

MARKETING

## Merchandising and marketing: Re-connecting silos, embracing Big Data and addressing modern metrics

December 20, 2017



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Retailers have long been accustomed to thinking of marketing and merchandising separately. Silos have become the organizational norm and an unfortunate one, as data and information are rarely shared across the siloed functions.

Workflows are broken at departmental boundaries. In essence, it is a single process, yet we have as an industry decided to fragment and organize into functions. But in today's rapidly scaling cross-channel, on-demand marketplace, with Big Data and automation racing to the forefront, a more integrated organization makes the most business sense.

We have the opportunity to use technology to forge a holistic view, to re-connect silos and align on a single data-driven, data optimized process.

With the increasingly more evident interrelation of goals and opportunities between sales, marketing, inventory management and pricing, organizational silos are coming down primarily out of functional necessity.

But that basic functional necessity is just the start. Make no mistake, breaking down silos is about more than the org chart playing nice and teams working well together. Optimal workflow, skillful, productive use of Big Data and automation, as well as the ability to understand and deliver today's metrics, are all at stake.

There are real business ramifications of staying siloed. Certainly, breaking down silos generally allows an organization to operate more nimbly, efficiently and more profitably. Customer expectations have evolved in tangible ways that necessitate this integration at an even deeper level.

Let us take a closer look at where the opportunities and benefits exist.

Where can data sharing and frictionless workflow impact the collective outcome? Fast fashion and ever-decreasing lead times imply that real-time data can be used.

In the era of data-driven marketing, it is marketers who have this data. It is their daily reality. They not only see which product categories, styles or brands are trending, they also see which individual products are trending within their own analytics but also through data available on their competitors' products.

Here is a clear opportunity for marketing and merchandizing to come together. Such marketing data analytics would be highly valuable for assortment planning and demand forecasting, right?

Merchandizers not only make buying decisions but also manage promotions and clearance. Today they only use price and placements in their online store to manage this. They are aware that marketing can help them accomplish their goals, but collaborating around that data is not an integrated part of the process inside most retail organizations today.

Getting that data in-hand likely requires emailing and calling around to request it. In an organization where there is no workflow or system allowing for this collaboration around analytics, the time lag until marketing can react to execute is long. So most companies do not bother to address this workflow gap around data and let marketing just sell what they believe is right.

As another specific instance of unreleased workflow opportunity, imagine how the bidding process could be strengthened. Merchandizing, or price management, usually uses competitive price analysis tools. Marketers also could use this data to inform bidding decisions. Instead of wasting ad budget on products which are too expensive, they could spend their budget more wisely.

Here is a tip: Google Shopping is very sensitive to even minor price changes. Marketers can use Shopping to test price elasticity and provide merchandizers valuable results for improved price management.

More to consider: Personalization is not optional

As organizations do the work to re-connect silos and operate in more holistic manner, collaborating around data to inform the whole process, there is still more to consider for optimal outcome.

For example, tuning into back-end personalization expectations is now par for the course.

Understanding the customer in a much deeper, data-driven way is crucial for delivering a highly personalized experience, offering highly relevant product and content, and interacting where, when and how the customer prefers.

Retailers have access to a broad array of customer information, category interest, sizing, color preferences, price sensitivity, channel that she browses and channel she shops, the time of day she shops, and more.

This deep customer insight can be leveraged to develop the personalized experience that customers now expect. Increasingly, retailers also have access to real-time inventory availability and performance data.

By connecting customer and inventory data, retailers can identify the optimal intersection of demand and inventory, and drive more profitable results.

Integrated ops only way to tackle modern metric

Finally, an organization of siloed deciders leads to siloed metrics and results.

In fact, as marketing increasingly must take real-time local inventory into account and activate to personalize in real time, siloes deliver only a fraction of your potential success.

To achieve an overall greater success, the modern metric is more of a composite profitable sales through repeat customers.

YOU DO NOT just want sales, you want the right sales, efficiently and at scale.

Cross-functional strategy as well as the interaction between humans and machine are vital.

Fortunately, algorithms and technologies are emerging to solve these challenges and position today's retailer to address the modern metric.

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