THE "DATA DELUGE"

...INFORMATIONAL BURNOUT
OR
DECISION MAKING *ADAPTATION* ?

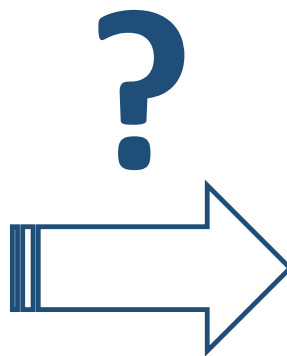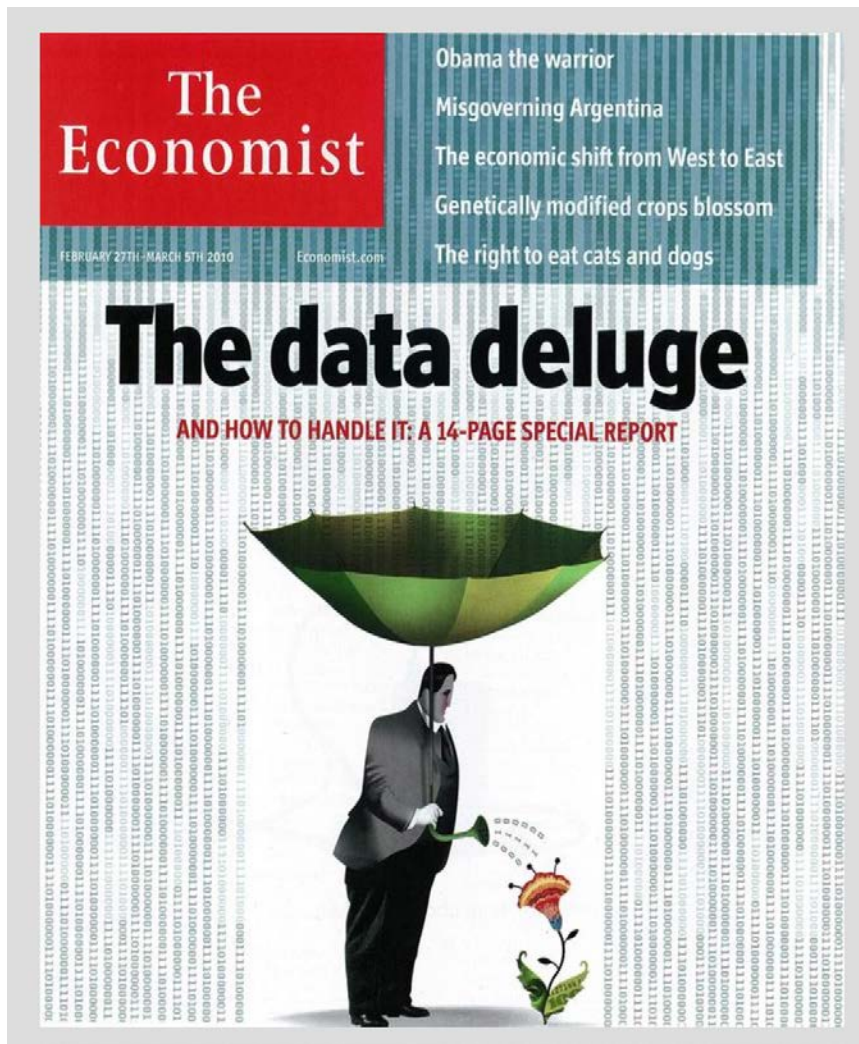The "scale approach" as methodological solution

"Fashion retail" industry

Information has gone from scarce to superabundant. That brings huge new benefits, says Kenneth Cukier — but also big headaches

("The Economist", Feb 25th 2010)

Avoid "Informational Burnout"

$\Rightarrow$ **Adapt the decision-making flow**

$\Rightarrow$ **Methodological approach : «scale approach» (Lefebvre, 1979):**

"the 'tension between global integration and territorial re-differentiation results in a «generalized explosion of spaces» in which the relations among all geographical scales are continuously rearranged and re-territorialized…"

