



CONNECT
WITH YOUR
COMMUNITY

THE RETAIL HIVE LIVE: USA

Omnichannel Customer Journeys in an Amazon World

Tarallucci e Vino Loft Space, New York
September 2018



A summary of the day...

Our very first Retail Hive Live in New York was a tremendous success with over 60 senior retailers from some of the biggest brands across the US, including Bloomingdales, Brooks Brothers, Farfetch, Giorgio Armani, Hugo Boss, Macy's, PepsiCo and YOOX NET-A-PORTER. We opened with an insightful presentation from our Chairman, Tim Ceci - former VP, Retail Stores & Operations Management at CELINE; former VP, Outlet Stores & Warehouse Sales at Barneys New York.

Tim suggested that the recipe for outstanding customer experience (CX) revolves around the perfect mix of organizational culture and team; stressing the importance of investing to support internal development and understanding the critical elements of your brand/organisation. He recommended brands "prepare well" and reminded us that CX has always been important - nothing has changed there! One of the biggest takeaways from the day was that, contrary to popular belief, all brands and retailers seem to be facing the exact same challenges at the same time. This reassurance encouraged a community of openness and sharing, through which we unearthed key outcomes including:

- Listen to what your customers want!
- Simple solutions exist! And...
- You can never have too much data...!

Thank you to our partners:

The six roundtable discussions included:

1. Role of the Store
2. What do Customers Want?
3. Data, Analytics & Customer Visibility in an Omnichannel World
4. Seamless Cross Channel Customer Journeys
5. Driving Loyalty & Customer Lifetime Value
6. Delivery Innovation & Omnichannel Fulfilment

We'd like to thank everyone for their fantastic energy and contribution to this inaugural meeting and very much look forward to seeing you again in 2019!

With thanks,

Noj Mather and Sally Green

Co-Founders - The Hive Network



Cross-Channel
Fulfilment Customers
Want World
Journeys Data
Value Visibility Lifetime
Customer
Driving Innovation Delivery
Store Role
Analytics Loyalty
Seamless
Omnichannel



CHAIRMAN:
Tim Ceci

former VP, Retail Stores & Operations Management at CELINE;
former VP, Outlet Stores & Warehouse Sales at Barneys New York



ROLE OF THE STORE

Moderated by Joshua Schaffel, Director of Retail Support & DSA, Giorgio Armani

DISCUSSION SUMMARY:

Having such an eclectic group of retail professionals in one room in an open format should set the bar for what retailers should be doing internally. By putting together best-in-class influencers and affording them the opportunity to speak about what they do and how it can be applied to today's retail challenges was an incredible learning experience.

