available does not *"speak to each other"*, leading to disparity in prices and promotions across channels. This is a result of lack of measuring attribution to identify the channels that are working better than the others. Subsequently, this leads to "spillage" in marketing spends, where the retailer maybe marketing to an existing customer or marketing to potential customers on channels that do not offer high conversions.

> " The available information does not speak to each other, leading to 'spillage' in marketing spends "

How Ambient Intelligence can Help Retailers Create the Right Multi-Channel Strategy

When you connect the new-generation smartphones and smart interconnected devices with the powerful and ubiquitous cloud technology, **smart environments** are born. **Ambient Intelligence** allows you to accurately map an individual customer's journey in these smart environments, in the digital and physical worlds, providing us rich and deep insights into user actions, preferences, and behavior.

1. Understanding the Consumer Journey

The following figure explains a typical customer's journey.

Shoppers
What's involved

Retail Stores   Digital Signage

In-Store Beacons   OOH Billboards

Online Shopping Site   Digital Marketing

Mobile Shopping App   Competitor Stores

Check products
and prices online

Visit retail store
near home

Visit competitor's
store near home

See an Outdoor
ad near office

See an ad
on mobile

Check products
on mobile app

Visit competitor's
store near office

Visit retail store
near home

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Introduction | Research on Sports Retailers | Challenges | **How Ambient Intelligence can Help** | Next Steps | In Closing

Understanding a customer journey is important for you, because it helps you (as a retailer) answer some pertinent questions that can help you with your business' bottom line. Some of these important questions are:

Where do I open my next store?

Which other retail stores do my customers visit?

How often do my customers visit my stores as compared to my competitors' stores?

How many times do they check products (online or in-store) before they make a purchase?

**Do they make the final purchase in a brick-and-mortar store, online, or on mobile?**

Will opening a new outlet store affect sales in main stores?

Example:
Are new stores cannibalising sales from my existing stores?

If Nike knew that 10% of its new customers visited football stadiums of home teams whose kits were sponsored by other sports brands (say Adidas), *opening stores around these locations* or buying promotion space during match days at these stadiums *could lead to an increase in sales and unlock new audience segments* without hampering existing sales from current stores.
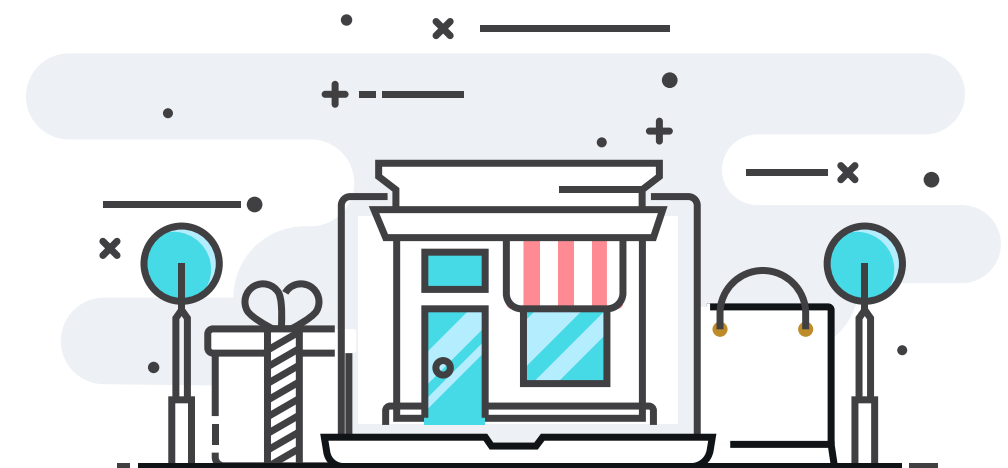
2. Effective Decision-Making with a Unified Consumer View

