

THE “DATA DELUGE”

...INFORMATIONAL *BURNOUT*

OR

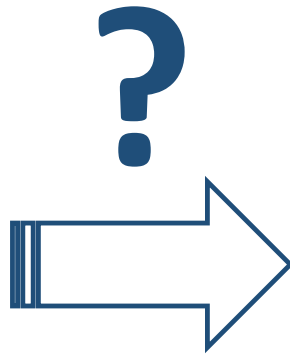
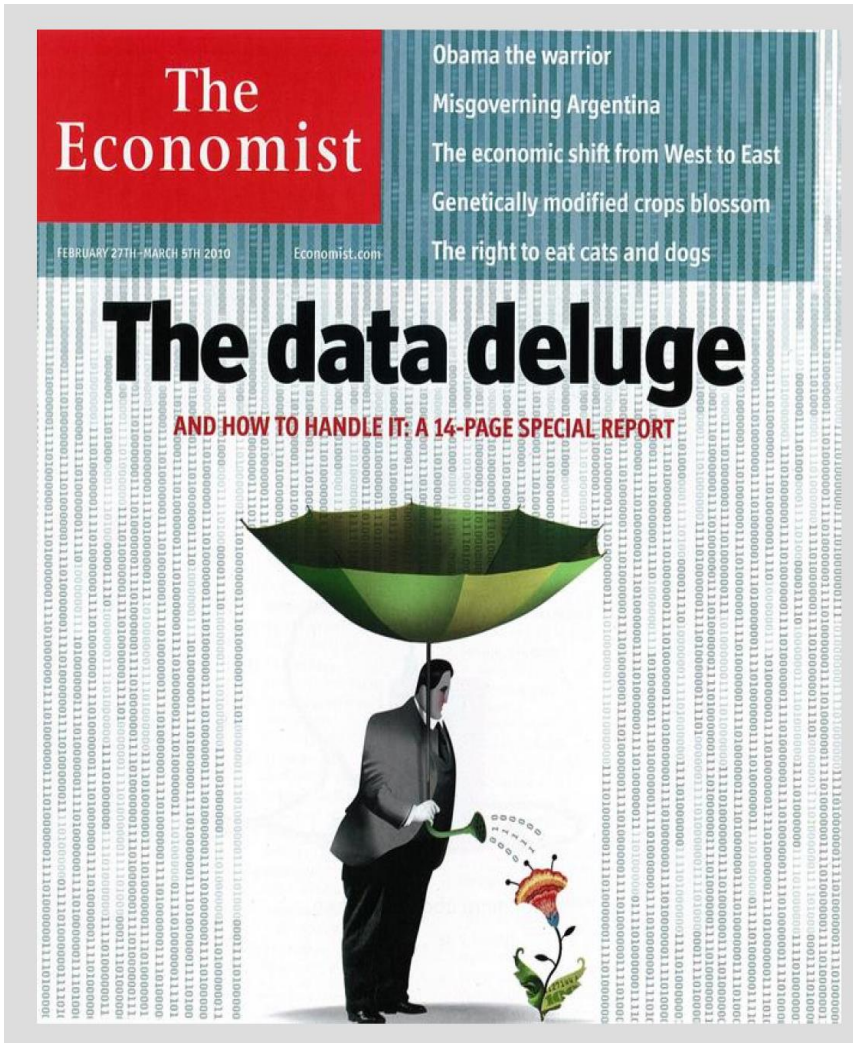
DECISION MAKING *ADAPTATION* ?

The "scale approach" as methodological solution

Case Study: the 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. 25, 2010)



Avoid "Informational Burnout"

⇒ Adapt the decision-making flow

⇒ 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...”

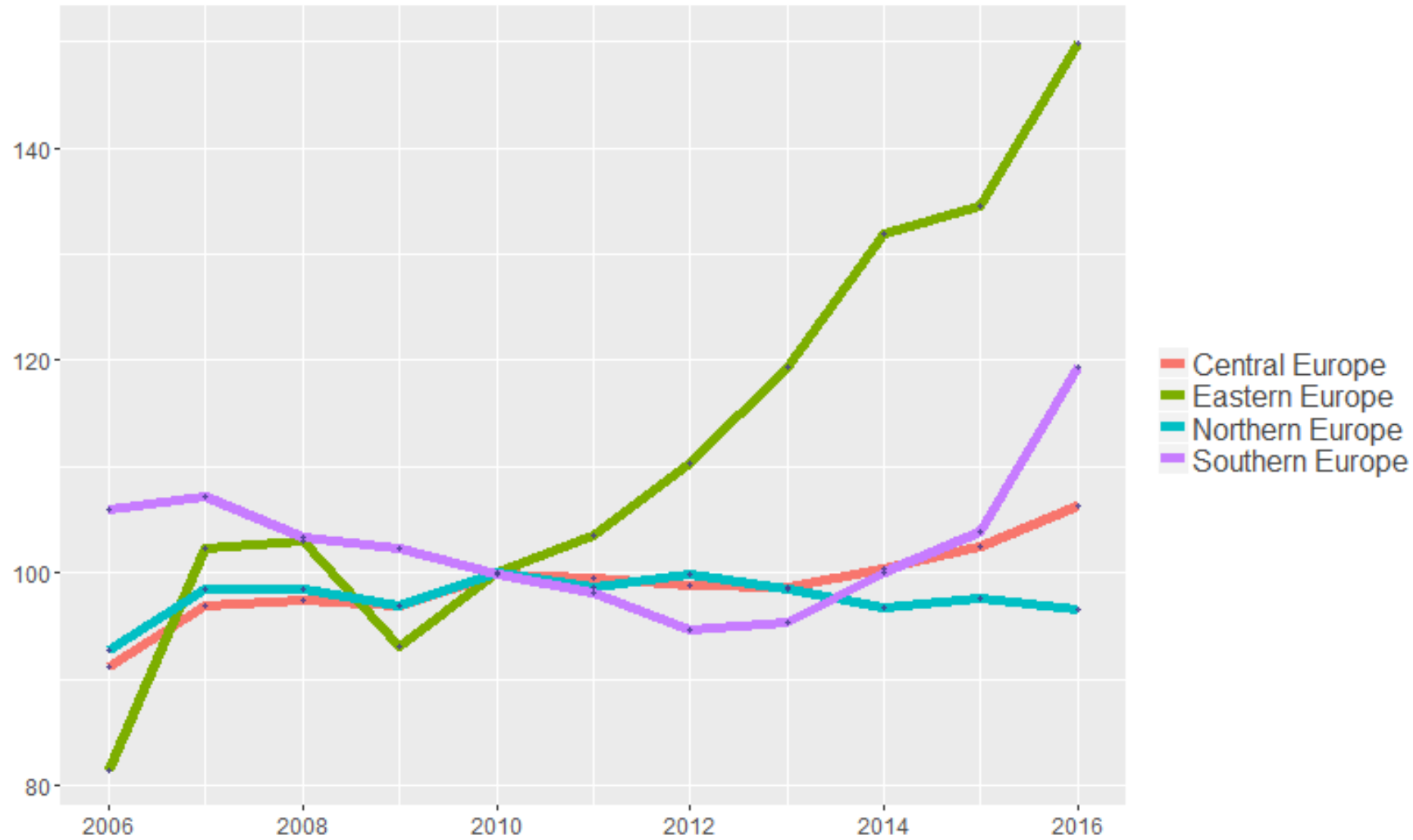
⇒ Integrate different scale information

⇒ from SMALL DATA (eg. sector-level, firm-level) to BIG DATA (eg. social networks)

⇒ from international data to local (geo) data

Case study: “Fashion Retail” industry

- NACE Rev. 2 product classification:
 - 4771 - Retail sale of clothing in specialized stores
 - 4772 - Retail sale of footwear and leather goods in specialized stores



