



THE FUTURE OF RETAIL
FOOD FOR THOUGHT

Kéa Partners
for transformation



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The Transformation Alliance 

10 - 2018



10 KEY TOPICS TO COPE WITH FOR MORE GROWTH, MORE PROFITABILITY AND MORE EMPLOYEE ENGAGEMENT!

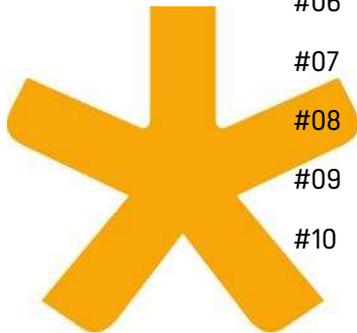
Economic slowdown, new players, price war, e-commerce dilutive impact, new consumption patterns... Retailers must reinvent themselves to face these new trends.

To do so, we are glad to share with you 10 insights to help you in designing and implementing new ways of working and approaches that prepare organizations for coming changes.

Performance, differentiation, innovation, omni-channel strategy, branded relationship, employee engagement... so many key challenges to be taken.

Have a good reading!

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BUSINESS MODEL:
FOCUS ON PERFORMANCE

#01/10



Why re-focusing your business model has never been so essential?

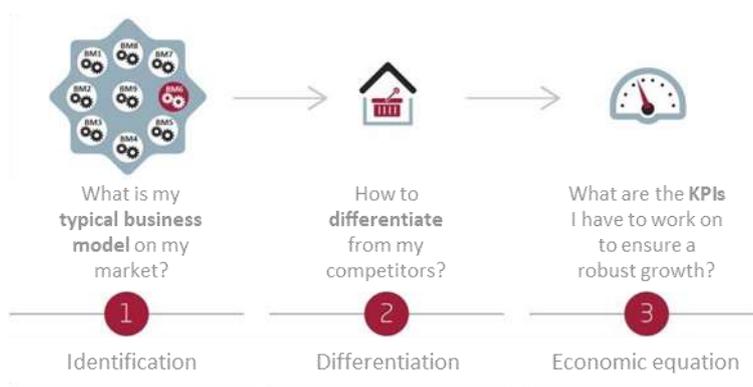
Retailers are increasingly polymorphic: multiformat, multirange, multichannel. Their search for growth associated with profound changes in consumer expectations has driven them to extend themselves. From our experience, this gradual adaptation has led many retailers to move away from their business model and to ultimately deteriorate their economic performance.

Retailers need more than ever to identify their target business model(s) and to stick to it, in order to strongly maintain their positioning and accelerate their development. Several business models can coexist within a company, starting with the digital and the physical ones: the key is to manage and steer each of them, or even to exploit synergies between them.

We are convinced that successful companies are those that have clearly identified their business model(s), closely steer the associated Key Performance Indicators, and use them to define their development model. **It is this virtuous circle that we suggest you to explore.**

The 3 steps

to master your business model



IDENTIFICATION: Decipher your market by taking the perspective of business models

In a first step, you need to understand the different business models in your sector of activity, to identify your target.

Each retail sector has its own business models: food, handiwork, textile, beauty-health, culture-leisure, home equipment, sports, etc.

Let's take the example of the textile sector.

Six main business models are emerging, with a specific combination of target customers / format / offer / economic equation / value chain:

- > The large-format discount brand (Kiabi, Chaussea, Gémó, etc.)
- > The mass market brand (Camaïeu, Bershka, Eram, Undiz, etc.)
- > The global brand (H&M, Zara, Primark, Uniqlo, etc.)
- > The upper market brand (Massimo Dutti, Scotch & Soda, Desigual, etc.)
- > The creative brand (the Kooples, Ba&sh, Sandro, Maje, J. Crew, etc.)
- > The luxury brand (Chanel, Prada, Gucci, etc.)

Once the target business model has been identified, its key success factor has to be singled out: this is the priority point to concentrate your efforts on in order to improve performance.

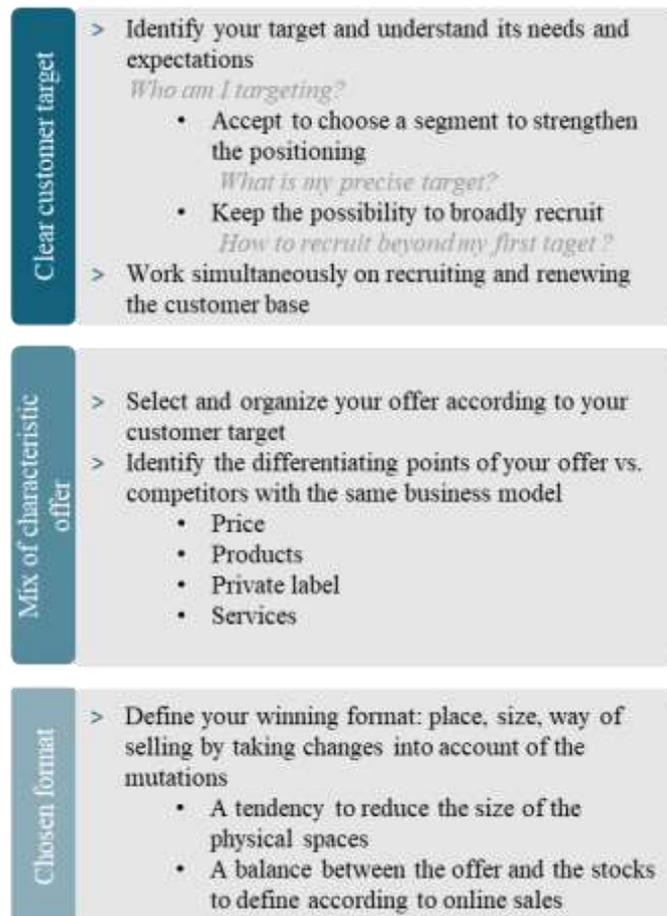
BUSINESS MODEL	KEY SUCCESS FACTOR
Large-format discount brand	Cover 100% of the target consumer group's usages (working class & families), proposing the lowest prices on the market
Mass market brand	Reach the critical mass: densified store network and affordable product offer
Global brand	Rely on a "global fashion" offer to attract all social classes
Upper market brand	Express a strong brand identity , targeting customers from big cities
Creative brand	Adopt the creation and luxury codes while making them affordable
Luxury brand	Invest in a unique experience, beyond the product

We are deliberately simplifying the pattern here, in order to highlight each business model's main key success factor. This helps in identifying the firm's "vital" work priorities.



DIFFERENTIATION: Define your playground

After having identified the company's business model, it is time to make choices to specify its value proposition: target customers group, brand promise, development format... Everything must be coherent, of course!



For each value proposition an optimal distribution mix exists, combining physical and digital. Each retailer must define the target size of its distribution network, as well as the target e-commerce weight and role. For a "digital native" brand like Sézane, this distribution mix is radical, with an exclusive online presence and a single Parisian showroom.

ECONOMIC EQUATION: Drive it to reach your business model target

Having identified its business model in its market and delineated its playground, the firm must now play its part skillfully. To this end, it will control the execution of its business model by comparing its current ratios with the target ratios to reach.

Let's take again our example of the clothing market to have a closer look at a practical case of a creative brand (also known as "affordable luxury").

Key components of the economic equation	Target ratios of a creative brand
Turnover (taxes included) by square meter	15 k€
Transformation rate	20%
Gros sales margin	70%
Staff costs	15%
Marketing costs	3-5%
Contribution from a brand store before head office costs	30%

EXAMPLE

We realize with the general manager of a creative brand retailer that its gross margin rate is only 63%. The first lever of margin optimization that we identify is the rebalancing of its collection structure: prioritization on products with high margins, rationalization of certain families, amplification of best-sellers. We then tackle the revision of the price structure to better balance the price quartiles. Finally, we organize a work project on sourcing: rationalization of the supplier portfolio, establishment of partnerships, flexibilization of purchases.

It is also essential to drive the capital intensity of its model beyond the bottom line. A ROCE of 10% is an accessible ambition, which can be achieved by various business models, including some with low margins. A special attention should be paid to the rotation of the stocks, distinguishing the structural stocks of the manageable ones.

CONCLUSION

The business model, far from being outdated in the age of the necessary agility of companies, constitutes the compass of a strategy: it sets the course of a mastered development path.