Varied Data Sources - Connected via Location
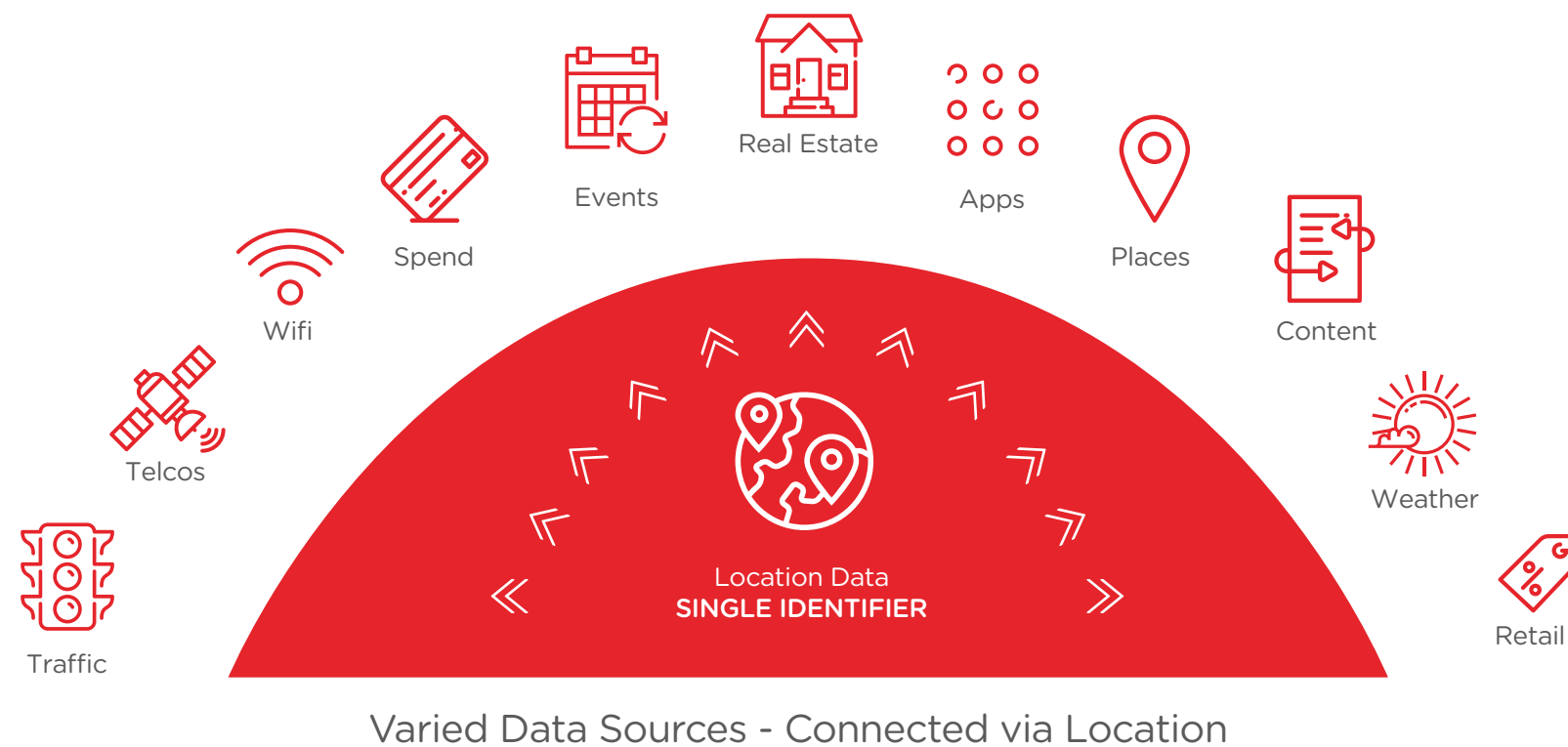
Once you know the places where your audience goes to work, where they live or are seen every night, where they spend their weekends, you can understand them better. All of this becomes even more interesting once you start augmenting it with real estate prices of where your customers are living, deciphering the buildings they enter or pass by, looking at the telecom and WiFi data, looking at the traffic patterns of the paths they take, looking at the weather, looking at the spend behavior at the merchant locations they visit. All this data can then be mapped to an individual or a group of people.

