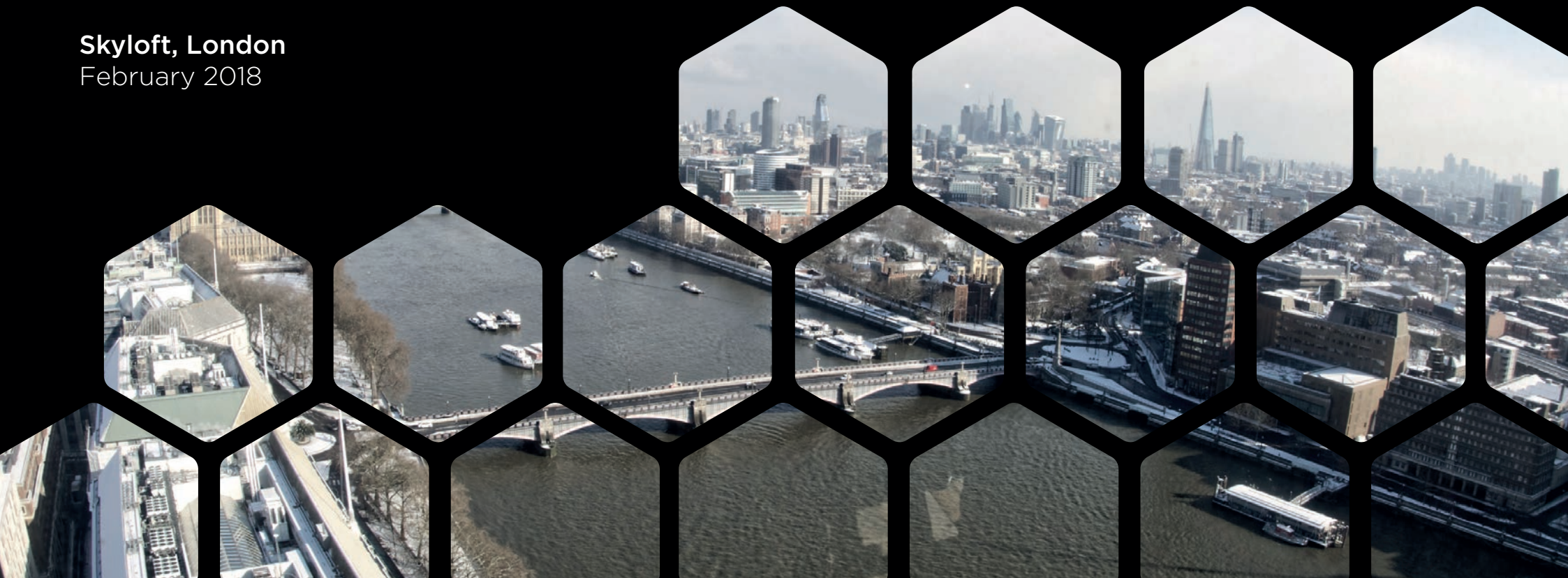
CONNECT
WITH YOUR
COMMUNITY

THE RETAIL HIVE LIVE

Engaging the Connected Customer

Skyloft, London
February 2018



About the day...

We were delighted to welcome so many Retail Hive members to our first Hive Live of 2018 'Engaging the Connected Customer'. Held at London's stunning Skyloft the day began with a welcome from our Chairman, Mike Durbridge, CEO of Andrew Martin International followed by author and brand journalist Jonathan Gabay who spoke about the importance of story-telling to engage customers saying "here, at meetings like this one, brands are telling stories to each other. It's not just inspiring – it's useful. Because the outcome of all these brands collaborating and joining those narratives is the story of tomorrow's customer."

Over 100 senior Retail leaders participated in round table discussions during the day covering the following topics:

1. AI Driven Merchandising (Apptus)
2. Analytics & Insight to Deepen Customer Engagement (Epam)
3. Loyalty & Customer Lifetime Value (ICLP)
4. Marketplaces & Growth Hacking New Markets (Channel Advisor)
5. Cross Border Brand & Marketing Consistency (Translations.com)
6. Seamless Cross Channel Customer Journeys (BE EXCELLENT)
7. 1:1 Personalisation (SoftServe)
8. Customer Visibility in an Omnichannel World (AdType)

From the day's discussions it is clear that there is a genuine aspiration to nail the "connected customer" conundrum however to do this successfully, as retailers, we need to extract value from the oceans of data that exist to deliver customer engagement, loyalty and of course overall results. No one feels like they've got all the answers, but it was a hugely valuable day which enabled senior leaders to come together and rise to the challenge collectively.

