
IT'S TIME TO REDEFINE RETAIL AGILITY



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IT'S HARD TO THINK OF A YEAR, IN RECENT HISTORY, WHEN SHOPPING PATTERNS CHANGED AS DRASTICALLY AS THEY DID IN 2020. IN FACT, A RECENT REPORT FROM ACCENTURE REVEALS THAT, AS A RESULT OF THE PANDEMIC, THE RISE IN ONLINE SHOPPING ALONE HAS LED TO 10 YEARS WORTH OF GROWTH IN E-COMMERCE IN A MATTER OF MONTHS. AS WE ENTER A SECOND WAVE OF COVID-19 IN THE UK, THERE'S NO DOUBT THAT THE PACE OF CHANGE IN RETAIL WILL NOT SLOW DOWN AND THAT RETAILERS WILL NEED TO CONTINUE TO ADAPT SWIFTLY TO SURVIVE THE NEXT SIX MONTHS.

For the retailers who find themselves in a position of having to make big changes now, there's inspiration to be taken from those that are already thriving. Retailers who are doing well are the ones that embraced agility head-on such as Ocado and Tesco – recognising early on during the pandemic that they needed to do more than just respond rapidly to changing consumer patterns and new social distancing measures. These retailers are continuously redefining their operations to become more proactive, rather than reactive, and are using data to their advantage.

A NEW NORMAL FOR RETAILERS

To look forward, retailers need to look back. When a UK-wide lockdown hit consumers back in March, the rush to stockpile items resulted in a record month for grocery stores. While this was good news on paper, it presented unprecedented challenges. Retailers had to deal with product shortages, supply chain issues and had to prepare staff to follow new health measures.

At the same time, the rapid growth of online grocers like Ocado - which has now overtaken Tesco as the UK's most valuable retailer - made traditional supermarkets realise they needed to turbo-charge their plans for digital transformation and quickly invest in e-commerce and click-and-collect solutions. What they needed were new platforms for their changing consumers, and better data to manage their supply chains. Grocers quickly learnt that agility in digital transformation, and data, was the key to success in the new normal.

While many supermarkets started thriving in lockdown, other non-essential retail businesses were lower down on the learning curve. When these retailers reopened their doors, after several months of lockdown, they found that customers had new priorities. Retailers such as department stores and clothing shops were faced with consumers who are still wary of going outside and had new spending habits. Yet, they had to find a way to recover from months of lost revenue. Again, many of these retailers learnt that online shopping and within that digital transformation provided a way forward. This was proven by online-born brands such as Farfetch and Zalando both growing, instead of declining over the last six months.

Looking back it quickly becomes clear that the retailers that have been successful, and will likely continue to grow, are those that championed digital transformation efforts. But more importantly, the successful retailers did not just transform themselves digitally, they did so with their consumers changing behaviours in mind. And, critically, they had the ability to take action quickly to meet demands – they had agility built in.

THE BARRIERS TO AGILITY IN RETAIL

Agility has never been more crucial in retail than at this moment. A Workday study on organisational agility showed that top-performing companies were ten times more likely to react quickly to market shifts. These companies found agility by establishing some key processes such as continuous planning as well as data-driven and empowered decision making. The same study surveyed retail leaders to identify the key pain points that exist within the sector.

Only 58% of retail leaders surveyed felt they had the ability to quickly re-allocate employees when their skills were needed elsewhere – a much lower number compared to other industries. Furthermore, only 29% of retail leaders said their employees had full access to the data they needed to make faster decisions. If a store manager doesn't have easy visibility of their employee's own time sheets, the capacity across the business, or consumer spending, how can they decide who to allocate or where to prioritise resources following an overnight change in lockdown measures? Only by shifting their approach to focus on data analytics, agility within their organisation, and a continuous approach to planning will retailers be able to adapt quickly to protect their staff, customers and bottomline.

BUILDING A STRONG FOUNDATION FOR AN AGILE FUTURE

Jill Standish, senior managing director of Accenture's global retail consulting practice, summarised very well what retailers need in order to become agile in a recent podcast: "Be really fast with your decision making, use as much information as you can, and leverage tools and capabilities that you've never had before, so you're not doing it alone". In other words, retailers need more fast, data-driven decision making.

One of our retail customers, for example, was able to use intelligent automation to provide multiple pictures of their budget based on different assumptions about what lies ahead. With the right data in their hands, they were able to get quick answers to the questions that mattered to their business – 'what if half of our shops have to close? What if a third of our frontline workers get sick?'

Having access to data across all aspects of the organisation is a game-changer when it comes to driving agility. It's why John Lewis Partnership decided to accelerate rolling out a unified cloud system across both HR and payroll that provided it with the ability to reduce its operational workload. Reducing the workload has helped John Lewis to allocate the right staff to continue to feed the nation, via Waitrose, while also ensuring that employee engagement across all staff components remains high. As we enter a second wave of COVID-19, the investment John Lewis has made will be fundamental in ensuring it stays ahead of the curve as new lockdown measures are put in place. With all retailers still recovering, being quick to adapt in case a second full lockdown hits can be what separates those that survive 2020 from those that don't.



BETTER DECISIONS TO THRIVE BEYOND 2020

As the last months have shown, success in retail will come down to digital transformation and agility. To thrive in the new normal, retailers will need to be ready to adapt quickly to meet consumers' rapidly changing requirements. Brands that plot a course that embraces continuous planning and investment in digital transformation are the ones that will recover quickly and ultimately triumph.

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