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Introduction | Research on Sports Retailers | Challenges | **How Ambient Intelligence can Help**| Next Steps | In Closing
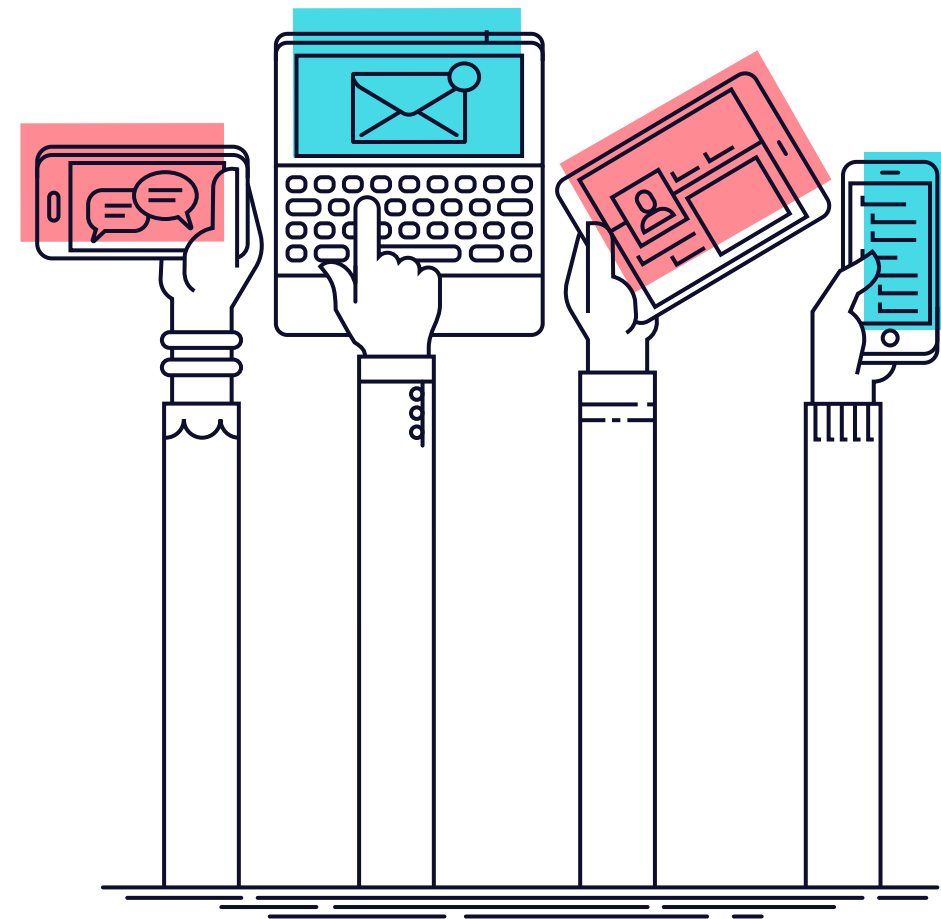
However, this Unified Consumer View is possible only if your Data Platform is capable of unifying multiple identifiers across channels and provide you with a single ID for every customer, and continuously providing you more information about this ID as the customer interacts with available touch points.

NOTE: As easy as it sounds, in reality, this unification is difficult to achieve. At **Near**, we solve this problem with our proprietary **CrossMatrix™** - an ID Unification Engine.

Once you have a Unified customer view with a Data Platform, you can use it for relevant reach across channels, such as websites and apps over different devices (desktops, smartphones, or tablets.) You also measure engagement and conversions across channels to know what works best for you as a retailer, and make decisions accordingly.

This can be followed by Personalization, another key step toward improved Return On Advertising Spending (ROAS.) On one level, advertisements should be tailored to the customers they are targeting. On another, the online shopping experience should be personalized.

According to research from AgileOne, 79% of U.S. customers and 70% of U.K. customers expect **personalized experiences online** from the brands they shop with, and more than 50% of customers in both the U.S. and U.K. expect ecommerce sites to remember their past purchases.

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Introduction | Research on Sports Retailers | Challenges | **How Ambient Intelligence can Help** | Next Steps | In Closing

Examples: Launching a New Product in a Market and Personalizing Promotions

If Nike or Adidas came out with a *performance-oriented shoe for women and wanted to identify whether they should launch the pair in UK or not,* identifying the behaviour of its existing customers in the UK, for example: how many were seen regularly at a gym or a sports club, how many on health and fitness/running apps and at speciality nutritional supplement stores, such as Herbalife or whey, and comparing this behaviour with the same sample in the US would help them in their decision making.