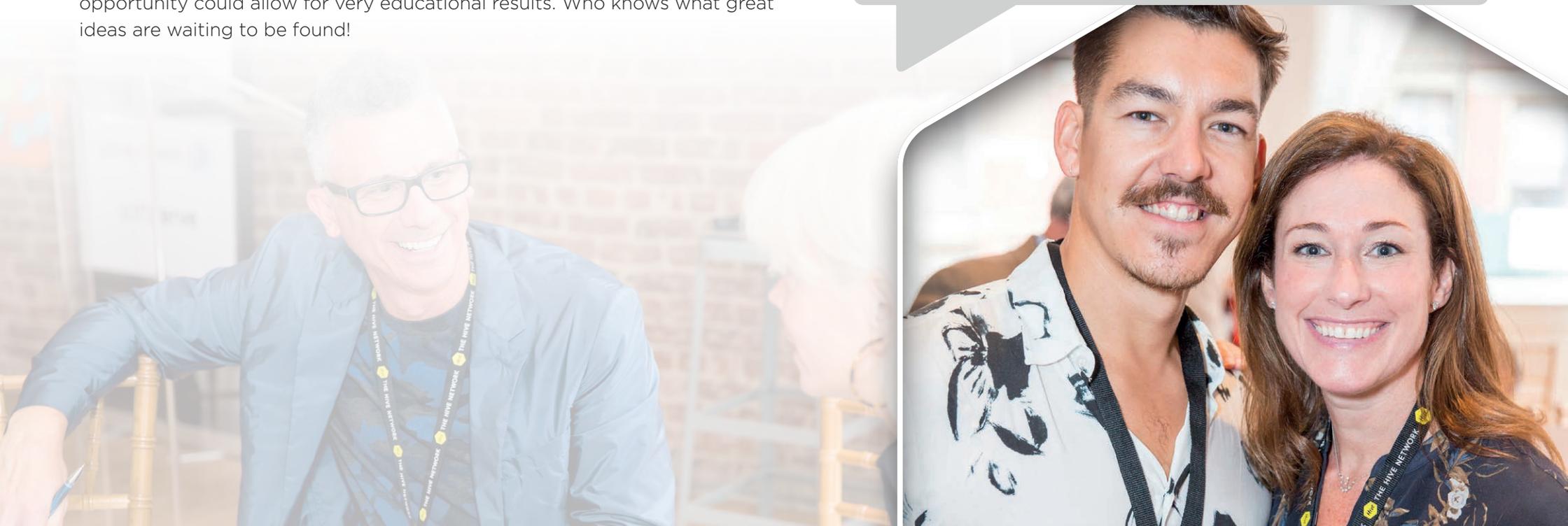
One of the most talked about points was engaging with store teams more consistently and frequently. The roundtable discussions not only uncovered this point, they enabled the groups to dig deeper and discuss ways to do so. We heard new terms such as “phygital” as well as key terms such as authenticity, culture and community. We also established the “Role of the Store” is still up for debate. Affording internal retail teams the same opportunity could allow for very educational results. Who knows what great ideas are waiting to be found!

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Great private but open event for retailers and brands sharing REAL insight and REAL solutions. Fantastic - don't miss it

FitFlop

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ROLE OF THE STORE

Moderated by Joshua Schaffel - Director of Retail Support & DSA, Giorgio Armani

KEY TAKEAWAYS:

Listen to what your customers want!

Customers want trust, personality and authentic engagement (both online and in-store), regardless of shopping channel.

Stores are commercials for brands

Your store represents your company culture in all aspects. When it comes to store associates, you're not hiring; you're casting! Psychology and individuality are key in training associates - approaches will vary from company to company; there is no one size fits all!

Energize store staff with information, product knowledge and brand identity

Stay true to brand heritage by training and developing store teams to maintain brand values whilst simultaneously understanding different customers, what they want and how they like to be engaged/communicated.

Bringing back personal experience in store

The selling culture needs to change: the sales associate is the key conversion factor so store staff should be perceptive and authentic in order to provide an experience above selling.

Phygital = physical + digital

Retail and online are one single entity. Aligning online and in-store to provide a seamless customer experience is essential.

Overcome the tension between local store control vs global corporate vision

Corporate and retail have to work together. Try having sellers experience the corporate office and corporate employees work in store for a day to better understand and respect each-other's roles.

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Friendly and well organized team who put on a considered and thought-out event. The roundtable topics provided a strong theme of discussions.

Hugo Boss

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2

WHAT DO CUSTOMERS WANT?

Moderated by Sherri Valenti - Founder, Brand Lucence

DISCUSSION SUMMARY:

The roundtable raised a number of pertinent topics that reflect both external and internal factors. The general consensus is that customers want a consistent experience across all channels. An omnichannel approach that delivers the same message and experience in-store and online fosters brand authenticity, which is extremely important to customers. They also want a seamless experience that is personalized to them. For example, nurturing customer relationships via clienteling online as well as in-store can create a more holistic, personalized experience.

From a business perspective, a complete view of the customer is critical, yet many retailers do not share data and insights internally across departments. Solving this issue will help retailers not only to better understand their customers, but also to facilitate their desired seamless, personalized experiences.

Ultimately, the ability to 'surprise and delight' customers with meaningful experiences that are authentic to your brand will foster brand loyalty, thereby increasing customer lifetime value.



2

WHAT DO CUSTOMERS WANT?