***Turnover
Trends
in European
macro-regions***

Company data (balance sheets): geographical distribution

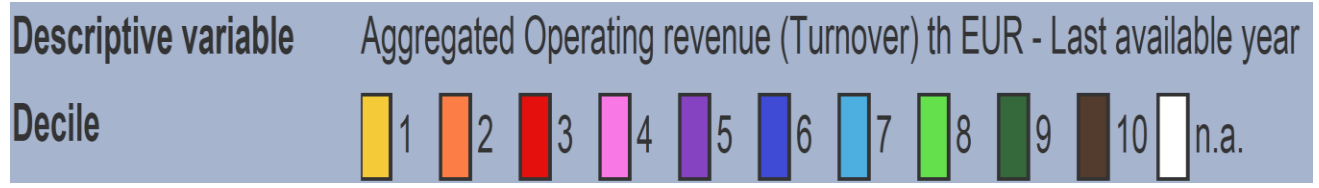


Geographical distribution of the Top 50 fashion retailers *in terms of Turnover*

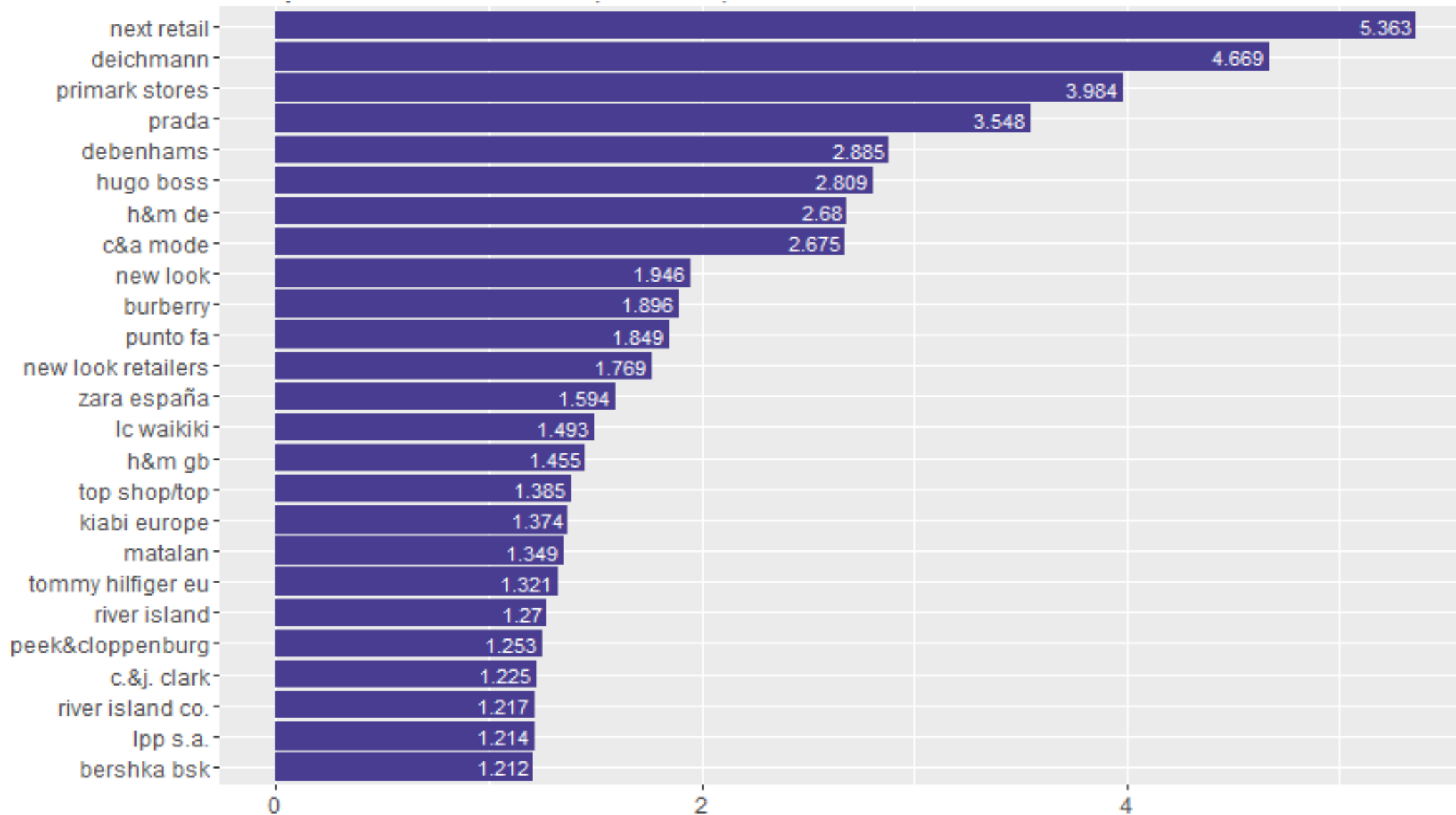
Company data (balance sheets):

