Retail

Tom: [00:00:00] Welcome to the industry insights by SAP podcast series. I'm delighted to host this podcast and share key trends and innovations for each of the 25 industries we serve. At SAP. We like to say that we speak the language of our customers. And this language is industry. We've been supporting all industries for more than 50 years now.

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Hi, everyone. Welcome to the industry insights by SAP podcast. My name is Tom Raftery. And with me on the show today, I have my special guest Gemma, Gemma. Welcome to the podcast. Who would you like to introduce?

Gemma: Yeah, thank you very much, Tom. Uh, hi everyone. My name's Gemma Carver. I am, what's known as a customer experience advisor at SAP.

So I work in the customer experience division and I [00:01:00] advise, uh, large enterprise businesses, primarily retailers on all things related to customer experience, but with a very big digital and technology focus.

Tom: Fantastic. Fantastic. And you mentioned retail, Gemma, and that's why we're having the podcast today, because we want to find out what's happening in retail.

So while it's happening,

Gemma: Oh, gosh, lost. It's a very, very fast moving space. As we know, we've had a bumpy couple of years because of COVID we're now in a kind of geopolitical context, which creates even more uncertainty. So in my role, you know, I'm working with, with, uh, all sorts of, of businesses, both in the UK and across Europe.

So the likes of boots, watches a Switzerland. And I work with a, an electronics company in Northern Europe called elk shop, um, many different clients of all shapes and sizes. [00:02:00] And you know, what's happening right now is you kind of have this sorta two speeds, kind of strategic approach, I guess on the one hand you've got retailers who are really trying to.

Uh, you know, look at that kind of near term horizon, continue to get their house in order looking at convenience, personalization, the whole experiential part of retail now. So how do you bring together, you know, the e-commerce piece and then the in-store experience, which there's, you know, more and more demand for that.

Um, So I'd say like the bread and butter really of, uh, you know, of retail continues, uh, you know, to, to kind of challenge retailers. And then on the other hand, you have some of those rapidly emerging trends. You know, I'm thinking specifically of the responsibility. Now, all retailers have to operate in a more sustainable manner.

Um, and the second being of course, You know, w no [00:03:00] podcast is, is complete without mentioning the matter versus reality and virtual reality and all of that. So that's kind of coming rapidly over the horizon and, and coming up more and more in conversations that I'm having.

Tom: Uh, interesting. So we've, we saw a huge, obviously fall off in the number of people going to retail stores when, during lockdowns and things of that are people are going back in the same numbers.

Are people staying, getting their stuff online, or how does that work?

Gemma: So people are going back to stores. Um, we, a lot of the retailers, I talked to a lot of the, actually I talked to a lot of, uh, chief digital officers and chief marketing officers. And what they're saying is that there has been a fallback in this huge surge we saw in e-commerce.

Sales and trading, not as much as, as maybe some feared, like some of the, the, the online trading has absolutely stuck. And, you know, there are brands [00:04:00] like boots, um, like, um, Alec shop, like Harrods, for example, another luxury retailer that I worked with, who've definitely maintained their sort of e-commerce trading position very successfully.

But I think, you know, humans are, are we're social creatures. We want that content. We want that physical experience. So you're seeing people go back into stores and then you're seeing brands try to respond to that, um, in more innovative, interesting ways. So really good example, which I'm sure lots of listeners will have.

Um, heard, uh, you know, in the last couple of weeks is his boots, which is, um, for those that not in the UK, very large beauty, um, and, and sort of pharmacy

retailer, the largest in the UK. And they, um, have a abuser range called non number seven and they have, um, launched an in store free skin analysis, um, uh, program where you can go in, have your scan analyzed, um, [00:05:00] And then they will make recommendations to you, um, around what skincare to use.

And what's interesting about that. And I, I have no inside knowledge on this, but I would imagine that, uh, you know, boots is taking the data that they collect with permission, obviously from their, the customers who have the skin on lives and using that then to inform. Uh, different levels of personalization across the whole kind of return experience.

So loads of interesting stuff happening there, um, you know, that, that I think, and there's a demand and, and I think it's trying to use what's underpinning that. And lots of listeners who work in retail will be familiar with this conversation is the need to personalize the whole experience. So whether you are.