$\Rightarrow$ Integrate different scale information

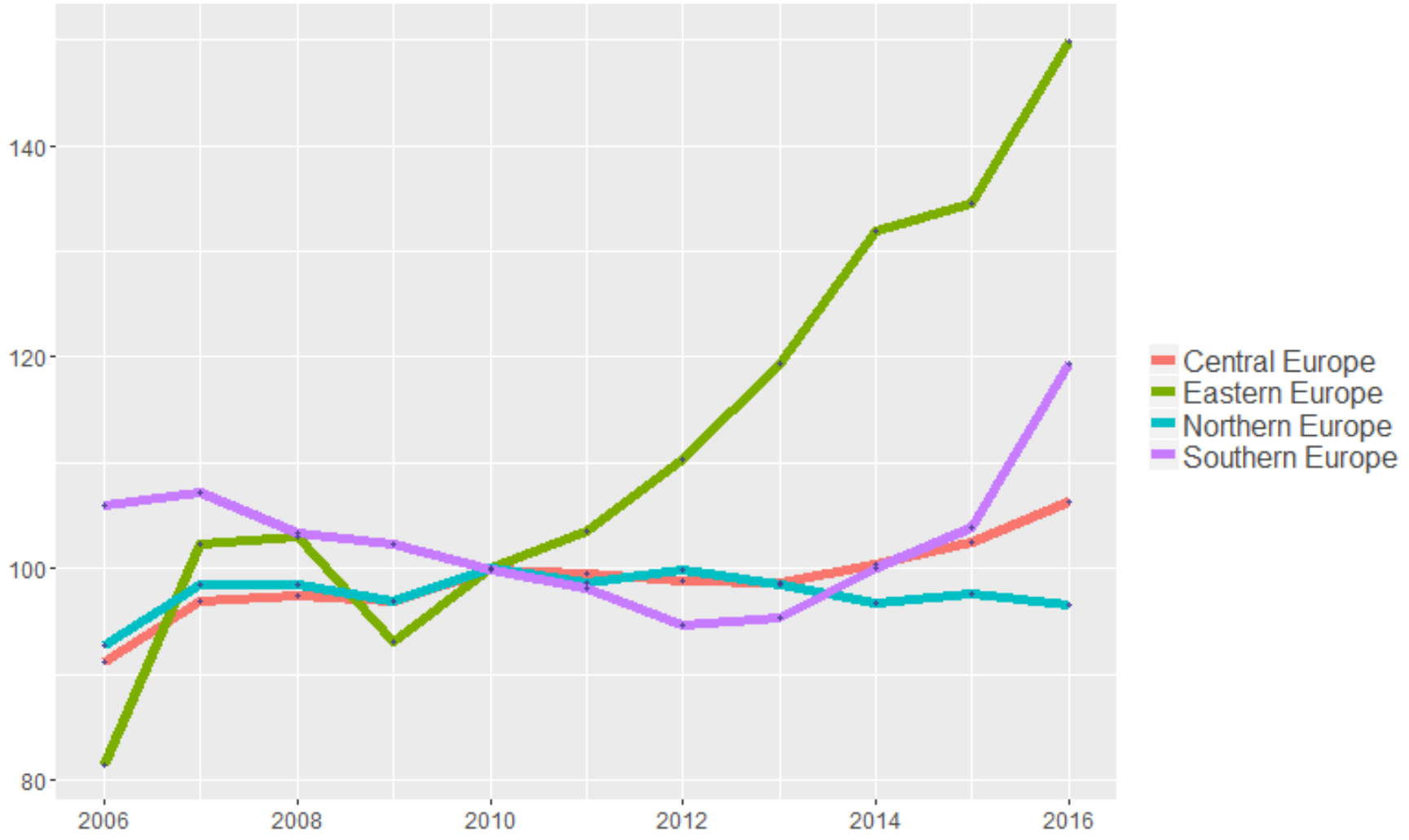$\qquad \Rightarrow$ from SMALL DATA (es. sector-level, firm-level) to BIG DATA (es. social networks)

$\qquad \Rightarrow$ from international data to local (geo) data

An application to the "Fashion Retail" sector

- NACE Rev. 2 product classification:

  - 4771 - **Retail** sale of **clothing in specialised stores**
  - 4772 - **Retail** sale of **footwear and leather goods in specialised stores**

Sectoral data (Eurostat): Turnover

Turnover Trends in European macro-regions

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Geographical distribution of the Top50 fashion retailers.