We should still stay aware of the structural changes in the market. To seize significant opportunities for growth or to cope with major changes in competition, it is sometimes necessary to invent new business models or even to reinvent in depth its existing business model.

Kea supports distribution companies and groups in their reflexions, especially in the context of strategic plans.





INNOVATION

#02/10

UNLEASH YOUR POTENTIAL!



Do not wait to innovate!

To innovate has become a condition of survival for retailers. Confronted with the competition of pure players or new entrants in saturated markets, they must now more than ever turn to innovation to foster their attractiveness and competitiveness.

We see innovation as a series of jumps that will allow a retailer to create a differentiating value proposition for its customers, whether it applies to the offer, the level of service or the cost structure, or even to all these components combined.

In retail, innovation often takes the form of an innovation of services, which needs to be fed continuously and incrementally. It makes participatory approaches, also called Open Innovation, all the more relevant. But the innovations concerning processes or tools are not to be left behind even if they are less visible for the customer. They can even prove to be disruptive, like the flexible and integrated logistic model set up by Zara in the years 1990, which has structurally transformed the textile market.

How to generate and bring innovation to a retailer? Is there a method to innovate, are there proven processes, privileged pathways to explore?

At Kea, we believe that three key success factors are essential for the release of the innovation potential of a retailer:

- > The development of the innovation capacity of the employees,
- > The deployment of a culture of action,
- > The creation and animation of an active external ecosystem.

The three key success factors of innovation



DEVELOP YOUR CAPACITY OF INTERNAL INNOVATION: What if you gave yourself the means and resources to create?

Innovation is not a claim: you have to work on it! The challenge is to develop the company's sustainable capacity to generate, catalyse, test and make ideas evolve over time. It is in such a fertile environment that disruptive innovations will have a chance to appear.

The Bricks & mortar possess **an incomparable asset to activate**: their broad network of employees in contact with the customer, a rich potential of creativity still too often untapped, rendering the generation of service innovations possible. You have in your teams "Steve Jobs" to reveal!

To seize this potential, **a real animation process must be set up in the company**: innovation has to be organized and managed. From our experience, three prerequisites are indispensable. In the first place, innovation requires **resources**, starting with a "high-ranking" manager with room for manoeuvre and support in the organization. Second, innovation requires a **framework**: the vision and the strategic project in which it fits. Finally, innovation must have **means of action**: a place in the governance and dedicated budgets will be decisive for this purpose.

Aware of these recommendations, it is up to each retailer to put in place the initiatives most adapted to its culture and its objectives. Be inspired by the three following examples.



A PLATFORM FOR INNOVATION



JUMP

BNP Paribas participatory platform for innovation

The platform is accessible to all employees. At the first connection, they indicate areas of expertise and interests. Each employee can share his/her idea anonymously. Experts are then automatically detected and will work with innovators on a work platform for 10 days. Then the innovator decides to continue or not, depending on the feedbacks he or she has received.

AN INNOVATION CONTEST



KANGAROO FUND

Pernod Ricard intrapreneurship contest

The contest is open to the 19 000 employees of the group. Employees can submit a project, selected by a jury. The 40 projects selected dispose of a budget of 5 000 € each to develop a prototype during a limited time. The top 10 projects benefit from an in-depth feasibility study. The projects selected in the final phase are incubated with the support of a dedicated team.

A "VILLAGE" OF INNOVATION



ALIVE*

Space to accelerate innovation culture at Décathlon

The place is integrated in the Campus of the retailer, in Villeneuve d'Ascq. It was co-built with the various internal functions. 400 m² of a former store have been reconverted and serve as a place for workshops to inject new working methods into the group, to imagine the uses of the future by experimenting before everyone new technologies, and to incubate promising projects.

*All Living Innovation Values Everyday

DEPLOY A CULTURE OF ACTION: What if you dared to experiment?

The development of a culture of experimentation and the "right to make mistakes" is an indispensable ingredient of innovation, as demonstrated by the retailer Décathlon. Its latest concept of connected store, with an opening at Englos, developed under the evocative name of "DARE", is the most recent proof of this culture: it is obvious – whatever the result of this life-size test – that it will be rich of teachings and learnings for the retailer.

The setting up of such a culture requires real skills, which can be developed with the help of innovative ways of working such as **design thinking, methods of creativity or ideation** or **agile approaches**. The Agile Marketing approaches developed by Kea allow, for example, to accelerate the launch of service innovations, while maximizing the customer impact.

This constitutes a **real cultural jump** to operate for companies sometimes more used to planning than experimenting, to project mode than to agile mode, to a go/no go decision system than to a continuous improvement system powered by measurement.

To support this jump, two types of approaches can be considered: a dedicated Lab-type team or a more participative intrapreneurship program.



THE LABS



The Labs are innovation structures which key mission is to support projects in "Start-up" mode. A dedicated multidisciplinary team, often composed of engineers and designers, it is in charge of designing prototypes of products or services and testing them with consumers or customers. The Labs are usually isolated from the rest of the company to benefit from time and freedom in the upstream phases. However, the link between the Lab and the rest of the organization is not to be underestimated downstream, in order to plant the seeds of new ideas in the company.

Ex: **TescoLabs**, a dedicated team of 25 people, whose mission is to generate and prototype innovations to improve customer experience and operational performance.

INTRAPRENEURSHIP PROGRAMS



Such programs are designed to generate and support the maturation of internal projects carried out by the company's employees. They generally rely on a competition-type selection process to animate the selection of ideas. The employees whose idea is selected benefit from time, a budget and a methodological support to concretize and test their idea.

Ex: **Program "Creative Attitude" by Auchan, or "Innovation Play" by Kiabi**. Employees can submit ideas via a platform. The selected employees are supported by professional coaches or experts, and benefit from dedicated time and financial assistance to concretize their idea.

For *retailers*, whatever the process chosen, **the involvement of the stores in the experimentation** is decisive and must be organized based on groups of pilot stores, with skilled and motivated teams, which will be able to ensure the test of innovative initiatives in the stores.

CREATE AND ANIMATE AN ACTIVE INTERNAL ECOSYSTEM: What if you became the leader of a community of pioneers?

Being open minded and collaborating with external partners, start-ups, suppliers, experts or customers, are powerful accelerators of innovation capacity. **Innovating within an ecosystem makes it possible to innovate faster and cheaper.**

This openness is particularly key to ensure **the monitoring and the integration of technological innovations at the right pace**. From customer experience or last-mile logistics, to Retail Analytics tools, solutions flourish on the market and do not all deserve internal development, which could sometimes be tedious. The ability to work with a start-up ecosystem and innovative suppliers becomes a competitive advantage for retailers.

A certain focus is necessary in order to not getting lost. The company needs to be clear about the communities it wants to get involve with in priority and how to connect them. The company will also have to give itself the means **to animate them in the long run, taking into account their ways of functioning, to establish a true win-win relationship.**



INNOVATE WITH START-UPS



J-LAB

John Lewis's accelerator

Opened in 2014, the J-Lab is organized by a call-to-project system in predefined categories (in 2016: *Health & Well-Being, Simplify my life, Effortless Shopping, Tech for Kids, Surprise us*).

Selected projects are coached and then "pitched" in front of a jury in charge of ranking them.

The finalists are supported by John Lewis to identify opportunities or points of application.

A robot designer, a *wedding planner* and a sales application via Instagram are among the 5 winners of the 2016 edition.

INNOVATE WITH SUPPLIERS



THE « GRAND PRIX » OF INNOVATION FOR SMALL AND MEDIUM-SIZED COMPANIES

Intermarché

80% of the suppliers of the "Groupement des Mousquetaires" are small and medium-sized companies. Since 2011, the retailer has offered them to present their innovative products in a contest enabling them to win 4 months of guaranteed referencing. The final winner, designated by the consumers, benefits from a 4-month renewal and promotional operations.

INNOVATE WITH STUDENTS



THE WEB SCHOOL FACTORY

Partnerships: Accor, PMU

The Web School Factory is a school of Web functions located in Paris. The business partners of the school have the opportunity to interact with students, to generate and confront ideas and to benefit from the skills of the students in the project management.

For example, during the weekly "anti-masterclasses", an operational team is present to ask students to challenge its ideas and work with it on the uses to be imagined. During the weekend challenges, students have 36 hours to work as a team to imagine solutions that respond to the company's pitch.