Moderated by Sherri Valenti - Founder, Brand Lucence

KEY TAKEAWAYS:

Personalized experience drives higher conversion

Set up customers to get weekly feedback on their experience.
Fix major pain points first and then personalize their experience to nurture the relationship.

Customers expect the same customer service both online and in-store

Empower sales associates to have an online presence through clienteling online.

Brands need a purpose and one brand message

Create a unique experience akin to the brand and ensure omnichannel sales with one consistent brand message.

Customers want a seamless experience

A holistic view of the customer is critical. Achieve this by sharing data and insights across departments. Go one step further by merging traditional marketing and digital marketing teams.

Inventory forecasting is still a challenge

Plan your inventory carefully but be conscious of changes.
Remember that client conversion is more important than having the perfect inventory.

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A great networker for sharing best practice, discussing many different topics and challenges.

The White Company

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SPOTLIGHT INTERVIEW

with John Sadeghipoor - Global Head of Digital Marketing, FitFlop

Talk to us about some of the innovative ways you're using channels to engage customers.

John: At FitFlop we are using the latest digital marketing BETAs from some of the biggest paid platforms available right now, globally, with Quantcast, Google, YouTube and Facebook being our incubator partners. We've got test budgets assigned to do exactly that - test new things we wouldn't normally try via BAU. We're aiming to reach 100% new audiences through prospecting and testing new, rich, "thumb-stoppingly-good" creative - which is intended to reach-out and elevate our brand - it's making people look, listen, engage and, ultimately, get inspired to shop at FitFlop.com.xn

What are the biggest hurdles you've encountered along the way?

John: One of the main challenges that we've faced with paid social is injecting newness into our creative. We've learnt that failing to do so leads to ad fatigue - which is the biggest fear for digital marketers as your Return On Advertising Spend (ROAS) drops, and you are essentially reducing performance. So actually there is a real metric behind why you want "thumb-stoppingly-good" creative: it's not just a buzzword! It means that you're able to make people stop, listen, touch and buy. Our creative projects bring our Brand and Digital teams together in a really productive way. We're one team essentially, driving forward our Brand through Digital.

The ROAS metric can be measured from the Facebook pixel, which measures post-view interactions to the website - this could include visits to the product page, adding a product to basket or even customers signing up to the newsletter. All are "soft" conversion metrics but ultimately you want people to buy and you want them to be a new customer. We also have Facebook Attribution on the way.

Why do new customers matter more than retaining existing customers?

John: At FitFlop we have to consider CLTV and acquisition of new customers means injecting more customers into our customer database. As a brand we like to have a lot of fun and we know that humour resonates well in video. We also use fun, rich colours in our media which resonates well. By adding filters and product tagging can drive customer behaviour so they can go from that awareness/consideration stage, through to purchase. And even if they don't buy there and then they may go offline and buy from our Partners. The more money people spend with us the more we can invest! If we can drive more frequency and recency of purchases that means that CLTV increases, ROAS goes up and overall ROI is better which means there will be more money to invest in the future for further growth.

What is your biggest takeaway from the day?

John: What is really reassuring is that all brands and retailers seem to be facing the exact same challenges at the same time, and what today's session has done is open up a dialogue with other brands that you wouldn't of normally had.

3

DATA, ANALYTICS & CUSTOMER VISIBILITY IN AN OMNICHANNEL WORLD

Moderated by Jess Vadino - Global Digital Strategy & Experience Leader, SoftServe

DISCUSSION SUMMARY:

The discussions around data were best summarized by saying: data is rarely just right. Whether it's not enough, too much, not organized, in disparate systems, or just telling the story we don't want to tell... data is rarely a straightforward picture. It's more like a connect-the-dots page where the lines haven't been drawn in yet!

But what we have learned is therein lies our opportunity! Start with whatever data you have. Whether you have one data point or a million, one system or nine, it's a starting point. Figure out what you want your data to do for you, and what data points are critical to that. Understand what data your customers are currently giving you, what they're willing to give you (nearly anything in the US — you just have to ask, and offer something of value in return!), and most importantly — what you'll do with it.