Last year available turnover (Billions €)
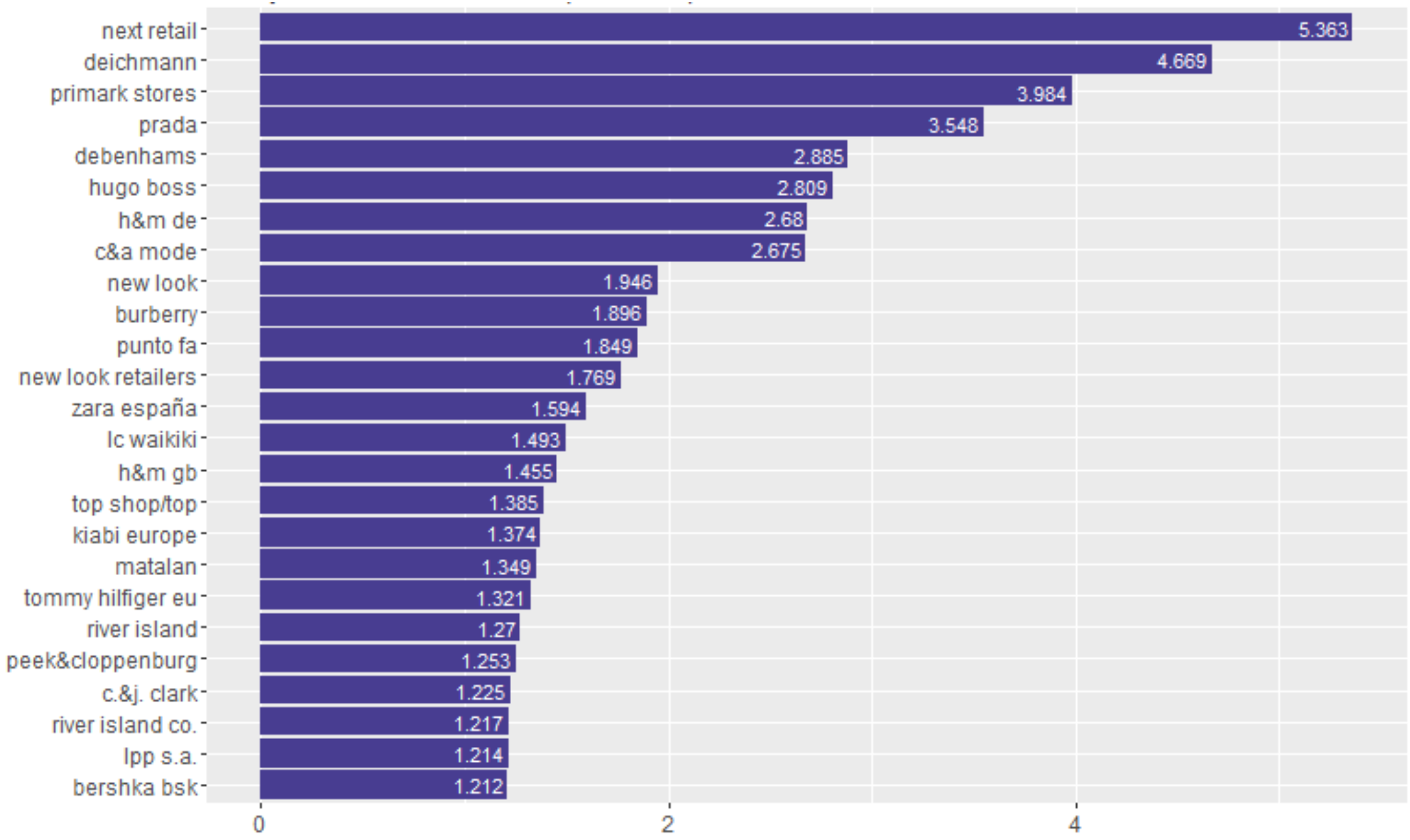
Company data (balance sheet data): geographical distribution

Aggregated Operating Revenue (turnover) by country

Last year available turnover (Billions €)

Descriptive variable	Aggregated Operating revenue (Turnover) th EUR - Last available year										
Decile	1	2	3	4	5	6	7	8	9	10	n.a.

Company data (balance sheet data): turnover

Top 25 fashion retailers by turnover.

Last year available turnover (Billions €)

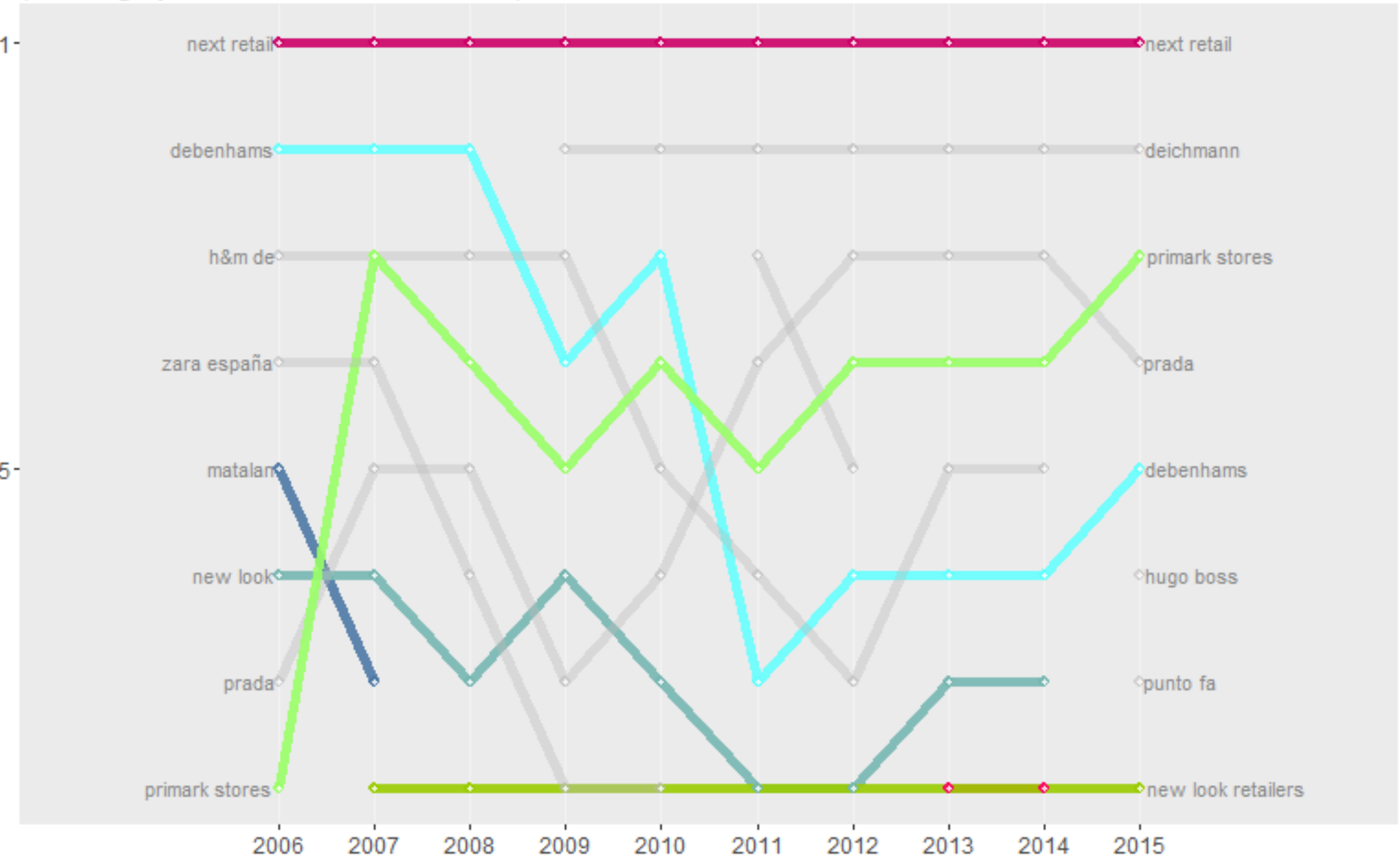| Company	Turnover
next retail	5.363
deichmann	4.669
primark stores	3.984
prada	3.548
debenhams	2.885
hugo boss	2.809
h&m de	2.68
c&a mode	2.675
new look	1.946
burberry	1.896
punto fa	1.849
new look retailers	1.769
zara españa	1.594
lc waikiki	1.493
h&m gb	1.455
top shop/top	1.385
kiabi europe	1.374
matalan	1.349
tommy hilfiger eu	1.321
river island	1.27
peek&cloppenburg	1.253
c.&j. clark	1.225
river island co.	1.217
lpp s.a.	1.214
bershka bsk	1.212