Or whether you're online using an app, maybe you're even in the metaverse or you're on Tik TOK and using social commerce, everything needs to be joined up. And to do that, you need a really strong data foundation and way [00:06:00] of kind of activating that data. So that's a big, big topic of conversation at the moment, but yeah, to come back to your initial question, that the desire to be in store, but actually have it linked to your whole experience and the way you're interacting with a brand is really important.

Tom: The whole idea of personalization. That's not difficult to do online. I got a thing because you get people to register, set up an account and then it's straight forward to personalized offerings to them. But in store, it's gotta be a lot more challenging because, you know, you can just walk into a store.

You don't need to register an account or anything like that. So that's gotta be really hard and to join up the two experiences harder yet again.

Gemma: Yeah, it is, it is definitely a challenge is not impossible. Um, but particularly for established brands, established retailers who have, you know, legacy technology systems, legacy data systems, [00:07:00] um, uh, what we're seeing a lot of happening at the moment is retailers trying to bring all their customer data.

Uh, into one place, tie it together, but also understand, you know, the biggest challenges is the technology pieces is one thing. So where do I put my data? How do I bring it together? How do I map it to, you know, individual customer record? So in store app online, how do we put that against one customer and

make sure it's, you know, eh, the, all the right permissions are there that we can track the permissions that has compliant.

That's one challenge. I think it's quite well understood how to deal with that. But then the second one is right. What do I do with all this data? How am I actually going to w you know, that's what I spend my time doing is talking to all of these brands about. W w what do you, what kind of experience do you want to deliver?

What do you want a customer to, [00:08:00] to, you know, to do when they walk into your store, when they use their app, do you understand what they want? And then work back from there to write, what are you going to do with their information that they've given you permission to use, um, to make it better for them. And so, It's almost like you have to start at the end and you have to actually park the technology piece until you're clear.

What is, what, how are you going to deliver on that promise to put it in kind of marketing terms for the customer, and then you should think, right. How does that feed into, you know, what customers want is they want to feel special. They want to feel like a brand is for them. And, and in order to do that, Actually, you do need to be able to personalize.

So you hear the phrase hyper personalization a lot, which is really, you know, the thing that people in my space been talking about for the last 20 years is that one to one kind of personalization. So not grouping people in segments, but giving Jim [00:09:00] a Carver or Tom Raftery, you know, the, you know, that product, which we know from their behavior, from what they've bought, et cetera.

That they specifically want, or it might not be a product. It might be an experience. It might be something for someone in their family. So it's, it really needs to start with actually the customer. What does that customer want? The story? You're trying to tell about your brand. I'm more back from there to the technology.

Um, so not easy and I think it's important to start in the right place.

Tom: Okay. And I can see if the store is giving me hyper personal recommendations for my skincare, for example, are similar. How that benefits me? How does it benefit the.

Gemma: I mean, ultimately, so in, in, in the kind of retail space, you know, we'll talk a lot about, uh, lifetime value, right?

So it's not just about as a benefit the store, but how it's been benefit the organization as a whole of the [00:10:00] business as a whole. What you're really looking for is, is to deliver such a great. Experience and, you know, to the customer that they're getting the right products at the right time and the right place, but they want to come back again and that the you you're building loyalty.

So ultimately what you're doing from a commercial point of view is you're driving that lifetime value. Right? So the value of a customer. Over their entire lifetime or the lifetime that they've been with you. Um, and that to me is, is the, you know, the kind of pinnacles of success. It's very difficult to, to move that KPI, the key performance indicator.

Um, the other one is you, you know, you want to be able to, you'll have heard of net promoter score. So I'm sure. So you want to be able to drive a positive net promoter score or at least create a good feeling with your customers. They feel positive for you, you know, Once you have that, you, you know, it's very, very precious and you, you want to maintain them.

And I think about boots who have for many, [00:11:00] many years have. Being, you know, probably the most loved brands in the UK, the most trusted, and they work extremely hard to keep that, you know, just speaking to the CMO the other day and talking to him about all the things that they're looking to do to maintain that trusted position.

Um, you know, it's, it's, it's a, it's a gift really, and it's a privilege. So that's another one that you would be really focused on. And once you win it, you have to meet. All right. And

Tom: you mentioned a heightened awareness are a greater importance for things like sustainability. How does that manifest?