Our greatest takeaway of the day:

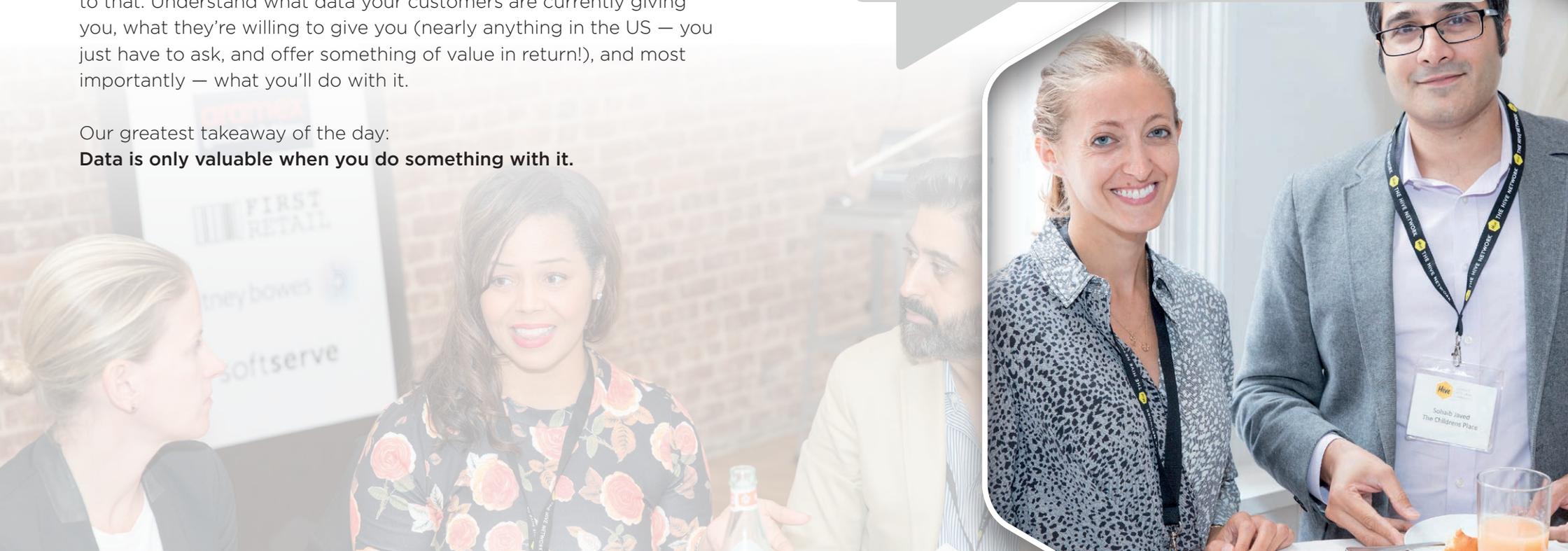
Data is only valuable when you do something with it.

“

I would recommend other industry leaders to attend Hive events. It's a great way to learn from your peers across a diversified group of organizations.

The Children's Place

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DATA, ANALYTICS & CUSTOMER VISIBILITY IN AN OMNICHANNEL WORLD

Moderated by Jess Vadino - Global Digital Strategy & Experience Leader, SoftServe

KEY TAKEAWAYS:

You can never have too much data

Whilst connecting data and actioning on it to drive sales is a challenge for all, you can never have too much of it! Data could be historic data or newly acquired customer information – whatever you've got, use it!

We are all challenged with collating customer data from multiple resources

When understanding and gathering customer data – feedback from store teams and customer service is critical. Try incentivising customers to give you the data (for value in exchange).

Avoid analysis paralysis

Make sure that everyone understands the purpose and objectives of data analysis - and how to use it! Incentivise the use of the right data. Don't overthink the data so that a decision is never taken. And remember, analysts don't have a monopoly on being analytical!

Sometimes simple solutions exist

Before over-complicating efforts, think simple! Test data mining through excel before investing in software. Look for small wins and focus on low hanging fruit and actionable wins to move forward.

