

TRADS. Vs. RADS. IN RETAIL

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I have been a retail person practically all my life. I started with brick and mortar retail that makes me a Traditional (Trads). But since then, I have worked with several pure-play online retail businesses, which I would call Radicals (Rads).

While enough has been written on Bricks and Mortar retail morphing into Clicks retail and vice versa, my observation has been that it is hard to change the practices around business, determined by whether you start as a Trad or as a Rad. It is almost the metaphorical “Leopard trying to change its spots”.

Let me illustrate this through experiences we have gathered, while deploying our merchandising intelligence platform: Kanvas for both Trads as well as Rads.

➤ The Cadence

The speed of product introduction and the product mix changes has increased substantially with the Rads. No longer are the product lifecycles 6 to 9 months from the concept stage to deployment as with the Trads. I have been working with a Rad, who has a 15 day product introduction lifecycle. Emphasis has shifted from

originality to reactivity, and the speed to respond to what the market wants. The Rads are swimming in an ocean of data, from consumer, from competitor, from trend forecasters etc. The challenge for Rads is to make sense of these data, and fast, and then create a differentiated product offering. This is easier said than done, as data come in myriad forms and there is no single data repository to store all such information, so as to make sense out of them. The challenge for the Rads is to comprehensively absorb information and then to pro-create, rather than to copy and get into endless cycles of quick response.

The challenge on cadence for Trads is quite the opposite, their speed of response is still slow, as their entire supply chain and further up the value chain, their design thinking is geared for 4 seasons a year range planning. Information is gathered by design teams through market research and market visits and then all such information goes into a lead time intense supply chain. The Trads have a need to respond faster.

➤ The Assortment Plan

The Rads, are found lacking in traditional assortment plans per channel or store as done by Trads. The speed of product introductions forces Rads to have a standard look and feel and merchandise mix, across different sales channels online e.g. the same assortment on offer on the brand site, on eBay as well as on the market places. This sameness across different online sales channels is forced upon the Rads, by their need for speed, and results in lower sales as the consumers shopping on different online retail stores are different and hence have different merchandise preferences.

The Trads, by contrast have mastered the art and science of assortments by different channels, and so the merchandise available at the high-street, flagship store will be vastly different from merchandise available at the retailer's express

store at an airport. This sets up the Trads to better cater to the consumer base at each type of channel. The challenge the Trads face is on the speed of response: the pre-season assortment plan may not exactly pan-out as in-season sales patterns may differ. This will require merchandise to be re-allocated across stores, and the Trads, start failing here, as the steps needed to analyse data and convert them into actionable instructions are too many and the current information systems are not geared for a quick response.

➤ Master Data Management

The Rads by the nature of their business, have more comprehensive data sets around their merchandise, in a digitally ready repository comprising: images, long description, colour codes and often colour palette swatches, attached to most of the products. This digital assets repository is a huge competitive advantage for the Rads.

Whereas, for most Trads the people who are in-charge of Master Data, usually folks from IT department, are not responsible for the digital assets around merchandise e.g. photos, captions, long description etc. The people who make consumer relevant merchandise data available are from marketing and communication departments. This division of responsibility leads to several issues like: data mismatch e.g. the merchandise product codes created on master data do not match with the id. codes on product images created by marketing etc. All these mismatches lead to huge downstream efforts on data reconciliation, and make Click and Mortar initiatives for the Trads, extremely frustrating.

➤ The prescription for “Leopard to change its spots”

Around the three issues buckets listed above, here is our prescription to both Trads and Rads to morph into an Uber Cool consumer businesses.

First for the Trads:

1. Re-map the product master data creation and make one department responsible for traditional Enterprise Resource Planning System (ERP) grade master data, together with provisioning for the consumer relevant digital assets e.g. photos, long descriptions etc. This will require, breaking the shackles of structured data repositories that the traditional ERP is built on, and to bolt on an unstructured data repository to store big data around merchandise including pictures, videos, tweets, likes, consumer photos etc.
2. Build agility into the organization by making information manipulation available democratically across the organization, especially to staff nearest to the consumer. This will require, building up non-data-warehouse type reporting systems, which are agile and convert insights into action instructions, rather than the current steps of: Data> Analysis> Insight> Action Instructions.

For the Rads:

1. Make it easy to intuitively plan ranges and assortments by each channel and for each delivery drop.
2. Make assortment planning abilities, easy and available at warp speed to keep pace with online retail.

For both the Trads and Rads:

1. Have a single port of call for all information around merchandise, which is democratically accessible on demand, and is easy to use.
2. Provide the ability for the users to use their intuition, to tag and annotate merchandise for actions and insights that then become accessible for future analysis e.g. ability to tag products that got promoted on the Valentines Day EDM and then be able to track the effect of EDM on the sell through.

Putting the above prescribed instructions into practice will make the Trads as well as the Rads, gear up to capitalize on the omni-channel shopper.