

## Retail Leaders' Forum May 2017

30 academics, practitioners and Local Data Company colleagues met in Oxford on a warm and sunny day in May to reflect on the contemporary challenges facing retailers and the role of data in meeting these challenges. Following 'stimulus' presentations by four academic-practitioner duos, the delegates were tasked with discussing questions posed by the speakers. Organised in six 'tutorial groups' around four topics, below are their conclusions.

### Session 1 - People

*Valerie Lee - Group Property Director, Clarks*

*Professor Paul Longley - Professor of Geographic Information Science, University College, London*

### Topics/theme for the stream

- What data now tell us about changing consumer behaviour.
- The risks that are inherent in using new forms of data.
- Measuring footfall and what it really tells us.
- The role of data in forecasting future trends.

A consistent theme during the day was the lack of time and resource that practitioners have to make the best use of the data they have available to them. Significant decisions are required to be made very quickly and under considerable pressure, and the time for these decisions is getting shorter and shorter. The pressure to deliver is also increasing, leaving very little time to focus on the wider picture.

The fundamental challenge for our retailers was 'who are our consumers'? It was felt that the holy grail in answering this question is having a truly single view of the customer. It is also important to understand the new and complex role of the retail store in the buying cycle for customers. For example, how many customers see products in store and then go on to purchase online? How is this currently measured, if at all? Sometimes the only reason that people buy online is the increased convenience of having products delivered to their door, but this does not mean that physical stores have had no contribution to making that sale. Perhaps 5% might see a product in-store and then go online and 20% of those customers using stores can be as a result of pure convenience. The convenience element of the decision process makes the location strategy of stores more complicated than ever.



The delegates moved on to discuss how best to understand their customers. The profiles of customers in a local vicinity (and the wants and needs of these customers) need to drive the purpose of the store. This is the heart of getting the omnichannel offer right.

Understanding the nature and quality of that customer group and what they would spend is critical, making sure that the relevance of a store to the whole business is understood in all areas – instore, online, marketing and distribution.

There was a strong feeling around the room that experienced leaders in retail and leisure businesses are there for a reason and that the so-called ‘gut feel’ about a decision is important and should not be ignored. Data should not be used to form the sole basis for decisions, but to support the ‘gut feel’ that might come from years of experience and learning. Going forward from this, is the role of data to inform or to justify business decisions? The context of data is always critical and it is important not to use it in isolation from common sense or experience.

Some delegates felt that there was a general lack of structure within large organisations to facilitate this ‘new world’ of big data, and the increasing need for transparency. Other concerns revolved around using different sources of data with different methodologies, which can often provide a very different picture on similar topics. Defining those key data sources which have the final say is often very difficult and rife with potential mistakes.

The answer to this, some felt, was a more intelligent use of data – understanding limitations for each source and making sure it is always ‘health checked’. Understanding if all the bits of the jigsaw are to hand.

Understanding how they work together and keeping them all in focus is the trick. Our delegates discussed the merits of having objectives and questions to answer with data, but also making sure that they look for the ‘unexpected’ when it comes to data analysis.

What skills are needed to navigate the world of ‘big data’? There was a general feeling that skills were lacking in many companies to enable people to understand and identify what is good data and what is bad data. What are the signs to look for? The delegates felt that in their organisations, there were not many who would be able to answer such questions.

It is also important to understand behaviours of staff in store: managers can have a huge impact on store performance and profitability, and it’s important to have data to understand this. Knowledge is power, and many organisations demand speed in decision making, which can jeopardise solid data analysis. Does this mean big data can hinder decision making because it leads to prevarication?

Overall, it was decided that the key to effective use of data was communicating the value to the organisation’s ‘paymasters’ and using it as the ‘science to back up the art’ – i.e. the data being used to back up intuition and experience. Using data for sales direction, rather than sales prediction. Focusing on quality, not quantity of data must also be relentless, to ensure it is used to help retailers expand, not stifle them.