Gemma: Oh, gosh, the St.

Vincent, you know, it's such an interesting space in retail because just speaking personally, I, you know, I think we all want to do the right thing, right? When we're, when we're making choices about what we buy, we know about brands, like, you know, Patagonia who has. Put the sustainability message [00:12:00] front and center of, of their brand and what they do and what they sell.

But there are many, many brands and businesses out there who are sort of, who've been struggling, I think, to find a way to really make sustainability. Meaningful within their businesses, but also commercially viable. And the one example that I've come across recently, where it was a kind of a Eureka moment for me and a, you know, maybe I've jumped the gun a little bit, but was it an electronics brand, a European electronics brand?

I won't, I won't name them because it's, it's, they're still working through their strategy, but. What they've done and what they're doing is sustainability and circular economy. I suppose, in that, that circularity, they put it at the heart of their long-term strategy. And what they're looking to do is changed their commercial model, um, to, to make it viable.

So what I mean by that is they're moving, they're looking at how do we move from a sort of, [00:13:00] you know, a buy to own model to. To really kind of subscribe to own model or maybe just to subscribe to exchange models. So what I mean by that is you might buy the latest TV haven't for six months, subscribe, pay a subscription at the end of six months.

You know, you want the next latest TV, let's say you're an early adopter and your level, the kind of the latest gadgets. And then at the end of six, 12 months, you actually send that TV back. You get the next latest model, but then someone like me who is not, I wouldn't call myself an early adopter when it comes to things like TVs.

Um, I, that I would then get that you decide to rent that same TB, uh, probably for a lower subscription price. Um, and, uh, you know, and I would have a, for maybe two, three years, then it goes on to the next consumer type who might be a student who's just looking for something cheap and cheerful. And then eventually you reach end of life, where it gets [00:14:00] sent back to the retailer recycled, or, you know, broken up for parts and so on.

And, uh, you know, and I guess a lot of the components that are our, we used are the precious metals are reused and. It's the implications of that are absolutely massive because you have to totally rewire your supply chain, totally rewire your delivery, your aware housing, create new services, but it also creates, um, a recurring revenue stream.

And from a commercial point of view, a recurring revenue stream subscriptions model is much more. And valuable actually then the kind of, you know, sort of buy at once model. So we'll see how that evolves. But, but that business is, is looking at how do we change our commercial model to put that kind of

circularity and sustainability at the center, but we're seeing lots of different examples of that.

Um, You know, across retail, across [00:15:00] apparel where people are really grappling with it. So I think it's still all to play for in retail in terms of how, w w what, what in the end sustainability and circularity means within that space? Um,

Tom: yeah, it's a fascinating space and we've, we've had it. We've had that on this podcast a couple of times where we talk about retail and sustainability, and it seems to be a, a, a trend, which is unstoppable at this point, which is fantastic.

Gemma: It is unstoppable, but I still think there's ups. There's huge scope for innovation, you know? And, and it, isn't just about how do I make sure that I, you know, I'm, I'm making, uh, my, like let's say an apparel. I used to run digital and innovation for Speedo, and we spent a lot of time looking at how do we, um, can we come up with a range of, of swimwear.

Totally, you know, w recyclable or made from recycled products and so on. That is really, really important. But I also think it's got to be about how do we actually reduce the [00:16:00] consumption of individual items. And so, but, but you have to find a way to square that with the need to continue to sustain a business and grow businesses.

You know, I, it's a very exciting space because I don't think anyone, you know, th there's just so, so much scope for innovation within there, but we haven't found the answers yet.

Tom: And I have to think if you are getting that recurring revenue, that also means you're maintaining a relationship with the customer versus a once-off.

So it goes back to the whole net promoter score that.

Gemma: Absolutely. Like that's, what's so interesting about, you know, working in that space. I mean, I've, I have worked in that sort of environment before in subscriptions based environments and you, you learn so much more about your consumers because they continue to come back.

