

# Lights4Fun Boosts Operational Oversight with The Data Refinery

Lights4Fun Analyst Damien Harley explains how they have been using The Data Refinery to create next level Net Contribution, Sell Through rate and SLA analytics.

***At The Data Refinery, we know that there's loads of ingenious ways that our clients are using the data platform beyond the pre-built features we provide in our front end. A great example of this would be one of our longest standing customers, Lights4Fun. A thriving e-commerce business specialising in decorative lighting for homes and gardens, who've gone from strength to strength. Using a range of modern business systems in their tech stack, they signed up to The Data Refinery to create a single source of truth, automate their reporting and ditch the need for spreadsheets.***

***Over time they have become enterprise users of the platform giving them access to a higher number of data sources, larger volumes of data as well as a direct data share to their own instance of Snowflake. Lights4Fun's analyst Damien Harley was kind enough to elaborate on the ways that using The Data Refinery has been helping the company take their operations monitoring and decision making to the next level.***

## **Damien Harley (Lights4Fun, Analyst)**



As an analyst for a large e-commerce business, my responsibilities are spread over the entirety of the business. Sales, marketing, operations and finance all require the most up to date and accurate information in order to make the best decisions.

Due to the number of systems and the amount of data the business uses, we are an enterprise customer of The Data Refinery, meaning we have access to unlimited connections, the Refinery Platform, and a direct share setup of the data. This gives us access to the underlying data warehouse that contains all raw data from each of our systems as well as the Refinery's "Analytics" data mart which benefits from connecting up the systems, customer matching and pre-built reports.

Lights4Fun's initial requirements when first engaging with The Data Refinery was to get us to a place where our manual reporting could be replaced with automated business and marketing KPIs where management could at any point, log in and see performance in real time. Once these needs were met and time was freed up from manual work, the foundation allowed us to dive further into the data. One area where this has been of massive benefit has been Operations reporting.

Our ERP system, Netsuite, is generally good at providing a pre-built set of reports on the data. It becomes harder when you want to access data in a more detailed and custom way. Here are a few ways in which we have been able to leverage The Data Refinery for our operations reporting...

## Net Contribution

Margin reporting is a key foundation to day-to-day operations. Can we keep a consistent level through categories? Are there cases where it needs to be lower for items that are gateways to higher units per basket? All important considerations, however, looking simply at landed cost vs. net selling price is only giving you part of the picture.

Each company will have their own definition of Net Contribution; however, common components can include landed costs, seller fees, marketing costs, courier costs, picking costs and the list goes on.

Key aspects of cost are often not taken into account due to the sheer time and effort it takes to access and process the data on a regular basis. TDR's solution has enabled us to automate this process so anyone in senior management is able to view up to date net contribution figures. Where this can help the most is in the case of SKUs generating a net negative contribution. Sensitive pricing restructure using this information allows us to turn this positive while maintaining demand for the product.

## Sell-Through Rates

Sell-through rates are another area where access to Refinery data has helped our operational oversight. Understanding the rate at which stock is sold vs. replenished is important for a number of reasons. Firstly, it is a good indication of the current popularity of items. Products that used to sell well may dip in demand or preferences change to a newer, updated version. It's costly to keep slow moving stock on shelves, hard to maintain a positive cash flow, and measure success.

Keeping track of these slower moving items and being able to adjust pricing to encourage sell through is especially important coming up to peak season where every bit of warehouse space is important. To generate the sell-through rates, we first need to produce an accurate stock ledger of inventory in the warehouses. This not only needs to account for sales and returns but also stock transfers between warehouses. It's a complex task and attempting to create this lineage through the Netsuite system proved to be impossible.

Use of our connection to The Data Refinery has allowed us to augment the Netsuite data through a series of transformations, resulting in an easy to interpret series of metrics that allow us to act fast when it's clear sell-through rates are dropping. We can also estimate lost revenue on items with a high sell-through rate, meaning we can plan inventory better for the future, or substitute our fast-moving SKUs via marketing campaigns. Combined with our net contribution data, we can also make the call on whether selling slower moving seasonal SKUs at a negative net contribution may actually be more