Measuring brand awareness is difficult!

But it is possible to do more measurement by separating it out onto a separate P&L. Remember, it's difficult to attach ROI to every single marketing activity and ROI/ROE could be both qualitative and quantitative. Brand awareness should be at the top of funnel marketing. Combine multiple attribution models to get the full picture.

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The Retail Hive has created a group of professionals who are passionate about sharing ideas, working through and creating disruption.

Saks Fifth Avenue

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Define your main priority

Is it new customer acquisition? Is it Loyalty? Whatever it is, know it and define it! Identify key KPIs for the business and communicate to the team for focus.

Stay ahead of curve but always ask what your customers want

Data is subjective: ask the right question first, then follow with the data support. Look at data in a way that matches the question but also use the right time period. Knowing which questions you're trying to answer is key to getting good and usable data.

4

SEAMLESS CROSS CHANNEL CUSTOMER JOURNEYS

Moderated by Gam Dias, Co-Founder, First Retail

DISCUSSION SUMMARY:

There is a new holy grail for retail - a truly seamless omnichannel experience. It has no single definition but instead is dependent on brand, channel and customer profile. Channels are proliferating and customers flock to any and all of them as per their whim. Retailers are challenged with creating a consistent experience, allowing the customer to switch channels without friction.

During the discussions we concluded that the challenge is rooted in the legacy silos organization and metrics. Executive commitment is needed to remove the silos, to correctly align performance measures, to create cross-functional roles and to enforce policy across agencies and distribution partners. Culturally the organization must place the customer at the center of every business process, requiring a fundamental shift in mindset.

The frictionless customer experience is also underpinned by systems that transport information to all customer touchpoints and insight to any decision maker. We have not yet witnessed the full potential of the smartphone and we are scratching the surface of programmatic retailing. Retail is busy reinventing itself, we live in exciting times!

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The Retail Hive is a great networker for sharing best practice and discussing many different topics and challenges.

Watches of Switzerland

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4

SEAMLESS CROSS CHANNEL CUSTOMER JOURNEYS

Moderated by Gam Dias, Co-Founder, First Retail

KEY TAKEAWAYS:

Apps are a core channel as long as you are willing to invest in their purpose

Whilst the industry trend is moving toward use of mobile apps for customer engagement, having an app is not enough unless there is a holistic app strategy. Mobile apps are arguably most valuable as a real estate chip or to gain customer attention rather than a revenue growth channel alone. Consider apps vs mobile sites vs GDPR vs sales – how are you driving customers across channels? Most importantly, you must know the channel KPIs and be willing to invest!

Predict what your customers want and proactively deliver it

Understanding what your customers want now will allow you to predict what they want next and proactively respond by fulfilling it.

360 customer view needs to be segmented because there is just too much data

Leaders are able to capture and leverage all customer data across all channels of the business. Knowing what to do with the right data and thinking about other ways to use the data you have is key!

Don't run before you can walk. Do fewer things but do them well!