CONCLUSION

Innovation is more than just pure chance. It is based on the setting up of conditions for the emergence, development and amplification of initiatives and experiments. It is a profound cultural change that is to be operated and supported. The good news is that this transformation is a great vector of motivation and energy for your teams. It only waits for your impulse to start!

And you, which new idea are you launching tomorrow to unleash your potential for innovation?



BRANDED RELATIONSHIP

#03/10

CREATE CUSTOMER’S PREFERENCE!



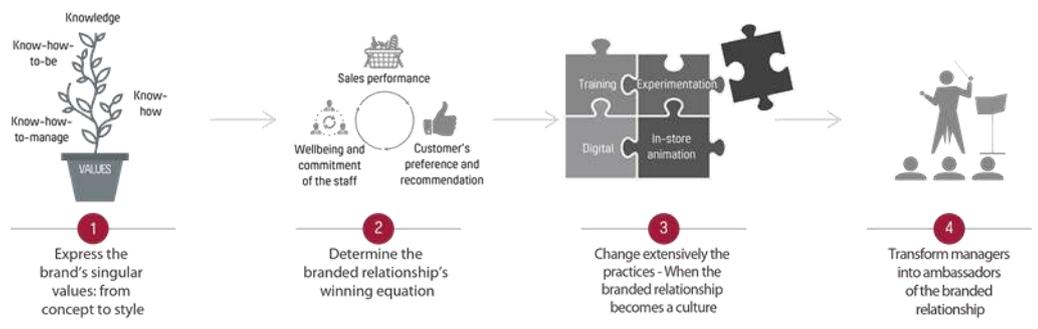
Express your singularity to offer a unique customer experience

Nowadays, all the Retailers invest in the expression of their brand’s tangible assets (store concept, communication...), but far too often, they neglect the quality of the interaction between clients and employees.

The “in-store welcome”, the checkout process or the return management are all **moments of truth** during which the client concretely and emotionally experiences the chain’s values and promises. Leading retailers like Leroy Merlin or Jacques Dessange have already sized the matter and are developing unique and **consistent customer experiences** covering every aspects of the client’s contact point.

The customer experience impacts all retail concepts and distribution formats. Let’s take the Drive as an example: 90% of the customer path is digitalized but 70% of the global satisfaction lays on the interaction with the deliverer on the picking areas.

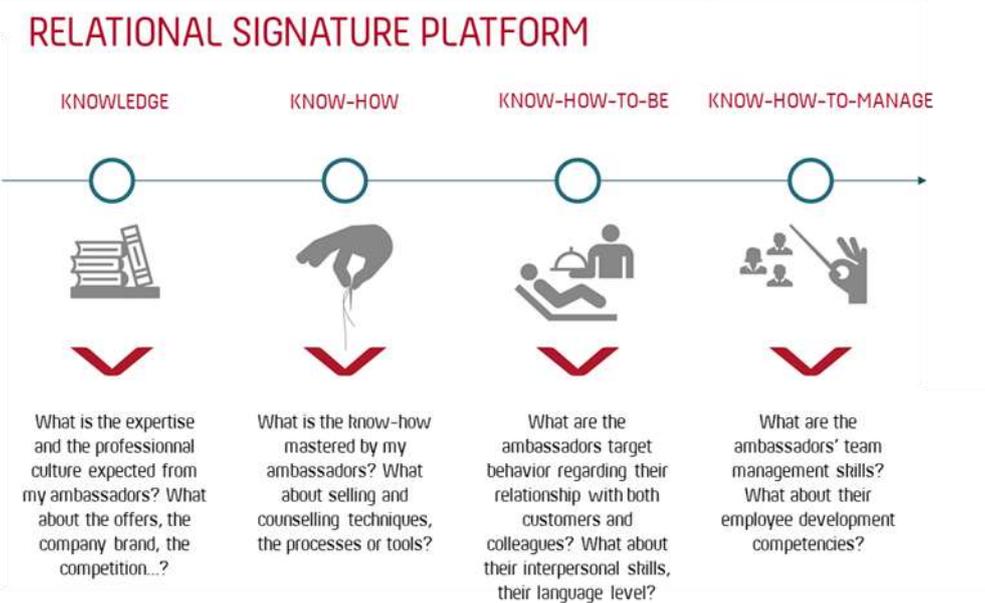
Such an interface is **a unique opportunity for chains to differentiate** but we do believe that it results from **a well framed and defined action**. Kea named this action “branded relationship”. We identify four **key success factors** for the implementation of a branded relationship:



EXPRESS THE BRAND’S SINGULAR VALUES: from concept to style

Branded relationship cannot be decreed ex nihilo. On the contrary, it stems from **an endeavor of questioning and specifying the brand values, in order to identify its asperities**. To this end, no need to have a 20 years history. A company with no strong heritage or DNA would equally be able to develop its singularity. It will build it from its mission statement regarding its customers and the Society in general. Indeed, we do believe that branded relationship should include components of the vision: what kind of values does the company want to convey today and in the future? How does it want to position itself regarding present and emerging trends? For instance, a cosmetic company may want to support women’s self-acceptance and empowerment.

This analysis highlights the **differentiation markers** that provide the foundation of a branded relationship. The more genuine and specific these components are, the more powerful the branded relationship is. Kea helps its clients to translate these elements into key **behaviors and competencies** for their teams.



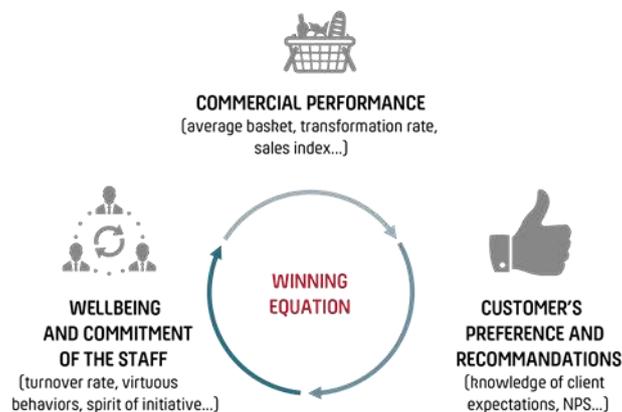
DETERMINE THE BRANDED RELATIONSHIP'S WINNING EQUATION

To be effective, a branded relationship should not only focus on the customer; it should be a vehicle for improving the business performance and fostering the employee's commitment.

The winning equation has to take three dimensions into account:

1. **Customer's preference and recommendation:** how to better understand and act on the preference levers? Techniques of customer targeting or expectations understanding might then be implemented as well as analysis of recommendation and influence mechanisms.
2. **Sales performance:** how to optimize the turnover and the profit margin? The selling techniques and the associated indicators (transformation rate, average basket and sales index) will be used to implement effectively the branded relationship in the field.
3. **Wellbeing and commitment of the staff:** how to mobilize my employees that relay the branded relationship? This will involve fostering a sense of belonging and pride, the spirit of initiative and a sense of customer service.

THE BRANDED RELATIONSHIP'S WINNING EQUATION



The approach is not about seeking perfection in every step of the customer journey but rather investing in the key moments of decision-taking to **maximize the ROI**.

CHANGE EXTENSIVELY THE PRACTICES

When the branded relationship becomes a culture

During the implementation of a branded relationship, the effective execution is as important as the content development.

Traditionally, training appears to be a classical way to anchor in stances and virtuous behaviors. It is a strong lever but we do believe that it is necessary to combine it with other initiatives that crystallize the branded relationship within the business practices:

- > **The in vivo learning** enables the employees to appropriate issues while stimulating their initiative power. We recommend working over a 8–10 week period with collaborative workshops followed by direct in store implementation with specific measures to qualify the outcome.
- > **Digital tools** enrich in-store interactions when they are fluidly integrated in the sales processes. For instance, the use of tablet computers in-store enable salespeople to access the client's profile (purchase record, current offer) for generate better targeted proposals.
- > **In-store animation** helps to keep the challenge. Highlights of the retail seasonality, such as Christmas, are opportunities to reactivate the expression of the branded relationship in case of favorable traffic.

A particular attention should be paid on regarding the pursuit in the longer run of virtuous practices applications. Branded relationship is not a punctual operation but a **perseverant cultural apparatus**. It is therefore important to consider its **continuity** but also its **further deployments**, inclusively abroad. Human resources management tools such as the implementation of professionalizing path or a manager Academy are critical, as well as a solid performance management.