## Session 2 - Places

*Emma Clarke – Head of UK Property Research, Insight and Strategy, Tesco*

*Dr Jonathan Reynolds, Academic Director, Oxford Institute of Retail Management, University of Oxford*

### Topics/theme for the stream

- What data now tell us about places and their definition.
- The important emerging variables when analysing places.
- The complexities of modelling contemporary catchments.
- The new ways in which places are changing, interacting or competing.

In discussion, delegates felt that it was very important to consider the context of a place in terms of where it sits and how it has/will change over time. The difficulty for large retailers that are based in London is to not become too 'London-centric' and to focus on the whole of the UK as a potential location for new stores and schemes.

The importance of not considering a place as a standalone destination and considering it as part of a network was raised. Understanding how places work together or otherwise could transform how retailers and investors work together to create networks of destinations and unique experiences for shoppers. How places interact with public space and transport networks could also hold an important key to success.

As consumer habits are changing, so is the assortment of shopping missions, and our delegates believed that it is the role of retailers to determine the customer journey for each brand. This is key to creating shopping destinations, tailoring offers to the demand of the consumer. The delegates felt that the hierarchy of retail places is no longer appropriate and a range of characteristics could be used to compare places in a new way, more appropriate to today's retail landscape.

It was felt that gathering information on consumer's spatial behaviours and building profiles for different consumer types is critical to understanding what shoppers truly value. It is no longer appropriate to group people together based on age, as geography and affluence can have a huge impact on likely behaviours and shopping preferences. Our delegates explained that understanding what the purpose of different visits are to places and retail schemes can help to determine whether they are purely transactional or experiential visits, and how these places can be further improved. There was a call from the group for occupiers, landlords and local authorities to work together to improve places and determine a successful future for these locations, despite their differing objectives.

A question was raised about whether Britain's high streets were fit for purpose, with limited parking and other access issues. What is required to re-vamp British high streets and transform them back into thriving locations? Or should the high street make way for the increasing popularity of retail parks and mega malls?



This brought our delegates on to the question: can physical stores be used for multiple purposes? For example, services like Click and Collect combine online retail with physical retail, and the collection of online purchases may result in a consumer stopping for a coffee at that location, or making a purchase on their way out. For leisure, services like Deliveroo and Just Eat have had a massive recent impact on the market, however, this food still needs to be produced for delivery. How can physical leisure businesses support this new demand in a way that ensures longevity for their physical stores? Is it possible to provide delivery services alongside those for conventional in-store customers? Who gets priority? The Deliveroo delivery person who has to respond quickly to the order, or a customer who has been waiting in store for 30 minutes?

Some of the main challenges in this field were the lack of real trend data and the need to co-ordinate amongst many parties to enable aggregation of many data sources into one, cohesive picture that tells a story of a place.

The general consensus was that places cannot be all things to all people.



### Session 3 - Data and Insights

*Alex Singleton – Professor of Geographic Information Science, University of Liverpool*

*James Purvis - Associate Director, Tristan Capital Partners*

#### Topics/themes for the stream

- What data are missing?
- What does data not tell us?
- New techniques in data aggregation, analysis and visualisation.
- Quantifying and qualifying data when there is so much out there.
- The priorities for new sources of data.

The data and insights session began with the delegates wondering about the next technological innovations to hit retail. The market has changed so much over the past few years that it's almost impossible to imagine what might be next for the market. This could affect the relationship between bricks and mortar and online retail even further. This often requires not only one source of data, but several which, in our delegates' experience, can be tricky to manage and control.

Many departments within organisations can provide rich and detailed data, sometimes using legacy systems, in different formats and sometimes resulting in contradicting outcomes, which can make analysis very difficult. Delegates found that in the past, using data from operational teams can sometimes lead to politics within a business and fear of that data being misused. One of the main concerns was the sheer amount of data and the lack of resource that is allocated to understanding it. They asked 'Is there a way to obtain buy-in from other departments to work together?'



Another challenge lay in how to interrogate the data. Retailers used to interrogate data vertically, but due to the sheer amount and many sources, horizontal analysis is also required.

The delegates felt as though to truly understand their customers they would need to spend as much time as possible working to get a single view of the customer journey. A huge challenge for retailers was how to collect data on non-customers to help them fully understand the wider picture, and not just the view on their customer base, which is only a small part of the larger ecosystem.