geographical distribution

Aggregated Operating Revenue by country

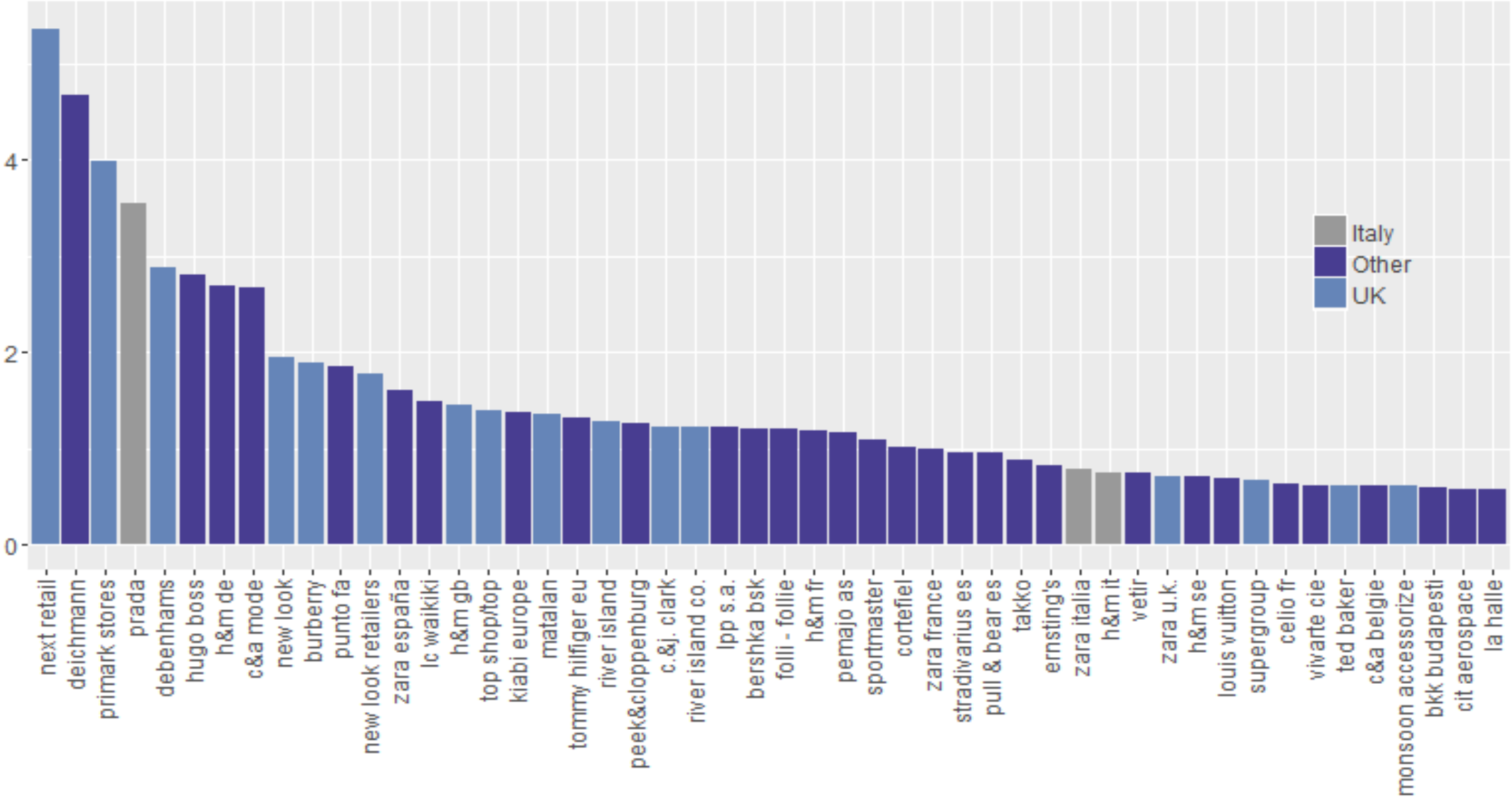


Company data (balance sheet): Turnover



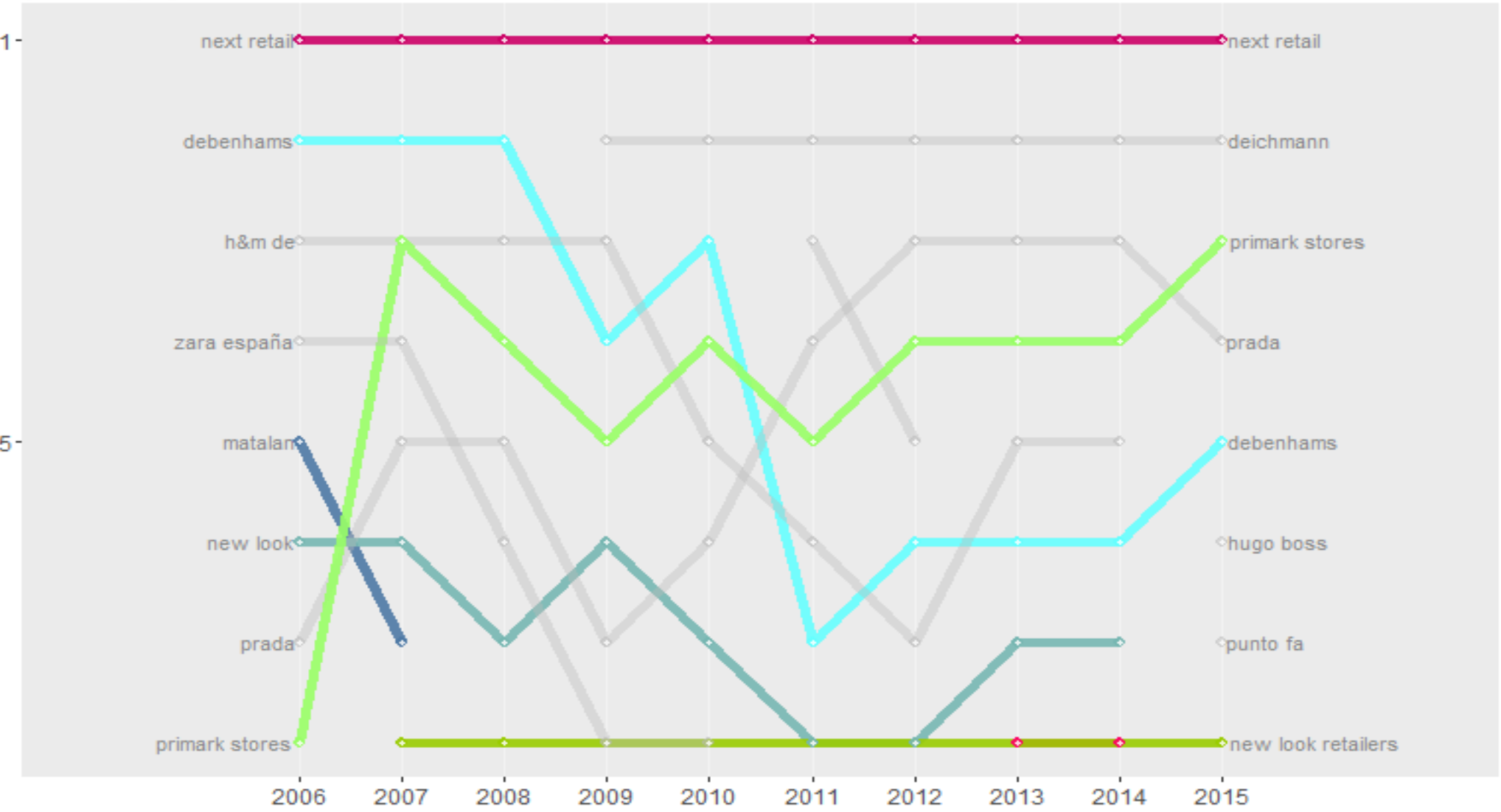
**Top 25
fashion
retailers by
turnover.
(Billions €)**

Company data (balance sheets): Turnover



Top 50 European retailers: British and Italian companies.
(Billions €)

Company data (balance sheets): turnover



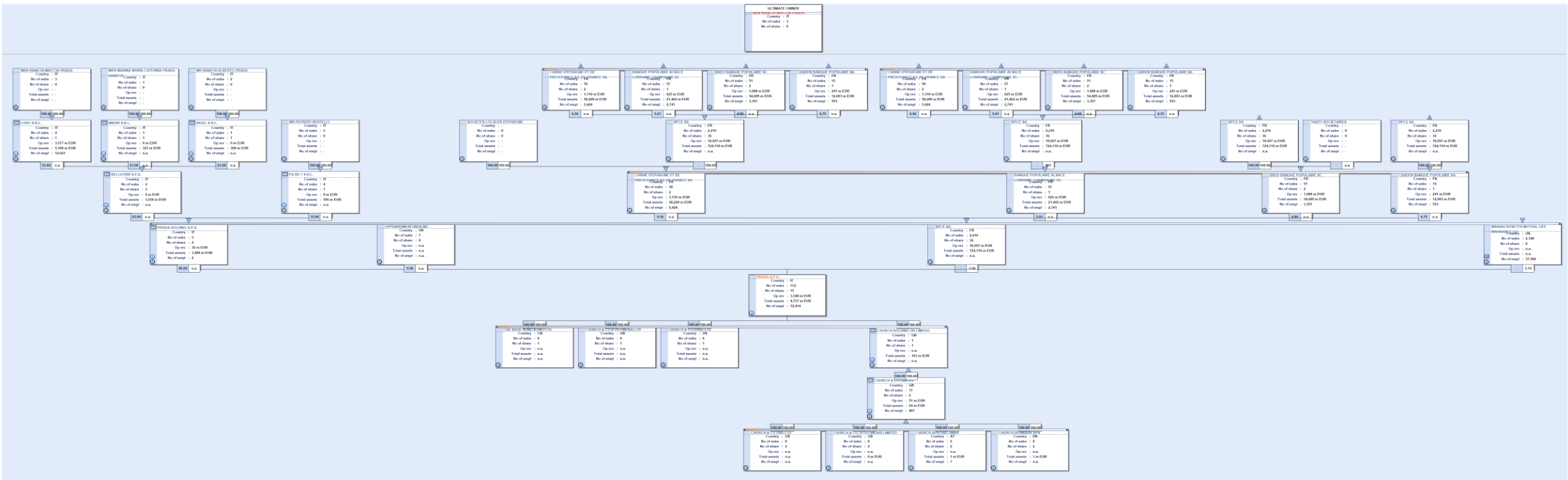
**Top 8 retailers:
ranking evolution.
British retailers in
evidence.
Ranking turnover. Years
2006-2015.**

Corporate governance framework

MRS BIANCHI MIUCCIA PRADA
Country : IT
No of subs : 3
No of share : 0
Op rev : -
Total assets : -
No of empl : -

100.00 100.00

LUDO S.R.L.
Country : IT



PRADA S.P.A.

20135 MILANO, Italy
Publicly quoted company

The GUO of this controlled subsidiary is MRS BIANCHI MIUCCIA PRADA

BvD ID number
Latest account date

IT10115350158
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) 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)	BoD	HO, VI, LD
		- Adviser (from 26/05/2015 to 31/01/2018)	AdvB	HO
		- Member (Remuneration Committee) Directors collected by Bureau van Dijk (from Annual Report, confirmed on 31/01/2016)	RemC	VI
		- Member (Nomination Committee) Directors collected by Bureau van Dijk (from Annual Report, confirmed on 31/01/2016)	NomC	VI
2.	Mr Patrizio Bertelli P014304628	- Executive Director (Board Directors) (since 26/05/2015) 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)	BoD	VI, LD

**Company data
(balance sheet
data): records**

«Panel» data (balance sheets): «Benchmarking Analysis»

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**
- **Evaluation: median, IQ range, etc...**
- **Comparison with the target firm**

«Panel» data (balance sheets): «Benchmarking Analysis»

Example: performance and positioning

REGION	# FIRMS
Abruzzo	216
Basilicata	55
Calabria	247
Campania	1100
Emilia-Romagna	338
Friuli-Venezia G	56
Lazio	1512
Liguria	111
Lombardia	729
Marche	156
Molise	44
Piemonte	193
Puglia	547
Sardegna	156
Sicilia	636
Toscana	394
Trentino-Alto A.	51
Umbria	95
Veneto	312
TOTAL	6948

CASE STUDY: «COMPANY X» located in «Abruzzo», Fashion Retail Industry, Tailored Suits

Database: AIDA (BvD), Italian Companies

For each company compute a number of key ratios:

- Profitability indicators:

ROE: Return on Equity

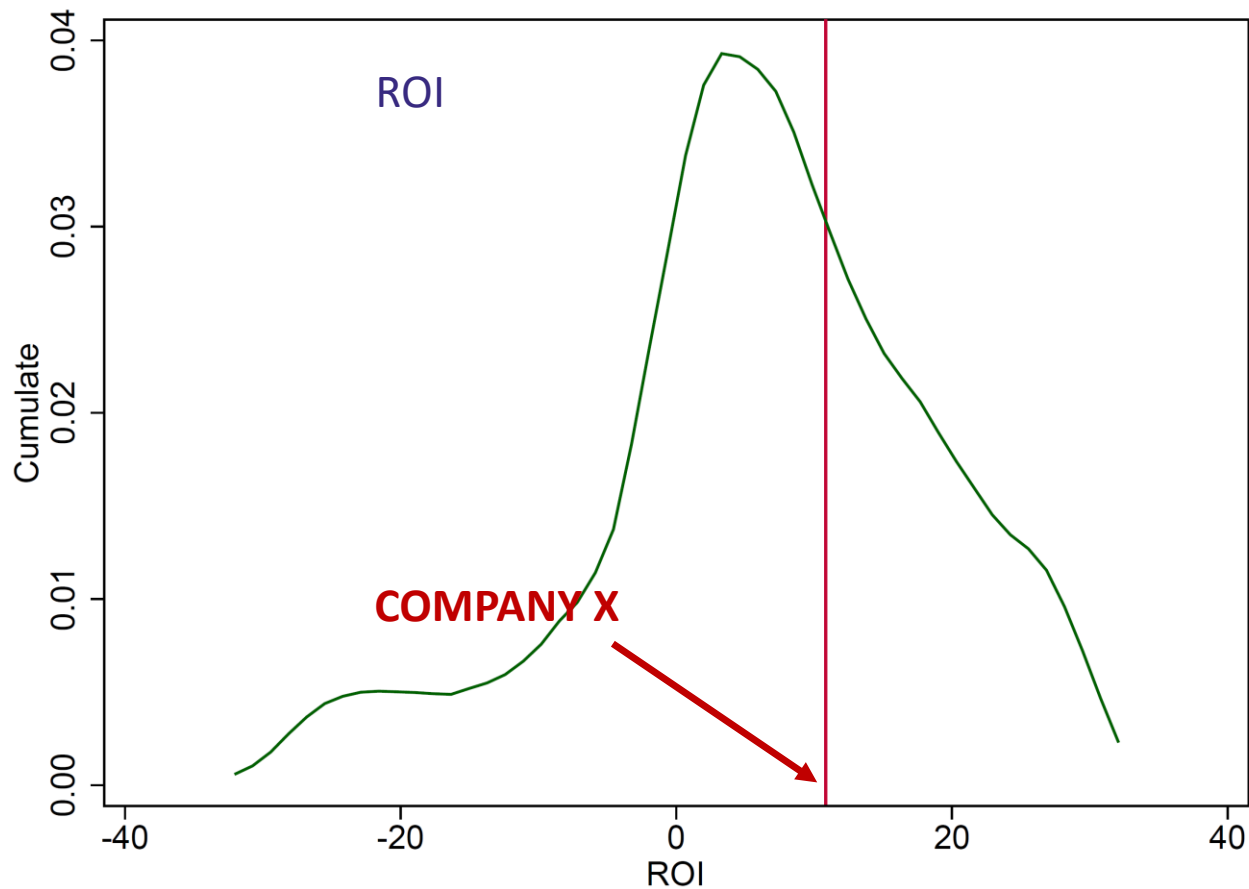
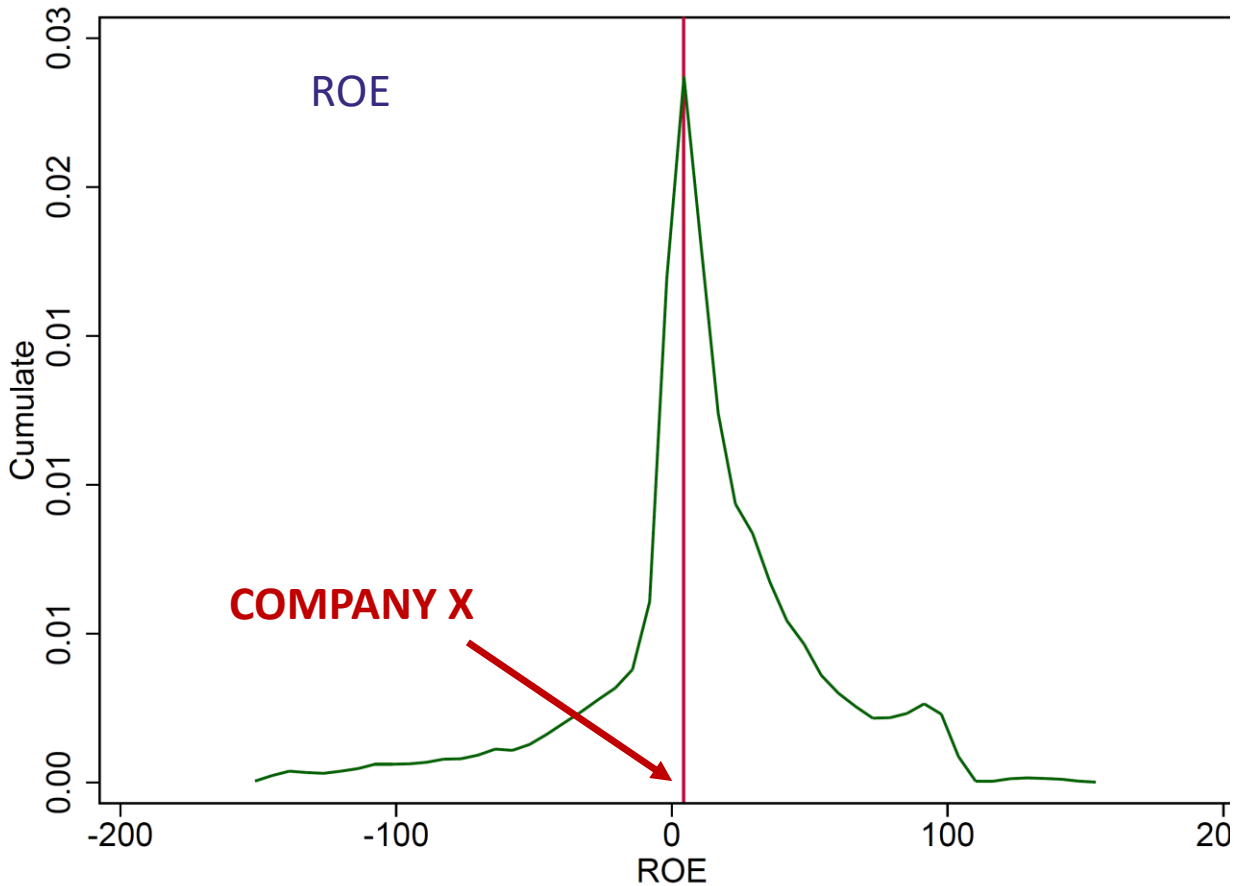
ROI: Return on Investment

- Productivity indicators:

Revenues/Labor

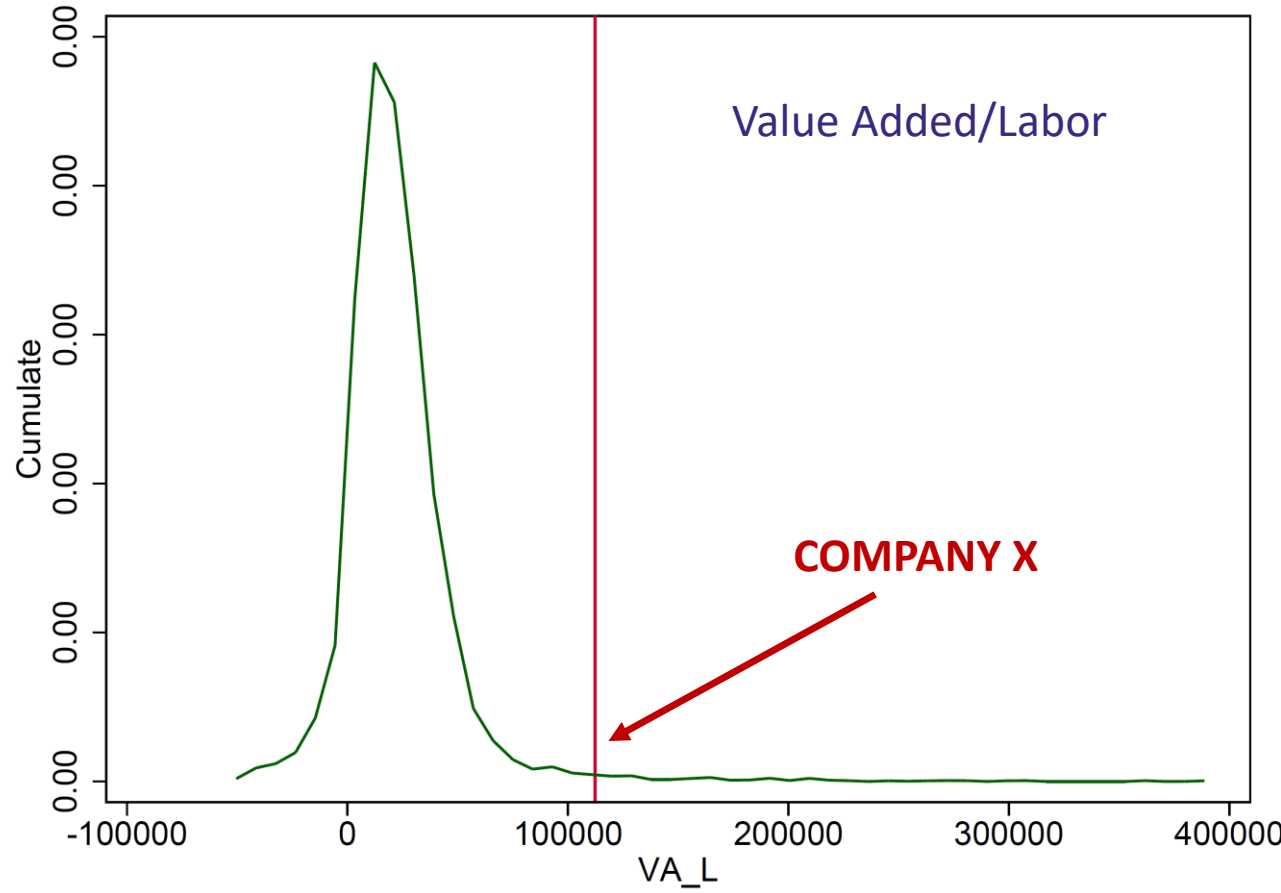
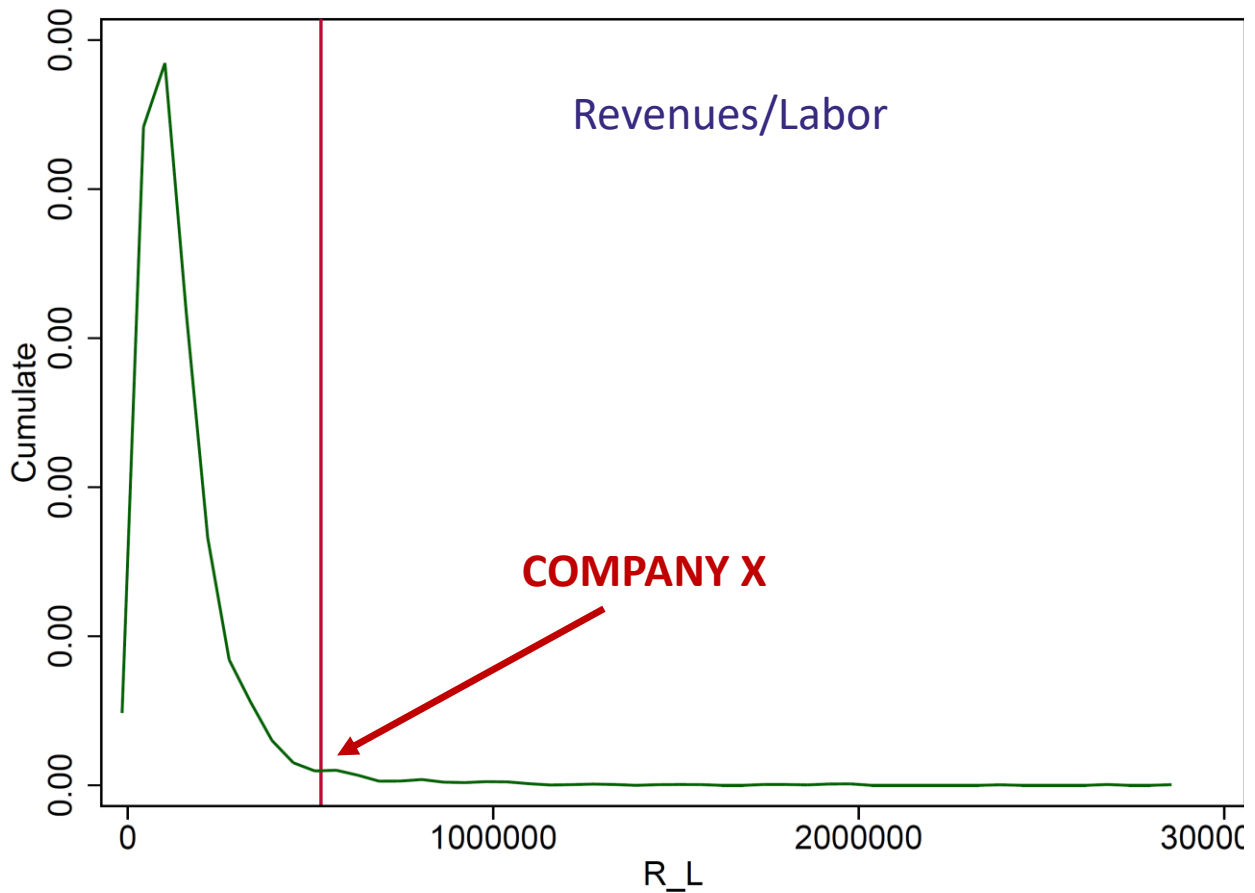
Value Added/Labor

Where do YOU stand?



«Panel» data (balance sheets): «Benchmarking Analysis» Example: performance and positioning

Where do YOU stand?



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

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

«Arm's Length Principle»:

« [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)

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

“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 $\leq 25\%$; exclude companies with a negative performance of at least 3 years \Rightarrow 10856 companies

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

Evaluation: median, IQ range, etc...

\Rightarrow OM lower than the peer group median OM \Rightarrow potential evidence of transfer pricing

«Benchmarking» - «Peer Group» Analysis: 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» Analysis: 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)

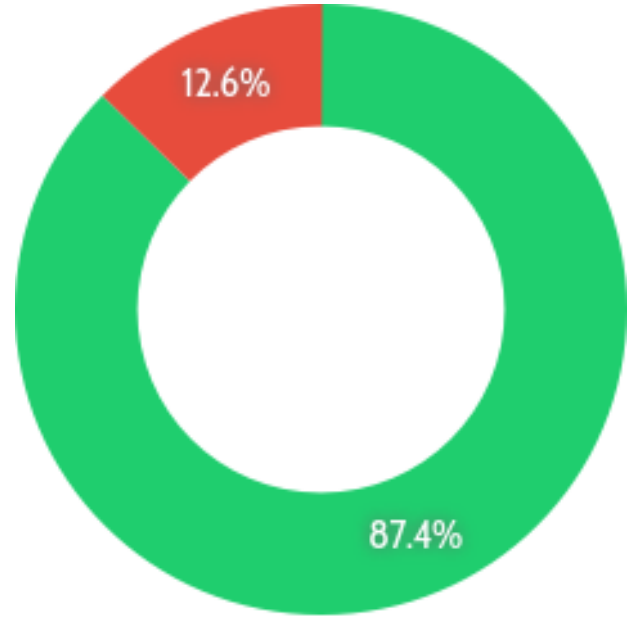
Company Name	OM	size class	reference OM values		
			p25	p50	p75
Company 1	1.178398	1	-3.51267	1.718881	4.982461
Company 2	2.92463	1			
Company 3	-0.79425	2	0.021	1.942967	4.009849
Company 4	1.640447	2			
Company 5	2.428776	2			
Company 6	3.109431	2			
Company 7	3.302618	2			
Company 8	4.410429	2			
Company 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

Web and social data: *sentiment analysis* (PRADA)



Sentiment analysis on Prada brand.

International comparison.