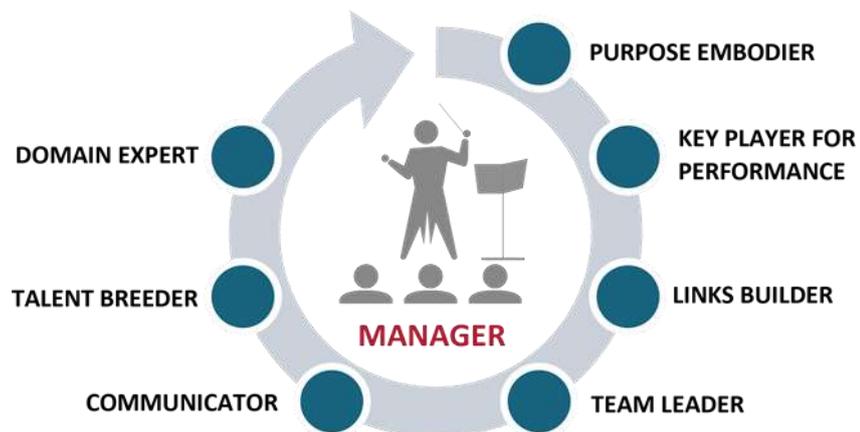
TRANSFORM MANAGERS INTO AMBASSADORS OF THE BRANDED RELATIONSHIP

We insist on the management's quality as a decisive factor in the formation of virtuous behaviors. First and foremost, it needs to be ensured that each Store Team Leader is himself in the adequate state of mind.

The manager must then act as “head” of his team, **on the basis of the symmetry of attention principle: the attention payed to the employees is an indication of the attention payed to the client.**

Its role in the branded relationship implementation consists in:

- > Creating the operational conditions (planning, material requirements...),
- > Being an example by his own acting, regarding virtuous client relationships,
- > Supporting staff by raising awareness and by helping and challenging them while giving them feedback,
- > Instilling a result-based culture by asserting branded relationship as a key Performance lever.



CONCLUSION

The branded relationship is a performance capital.

Branded relationship is unique and precious. It requires investment and is part of the company's heritage.

It is a living heritage that is expressed in the differentiating employee's know-how and know-how-to-be, during each interaction situation with the client. The Branded relationship is the component that is most rapidly and sustainably crystallized in the client's vision of the company. It has proven to be a short-term performance booster and a sustainable guarantee of success. It implies the commitment of marketing function, retail and human resources.

We are confident that tomorrow winning companies are those that will make branded relationship one of their strategic priorities.



GOING INTERNATIONAL:
OPPORTUNITIES FOR ACCELERATION

#04/10



Reinvent business models while going international

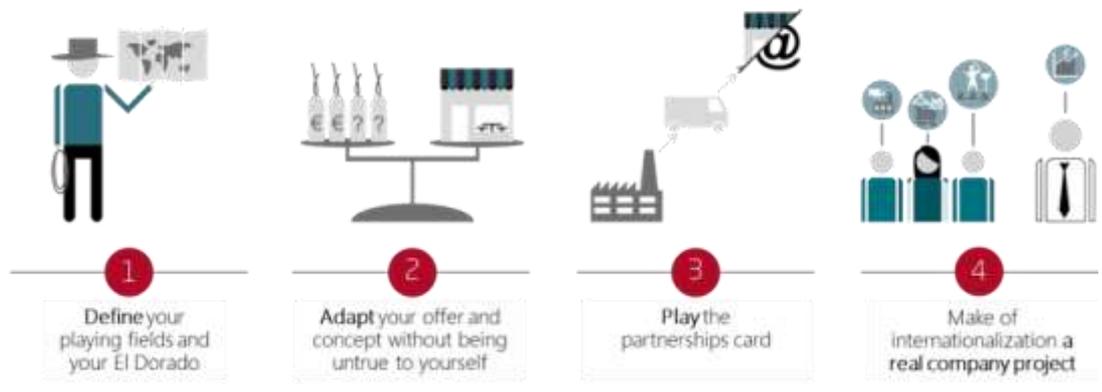
Many French or European retailers have succeeded in taking a step towards international development regardless of their size. Kiko in the cosmetic sector or Yellow Korner for cultural objects have managed to build a European and international network in more than 25 countries. If the international footprint currently represents 30% of retailers’ revenues, the issue is now to accelerate and aim at a 50% share.

With a French market sluggish on many sectors, going abroad is indeed an inescapable growth lever. The question is not whether to go there or not but to find the key to a rapid and profitable development in the least risky way.

So, what are the ingredients for acceleration?

We have identified four key success factors to reinvent your business model while going international and to succeed in your development abroad.

The four key success factors
for internationalising a brand



DEFINE YOUR PLAYING FIELDS AND YOUR EL DORADO

Between affinity-based brand or global brand, you have to choose your strategy

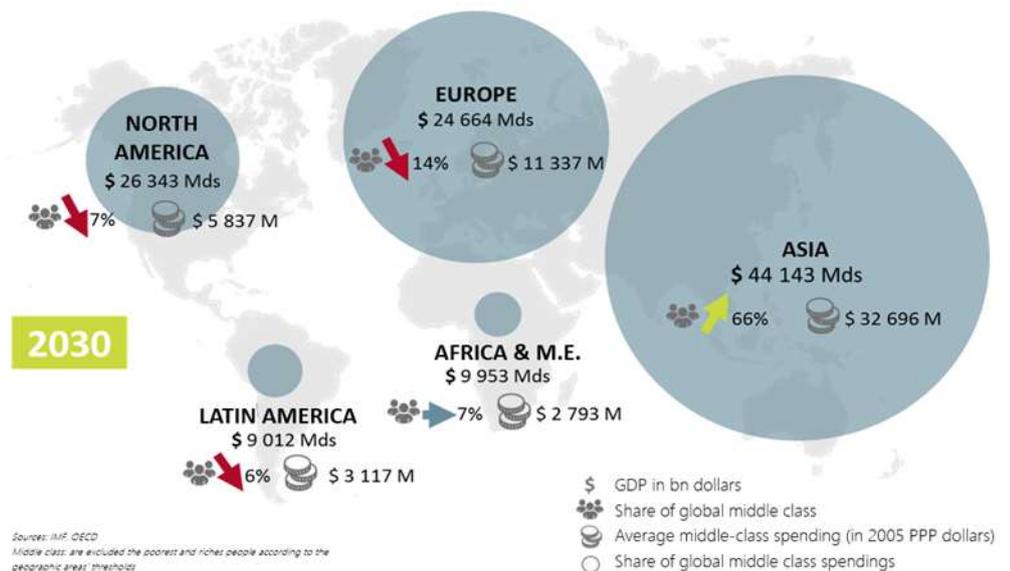
Our first conviction is that retailers must first be clear on their brand strategy. Apart from luxury brands, two successful models emerge: global brands whose promise concerns all cultures and social classes – such as Primark or Sephora – and affinity-based brands aiming at a segmented target and developing their strategy on areas in resonance with the brand's assets – such as L'Occitane or Aigle. We believe that getting closer to one of these two models makes it possible to make relevant choices, starting with the location selection.

Growth potentials are outside of Europe

All over the world, new consumer centres are spreading with a strong growth of middle classes: Asia Pacific in 2030 will represent 66% of the world middle class; Africa and the Middle East together will weigh as much as North America.

Beyond market potential, it is also a question of evaluating the ways to access these markets. Depending on the country, middle classes have their own cultural codes and consumption patterns. Integrating mobile commerce in your sales channels in China or EC-Karte payment in Germany will be conditions of success in these countries.

Consumption growth in the world



In high potential areas, it is necessary to think in terms of major cities

Beyond countries, it is above all major cities that have a strong growth and represent for brands a location opportunity. Depending on the chosen brand strategy, consumption potentials are to be understood on a country basis for affinity-based brands and on a metropolis basis for global brands.

Know how to identify barriers to entry

As globalization has not completely standardized the playing field, a country by country barriers to entry analysis has to be made before establishing any activity abroad, so as to adapt the offer and the operational model. For example, Monoprix was unable to market all its own brands in Qatar, due to food regulations, and had to rely on a local partner to complete its offer in this country.

ADAPT YOUR OFFER AND CONCEPT WITHOUT BEING UNTRUE TO YOURSELF

Adapting to the target...