Company data (balance sheet data): turnover

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Top 50 European retailers: British and Italian companies.

Last year available turnover (Billions €)

Legend:
- Italy
- Other
- UK

Categories (left to right): next retail, deichmann, primark stores, prada, debenhams, hugo boss, h&m de, c&a mode, new look, burberry, punto fa, new look retailers, zara españa, lc waikiki, h&m gb, top shop/top, kiabi europe, matalan, tommy hilfiger eu, river island, peek&cloppenburg, c.&j. clark, river island co., lpp s.a., bershka bsk, folli - follie, h&m fr, pemajo as, sportmaster, cortefiel, zara france, stradivarius es, pull & bear es, takko, ernsting's, zara italia, h&m it, vetir, zara u.k., h&m se, louis vuitton, supergroup, celio fr, vivarte cie, ted baker, c&a belgie, monsoon accessorize, bkk budapesti, cit aerospace, la halle

Company data (balance sheet data): turnover

Top 8 retailers:
ranking evolution.
British retailers in
evidence.
Ranking turnover. Years
2006-2015.

Corporate governance framework

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PRADA S.P.A.

20135 MILANO, Italy
Publicly quoted company
The GUO of this controlled subsidiary is MRS BIANCHI MIUCCIA PRADA

BvD ID number   IT10115350158
Latest account date   31/01/2016

Current Directors / Managers / Contacts

Boards & committees

⌂ = also shareholder

	Name	Original job title	Body	Source
1.	Dr. Ing. Carlo Mazzi P014292150	- Chairman of the Board of Directors (since 14/02/2014)	BoD	HO, VI, LD
		Cerved (received on 24/03/2017) Directors collected by Bureau van Dijk (from Annual Report, confirmed on 31/01/2016) Leadership Directories (from The Leadership Library, received on 14/04/2017)		
		- Adviser (from 26/05/2015 to 31/01/2018)	AdvB	HO
			Cerved (received on 24/03/2017)	
		- Member (Remuneration Committee)	RemC	VI
		Directors collected by Bureau van Dijk (from Annual Report, confirmed on 31/01/2016)		
		- Member (Nomination Committee)	NomC	VI
		Directors collected by Bureau van Dijk (from Annual Report, confirmed on 31/01/2016)		
2.	Mr Patrizio Bertelli P014304628	- Executive Director (Board Directors) (since 26/05/2015)	BoD	VI, LD
		Directors collected by Bureau van Dijk (from Annual Report, confirmed on 31/01/2016) Leadership Directories (from The Leadership Library, received on 14/04/2017)		

Company data (balance sheet data): records.