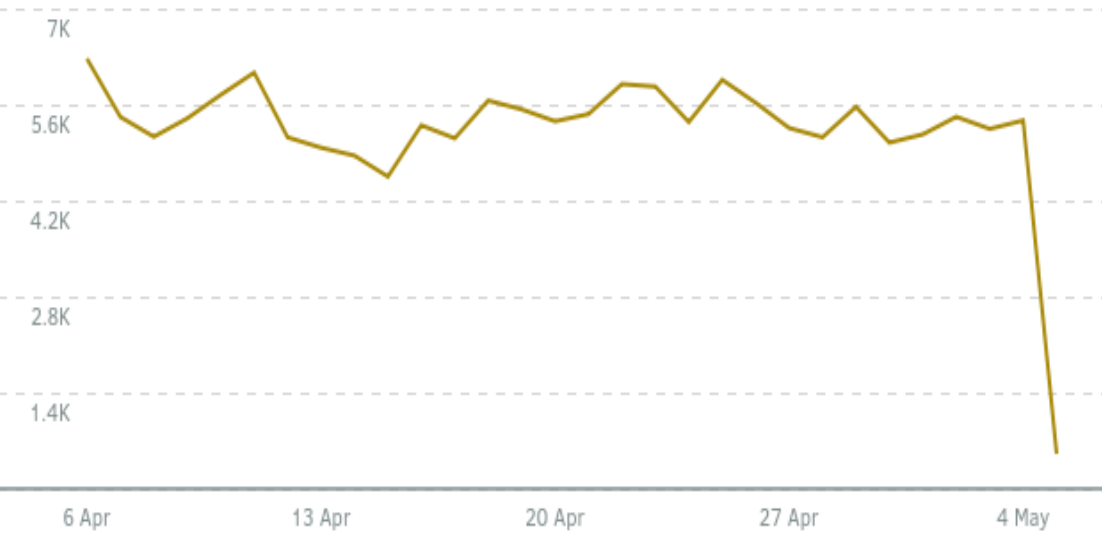
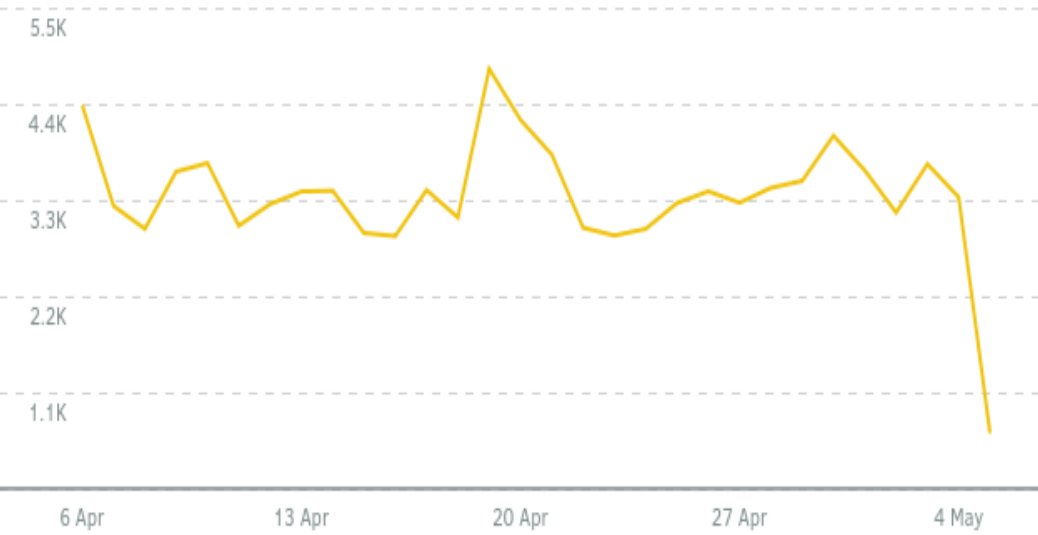


1K% Positive
1K% Negative

Mention Trends

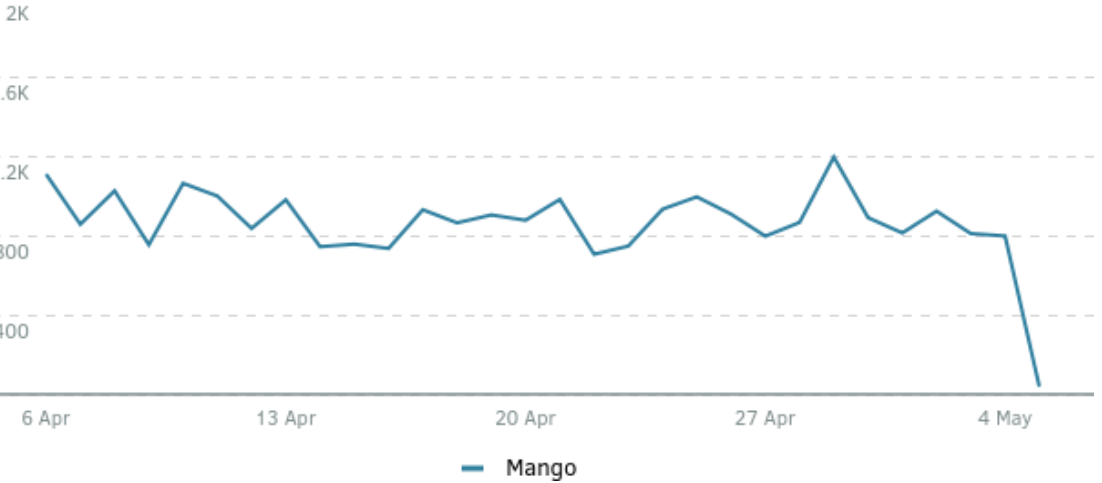
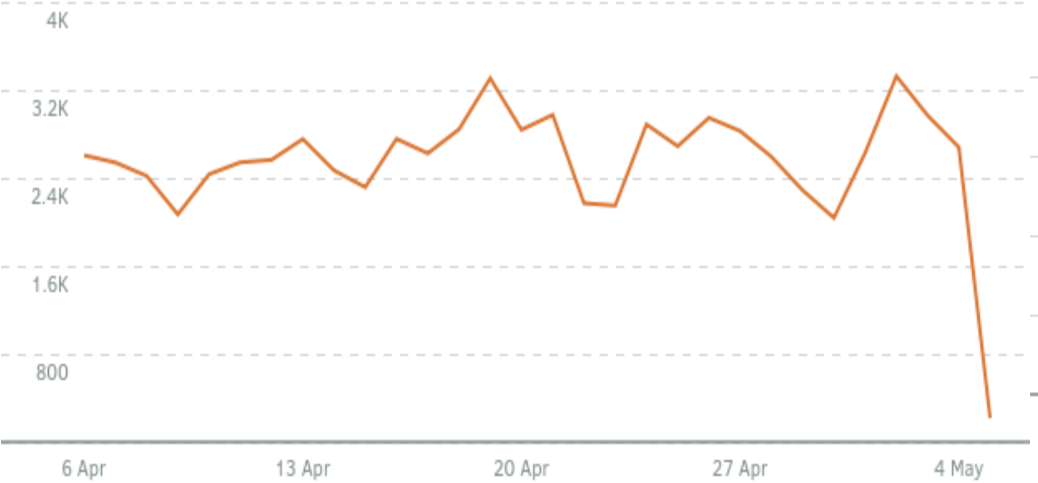
Results 100.4K