It seems essential to us to adapt the offer and the store concept to the entered countries, if only to adapt to local sizes and formats, tastes and seasons. Even for the most global brands like Lacoste or the most creative ones such as The Kooples, around one fifth of the offer should be adapted according to the countries or regions. The balance is subtle as nonetheless the challenge is to maintain economies of scale.

... without being untrue to yourself or dispersing

This adaptation should not be at the expense of the readability of the promise.

Internationalization is a great opportunity to take advantage of the values and singularities of the brand, or to identify its untapped strengths to seduce other cultures. Evaluating these assets allows the brand to tell its story.

The development of Eataly in the United States is a nice illustration: the Italian retailer opted for an entrance strategy with a flagship on the 5th Avenue in New York where it amplified its large-format sales concept by exacerbating all the symbols of the Italian gastronomy, from the pizza oven to the sommelier and its best chiantis.

PLAY THE PARTNERSHIPS CARD

To accelerate and succeed in your international expansion, it is necessary to adopt simultaneously diversified approaches – multi-zone, multi-model – and rely on partners to take control of all or parts of the value chain.

Build on the right partners

The conquest of the world is not done alone! Today, we find good partners in all parts of the world to operate all along the retail value chain – such as Chaloub in the Middle East, Len Crawford in Asia or CFAO in Africa. Experience shows that the difficulty lies primarily in the partner selection. Beyond its local execution capacity, the partner must be able to afford investment in the brand development in the region, and it must also be in line with the values and culture of the retailer. For example, a group like Yves Rocher favours partnerships with family-owned businesses.

Evaluating the links in the value chain that you can master abroad and those for which it will be necessary to find an ally or outsource is a key step in the opening of a business in a new country. It is not enough for the market to be there, the business model must also be well thought.

Think big and quickly target several countries

If no mistake was made in the potential assessment – and the first results should confirm this – it is a question of imagining at the outset a large-scale implementation, to guarantee profitability. Targeting several countries relying on different partners is a necessity, on the one hand it enables to diversify risks and on the other hand it helps to achieve economies of scale.

The e-commerce channel, operated by the company itself or through market places which are the new international highways, can play the role of a test or can be an accelerator in a new area. This is why it should be integrated from the beginning into the development strategy.

	BENEFITS	DRAWBACKS	EXAMPLES
OWN DEVELOPMENT	Control of strategy and implementation process Increased performance in close areas	Demanding in terms of time and resources	Pierre Hermé (Japan)
ACQUISITION	Immediately operational Limits competition	Integration cost of the new structure	Ventes Privées (Spain)
JOINT-VENTURE	Risk sharing External expertise on the country and operations	Partner selection decisive to manage successfully the brand establishment	Sephora with Manor (Switzerland) or with Corte Inglés (Spain)
MASTER FRANCHISE	Speed of development		Picard with Aeon (Japan)
E-COMMERCE	Test and learning tool on customers and their consumption habits (identify future collaborations)	Logistic complexity Marketing effort to ensure brand visibility	Décathlon (Australia)
MARKETPLACE			

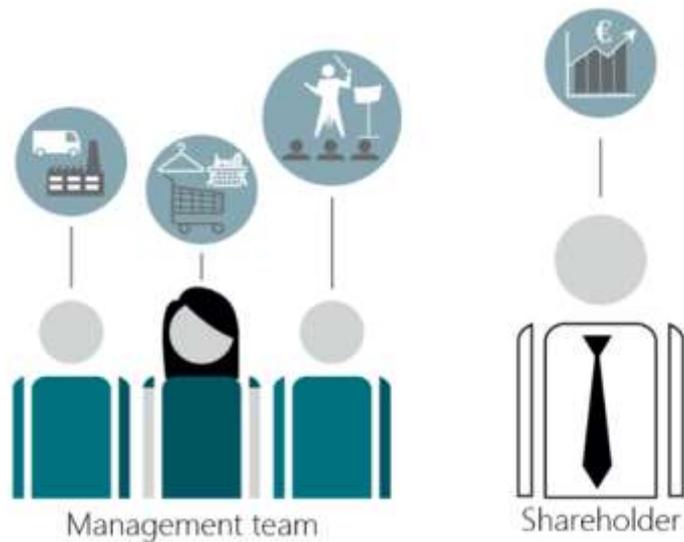
MAKE OF INTERNATIONALIZATION A REAL COMPANY PROJECT

The international adventure is a long-term project. Seizing opportunities, assessing risks, choosing a partner or supporting investment decisions with the shareholders requires that the company director is actively devoted to it.

Control the cursor between central and local

If the opening of an activity in a country requires a dedicated team operating in project mode, the opening should also be on the agenda of all support functions that often tend to devote themselves more naturally to their historical market.

In organizational terms, agility and pragmatism are required. During the development period, the organization will have to be adaptable to provide regions with local functions according to the progressive reach of business thresholds. From our experience, in the transition phases, it is important to clarify very early the expected contribution of central functions and associated means, particularly in terms of rebilling resources or not.



CONCLUSION

You do not manage your internationalization by chance. It requires preparation, adaptability as well as opportunism and, above all, commitment.

Going international pushes brands to better understand themselves and their added value for the customer.

Going international also encourages retailers to reinvent their business models, to exploit new growth reservoirs using new operational models and relying on an agile organization.

Going abroad requires a significant transformation but is within everyone's reach!



“ IDÉES FORCES RETAIL ”

PROFITABILITY

#05/10

LESS IS MORE



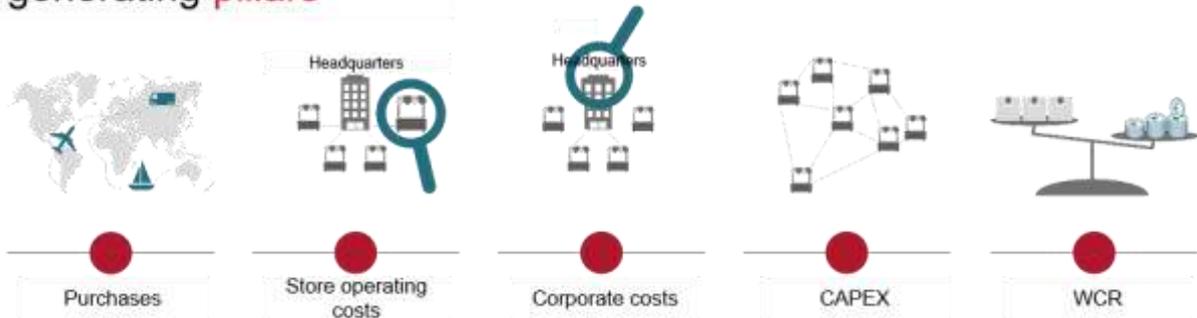
Short term or long term? Both of them!

Distribution is under pressure in a lasting way: the drop in the profitability per square metre in stores collides with the need to invest into two main sources of growth: digitalization and internationalization.

In this document, we wish to focus on a certain number of levers, which, from our experience, are interesting to activate if one wants to increase the profitability of resources and capital employed. We seek to identify fast-acting sugars to be integrated in a logic of return on short-term investment, while preserving the economic viability of the company in the long term.

This powerful idea is forged upon a sincere conviction: LESS IS MORE. How to do more and better with less? We will explain these three words through five ROCE generating pillars: purchases, store operating costs, corporate costs, CAPEX and WCR (Working Capital Requirements).

The 5 ROCE generating pillars



PURCHASES: Massification, flexibility, empowerment

Product offer and suppliers: rationalization is required

The success of the digital economy is partly based on large product offers. Given the inability of stores to win the battle in this area, retailers are obliged to make choices to clarify their positioning. The growth of the retailers who have developed a robust and highly specialized retail concept demonstrates the relevance of this strategy.

By promoting a “bestsellers” strategy, retailers are able to reduce their development costs (thanks to a more concentrated offer) while at the same time improving their product selling rate. Two golden rules should be applied to achieve this goal: adapt volumes by betting on specific high-potential products and adopt a 360° approach to focus the efforts of marketing, purchasing and merchandizing teams on the targeted products.

The rationalization of the product offer must go hand in hand with a rationalization of the number of suppliers. Retailers are thus able to benefit from more advantageous commercial conditions, while suppliers benefit from a greater volume of purchases. The current movement of purchases mutualization between retailers (a paradigm expected to continue in the non-food industry) invites leaders to question the mass-order opportunities through partnerships in their sector.