We hope you find these summaries and key takeaways useful and look forward to seeing you at future Retail Hive Live meetings.

Best wishes

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

Thank you to our partners:

ADTYPE APPTUS BEE BE EXCELLENT part of DEPT channeladvisor epam ICLP softserve translations.com

1

AI-DRIVEN MERCHANDISING

Apptus

Discussion Summary:
Artificial Intelligence is already helping us in our everyday life by making informed, objective decisions based on masses of data extremely quickly. Sound familiar? Solving complex problems like deciding which of your thousands of products to expose to each of your millions of visitors is meat and drink to this modern technology. The tables agreed that much of the heavy lifting required to merchandise sites well can now be undertaken by AI. By leveraging masses of behavioural data and working towards business objectives it's now possible to free up valuable human intelligence to guide, manage and interpret insights to deliver more relevant experiences and increased engagement.

1 AI-DRIVEN MERCHANDISING

Apptus

Top 10 Takeaways:

1. Best results are through the balance of Artificial and Actual Intelligence; this is the dream team
2. Being able to remember/ track the sales, profits and conversion helps to build trust in the business to trust the AI. Machines know better than humans. Data proves it.
3. Merchandisers like to merchandise for themselves using their own assumptions. Auto and AI merchandising make decisions based on actual user behaviour.
4. Has AI merchandising gone through thorough A/B testing? Within the industry there seems to be many uncertainties
5. Tools can't necessarily reach to all external influences impacting merchandising decisions. Almost everyone needs the ability to manually input into merchandising
6. How do we "win over" B&M to trust AI?
7. Difficulty to adopt AI without getting visibility/insights from it. Concern that currently the results are not sufficient
8. AI doesn't always share the results to act on new things to create such as bundles
9. What if the customer journey starts from an offline piece? When will AI power the offline channels merchandising?
10. AI software will be more efficient in less time than humans. AI will also let you flip your concepts – i.e. what has not been clicked and why to help increase time engaged online

> *"Very impressive, A MUST - attend to learn from peers and hear trend and lessons learnt."*

2 ANALYTICS & INSIGHT TO DEEPEN CUSTOMER ENGAGEMENT

Epam

Discussion Summary:
General consensus that customer data is typically scattered across systems and processes both front and back office. Best practices for drawing insights from customer analytics vary across organisations, where some have invested in building mature capabilities which consolidate the 360 degree customer view across all channels of engagement, whilst others don't know where to start, but all agree that analytics is a critical success factor for the future. For those further along the journey, the message was focus on taking action driven by data, don't focus on building a data capability. It's important to view data in context, so having Data Science as a capability within your organisation can enable this. To drive the transformation agenda in favour of customer analytics, advocates are needed, ideally these should be at the C-suite.

2

ANALYTICS & INSIGHT TO DEEPEN CUSTOMER ENGAGEMENT

Epam

Top 10 Takeaways:

1. Have a plan! Figure out how you're going to use the data to benefit the customer so you can plan the framework.
2. Make sure you take action from data and not just building data capabilities.
3. Clean data will give you the insight that allows you to personalise customer engagement.
4. Merge publicly available macro data with internal data. In the future there could be potential to utilise Westfield/ Google data who would then encompasses all our shopping patterns for a personalised experience
5. Machine learning - start with building your algorithms yourself and use off the shelf tools to support your own internal efforts.
6. Define objectives for business case before approaching analytics.
7. Personalisation through AI is the best way to engage consumers. However Personalisation only works if you're capturing data from all touch points.
8. Important to have time advocacy of a data driven culture from executive management.
9. Look at off the shelf modelling to serve B2C retail - if we don't have data scientists internally. When looking at data you must review the organisation's capability such as data engineers.
10. Use data to benefit the user and not serve promotions.