Results 157.4K



— Primark

Results 25.8K



— Prada

— Mango

Social and web data: Facebook check ins

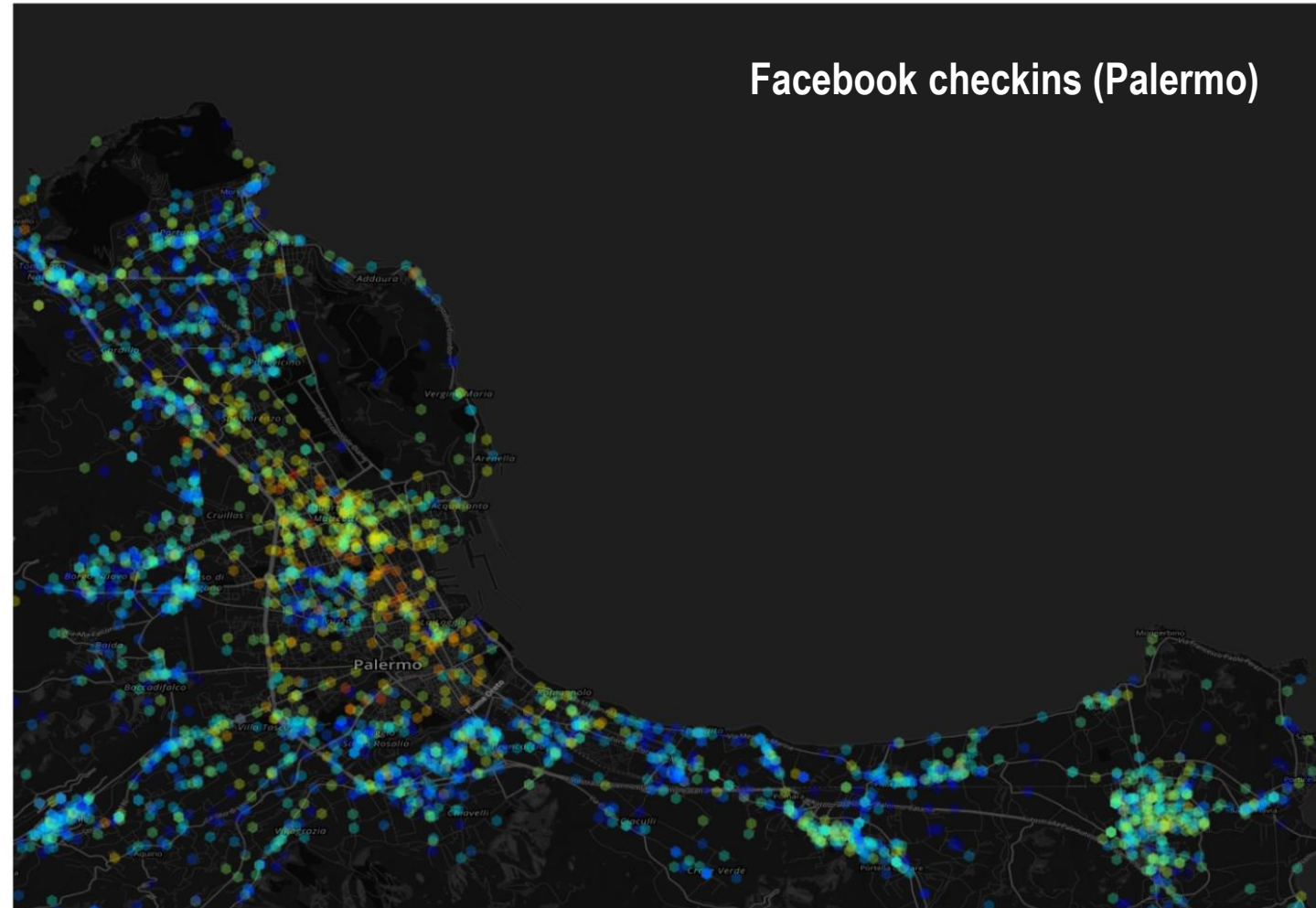
Facebook

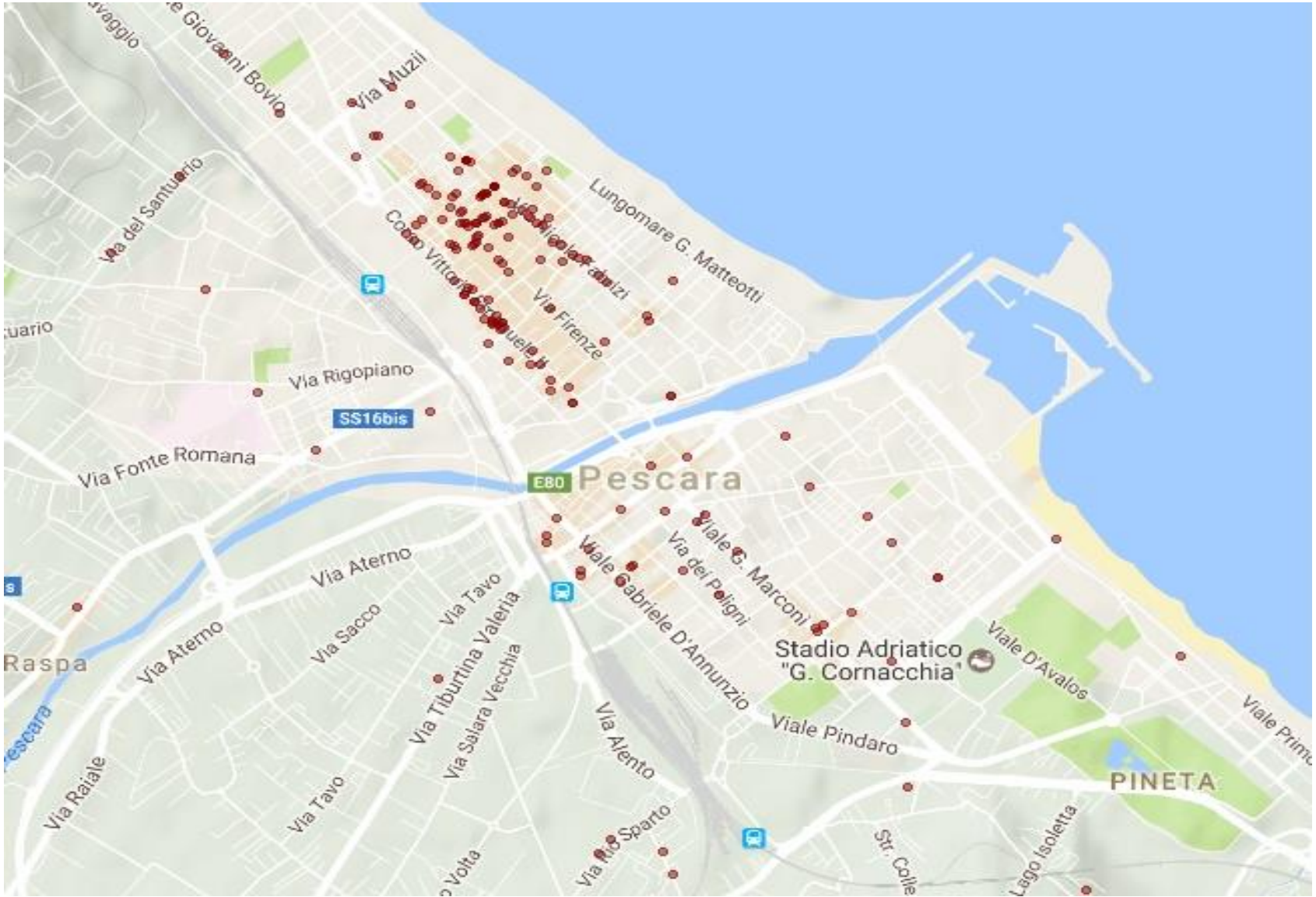
leisure Vs business checkins
(Bologna)

PLAY VIDEO

Social Data for demand predictions
geographical distribution of Facebook
check ins

Facebook checkins (Palermo)