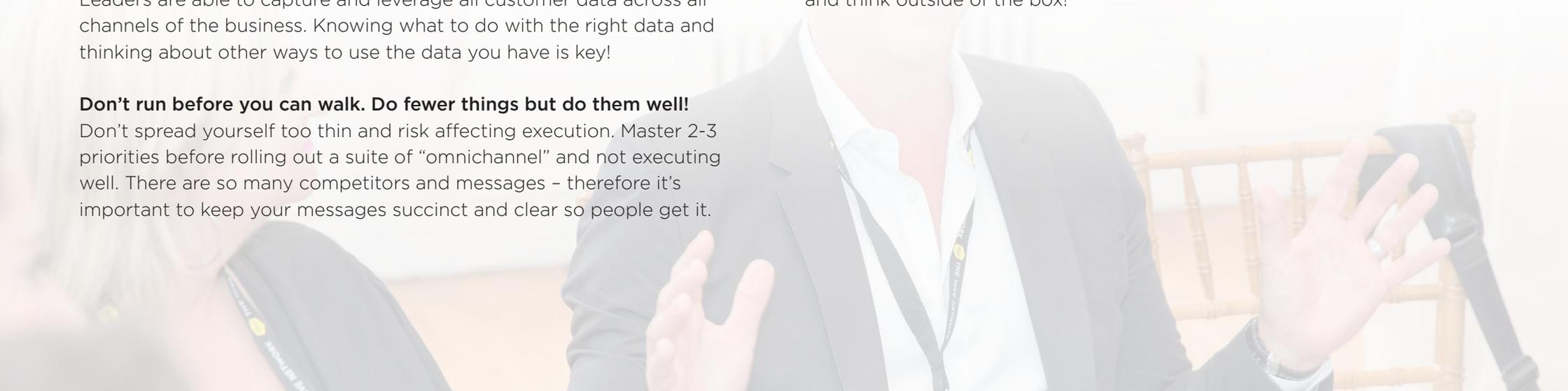
Don't spread yourself too thin and risk affecting execution. Master 2-3 priorities before rolling out a suite of “omnichannel” and not executing well. There are so many competitors and messages – therefore it's important to keep your messages succinct and clear so people get it.

Consider a drop ship vs wholesale mix for partners

The biggest benefit to drop-shipping is the ability to offer a large selection of product without purchasing inventory upfront, and subsequently managing that inventory. It is also a great tool to help diversify your inventory and test products.

All companies face the same challenges with evolving their mentality around technology

Connecting journeys across channels is a major technology talent for retail brands. Omni's biggest obstacle is siloed processes, teams and databases. Technology is an enabler – people, process and therefore management matter! Everyone needs to share and be trained in the company vision starting with top management providing clear direction across all levels. Try organising your mar-tech team by customer journey and experience. Hire a change management team to help gain support of cross functional teams. To attract great talent you need to do it right and think outside of the box!





SPOTLIGHT INTERVIEW

with Marianna Satanás - General Manager Sales & Marketing, WelleCo

What common challenges have you seen retailers grappling with when it comes to cross-channel customer journeys?

Marianna: The most common challenge I've seen with retailers over the past couple of years, and to the present day, is actually the organisational change associated with what it means to be omnichannel. A lot of people don't like the term as they don't know what it means. We say we want to be omnichannel but when the plan of what it takes to execute is in front of us, we hold back. So the challenge is grasping what it takes to be omnichannel and having the right people and processes in place to achieve it. It's also understanding that you have to put the customer at the forefront of everything that you do - it's not just about the brand anymore!

In your opinion, what is "omnichannel" commonly considered to mean?

Marianna: A lot of people think omnichannel is about having inventory. If you have inventory in store then customers can order from site with a seamless experience - however, this is only one element of it. Other elements include ordering online and picking up in-store, shipping from store or completing returns. Also what does it look like when the customer goes into the store? Stores need to be clearly signposted so that customers don't need to ask sales assistants where they go to pick up, every time they walk in to the store! Stores should have a beautiful looking concierge to create an enjoyable in-store experience and give the sales assistant an opportunity to up-sell and cross-sell.



5

DRIVING CUSTOMER LOYALTY & IMPROVING CUSTOMER LIFETIME VALUE

Moderated by Andy Reid - Global Director for Retail Marketing, Pitney Bowes

DISCUSSION SUMMARY:

From our conversations it became clear to me that the personal touch is coming back to retail, and stronger than ever before! Personal shoppers, styling advisors, concierge services, after hours exclusive access parties - all techniques to bring the human touch back to the purchase experience. Overall retailers are continually striving to understand their customers across all physical and digital channels. There's no "online / offline" in retail these days - it's all just shopping. And the old adage "The Customer is King" is clearly as relevant today as it ever has been - the future is bright for retail!

Here's what we learned:

Innovators are creating highly personalized experiences for their most important customers. In stores, this manifests as clienteling. i.e. A one-to-one relationship built by staff to specific customers. In this scenario, personal information about customers is moving out of black books into high quality information rich apps on mobile devices. Often, to enable this...