> *"Amazing event with a good selection of like-minded people. I would definitely recommend joining."*

3 LOYALTY & CUSTOMER LIFETIME VALUE

ICLP

Discussion Summary:
Thankfully 'loyalty' has moved on from the concept of 'points mean prizes'. Loyalty encompasses every aspect of customer interaction from the product, the price, the distribution, the online community and the customer service. Brand ambassadors and communities need to be created (if they don't already exist).

The common issue is the difficulty of tracking and measuring soft emotional engagement but it is possible. Brand momentum and advocacy is a clear KPI for loyalty and brand health. To achieve loyalty, your data needs to be effectively joined up. Your focus should be your value to the customer not their value to the business. Do not build a brand on transactional customers; this is not going to grow your brand.

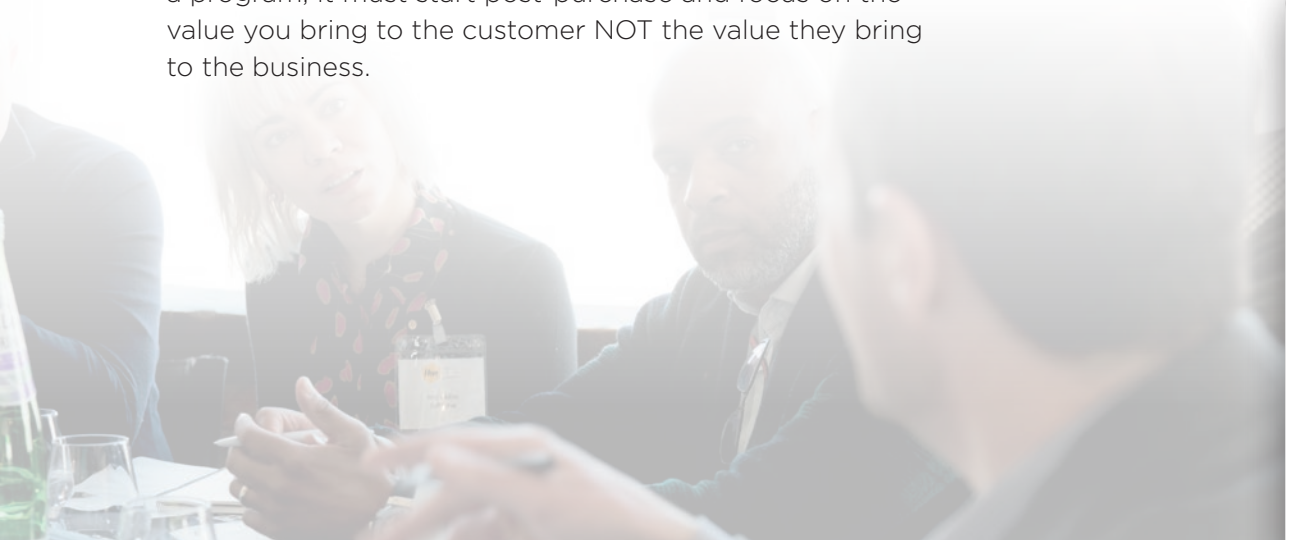
3 LOYALTY & CUSTOMER LIFETIME VALUE

ICLP

Top 10 Takeaways:

1. Move your KPI measure from NPS to Brand Momentum.
2. Don't build a brand on transactional customers as this is not going to grow your brand. Spend higher share of effort on top customers.
3. Use credit card info to track unregistered user purchases.
4. Brand momentum as a KPI for loyalty and brand health.
5. Offers aren't always the best way to incentivise customers and there is a move towards content engagement.
6. How do you engage/ re-active old customers for the next purchase? Invest in time.
7. Focus on service, product quality and elevated experiences. Less about loyalty programmes.
8. The idea of using social and content to drive loyalty as an alternative to traditional discounted loyalty programmes.
9. Loyalty has shifted up the funnel from purchase to consideration so it is down to us as retailers to wow them!
10. Loyalty is a strategy covering your entire customers not just a program; it must start post-purchase and focus on the value you bring to the customer NOT the value they bring to the business.