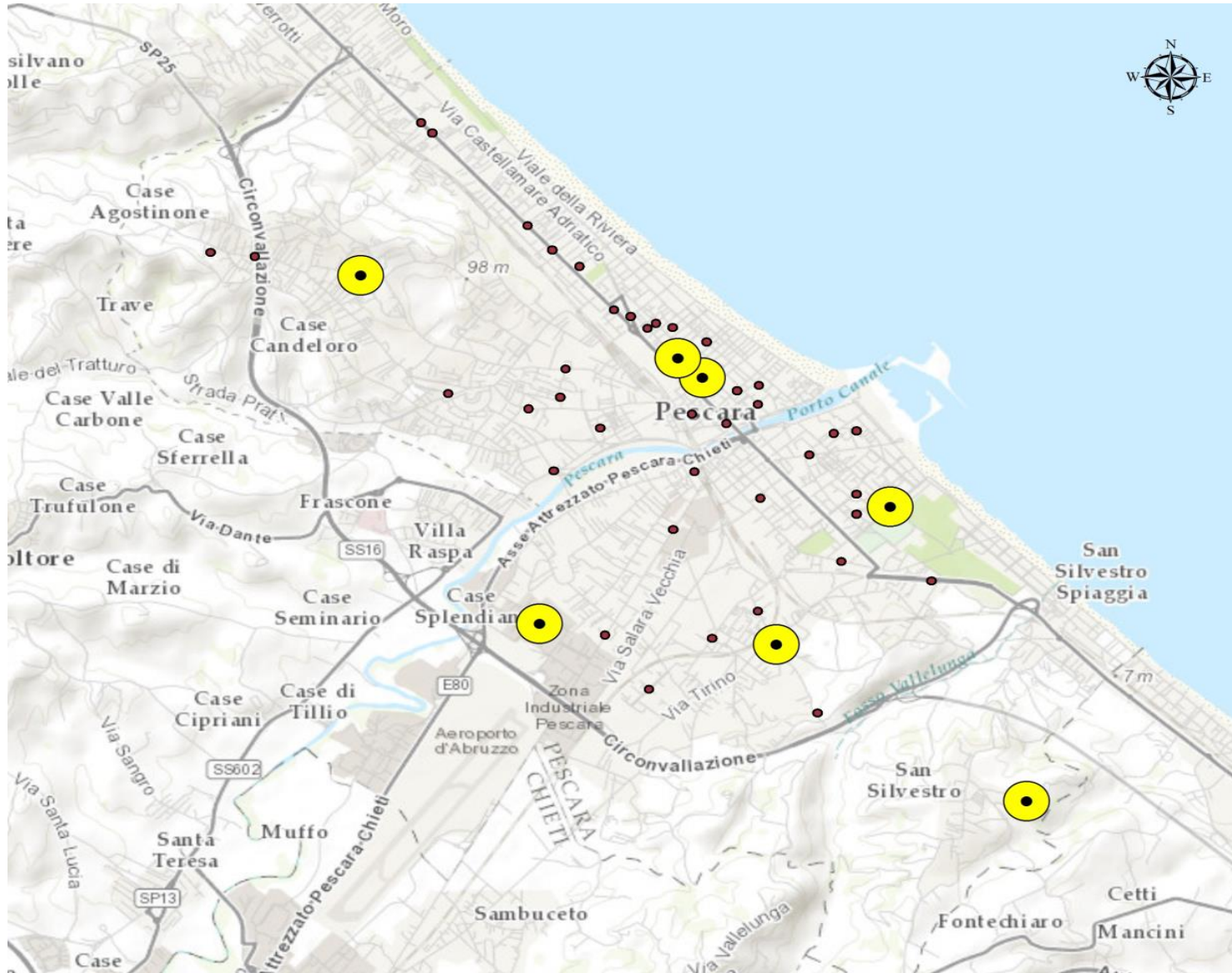


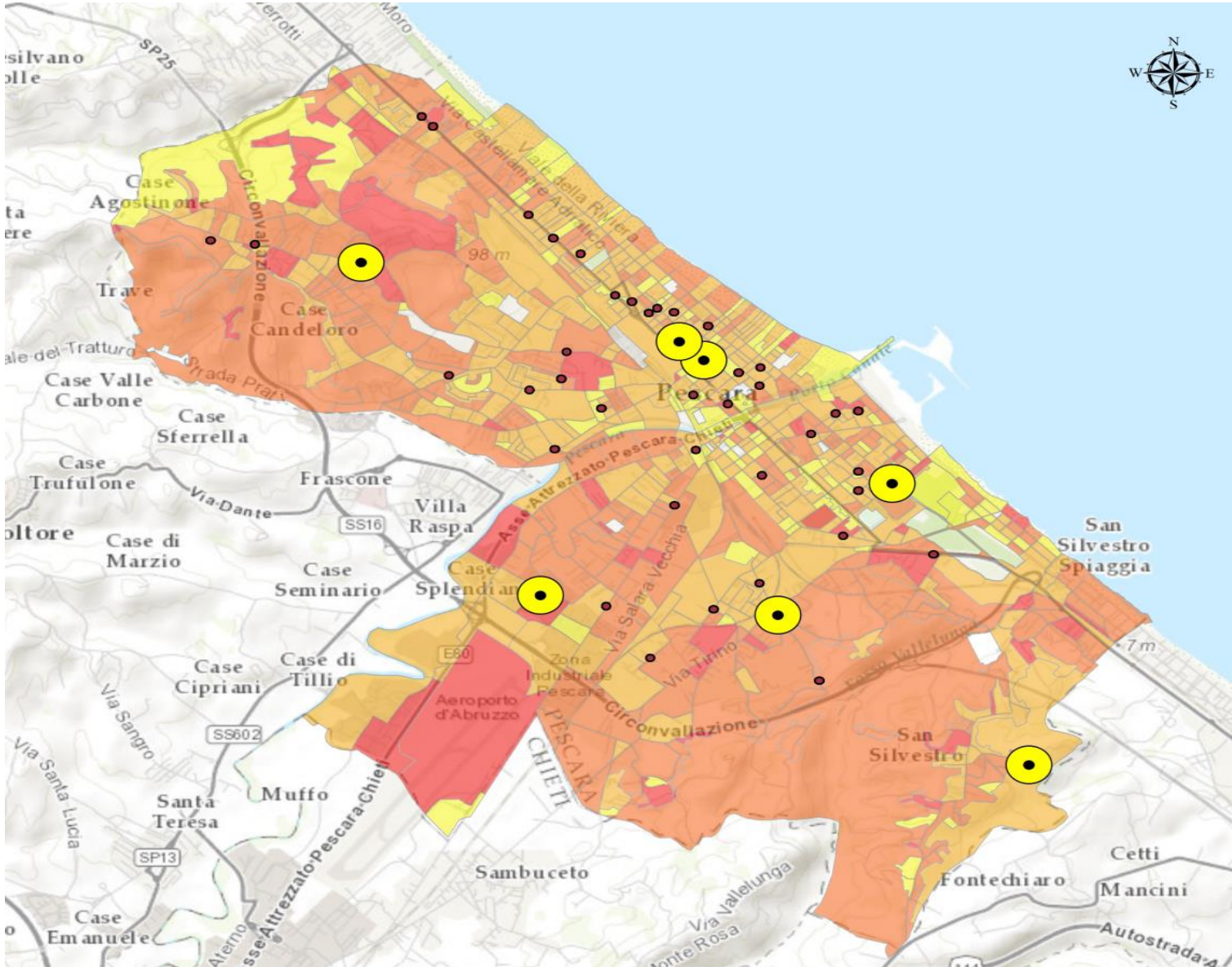


Distribution of Fashion Retailers
(Pescara, Italy)

GEO data: segmentation

Focus on
“Children's Clothing”

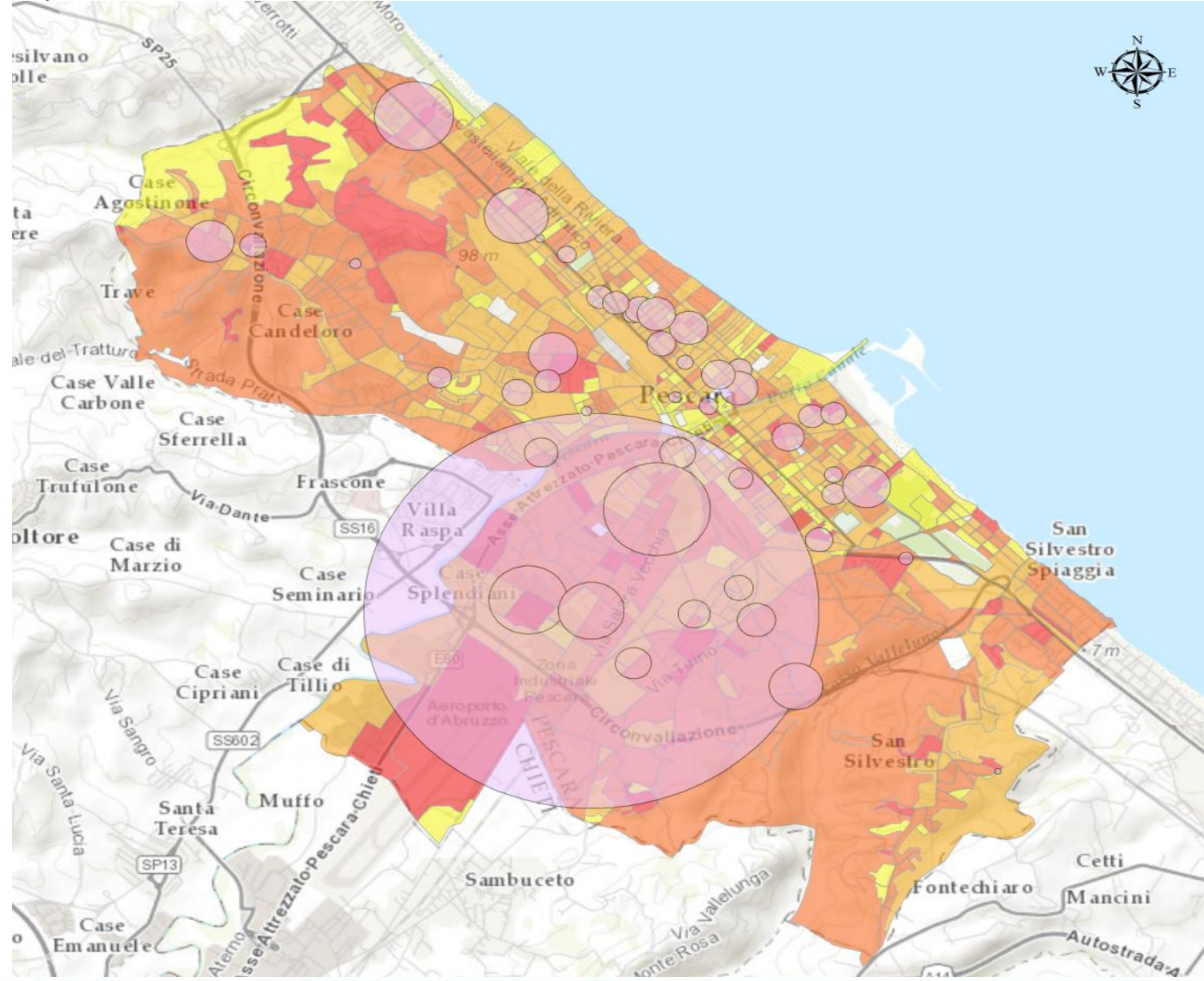




Focus on

“Children's Clothing“:

location + demand



Competitors
attractiveness

...«scale approach»

a «generalized explosion of spaces» in which the relations among all geographical scales are continuously rearranged and re-territorialized...»

INTERNATIONAL
DATA

LOCAL DATA
(LOCAL GEO-DATA)

FIRM-LEVEL
DATA
(BALANCE SHEET DATA)

«SOCIAL» DATA

Small
Panel
Big



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