Retailers are striving for a single, connected view of the customer across channels. This is required both from a customer experience and data protection compliance perspective. But...

Retailers are at different levels of sophistication when it comes to managing customer information. Some retailers have entire Data and Analytics functions baked into their processes. Others have years of customer data and no experience on how best to use it. Importantly...

Retailers hugely value their physical store presence. Stores offer an essential channel in creating a differentiated and personal experience and store staff are often encouraged to add a local and personal feel to their customer relationships and interactions. The impact of this is measurable because...

We are seeing a shift from metric centric measurement within retailers to customer centric. i.e. It's less about the transaction types and more about the customer types. Less about which category is selling, more about which segment is buying.



5

DRIVING CUSTOMER LOYALTY & IMPROVING CUSTOMER LIFETIME VALUE

Moderated by Andy Reid - Global Director for Retail Marketing, Pitney Bowes

KEY TAKEAWAYS:

The key to customer lifetime value is the marriage of personalization and service

Experience is more important than the discount. A personalized experience has the highest value. Think about creating VIP experiences for your most valued customers.

Data analytics can drive and develop loyalty through targeted marketing

Personalization and loyalty mean different things to different people and businesses. Segmentation for acquisition and retention is critical. Data drives personalization which drives loyalty, and customer lifetime value drives investment.

Customer lifetime value is very changeable and you never “win”

CLTV must keep evolving. It is important to test-and-learn. Organisations struggle to budget for long term testing - find a solution to this and reap the rewards.

Relevancy drives loyalty

Social media such as Facebook or YouTube can be a good source of acquiring data which can influence the choices you make regarding the content you share, enabling you to personalize individual customer experiences.

Employee retention = customer retention

A personal service is driven by rich personalities - people buy from people. Sales associates are very important to the business. Train them and hire sales associates with passion. Finding the right employees that are passionate about the brand will help to sell that passion to the customer!

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Loved the Roundtable experience and being given the opportunity to have conversations with colleagues and hearing strategies and challenges.

FitFlop

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SPOTLIGHT INTERVIEW

with Manash Bhattacharjee - eCommerce Head of Product, PepsiCo

Today we are seeing brands and consumer goods companies trying to grow their D2C offering. What are you doing at PepsiCo in this space?

Manash: When you look at a consumer packed goods (CPG) business, 99% of the business typically happens through large partners or through B2B channels. In the case of PepsiCo, the majority of business comes through partners such as Walmart, Target or Tesco and a significant portion also comes from SMEs including restaurants, office managers or convenience stores. D2C typically has not been an area of interest for large businesses, predominantly because customer demand is already being address by large partners, but also because it is hard! You have to figure out marketing, personalisation, shipment, acquisition of users etc. – and the kind of products that PepsiCo or Colgate Palmolive (for example) sell usually are not great profit margin products, so hence D2C is definitely a challenge.

There are advantages to building a D2C channel:

1. If you can figure out consumer acquisitions, quite a lot of your network that's being used for sending products directly to your partners can also be used for D2C for direct fulfilment.
2. You get consumer data. PepsiCo are spending a lot of money around marketing but the majority of the time we don't know who the customer is or when they are buying, and as such we can't figure out how to create a personalised product for them.

So we are seeing that it makes sense to build D2C if you're able to solve these two problems; consumer acquisition and fulfilment direct to customer without incurring additional lament costs.

Digital is still small at PepsiCo and we still want to work with existing partners. However, we are experimenting with D2C specifically through:

1. Creating a brand site where we are retaining consumer data ourselves but asking partners such as Amazon or Walmart to do the fulfilment.
2. Building independent D2C sites where customers can buy direct from the website such as Drinkfinity.