More flexibility for procurement

By rationalizing the number of suppliers, retailers can then develop a partnership policy and thus find the winning formula: flexibility, quality of products and competitive rates.

At the same time, the purchasing departments would greatly benefit from a more flexible approach to their practices, with fewer firm commitments over the long term and a more dynamic management of the diminishment in stocks. In the textile sector, the development of short circuits, with a more important “proximity import” weight, partly meets this problem by offering stores “check-ups” throughout the year.

Empowerment of purchasing teams

It seems essential to change our view which consists of only comparing the exit margin to the gross margin. To achieve this, teams must be accountable until the end of the product business cycle and incorporate indicators such as exit rate, promotion rate and inventory depreciation.

Finally, bad choices that may have an impact on stocks can ultimately be avoided by reasoning in mass margin and not in margin rate. A product with an attractive margin rate can be corrosive to the overall margin if it does not sell.

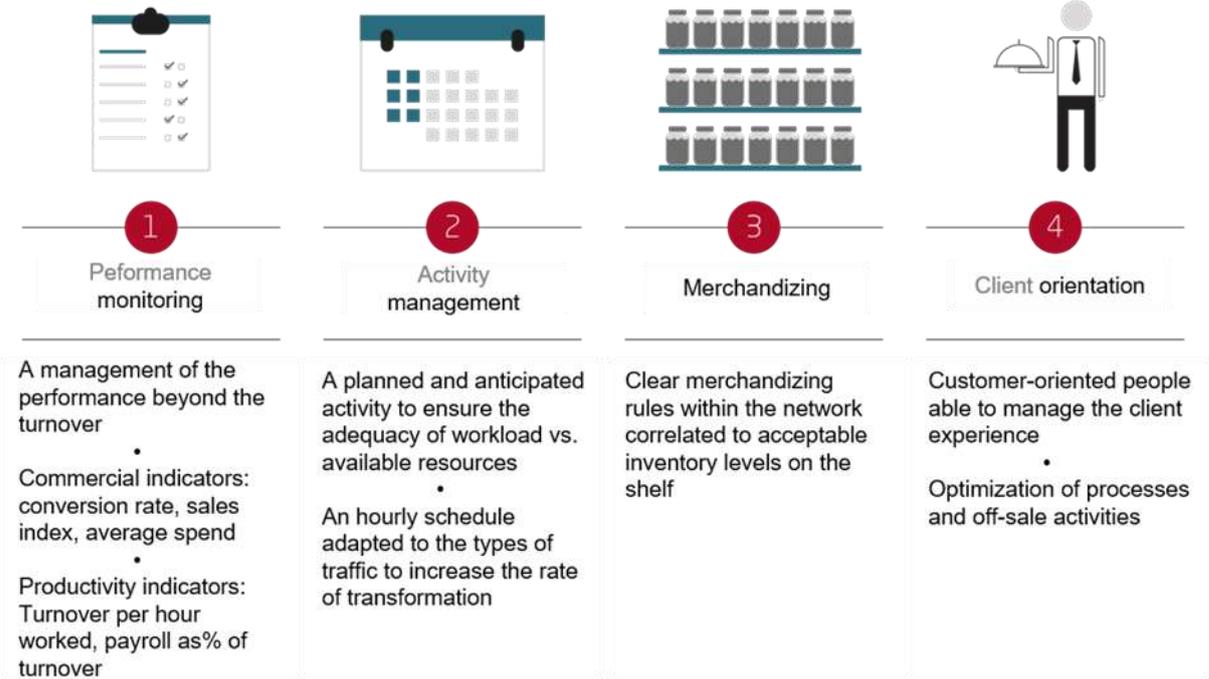
STORE OPERATING COSTS: Secure the fundamentals

Underlying gains in operational excellence

We are sometimes surprised by the discrepancy between perception and reality when it comes to implementing the fundamentals of in-store business. As new projects are launched in retail stores to introduce more omnichannel and experiential store concepts, the teams of the point of sale often lose sight of the fundamentals of business.

We invite leaders to question the mastery of these fundamentals which are crucial from our point of view, as they guarantee business performance and loyalty among the customers. We have summarized below four major issues that are related to these fundamentals.

Stores fundamentals



The fourth issue seems particularly sensitive. How do my teams allocate their time? What is the share of handling vs. the share of customer orientation? Are the teams customer-oriented during peak traffic?

All our analyses corroborate the close relationship between good customer orientation and business overperformance. In this way, redesigning the reception or shelf stocking process can be activated as a genuine business lever. By working on its customer orientation, a brand retail can increase its turnover per square metre by more than 10%!

To increase productivity on low value-added tasks, retailers can capitalize on specific digital tools: self-checkout, RFID... The time savings generated can then be transformed into new time slots dedicated to customer orientation in store.

Rents, a never-ending renegotiation

The ongoing change in the business environment has a major advantage: it is a source of potential renegotiation of rents from owners. Contrary to popular belief, renegotiation margins exist for retailers! To leverage this indicator, it is relevant to think in terms of percentage of commercial margin vs. percentage of turnover only.

CORPORATE COSTS: Simplify!

The devil is in the details

Corporate costs are part of a contradictory dynamic: the need to expand teams and budgets to capture digital and international growth as well as the need to rationalize costs in the current economic conditions.

During the current decade, over the course of successive restructuring programmes, most of the macro gains have been captured by organizations, with top-down approaches based on target ratios to be attained according to industry benchmarks.

Nonetheless, by looking in detail for the simplification of processes and operating modes, retailers can earn up to 10% additional savings. To achieve this, 4 questions must be solved by all the corporate functions, on the basis of business needs:

Simplify: the 4 main questions



1

What is our added value?

What return on investment of our action plan?

- Example for a food retailer: systematic calculation of the ROI for the marketing actions (promotions, customer events, investments in digital marketing...)



2

What impact the deletion or spacing of certain tasks have?

What make or buy strategy ?

- Example for a big retailer : outsourcing of payroll management, hospitality and maintenance
- Example for a B2B player : focus on reporting activities and simplification pf business performance piloting dashboards



3

How to accelerate some processes?

What KPIs to monitor productivity ?

- Example for the stylist team of a fashion-brand retailer: number of sketches per stylist, number of technical processes realized...



4

Which organization to target to gain fluidity

How to create more internal cohesion and coherences ?

- Example for a tourism player: reinforcement of the links between marketing products, marketing clients, digital and IS
- Example for textile retailer : rationalization of the store portfolio managed by the regional managers, creation of an offer manager pole with standardized methods and tools

CAPEX: Resizing sales space and optimizing ROCE

The retail store network needs to be permanently restructured

If the dynamic management of the property belongs to the "basics" of the retailers' profession, it is, at the time of a capital scarcity, of critical importance.

We believe that the reduction of sales space is inevitable in France, given the growth of web infrastructures. Therefore, poor performing stores must be identified early on and be closed quickly. Transfers within the same zone should also be considered proactively, as there is a worrying decline of some shopping centres, jeopardizing the profitability of the points of sale concerned.

Moreover, if the need for cash requires it, the choice of closing points of sale can also tactically impact premium zone 1 stores: this implies difficult but crucial decisions, to recover a necessary financial flexibility.

Store sizes depend on the in-store footfall

In a context of tensioned traffic, it seems important to analyse the real need in sqm to express the brand's singularity and offer an in-store experience meeting the real expectations of customers.

This is an even more sensitive issue with an exhaustive online offer and the ability to take over the products not present in stores (basics, n-1 collections). We firmly believe that the store of the future should be the place of specialization, highlighting products at the heart of the brand promise: bestsellers, iconic products and new products.

The size of stores also becomes flexible with regards to the plurality of potential concepts: pop-up stores, corners, targeted multi-brands. By playing on the entire range, retailers can reduce part of the CAPEX invested in the estate.

Franchise is a relevant strategy

By pushing an affiliate strategy or a franchise strategy, retailers can secure their market shares with lower investments. In small trade areas, not necessarily profitable, franchise is a good way to optimize the retail store network.

At an international level and in the context of LIGHT CAPEX, development through master franchises is also a good strategy to test the offer relevance in a new market. Directly involved in the brand retail success, the international master franchise or the national franchisee capitalize on their detailed knowledge of the territory and invest the right amount of necessary energy.