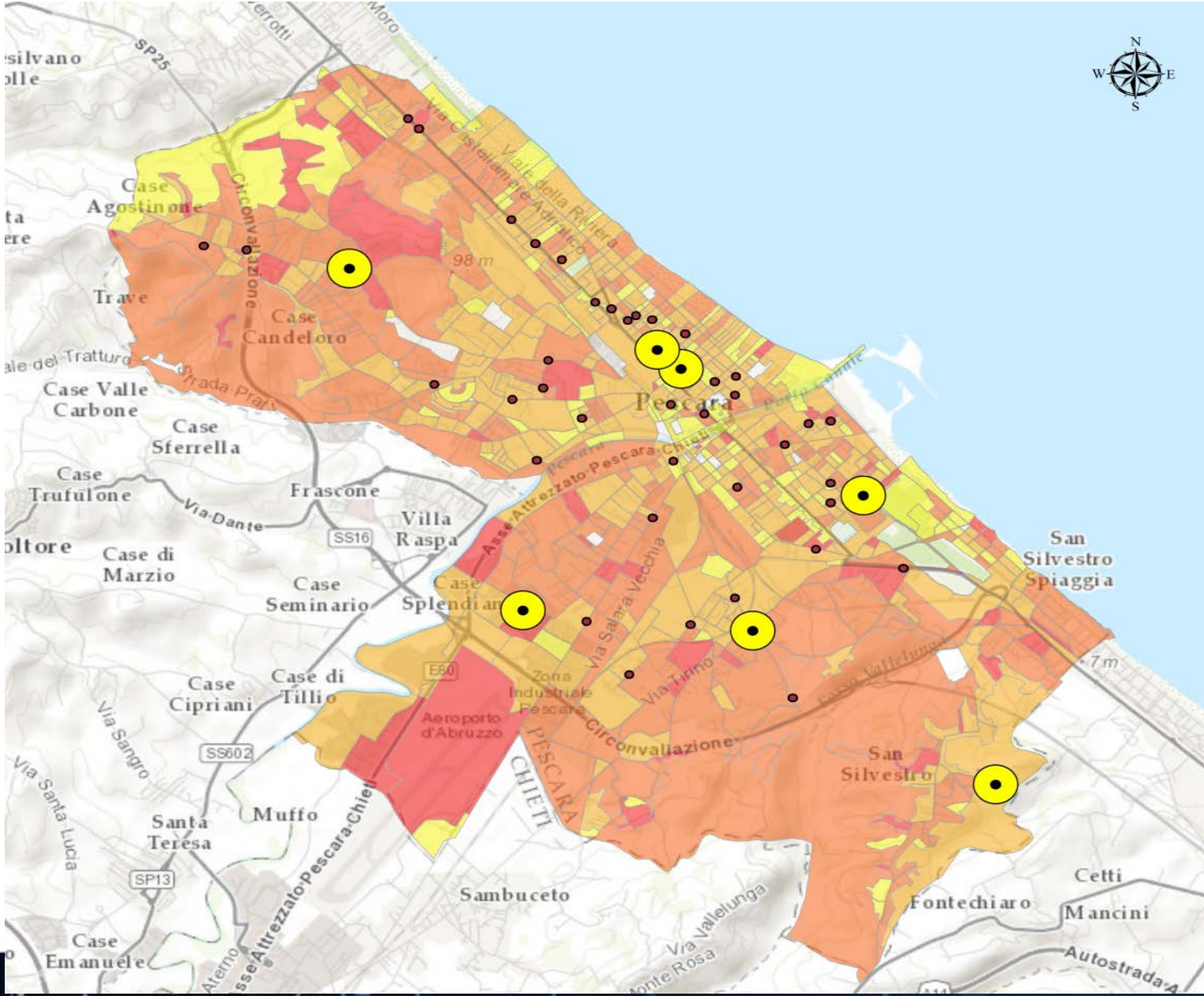# Company data (balance sheet data): financial information

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Details of financial and tax management. Es:
- Company records
- Financial indicators

id	Ragione sociale	Sede	Telefono	Corporate group	ATECO 2007 codice	EBITDA	(ROI) (%)	(ROE) (%)	Controllante Nome	Controllante Città
1	FOTNO S.R.L.	VIA ELFTVAS, 8	202-555-0152	1275	351100	8257.078	5.49	4.55	MÜNCHENER RÜCKVERSICHERUNGS	MÜNCHEN
2	MAGGIORE PV S.R.L.	PIAZZA FILIPPO METDA 3	202-555-0165	1745	351100	6125.307	8.18	7.7	LEBENSVERSICHERUNGS AG	STUTTGART
3	ENERGY & PARTNERS S.R.L.	VIA TELVAS, 8	202-555-0188	1275	351100	5168.311	2.69	1.64	INVESTMENT GMBH	MÜNCHEN
4	ITALIA GAL S.R.L.	VIA HELVAS, 8	202-555-0102	1275	351100	3829.943	3.61	3.19	MÜNCHENER RÜCKVERSICHERUNGS	MÜNCHEN
5	EINTENSO S.R.L.	VIA GRORGOGNA 2	202-555-0132	2	351100	4189.465	5.02	-7.45	INCOM NEW GMBH & CO. KG	BERLIN
6	EUROS INVEST S.R.L.	VIA ROMEO SDATTISTIG 34	202-555-0192	1745	351100	4369.821	7.8	4.53	LEBENSVERSICHERUNGS AG	STUTTGART
7	ORION S.R.L.	PIAZZA MYEDA 3	202-555-0152	1745	351100	3255.904	6.34	2.7	BENSVERSICHERUNGS AG	STUTTGART
	OFFIC SOCIETA' A									