Similarly, if you are a fast food retailer, *you can identify customers who visit your stores 2-3 times a week and offer them a loyalty program* that provides add ons on their next purchase, and special promotions to your loyal weekly customers. Check out this **QSR Research** to understand the kind of data points that an enterprise can access with a Data Platform.
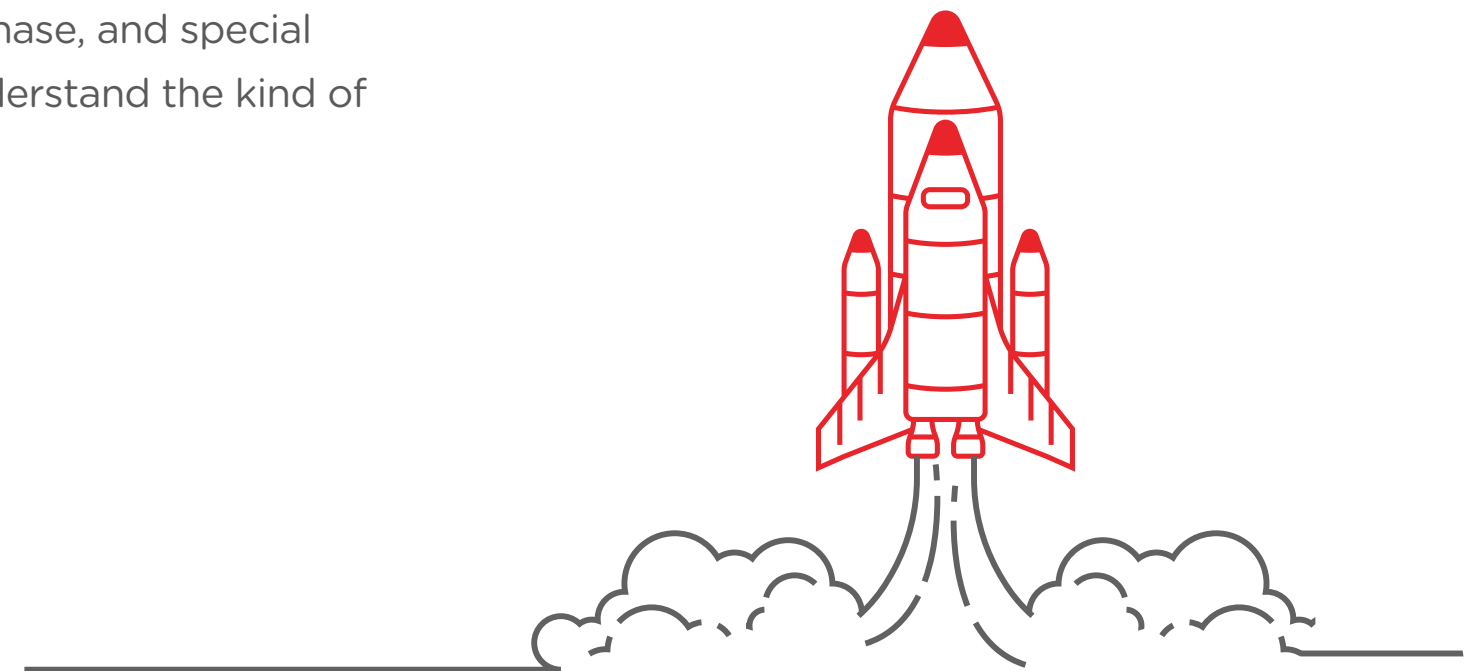
3. Successful New Consumer Acquisition Efforts

Understanding the following data points in today's world will help you boost your offline efforts to position your brand correctly, acquire new customers, and hence increase revenue:

Where	**Where**	**What**	**What**	**When**	**When**
do your existing and potential customers live	do they work	are their interests	do they do and where do they go over the weekends	When do they visit your competitors' stores	What do they do online

In addition, your efforts to convert them to loyal ones will be positively boosted.

Location-aware Data Platforms that can combine multiple data sources and draw correlations by using Data Science Engines can accurately help you identify your prospects, and are the way forward for any retailer to take their new customer acquisition efforts to the next level.