WCR: Stock optimization

The advantages of monitoring inventory

Search for margin rates often leads to overstocking in stores and warehouses. Beyond the impact on the financial balance sheet, it leads to a certain number of malfunctions in the whole value chain: a feeling of less renewed products for the customers, overloaded store shelves, occupation of the in-store space instead of more highly-performing products, warehouse return costs, additional handling costs...

In order to limit these excessive stock levels, it is necessary to first identify "bad stocks" and get rid of them. Today, destocking operations are facilitated by many flow networks (ephemeral private sales, outlet stores, websites and online sales, charity works...). Destocking to renew the catalogue is a fundamental rule to return to sustainable growth.

To reduce the number of residuals, a good practice is to monitor inventory levels, with a regular appreciation of their value, shared within the company. The unsold items question must become essential for supply management, the marketing teams and also for the sales management. It should no longer be the sole preserve of the financial department.

5 golden rules from destocking to lean sales



1

Ensure the product's availability

- > Leverage the different sales channels to maximize sales
- > Create or optimize your reverse logistics, improve your product labelling
- > Reduce your storage areas



2

Make people responsible at all levels

- > Clearly define the responsibilities between central and local
- > Make the point of sales responsible for turnover and stock levels
- > At the local level, give empowerment a chance, for a better sales performance



3

Make unsold items desirable again

- > Adapt merchandizing and pricing to each channel and at each stage of the product's life
- > Create happenings



4

Assume the disposal of unsold items

- > Integrate in negotiations the shared responsibility in the leftovers...
- > ... or switch to a full margin model



5

Monitor the quality of stocks

- > Look at stocks on a regular basis : daily, weekly...
- > Manage the quality of stocks with substitutable products

CONCLUSION

Think small & act big

The levers described above offer a multitude of possible areas for an improvement of performance: each retailer needs to build its roadmap and to give itself the means to achieve the targeted gains.

By acting locally, step by step, retailers can give themselves the necessary leeway to invest in two major sources of growth: internationalization and digitalization. Such projects must be directly driven and monitored by the leader and then shared and conducted among the teams.

Kea supports groups and companies both in identifying potential growth gains and in the operational breakdown of the identified levers. Our teams are committed to combining rapid returns on investment and sustainable growth for the company.



SUPPLY CHAIN:

#06/10

AGILITY AT THE SERVICE OF CUSTOMER PREFERENCES



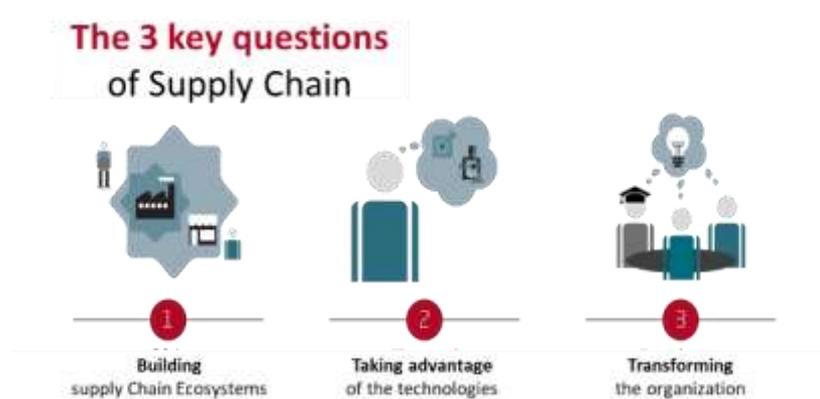
Supply chain has become one of the top concerns of retailers!

The pure players have created new paradigms and made their supply chain a differentiating asset: almost unlimited access in terms of offer – Amazon offers more than 100 million references when department stores used to call the tune with 3 to 4 million –, new availability, delivery or return standards, increased transparency on prices and fees. The distributor Jet.com (More than €1B in sales and bought for \$1.3B by Walmart in 2016) has a 100% customizable service offering, with, for example, the possibility of paying less if the free return option is unchecked.

The level of service provided by the pure players has become the norm! As a result, the “Omni-channel” supply chain becomes a full-fledged component of the offer and a decisive choice criterion for customers. The inability to return a product purchased on the Internet in store or the failure to comply with a delivery time have become major irritants or even repellents...

So how to build a supply chain not only responsive, inventive, able to offer personalized and new services to customers, but also robust enough to secure the economic model and control costs?

To carry out this transformation, 3 key questions need to be addressed:



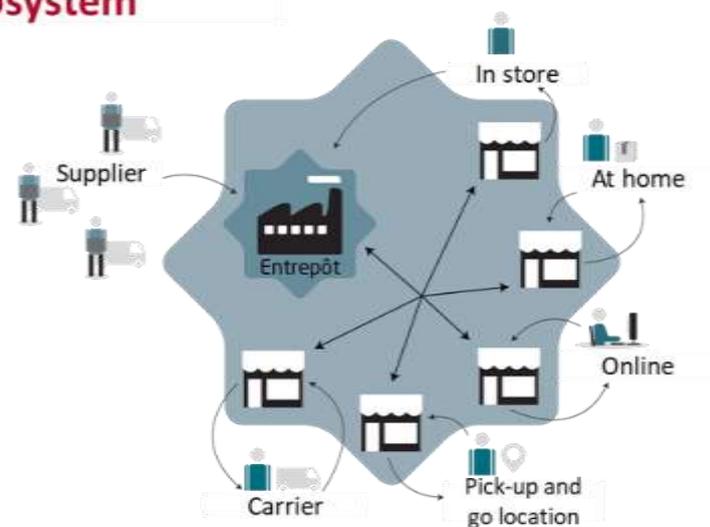
BUILDING SUPPLY CHAIN ECOSYSTEMS

The customer is nowadays everywhere and shakes up every step of the supply chain and, by extension, every step of the whole value chain (from conception to sales).

Most retailers already manage several logistic models at the same time, depending on the types of products or sales channels. Beyond these two dimensions, they now need to deal with increasing complexity:

- > More buying options: Marketplace, Web and mobile, reservations...
- > More shipping points: warehouse(s) and store(s), or even the ones of third-parties
- > More delivery points and circuits: shops, post offices, deliverers, lockers...
- > In terms of sourcing, a reinforced sector-based approach and redesigned sourcing patterns
- > Geographical rebalancing due to international expansion

The Supply Chain Ecosystem



This means building true ecosystems by causing four disruptions:

1/Breaking the Warehouse-Store scheme to optimize inventory management

Each point of sale can become a storage place in which to prepare or dispatch a sales order. This is one way of optimizing the cost of the last-mile delivery that most often compromises the profitability of everybody, including pure players. It is also a way to leverage the distribution network and the in-store sales team to deliver an enhanced level of service to the customer. This approach however requires a high reliability of stocks and the ability to involve the distribution network in this new role. A retailer like Target successfully implemented this approach in the United States, with nearly 55% of the Internet orders prepared in store.

2/Rethinking the warehouse for more added value

It is both a matter of automating as much as possible the "basic" logistic processes, and of developing at the same time a logistics offer proposing new services to consumers. The warehouse will, for instance, be able to carry out delayed differentiation operations, like the Louis Vuitton Fashion House, which offers its customers the personalized inscription of their initials on their bag. The warehouse thus helps to capture the trend of personalization with strong commercial potential.