> *"The Hive is the only event where people truly share experiences which makes discussions a lot more interesting and valuable."*



4 MARKETPLACES & GROWTH HACKING NEW MARKETS

Channel Advisor

Discussion Summary:
We had four lively discussions that arguably resulted in more questions than answers, but that is to be expected from a complex subject like expansion through marketplaces.

We heard several examples of brands and retailers that have used marketplaces as their first step into international markets. For brands, it's an opportunity to build brand awareness in a new market and test demand in preparation for going direct.

Integration complexity came up several times as a roadblock. Another common concern is cannibalization of direct sales, but several people reported measurable positive impact on site sales from marketplace activities.

Niche marketplaces offer an opportunity to reach a smaller but highly targeted set of consumers. DO your research and figure out which ones are right for you.

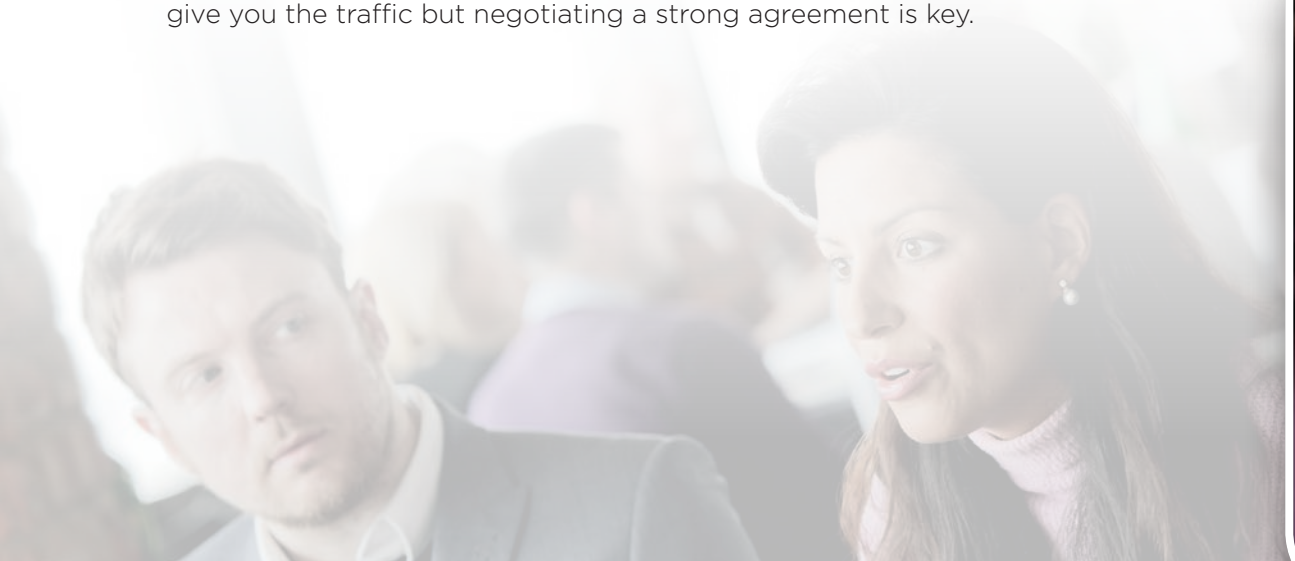
4 MARKETPLACES & GROWTH HACKING NEW MARKETS

Channel Advisor

Top 10 Takeaways:

1. Running a marketplace presence is as much work as running a new site and it can take up to a year to see the return of the marketplace on your own site.
2. Risk and cost of entering Asian markets; Asian and particularly Chinese marketplaces can be tricky and difficult to crack!
3. Balance DTC and marketplace; controlling your brand identity is key particularly if listing on Amazon.
4. Worthwhile to only feature the capsule range on the marketplace to highlight your brand and have the full range on own site.
5. Niche marketplace may be a good starting point for international brand exposure in new markets with low risk/ overheads.
6. Marketplaces are the future but in the short term very challenging.
7. Fashion marketplaces need to allow for more brand building
8. Remember a sale is a sale – cannibalisation shouldn't matter
9. Marketplaces are a great way to open new markets. However existing markets may see a negative effect.
10. Ensure you manage your spend on Amazon; marketplaces will give you the traffic but negotiating a strong agreement is key.