The hard work is retaining the, that, that subscription obviously, or that, that recurring revenue and, and. Uh, you know, that keeps you, that becomes another KPI that you, that you have to chase. But, but yeah, you [00:17:00] do, you learn a lot about your consumers, but you have to work harder to retain them,

but ultimately if you continue to drive that lifetime value, you should maintain a good net promoter score as well.

Tom: Super, super. Now you promised us. I mentioned of the metaverse. So tell us don't matter breasts

Gemma: I did. And I, you know, again, you know, it's really interesting working in retail because it, it sometimes has a reputation, I think, you know, for, for being a little bit conservative and stayed. But what's so interesting.

Both with social commerce and then that kind of it's blurring now into the metaverse you're seeing an absolute explosion in indefinitely, an experimentation, you know, again, speaking to the CMO of a very, very large brand the other day. And he was saying to me, you know, we are, you know, I'm saying to all our agencies come to me with all the, anything experimental, bring it to me, particularly to the matter verse, [00:18:00] you know, for those who don't know.

No. What the mesh of our say is it is a virtual environment that you access you usually through a kind of, you know, virtual reality headset or so on. It's now possible to, you know, matter. I, AKA Facebook as was, is investing enormous amounts of money in. And creating this separate and, you know, environment and ecosystem.

Um, and you're seeing the likes of, um, Tommy Hilfiger, um, Victoria secrets, um, who else, Barb, we all experimenting with really what, how can we deliver a really great retail experience in the metaverse? How can you, you know, I don't know if you've ever put on a hat. It had said a VR headset, Tom, but it's quite.

Quite quite, uh, you know, what's the word I'm looking for jarring experience when you do it the first time, but it's amazing. I quickly went down and you suddenly feel that you're in that world. And imagine being able to go in and actually buy things, you know, [00:19:00] we're, we're seeing, um, in the states retailers coming together, um, and in, you know, creating kind of virtual shopping, Uh, we can actually go in and make a purchase, you know, and look at fashion shows.

I think Victoria's secrets is even contemplating resurrecting their slightly dubious luxury fashion runway again. Um, you know, so I think there's, it's it, you know, my advice to anyone. Wanting to understand the metaverse is just get in there, you know, find a way to experiment. Um, and, and just try it. Um,

you know, if you're working with agencies, ask your agencies to, you know, to, to find you opportunities to start experimenting, because it will be upon us.

I don't, I don't think it's a flash in the pan. This.

Tom: Cool. Cool. Cool. Okay. We are coming to the end of the podcast now, Gemma, is there any question I haven't asked that you wish I had, or any aspect of this that we've not mentioned that you think is [00:20:00] important for people to.

Gemma: I think, I think we're good on the questions you haven't asked me what I would, I think I'd just reiterate what I've just said, that, you know, the, the drive to experiment and the need to experiment a stronger than it's ever been.

If you haven't got an experimentation capability within your team, or you think you haven't got the budget, just, you know, find a way because. The innovation is necessary at every level, regardless of the size of the business and in retail even more so. Um, and I do see retailers that, you know, maybe are a bit more legacy, have been around a bit longer that really haven't got that kind of muscle memory.

They just haven't got that strength. And the only way to do it is to just create a very small agile team within the organization. Um, and let them off just protect them and let them off. So that would be my, kind of my big message, because I think things are going to accelerate. Now. We're going to see retail change [00:21:00] beyond all recognition in the next five years.

Tom: Fantastic. Fantastic. Excellent. Gemma. That's been really, really interesting. Thanks a million for coming to the podcast. If people want to know more about yourself, John McCarver, or about retail trends or any of the things we discussed in the podcast today, where would you have.

Gemma: So, yeah, well, you can always find me on LinkedIn of course.

So, uh, yeah, just social, my name and I'll be there. Um, and I think if you want to read a bit more about some of the things that I've been talking about, um, on this podcast, um, and to get in touch with our team, you could go to, uh, the future of commerce, uh, website and, uh, you should find lots of information there.

Tom: Cool, cool. We'll put those links in the notes. Thanks so much. Okay. Uh, Gemma, that's been fascinating. Thanks for coming to the podcast. My

Gemma: pleasure. Thanks for having me, Tom,

Tom: thank you for listening to the industry insights by SAP podcast. If you want to explore our industry portfolio to find the solutions you need to run your business better, faster, and simpler.[00:22:00]

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