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COMMUNITY

# THE RETAIL HIVE LIVE

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Retail Innovation

**Kensington Roof Gardens**  
October 2017



# About the day...

At its most basic level, innovation is the application of ideas by a business in order to further satisfy the needs and expectations of its customers. There can be no denying that innovation is crucial to the continuing success of any organisation and of course we can all list those businesses who failed to innovate (think Kodak, Blockbuster, BlackBerry and so forth).

At the time of publishing, it has been announced that the emerging technologies that will shape the future of retail are: virtual reality, haptics, location-based marketing and personalised promotions. Therefore it would be all too easy to jump on the technology bandwagon, and start investing heavily in VR, IoT and anything with a 3-digit acronym.

However, following our recent Hive Live focusing on Retail Innovation, innovation can come in all shapes and sizes and you'll be pleased to hear that humans aren't yet destined for the recycling bin. Of course technological advancements can be crucial to success but only if the technology puts the customer first and enhances their shopping experience.

We were delighted to welcome former Chief Digital Officer at Halfords, Tony Rivenell, as Chair and each Retail Hive member took part in three of the following round table discussions:

1. AI Powered Engagement (Apptus)
2. Automation & Robotics (Nick Hawes)
3. Social & Influence (David McQueen-Johnston)
4. The Future Store (Adyen)
5. Data & Insight (Indicia)
6. Cultural Transformation (Egremont Group)
7. Omni-channel Fulfilment & Innovation in Delivery (Manhattan Associates)
8. Business Models & Collaboration (Transform)

We hope you find the insights from these round tables valuable. In summary, from all the discussions one thing is clear; regardless of ever-more sophisticated technology, the brands that will succeed and flourish are those that place the customer at the heart of everything they do.

Best wishes

**Noj Mather and Sally Green**  
Co-Founders - The Hive Network



Thank you to our partners:







# AI POWERED ENGAGEMENT

Apptus

## Discussion Summary:

All participants agreed that AI will have a significant impact on retail and has the potential to undertake the heavy lifting in many retail business processes. It should be treated with the same level of responsible decision making as any other technology innovation. AI is not a “cure all” and individual applications of it should be assessed, tested and applied appropriately.

Experienced retailers encouraged their peers to look for areas where AI can augment human decision making and digest it in “bite sized chunks”. Successful uses mentioned during the sessions related to contact centre AI driven “chat tools” and optimisation tasks such as recommendations and selecting the sort order of product listings AKA merchandising.

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*A day at The Hive is a day really well spent! Thoughtful, provocative, grounded conversations with leaders in the field.*

**Cath Jeffrey**  
TTS Group

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# AI POWERED ENGAGEMENT

Apptus

## Table Takeaways:

- Right balance of human and digital input.
- Identify the problem you're trying to solve before committing to AI.
- Low hanging AI fruit: NLP classification/purchase timing.
- Upskill internally AI skills to protect future.
- AI CS responses increase customer satisfaction.
- AI has the ability to learn very quickly & solve bite size problems.
- Introduction of chat bots can deliver significant resource savings.
- Easiest machine learning wins are by focusing on automating small mundane tasks.

“

*The environment is so open, raw and honest... the more you come the more you relax and learn, the format is great!*

**Caroline Gildea**  
Life Style Sports

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## AUTOMATION & ROBOTICS

Nick Hawes

### Discussion Summary:

The meeting featured much discussion from Retailers with a range of experiences with automation; from Directors of Automation, down to curious people and across product areas.

The move to majority online shopping/delivery is driving up the cost of fulfilling orders. Automation was seen as a solution to this. But there was a lot of fear around making mistakes due to:

- Knowledge of high profile and costly failures.
- Lack of flexibility on automation systems at peak times.

This is worsened if you can't bring in humans at peak times, since they are the most readily available source of labour, and the most flexible.

There were some interesting discussions around how to future proof your automation and the tensions of needing a ROI in the relatively short term, but also not understanding how your product mix or landscape may change in five years. It seemed as if some people had systems that weren't fit for purpose a few years out.

Related to this, it was generally felt that the journey towards automation should start with understanding your own business first, before doing any of the technical stuff.

“

*Great access to some great minds, felt welcome from the very start.*

**Ben Ferrier**

Noose and Monkey

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## AUTOMATION & ROBOTICS

Nick Hawes

### Table Takeaways:

- Automate the consistent and predictable to help alleviate pressure on resource.
- Focus on automation of standard repetitive functions.
- Why does no one automate for Black Friday or Peak?
- Automation must be flexible and adaptable for the future.
- There is huge opportunity to collaborate more to implement AI in the industry.
- Robots will in time be the solution to replace manual shelf packing.