Geo-data

Retailers distribution in Pescara
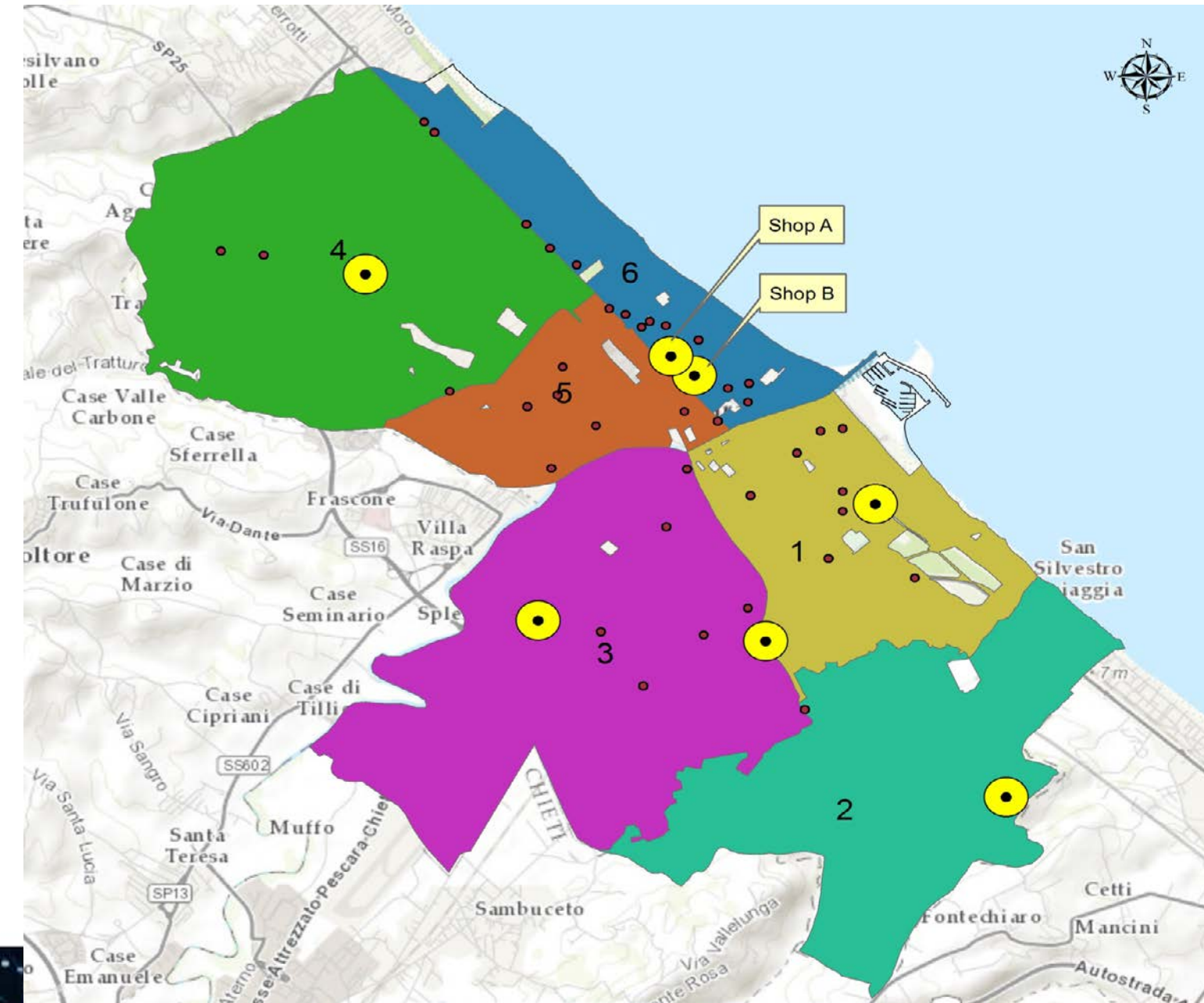
Geo-data: segmentation

