Retailers Have Long Used Consumer Data to Stay Competitive

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Data analytics have been commonplace throughout the history of retail. For at least the last 100 years, these insights helped retailers understand demand and consumer behaviors, improve operations, enhance customer experiences, and align offerings with customer needs.

Regardless of technological eras or methods, all retailers have used data to increase customer service, enhance operational efficiency, and improve profit margins.

In the past, retailers used more intrusive methods, such as in-store observation and surveys, to understand shopping habits. Later, Big Box retailers like Walmart used scanner data to anticipate demand, expand product categories, and enhance consumer convenience and satisfaction.

In the modern era, technological advancements and new data sources have enabled retailers to advance operations through innovative practices, enhanced customer experiences with reduced search time, and personalized product recommendations.

Data-driven insights into diverse consumer preferences have led to the proliferation of niche products and private labels, improving consumer welfare by offering tailored products at competitive prices.

Modern consumer data analysis has ignited competition. Retailers now compete not only for customers, but also for brands to use their digital advertising services.

Given the significant improvements in customer experiences, consumers now expect retailers to possess the necessary information to provide seamless and enjoyable shopping.

As in the past, retailers today commonly utilize customer data to inform their business decisions and elevate the customer experience. Our analysis of the latest annual reports for retailers with a market cap of $1 billion or more revealed that 84% of them mentioned leveraging customer data to improve the overall customer experience.

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