“

*A great opportunity to take some time out with like-minded professionals and take a fresh look at the challenges facing our business.*

**Rosemary Wilkins**  
Screwfix

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## SOCIAL & INFLUENCE

David McQueen-Johnston - eintegrate eCommerce Consultant

### Discussion Summary:

There were two main themes discussed during the day;

#### 1. How Social is delivering for businesses and how content is the overriding focus

This discussion centred on the best way of using great content to deliver results (relevancy of content was key) and how to measure performance. Attribution and qualifying the benefit of this effort is an issue, or rather 'should it be an issue'? In summary the feeling of the group was as long as it's driving engagement, as a brand we should be happy.

#### 2. How Social can be used for shopper conversion

Within a group mainly cosmetics and beauty focused, they were already sold on the benefits of social, and therefore the next step was looking to channel the engagement towards consultant recruitment or shopper conversion. The share of the overall marketing spend being dedicated to social has clearly broken through, with social beginning to take the largest share. One area of caution is that careful segmentation when approaching social media is vital; relevancy of message to your different demographic groups on different social media platforms is key.

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*A really useful spend of time, peer level discussions are definitely the highlight, highly recommended!*

**Lee Woodard**

Crabtree & Evelyn

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## SOCIAL & INFLUENCE

David McQueen-Johnston - eintegrate eCommerce Consultant

### Table Takeaways:

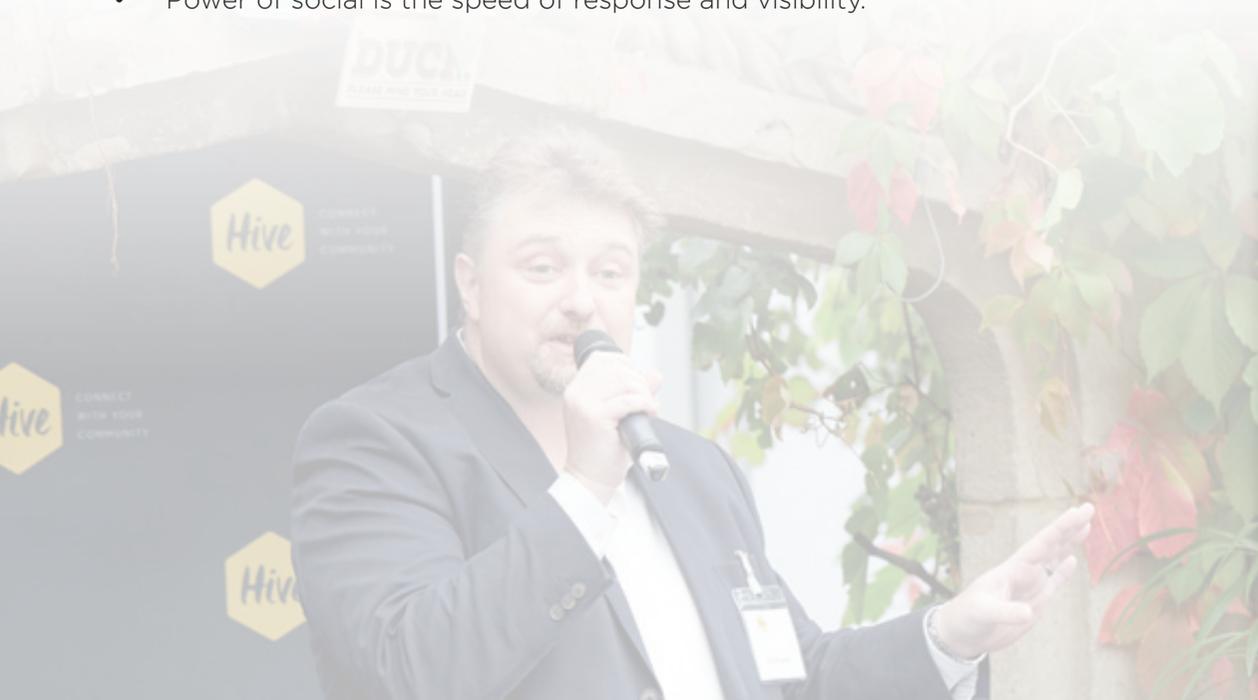
- Putting a value on social; direct revenue attribution but what is driving the overall brand awareness & perception? How do you justify the investment?
- Influencers on social media must have a real, authentic interest in product.
- Think of social media as a natural conversation. It is dangerous to be anything but genuine and open.
- How best do we use social media to understand and influence customer advocacy?
- Recognise the value in social by measuring the customer's end to end journey.
- Use social media to inspire future customers and then move to transaction capture!
- Power of social is the speed of response and visibility.

“

*Great day to open your mind and look into game changers for retail.*

**Valerie Guillobez**  
Mercari

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## THE FUTURE STORE

Adyen

**Discussion Summary:**

Retailers should avoid working in silos and should focus on just 'Commerce' rather than omni-channel etc. 'Commerce' needs to be focused on customer experience regardless of method of interaction and therefore achieving a single view of the customer is key.