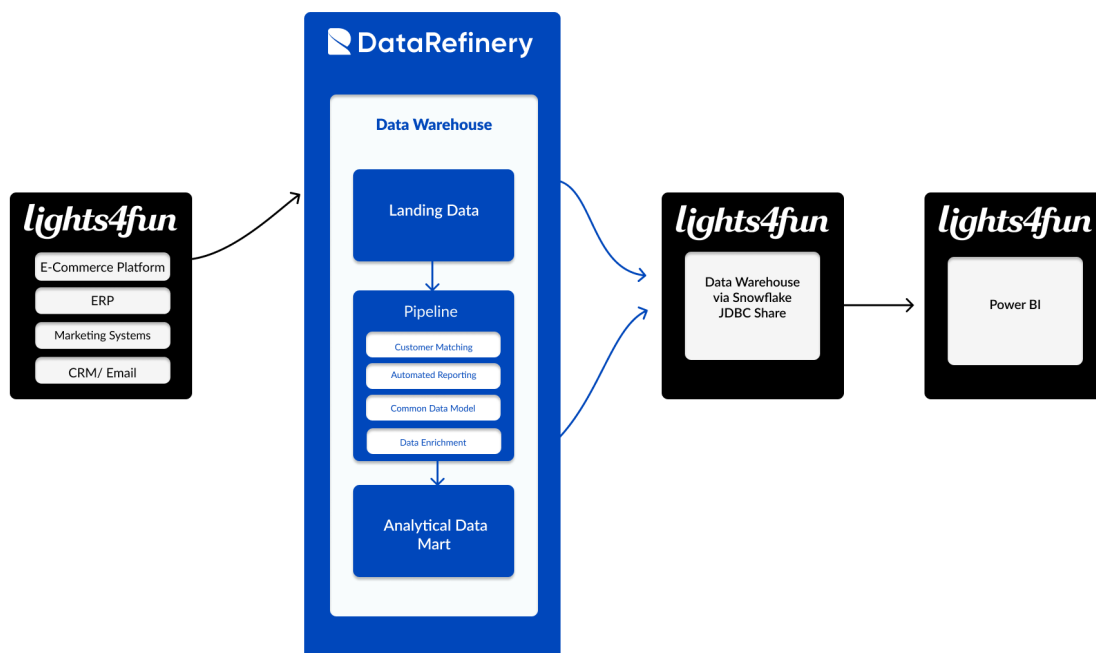
profitable than incurring the cost of keeping it on shelf for another year, taking up valuable space where new seasonal items could be. Introducing data and analytics to this process improved our Sell Through Rate to >95% at Christmas 2022, compared to 65% at Christmas 2021.

## SLA Terms & Mispick Rates

All companies that don't own their own warehouse will have contractual terms with the organisations that house, pick and ship their stock. Service level agreements form part of these terms which include conditions such as the agreed average time between an order being placed and it being shipped, as well as the acceptable number of incorrectly picked items which incur additional cost when sent back and assessed. Each of these agreements will also include financial reimbursement for any breaches.

Good customer service is vital to every organisation and these two aspects can have a negative effect on whether a customer leaves a good review or whether they will purchase with you again. It's often very hard for retailers to get a clear picture of how warehouses are performing against the terms of the contract and The Data Refinery's view of the data has enabled us to keep an almost real time tracker of these terms, giving us the ability to warn customers of any delays to their order. We can also challenge warehouse cost increases as well as analyse the data year on year to see whether conditions are improving or worsening.

## The Lights4Fun / Data Refinery Implementation





# Refinery Impact

**12 - 18**  
months acceleration

in data analytics capability

**46%**  
YOY sell through rate  
improvement

in Christmas 2022 compared  
to Christmas 2021

**£'s**  
profit

pricing decisions can be made with  
incredible accuracy leading to  
improvements in profitability

**1**  
day per week saved

with report automation

*"Without The Data Refinery doing all the heavy lifting in the background none of this would be possible. It also has increased our speed to insight."*

**Damien Harley**

Analyst



## Anna Sutton (The Data Refinery, Founder)

The impact of The Data Refinery on L4F's analytical maturity across the board is exactly what we set out to build the product for. We know from years of experience running The Data Shed (a bespoke data consultancy) that shifting the dial on analytical maturity is a huge challenge for most businesses. Time and again we've seen data analysts being hired and then stuck building report after report or getting bogged down in a data warehouse build. It's often years before organisations start to see real value from this process. We wanted to build a tool that made our data transformation knowledge & experience accessible to more businesses, at earlier stages, for a vastly reduced cost. If you'd like to explore how our plug and play data stack could jumpstart your data capability, please get in touch.

## About The Data Refinery

We believe every company should be able to access and activate the full value of their data, regardless of technical skills and ability, maximising their opportunities to grow and succeed.

The Data Refinery is a fully managed data platform consolidating multiple data sources to provide a single source of truth to power all organisational activities.

With unrestricted source data access, a common data model generated by an advanced matching engine, built-in analytics and reporting dashboards, The Data Refinery makes high quality data easily accessible to those who need it across all levels of a business.

Contact us to find out how we can unlock the value in your data.