Time, once again, came up as a major blocker to successful use of data, if you have access to all the data sources you require to get the full picture, then you need time to aggregate that data, pool it and then analyse it carefully. Something which many (if not all) of the delegates felt that they did not have. Further, there was never time to look back and analyse the data when things didn't go quite to plan. Often life was about pushing forward, with new projects and new initiatives, so learning from mistakes could be difficult. Delegates felt pressure to be able to demonstrate the ROI of their data and to ensure that every project is a success, neither of which are easy tasks.

We also looked to the future, what might be next in terms of technology on the horizon in retail? A new era of decision making is on its way and our delegates felt as though even some of the more experienced decision makers within organisations were too far removed from today's consumers and were struggling to truly understand the

new data-filled world as the rate of change gets faster and faster.

Today's consumers will happily provide data to Google, Apple and to sites for online games, but are not so happy to provide data to retailers. How can this gap be bridged? Or can data be collected from what is already out in the public domain, on social media etc.

Upgrading infrastructure and technology was also important to delegates, and thinking about how technology can increase the speed of using data to make decisions was something that they felt needed prioritising as we move further into the digital, data-heavy era of retailing. Our delegates also called for more collaboration between retailers and academics, using the expertise of academics to make the most of the rich data that is produced in many large organisations.



#### **Session 4 - How data can be used to inform decision making/collaboration between academia and business**

*Leigh Sparks – Professor of Retail Studies, University of Stirling*

*Ben Dimson – Head of Retail Business Development, British Land*

## Topics/themes for the stream

- The relationship between academic and commercial research and business decision-making.
- Ensuring research is useful, valuable, and business and policy relevant.
- 'Future-proofing' the research agenda.
- The implications for education and training.

The session was kicked off with questions around whether placement students can be used to support retailers in data analysis. This question was met with much debate, but the general consensus was that this can be successful if the right student can be matched with the right project. Another challenge concerning collaboration between academia and practitioners was the differing focus for academics versus practitioners and what this may mean for research outcomes.

The argument was made that if academics were commercially minded then the research could be actionable and be used by businesses to inform strategy and improve process, but this was a challenge as academics are largely removed from day-to-day business challenges. One of the main reasons that this problem would be difficult to overcome is that academics are measured and indeed rewarded on very different outcomes to businesses, making a fundamental difference in how problems might be approached. Another challenge lies in ensuring buy-in from the entire organisation to make sure that research commissioned from academics is valuable, actionable and that all departments can agree to support a research project however they can, be that with data or resources.

A blocker to successful collaboration that our delegates raised was the huge difference in rates of change and movement for retail versus academia. Businesses often move at a very fast pace and timescales are often pushed, whereas academic research can move at a much slower pace. Is there a way to meet in the middle? Ensuring that research is valuable, and not just 'interesting' was also raised as being also hugely important to ensure that research will solve business problems and is not carried out for common interest purposes.



Our delegates felt like sometimes it was the 'blind leading the blind' when it came to a research business collaboration. The difference in culture and communication styles had been very apparent in the past and they felt that to combat this in the future, a mediator might be required to help a project move forward. However, some also felt that universities and academic institutions should be brave and challenge companies into new ways of thinking and new possibilities with research. There was a feeling that the lack of awareness of the opportunities open to retailers for collaboration with academics was significant and that this was something the entire group felt should be tackled.



There were three key ingredients which would make for successful collaboration:

- The right skills with an opinion on the market.
- A commercial viewpoint.
- Willingness of Senior Leadership Team to adopt a data-centric view.

This could be seen alongside the need to 'wipe the slate clean' and have a fresh approach to data; and the need to combat traditional silo behaviours within departments at large organisations, in order to work towards a wider goal. Many, both academic and practitioner, felt that with LDC's relationships and experience it is well placed to act as a bridge between commercial organisations and academics.

We would once again like to thank all attendees and practitioner leads for what was an excellent day of insight, debate and collaboration. We look forward to holding the next event in 2019.