Example: children's clothing stores location

Example: children's clothing stores location and demand for children's clothing
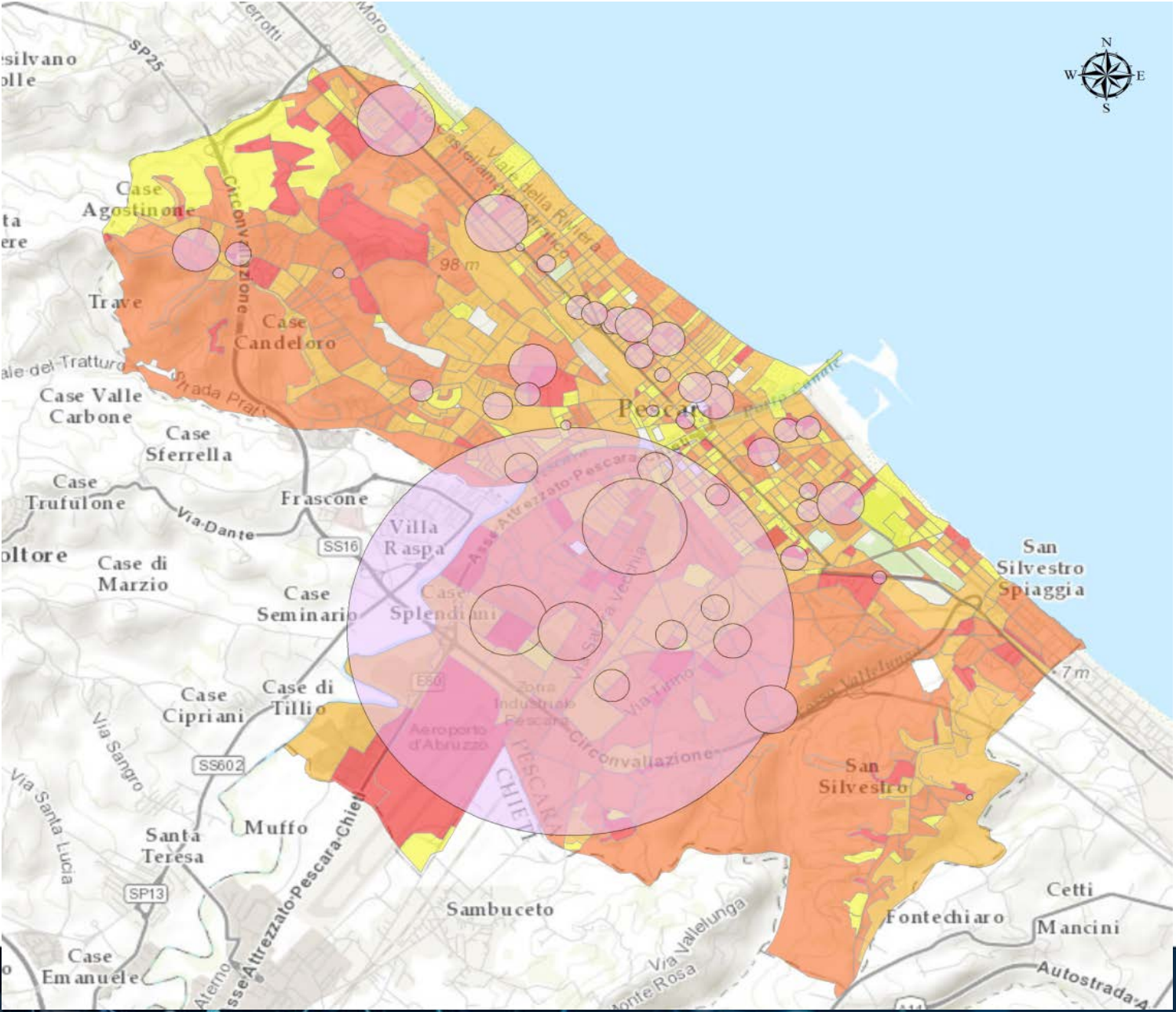
Example: competitors attractiveness

Geo-data: gravity models

Gravity models for predictions of:

- Optimal location for new activities
- Sales / Distribution Network Optimization
- Definition of business objectives for agents or branches
- Evaluation of entry fees and royalties in franchise contracts

«Panel» data (company data): «Benchmarking» and «Peer Group» Analisys

Comparison of given (usually operating) metrics in a peer group (the comparable "universe") to those of a target company.

- Selecting the Peer Group => Database (...as rich as possible!): sector of activity, type of firms (size, location, independence, growth history etc...)
- Compute the key indicators for the group and the target firm
- Evualuation: median, IQ range, etc...
- Comparison with the target firm

A transfer price is the price that a division of a MNE charges for the provision of goods or services to an another division of the same group.

Profit shifting (to low corporate tax rate countries) by setting the price at a different level compared to the price that market forces would have set.

« **Principio Arm's Length**»:

« *[where] conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly*»

(Art. 9 *OECD Model Tax Convention)*

"Peer Group" Analysis for the application of the "CUP method" (comparability analysis):

Focus on Fashion Retail, abstracting from economically significant characteristics of the given company and relevant context factors

AIDA Database (Bureau van Dijk), Italian, Active, Independence: foreign property <= 25%; exclude companies with a negative performance of at least 3 years => 10856 companies

Key indicator: Operating Margin (OM) = operating income / net costs

Evaluation: median, IQ range, etc…

=> OM lower than the peer group median OM => potential evidence of transfer pricing

«Benchmarking» - «Peer Group» Analisys: e.g., Transfer Pricing

Peer group IQ Range

p50=peer-group median

# EMPLOYEES	PERCENTILE			# OF FIRMS
	p25	p50	p75	
<= 5	-3.513	1.719	4.982	7243
5 - 20	0.021	1.943	4.010	2787
21 - 50	0.610	2.015	3.766	525
51 - 150	-1.138	1.537	3.339	120
151 - 500	-0.003	2.010	4.963	53
> 500	-12.033	0.039	4.762	128
avg	-1.988	1.787	4.558	10856

INDEPENDENCE	PERCENTILE			# FIRMS
	p25	p50	p75	
high	-2.512	1.705	4.437	6984
low	-1.353	1.946	4.772	3872
Total	-1.988	1.787	4.558	10856

=> The OM threshold varies by, e.g., # of employees or degree of independence

«Benchmarking» - «Peer Group» Analisys: e.g., Transfer Pricing

Where do you stand in the ranking?