Retailers should find ways to entice customers to identify themselves in stores. eReceipts are a good method of obtaining customer data in store, however adoption is low – what is the reason given to the customer? Moving to a more unified setup can be a challenge as it may require a fundamental cultural and attitudinal shift within the organization.

It's important to find the balance between technology and the personal human touch. The value of the store experience remains strong, evident by the fact that Pure Play ecommerce retailers are now looking into physical locations. However the customer is not a single entity and retailers must adjust to accommodate the different ways in which they will interact or wish to interact with a brand when adopting new technology in-store.

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*A fantastic tailored approach that means i always get value and keep coming back!*

**Laurence Garnett**  
Sainsbury's Argos

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## THE FUTURE STORE

Adyen

### Table Takeaways:

- The future store is more about the customer's experience and this requires an attitude adjustment and a cultural shift in most businesses in order to really engage your customers.
- Any new technology needs to enhance the value of the store experience.
- One store, one journey: if you can't connect the channels then you are doomed. Brake down rivalries between store and online teams.
- Future stores have 'personalisation' at their core.
- Value of the store shouldn't be underestimated; even Pure plays are opening up physical locations.
- Make your store a brand experience; it's your stage where you can emotionally engage with your customers and it must be about human interaction.

“

*An amazing opportunity to bounce ideas around and learn new approaches.*

**Rory Scallon**

Cru Kafe

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Hive  
The Future Store

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## DATA & INSIGHT

### Indicia

**Discussion Summary:**

The discussions highlighted the fact that there are a variety of challenges facing retailers today when it comes to data with three major issues constantly cropping up:

1. Data overload – help, I have too much data!
2. Fragmented data – who owns this data?
3. New technologies – where/ how do I start to explore?

GDPR also was discussed throughout the day with participants unsure of how to gain permission from customers to collect and use their data. Whilst e-receipts are recognised as a step change within the industry many customers are unwilling to share their data for this purpose – they don't know what's in it for them. So, if you want to collect data you need to encourage a customer response by providing a tangible benefit in return.

Much discussion was had around the need for a 'single customer view'; to take this one step further a business should be creating a marketing insight environment. The value of customer insight should be transparent from store level right up to board level. Discussions around the board room should not just be about trading performance, they should be about being customer-centric even when experiencing a slump in sales. Businesses need to set the right KPIs and be agile enough that when the data demonstrates the need to react (e.g. to competitor activity), the business can respond.

Finally, personalisation is only possible when a business maximises its data and customer insight. There's no question that when personalisation is based on the customer's lifecycle, it can deliver more satisfying experiences resulting in increased basket sizes and more frequent shopping trips. What every retailer needs to ask themselves is 'am I making the most out of each stage of my customer's lifecycle?' Chances are there is still more work to do, to deliver even more targeted messages providing deeper and more engaging communication to build loyalty and retention. Unfortunately when it comes to data, the job is never complete, rather it is the life blood of your business.



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## DATA & INSIGHT

Indicia

### Table Takeaways:

- Huge amounts of fragmented data with no clear ownership.
- Critical to success is to tie up the data channels so you have a marketing insight environment.
- You must be customer-centric and agile to respond to what your data is telling you about your customers & competitors.
- Opportunity to understand your customers more through payments (e-receipts) and tokenisation.
- Use sample data of key customers to build learnings and business cases to prove the value of being customer-centric which needs to expand across the whole business.

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*Great sharing, honest experiences, useful network of contacts to follow up on - Very good day!*

**Mike Durbridge**

Andrew Martin

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# CULTURAL TRANSFORMATION

## Egremont Group

### Discussion Summary:

The headline is it isn't easy and it isn't fast, but if you don't address it, all your great ideas may never reach your customers in the way that you intended. Culture is deep rooted, but the climate of a company can be changed quickly so long as you prioritise.

We discussed understanding the context in which you want to make change: issues never stand alone and are often a symptom of many things: strategy, process, measurement, leadership style, climate etc.

You need to understand all the touchpoints to know that the change you want to make is the right one and will be sustained. Start in the customer's shoes before making any change: how will it benefit them? Don't "drive" your teams, empower them, get them involved and identify tangible, quick fix areas to improve.

Ensure your KPIs encourage collaboration, not competition. And finally, change works when it's top-down and bottom-up particularly your informal network, make sure you know who they are and tap into it. Don't wait for each other.

“

*It was very different to any networking event i have been to before, the choice of format, venue and agenda really drove the engagement and shared learning.*

**Michael George**  
Debenhams

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## CULTURAL TRANSFORMATION

### Egremont Group

#### Table Takeaways:

- Culture is deep rooted BUT the climate of a company can be changed quickly in tangible ways as long as it is a priority.
- Big changes can happen through small steps.
- Ensure your KPIs and vision are aligned from Board to store level.
- Clear & realistic KPIs drive different mind-sets.
- Informal networks are more trusted than formal; make sure you have access to these.
- Change comes from every level and ignore the need to change culture at your peril!