> *"Very well run event with a wealth of people and experience."*



5

CROSS BORDER BRAND & MARKETING CONSISTENCY

Translations.com

Discussion Summary:
Use Brand Custodians - Ensuring consistency in brand identity, strategy, marketing and activations should be the core role and responsibility of at least one individual in an organisation.

Use Glossaries - Building a glossary of terms for your home market is just the start, and then this must be carefully reproduced in the local language of each of your overseas territories.

Get Local Market Approval - Get local market approval on glossaries/ style guides you produce so they feel part of this process.

Know Your Brand - British heritage brand? Change the amount you localise based on your USP in each market. Know your brand, know your consumer.

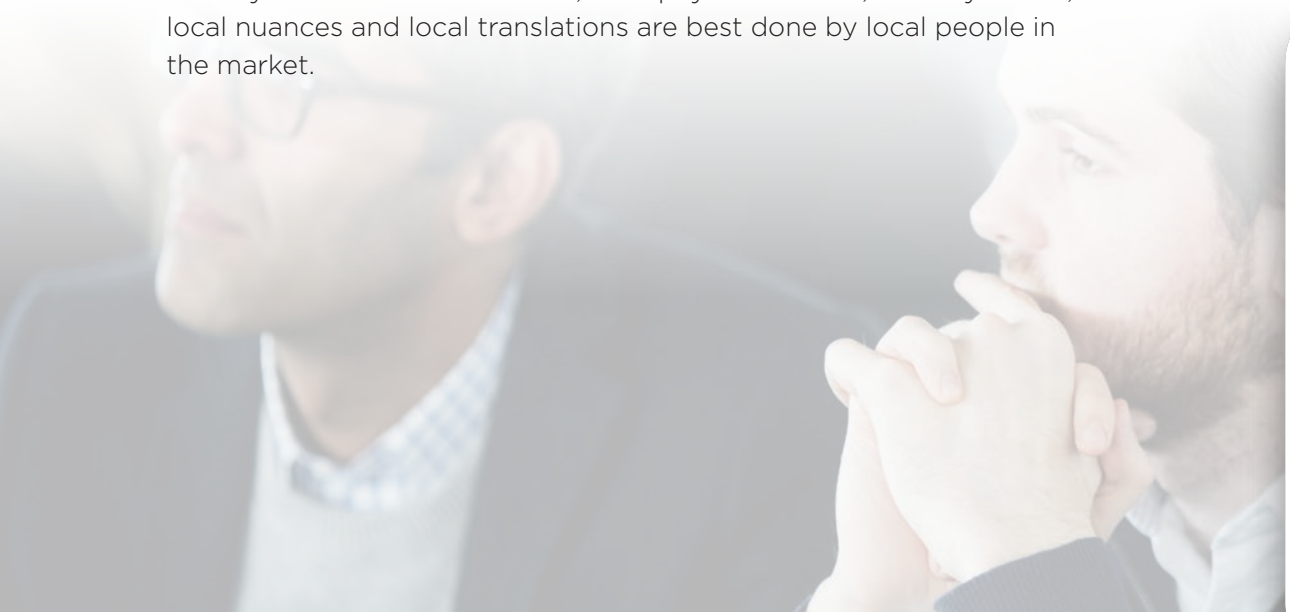
5 CROSS BORDER BRAND & MARKETING CONSISTENCY

Translations.com

Top 10 Takeaways:

1. First decide if international strategy is right for you before trying to move into a new market.
2. Local knowledge should fuel a curated, relevant brand development but always retaining the core brand DNA.
3. Content-wish 70/30 Global - Local.
4. Use your global voice to negotiate e.g. Facebook rather than manual.
5. Focus on your brand first and localisation second.
6. Test and learn! Move to adapt your strategy.
7. Don't rule out using marketplaces if in premium sectors and marketplaces are perfectly poised for this; the reach you could gain could be huge.
8. Run international sites from a global hub; maintain the brand voice across all channels; consider the key proposition for the brand to generate sale within new markets.
9. Brand consistency and the development of brand guidelines is vital.
10. Know your customer inside out; their payment habits, delivery habits, local nuances and local translations are best done by local people in the market.