...in a random sample of 15 companies with branches => two are potentially involved in TP practices

(...anonymized)

Company Name	OM	size class	reference OM values		
			p25	p50	p75
Company 1	1.178398	1	-3.51267	1.718881	4.982461
Company 2	2.92463	1			
Company 3	-0.79425	2	0.021	1.942967	4.009849
Company 4	1.640447	2			
Company 5	2.428776	2			
Company 6	3.109431	2			
Company 7	3.302618	2			
Company 8	4.410429	2			
Company 9	15.90522	2			
Company 10	0.592395	3	0.610116	2.014794	3.765659
Company 11	1.837795	3			
Company 12	12.11118	4	-1.13804	1.536621	3.338765
Company 13	4.760151	5	-0.00321	2.01009	4.962893

Example: Sentiment analysis on Prada brand. International comparision.
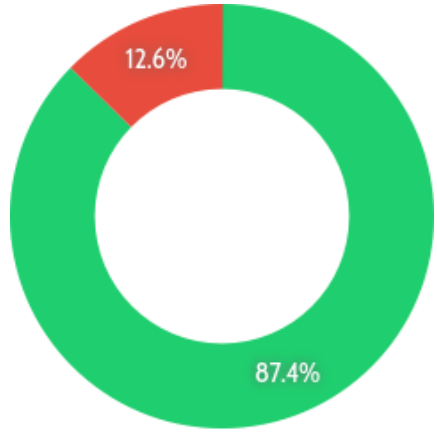
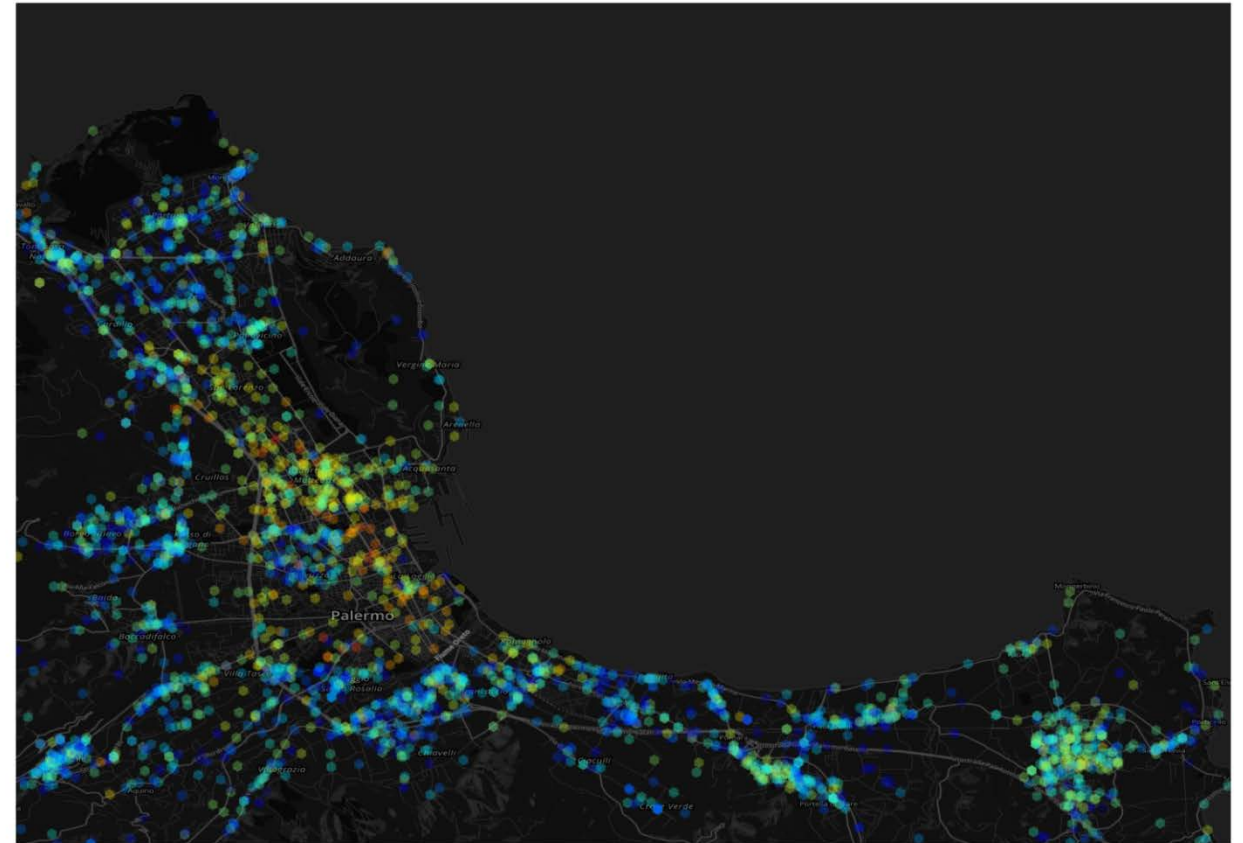# Dati web e social: mentions

Example: mention trands of selected brands

Facebook checkins - Bologna: *leisure Vs business*

Social Data for demand predictions: facebook checkins geographical distribution

Facebook checkins -Palermo

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