“

*A great platform to encourage peer to peer communities & to come together to discuss common themes that affect everyone in a variety of degrees.*

**Louisa Nicholls**

John Lewis

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## OMNI CHANNEL FULFILMENT & INNOVATION IN DELIVERY

### Manhattan Associates

#### Discussion Summary:

Whilst every Retailer would agree that customer always needs to come first; when talking about the 'customer first' approach in terms of fulfilment and delivery, at what cost?

Validation of consumer demand is key; how do we measure demand for a service prior to implementing? Pilots and Proof of Concepts for some Omni-channel services are challenging due to the level of change management required and high infrastructure overhead. How is that business case approved?

Once demand has been validated, building a robust business case can be difficult, as many benefits are intangible and difficult to measure in the traditional sense of reduced cost and increased sales.

Based on the non-traditional business case, cultural change within leadership is required, encouraging innovation, protecting fulfilment and developing labs to foster ideas and adopt a "fail fast" approach

Fulfillment from store splits opinion, depth and breadth of inventory within a store range would dictate the feasibility of exposing this inventory, added to this the role of the store associate would change significantly. The use of local fulfilment centres with dedicated stock serving a particular geo would provide certainty and accuracy the consumer demands but increase the cost to set up.

The consumer wants certainty of information regardless of channel, updates throughout the buying and fulfillment journey are expected and consequently companies need to make a significant attitudinal shift if planning to survive the existing 'customer first' approach.

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*The Hive enables brands to connect in a very open environment where tough questions are asked & ideas are generated.*

**Emma Dewhirst**  
Tempur Sealy Intl

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# OMNI CHANNEL FULFILMENT & INNOVATION IN DELIVERY

## Manhattan Associates

### Table Takeaways:

- Ensure you test any innovation with your business model first to identify the most practical fulfilment strategy.
- Number one challenge is accurate stock levels when fulfilling same day delivery.
- Where best to hold stock, upstream or down?
- Difficult to get C suite investment for logistics innovation: Board level support is needed for supply chain.
- Encourage innovation & 'failing fast'; to do this a culture change is needed.
- When is the right time to look at collaboration?
- New skill sets are needed in-store and at contact centres.

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*Brought together a great mix of retailers responsible for different areas of the business.*

**Lauren Haringman**  
Kingfisher

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## BUSINESS MODELS & COLLABORATION

### Transform

#### Discussion Summary:

The round tables discussed the amount of disruption taking place and how retailers had to adapt or adopt. Three models were highlighted:

1. Customer
2. Product
3. Cost

It was evident that for International expansion the cookie cutter approach was inadequate and adopting a preferred local approach offered distinct advantages even if it was a hard sell to the organisation.

We accepted that opening our minds to flexible approaches was advantageous as one single model was no longer sufficient and that was evident when moving from a pure-play subscription model to collaborating with renowned retailers.

On subscription models one of the biggest challenges to their model, that was discussed, is the operating costs for last mile and whether any organisations had partnerships within an aggregated logistics model.

Lastly based on our discussions we agreed that UK is probably no longer the innovator and that we should watch the Far East much more closely.

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*Great to step away from the office and hear about what other retailers are doing to adopt and blend in with the people in their organizations.*

**Claire Russell**  
Monsoon

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## BUSINESS MODELS & COLLABORATION

### Transform

#### Table Takeaways:

- With disruptive organisations such as Uber it is vital to have multiple and adaptive business models; especially if entering new markets; you may need to change.
- The customer drives your model: how can collaborative models support the development of channels to market?
- The UK is no longer the innovation in Retail and we need to look carefully at the Far East.
- Collaboration should increase customer satisfaction and decrease cost.
- Logistics is an obvious area for collaboration.
- Partnership in different markets can help if entering new markets and there is a gap in expertise.
- Key challenge: maintain a single view of customer across all models.

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*The Hive is a really innovative, interactive and dynamic event. Participants learn off each other and everyone is willing to explore new topics as they emerge during the day.*

**David Abramson**

Nourish London

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# Future Hive Live Meetings...

## Next Generation Retail Engagement

28 February 2018

Exploiting personalisation, content and data to engage the connected customer.

## Where eCommerce Meets Fulfilment

23 May 2018

Selecting the best strategies to meet the demands of today's multi-channel operations.



Both events will be held at Kensington Roof Gardens, London. For more information or to reserve your place please contact: [paul.kehoe@thehive-network.com](mailto:paul.kehoe@thehive-network.com) (T: 020 8004 3241)