> *"Without a doubt a quality day out of the office to meet some senior peers and exchange thoughts and challenges."*



6

SEAMLESS CROSS CHANNEL CUSTOMER JOURNEYS

BE EXCELLENT

Discussion Summary:
From the start, it seemed quite evident that this is a major struggle for many retailers.

The main issue being that too many factors were preventing or blocking them, such as internal structure, systems, working silos and many more reasons. The consensus was that we all want to have seamless journeys – but it is very hard to achieve.

Throughout each of the sessions, it was agreed that being customer first and having a focused customer experience was the way forward. By doing this the platform would be laid for the delivery of seamless journeys. However, saying it and doing it are two very different things. Start small, with incremental changes that provide value to the customer and an experience that they enjoy.

Do something!

6 SEAMLESS CROSS CHANNEL CUSTOMER JOURNEYS

BE EXCELLENT

Top 10 Takeaways:

1. A focus on building consistent experiences across all devices is fraught with challenges; you must have a cross device strategy and identify broken customer journeys.
2. If a project is going to take more than 6 months don't do it as it will be obsolete and we don't yet know what experience customers in the future will demand!
3. Channel agnostic view first.
4. Adopt a fully agile approach with a fast turnaround - keep in the right direction.
5. Embrace change quickly - be fast, be bold and be best. Don't be afraid to start again.
6. Find quick wins - Speedy implementation and development is key.
7. Culture change is key to making cross-channel seamless.
8. The organisation needs to accept and be ready for change. Cross-party collaboration to break down silos and get stakeholder engagement across the business.
9. Business units (i.e. IT and Finance) all need to remember that in retail, the customer strategy should be first to be profitable as Customer lifetime value is the ultimate objective.
10. Investigate click and collect - use NPS.

> *"Do not miss this opportunity to connect with so many industry peers and experts. They have seen it, done it and are generous enough to share their insights."*

7

1:1 PERSONALISATION

Softserve

Discussion Summary:
Our key takeaways are two related points; it's never too late to start, but the key to success is understanding why (and where) you're starting. Very few retailers we spoke with had done customer research to understand if personalisation is something their customers wanted – and what personalisation means to them. This can be critical in ensuring personalisation efforts are relevant and useful – not creepy or obtrusive, as well as shoring up the odds for success. How can a brand provide customers with what they want if they don't know what they want?

Some of the retailers we spoke with wanted to start personalisation programs, but didn't know where to start. It's as simple as it is complex: customer data. Dig into what data is currently available, and leverage it. Think about what data you're not tracking, and its value. How can you get it? How will you leverage it? Being able to answer why, what, and how will be invaluable when it comes to ensuring personalisation programs foster a positive customer experience and drive brand loyalty.

7 1:1 PERSONALISATION

Softserve

Top 10 Takeaways:

1. Good personalisation should be "invisible". If you're too intrusive or imposing this could be seen as a negative by consumers.
2. Don't personalise to the extreme that you don't inspire anymore; personalisation to the consumer should be translated as "relevant to what I've done in the past but inspire what I might do in the future."
3. No one is championing personalisation and saying they're fully immersed in it. Why is this? Lack of definition in the industry? Lack of data?
4. For some, personalisation doesn't need to be 1:1 – it's enough to address "group" factors.
5. You need someone focusing on personalisation full time to get the most from it!
6. Be careful with dynamic product carousels, these are proving to not be so effective. However real time personalisation/ suggestions is key.
7. Importance of customer privacy when serving browsing content e.g. pop ups.
8. Subscription model is the ultimate personalised experience.
9. Brands need to be better at communicating the benefits of the data exchange. As a customer, what's in it for me? Personalisation has to be useful to the customer, not just the retailer.
10. Segmentation is still at early stages cost vs benefit of 1:1 personalisation is it worth it? Can anyone prove personalisation drives more profitable customers?