Example: Identifying Potential Consumers in your Category by Getting Competitor Intelligence

For Nike or Adidas, *looking to poach customers from fashion brands in New York*, using a Data Platform can be particularly effective. Understanding behaviour of existing customers of fashion brands, identifying patterns and superimposing them on your own customer base to remove your existing customers can help identify potential customers. Example: 26-35 year old women, seen often at Fifth Avenue, but also seen at indoor sports stadiums, yoga classes and near gyms or parks in the morning/evening can be potential customers, to whom a new line of fashionably designed sportswear could be of interest.

4. Effective Measurement of Attribution and Efficient Marketing Spends

By using Data Platforms that are location-aware, retailers can analyze user footprints in the physical as well as digital worlds. Using this information, they can then measure attribution more effectively and accurately.

Example : Estimating Return on Marketing Spend

For example, *a fitness retailer can identify where it should open its next gym* by identifying its target audience – people in the 18-35 age group who are seen regularly at a fitness centre over the last 30 days. The company can then reach out to this target audience when they are at home browsing over a desktop in the night or on their smartphones during the day. Data Platforms can also help this fitness organization accurately measure results across all these channels, enabling them to invest more on the touch points with the best returns. Based on this information, channel-specific promotions can also be done and number of conversions can be measured.

A case in point is **Virgin Active,** that benefited with this approach, and drove a **footfall uplift of over 70%, and reduced cost per walk-ins by 62%.**

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Introduction | Research on Sports Retailers | Challenges | How Ambient Intelligence can Help | **Next Steps** | In Closing
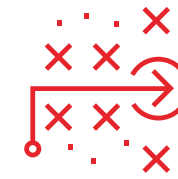
Next Steps for Retailers

To ride the wave of data and be future ready, as a retailer, you must:
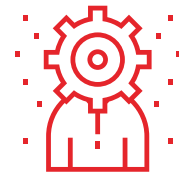
Assess your current state of utilisation of data and analytics.

Identify your most pressing problems.

Make future decisions based on these analyses.

Constantly measure the performance of the data solution that you have put in place.

Research and invest in a Data Platform that can help you address the problems at scale.

The investment in a Data Platform is a long-term decision with a firm eye on the future. Therefore, we strongly recommend that you carefully evaluate Ambient Data Platforms for their capabilities, ease of use, and strong API support. In addition, you must ensure that the Platform data and your (first-party) data can seamlessly "talk" to each other. Data-driven solutions and platforms such as **Near's Allspark help you unify and enrich your data, reach your audiences, and measure impact.**

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Introduction | Research on Sports Retailers | Challenges | How Ambient Intelligence can Help | Next Steps | **In Closing**

In Closing

Today, you can lose customers if you do not keep up with their evolving interests and behaviors. Customers do not stop shopping or browsing while retailers wait for their data to batch and match. Similarly, real-time behavior is no longer limited to one computer or a mobile device.

Investing in an Ambient Intelligence solution can help you meet these challenges head-on, and win. It is the edge that your business needs over your competition. As the CEO of Microsoft, Satya Nadella succinctly put in a recent keynote speech,

"The era of ambient intelligence has begun..."

Will you lead the charge on this front or jump on the bandwagon when it is already too late. That is what you need to decide. And quickly!

Over 300 Global Brands trust the Near Platform
to Unify and Enrich their Audience Data,
Get Smarter with Marketing, and Measure Results.

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Near is an Ambient Intelligence Platform providing real-time information on places, people and products. The Near platform processes massive data from smart environments to understand consumer behaviour at a global scale. Currently processing data from over a billion devices, the Near platform powers Allspark, its flagship SaaS product for data-driven decisions, which enables customers to visualize, engage and analyze audiences.

Founded in 2012, Near is headquartered in Singapore with offices in San Francisco, New York, London, Bangalore, Tokyo and Sydney. Today, Near has its global footprint across 44 countries, and works with marquee brands including P&G, Coca Cola, Ikea, Audi, McDonald's, Toyota, Nike, and Samsung.

Near is backed by leading venture capitalists Sequoia Capital, JP Morgan Private Equity Group, Cisco Investments, Telstra Ventures, and Global Brain Japan.