DELIVERY INNOVATION & OMNICHANNEL FULFILMENT

Moderated by Laetitia Arfi - Sales Director - Europe & Americas, AGS (Aramex Global Solutions)

DISCUSSION SUMMARY:

Retailers had varying knowledge about delivery trends and international markets, but all wanted to openly share and discuss their own and common challenges. There was an interesting conversation and case study around fulfilment from stores, and how to bring the same customer experience in-store and online; managing fulfilment capacities and customer expectations at the same time. One area worth mentioning was the growing difficulty around staffing retailer's warehouses and trying to compete against the likes of Amazon to recruit, motivate and keep staff. We also discussed international shipping and the challenges around cost of delivery (especially ex-USA) and customer experience, including how to find the right balance between choice and convenience for customers, versus costs for the retailer?

We concluded that it is worth trying new options for new customer targets or new markets. Going more international with a global partner is one option, then finding the right local partner for growing international markets as a retailer is the next step.

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Great selection of attendees, engaging and meaningful conversations!”

Asos.com

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DELIVERY INNOVATION & OMNICHANNEL FULFILMENT

Moderated by Laetitia Arfi - Sales Director - Europe & Americas, AGS (Aramex Global Solutions)

KEY TAKEAWAYS:

Keeping up with Amazon: one box does not fit all!

Logistics policy must be highly customized to the KPIs of an individual business. Important considerations include: cost, timing and staffing.

Shipping globally is a challenge for both large and small brands

High labour costs, import costs and taxes on US websites are an issue especially for UK brands. Customers don't like paying duties at delivery. Therefore to continue to grow retailers need to focus more on logistics to drive client satisfaction.

Brand awareness supports innovation

Create unique experiences in-store to support brand awareness and marketing.

Scalability is vital for profitability

As customer expectations and competition increase, logistics and fulfilment must work to become more flexible and accommodating. Be careful in how you fulfil from stores. Fulfil the product by managing the customers' expectations. Creative solutions are integral to finding ways to deliver service to the customer. Use different "best in breed" partners for different categories and / or regions.

Internal shipping is difficult without your own fulfilment centre / DC

There is an opportunity around delivery variation based on customer segmentation. Make ship-from-store delivery as accessible and efficient as from warehouse by training and incentivizing.

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Great day! Lots of information and knowledge sharing. Good to see that other businesses and departments and going through the same change and challenges.

WelleCo

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Plan ahead of the time

Be prepared for peak seasons. Planning fulfilment capacity for peak times and promotions is an area of work integral to satisfying customer experience. Be aware of the impact that promotions have on fulfilment.



SPOTLIGHT INTERVIEW

with David Schwerin, Global Director of Operational Planning, YOOX NET-A-PORTER

Delivery is a fantastic opportunity to differentiate on experience – can you tell us a little bit more about what you’re doing in this space at YOOX NET-A-PORTER?

David: We try to make the entire end-to-end experience a luxury experience for the customer. So we offer a number of different delivery options and methods – all of our orders we strive to process and dispatch the same day. Most notable is our Same Day Premier Delivery Service which we offer in our most dense markets; New York, Italy, the UK and Hong Kong. We have branded vans which both work as a marketing tool and also as part of the experience for the customer. They don’t just get a brown paper bag or box; they get a signature box with tissue paper, ribbon and sometimes a handwritten note. The driver stays downstairs and waits whilst the customer tries stuff on and then takes back what is not wanted. We really try to crack the VIP experience for every customer!

So how do you identify and prioritise your VIPs? If you’re doing a same day delivery, surely not everyone can have that?

David: It’s a premium option that you have to pay for. Everyone has the ability to have it but it’s something that we primarily cater to our more frequent customers.



Future Retail Hive Live Meetings...

New meetings for the Retail Hive USA in 2019!

Following this hugely successful launch meeting and requests from USA members to bring more Hive events Stateside, we are planning the following for 2019:

Tuesday 9 April 2019, San Francisco

Data, Analytics & the Connected Customer

Thursday 2 May 2019, Atlanta

Focus on Fulfilment

Wednesday 25 September 2019, New York

Retail Hive USA: Omnichannel and the Future Store

Come and join us...

To register your interest for any of these future Retail Hive meetings please email Amy at amy@thehive-network.com



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To register your interest or refer a colleague for any of our meetings please contact:

Amy Phoenix by phone on +44 (0)203 948 1623 or email: amy@thehive-network.com