> *"The Hive brings together a great mix of retailers, solution providers, and industry experts for lively debate and problem solving, real inspiration to take back to the office."*

8

CUSTOMER VISIBILITY IN AN OMNICHANNEL WORLD

AdType

Discussion Summary:
Is it ever possible to achieve a 360 degree view of your customer? It is BUT there are gaps, namely when customers delve into social media; whilst you may send them into Facebook you don't know what they're doing whilst on Facebook.

For GDPR you need an audit trail so customer visibility is vital not just to understand your customers better but from a regulatory perspective. Recommend you invest in technology to assist you achieving a complete view of your customer however beware that the key is for the data to be linked to other data sources e.g. DM data, location data, website data, store data – so ensure this will deliver the results you need. Legacy systems and company structure can be the 2 biggest obstacles to achieving a single view of the customer; it is vital to break down competition between stores and online.

8

CUSTOMER VISIBILITY IN AN OMNICHANNEL WORLD

AdType

Top 10 Takeaways:

1. GDPR - are customers who engage showing their consent? Do customers know the impact?
2. Bring all data sources to one platform to uniquely identify a single customer.
3. Use return data for cross-sell = new 'channel'.
4. Legacy system remains the biggest block to the single customer view of the customer.
5. Take SCV out of it!
6. The company structure can hold back visibility of customers by duty ownership of projects and internal competition between stores and online.
7. No-one has the ideal solution - but marketing need to drive it, not IT.
8. What problem do you think attribution is going to solve? Is the time invested justified?
9. It is vital we train our staff about the importance of getting the customer to share their details to create a single customer view.
10. How can we incentivise the customer to provide their data to create a unique view and link to the online database? Linking online and offline behaviour is our biggest obstacle.

> *"Without a doubt a quality day out of the office to meet some senior peers and exchange thoughts and challenges."*

Retail Hive Member Poll...

We asked our Retail Hive members to share with us their business priorities in 2018 and the results are shown in the diagram opposite.

Unsurprisingly the top 5 priority areas are clearly focused on ensuring businesses can keep up with the changing digital landscape of retail and the customer's ever increasing demands:

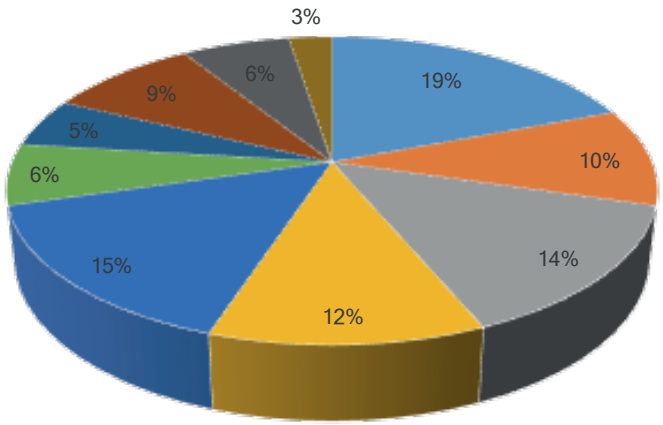
Digital Transformation	19%
Customer Journeys	15%
Technology inc. platform implementation	14%
Analytics	12%
Omnichannel profitability	10%

However perhaps more surprising, and worrying, is that security and staff rank as the lowest priorities;

Overseas business growth	9%
Workflow automation, Robotics & AI	6%
Experience in-store	6%
Payments, security & compliance	5%
Staff skills	3%

How does this align with your own priorities? We'd love to hear your thoughts so please join the conversation on our Retail Hive Community Group via LinkedIn; @TheHive-Network

HIGHEST PRIORITIES



- Technology platform implementation
- Workflow automation, Robotics & AI
- Payments, Security & Compliance
- Digital Transformation
- Analytics
- Experience in store
- Staff skills
- Omnichannel profitability
- Customer Journeys
- Overseas business growth

Future Hive Live Meetings...

Focus on Fulfilment
23 May 2018

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

Cracking International Markets
10 July 2018

Explore the complex issues associated with cross border eCommerce.

Innovation & Collaboration in Retail
25 September 2018

The transformation of the retail world by new technologies & innovations on the horizon.

For more information or to reserve your place please contact:
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