3/Extending the supply chain beyond the borders of the Retail store

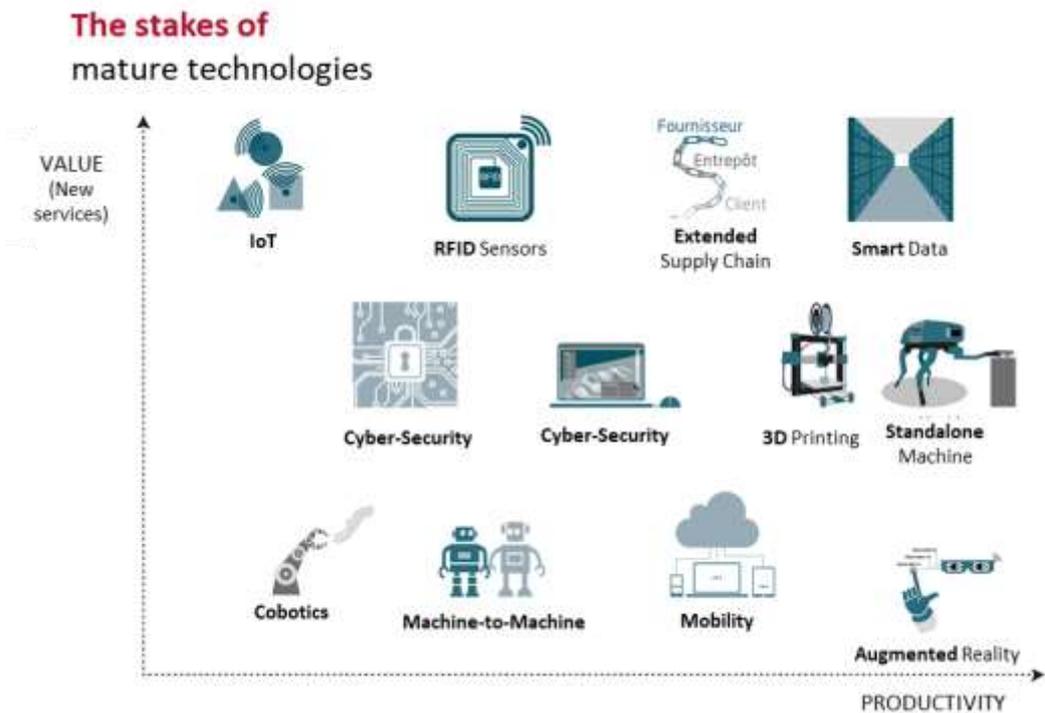
The supply chain becomes a facilitator in a wider ecosystem which goes from upstream to downstream and which exceeds the borders of its warehouse: new third-party sellers, providers of urban logistics, suppliers... The challenge for the function consists in organizing a complete visibility of the flows, in order to manage them more efficiently. IT issues are a part of it, including the need to procure an OMS (Order Management System). But beyond IT, it is more broadly about a change of perimeter for the supply function.

4/Managing in another way thanks to new data

These resulting supply chain ecosystems are managed with new data. Beyond the traditional data (sales forecast, purchase budget, production plan, delivery plan...), new sources can be used to optimize the flows: customer behaviour on the e-commerce Website and client orders from the Web, social networks... Analysing the pages that are visited on the e-commerce website in the first days of sale enables, for instance, to adjust the sales forecast.

TAKING ADVANTAGE OF TECHNOLOGIES

Agility can't be achieved without investing in new technologies! They provide both productivity gains and new services to customers.



The issue is to invest in the most relevant technologies.

We have selected three of them: extended supply chain, sensors and smart data.

They seem to us to be the most mature and to have the highest stakes for the retailers' activity.

1/Extended supply chain

This word refers to all the technologies and systems that allow the supply chain to be integrated between the retailers, their suppliers and their customers. Its added value lies in the ability to optimise forecasts and the S&OP process (sales/operations). A "connected" supply chain also enables real-time visibility of current orders (delays, settlements, litigation) and responsiveness in the production planning update.

2/Sensors

RFID has long been discarded because it was considered as too expensive (5 to 10 eurocents per tag) compared to its competitor, the EAS label (2 to 3 eurocents). Today, the profits in terms of visibility on the flows are such that more and more retailers are making the leap -in the food distribution sector as well as in specialized distribution. Auchan now uses RFID technology for the follow-up of the meat on the whole chain, from the supplier to the store, with

complete traceability. In the textile industry, many brands, such as Decathlon, have set up RFID sensors in stores or are underway. The first return on investment in the stores is achieved through accuracy and better stock management, but beyond that, RFID enables the teams to save time than can be reinvested on sales, customer reception, cashing or even security tagging, and to generate very useful data for analysis.

3/Big or smart data

The use of big data gives retailers the ability to integrate both internal (customers, in-store or online customer journey) and external (suppliers, service providers, external factors such as weather or road traffic, and so on) data, and provides a significant advantage in the control of supply flows.

This enables retailers to better anticipate peaks in business activity and thus to optimize sales forecasts, to adjust delivery rounds and circuits according to traffic constraints (tourist areas in July-August), and to obtain a proper positioning of stocks and a predictive vision of customer orders based on online customer paths.

Amazon is the pioneer in this domain, being one step ahead in the use of Big Data to optimize its flows while offering a complete service offer. New service providers such as Vékia emerge on the market and progressively improve their offerings, working with precursors, such as Leroy Merlin, who know how to benefit from it (8% reduction in residual stocks).

TRANSFORMING THE ORGANIZATION

You don't become agile by declaring you are! This transformation fundamentally calls for an effective supply chain organization in the broad sense. Acting on its structure, processes and tools, but also on its management and culture is the only way to take full advantage of the new era in which supply chain enters.

An ambitious project for which we identify two priority axes:

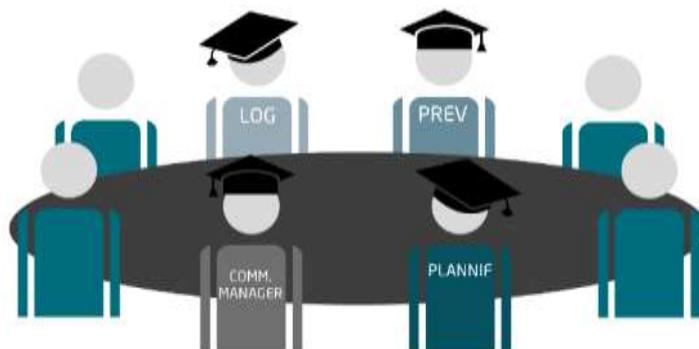
1/Investing in new skills

- > No Big Data without any data scientists: with their strong analytical skills (simulation, correlation analysis, statistical modelling...), they are at the heart of understanding flows. Today, retailers are not yet quite ready to integrate such profiles. In most cases, these skills are outsourced. Perhaps it will remain partly that way, as retailers are able to work with them in an open or “put together” organization logic.
- > No collaboration and sharing within the ecosystem without community facilitators. It is their duty to build and animate internal networks (stores/warehouses/headquarters) as well as external ones (suppliers/partners/clients...).

2/Developing new ways of working

In order to become agile, we must accept that not everything is determined at 100%. This radically modifies our ways of working and implies a managerial and cultural transformation:

- > Adopting Test & learn approaches, that are essential to make progress while not benefitting from high visibility
- > Developing processes that enable decision making even if all the upstream information is not available
- > Working in open architecture with your suppliers, partners or customers: as such, design thinking methods are key to integrate the stakeholders into your innovation and creation process
- > Setting up structures dedicated to innovation, in which the potential of your employees can be expressed, Fab Labs for instance. These should be places of exchange and creativity that make it possible to innovate thanks to new technologies



CONCLUSION

Supply Chain is at the heart of the challenges faced by the retailers: it has moved from a support and operational function, mainly cost-driven, to a lever of added value and extremely strong differentiation.

As such, it must carry out a threefold transformation: that of its ecosystem, its tools and its organization... It is a crucial and strategic project because, beyond the technical dimensions, it raises the issues of transversality and agility, that are above all managerial and cultural issues.

Kea accompanies the distribution groups and companies both in the definition of the strategic supply chain models and in the operational implementation, in collaboration with their teams.



EMPLOYEE ENGAGEMENT

#07/10

A SUSTAINABLE COMPETITIVE ADVANTAGE



Employee engagement is a strategic issue

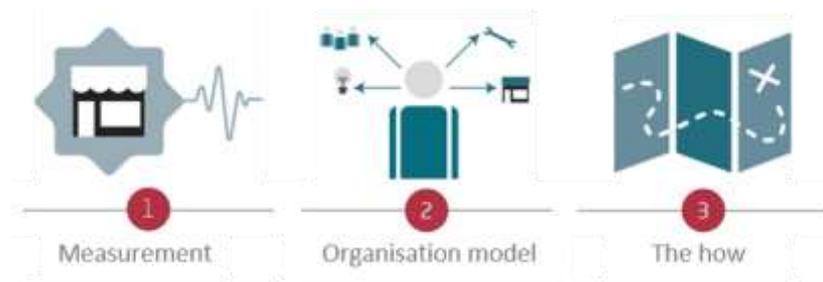
Figures that speak for themselves...

According to the latest Gallup survey, 87% of employees are not committed/active. For companies at the top of the ranking, performance is where it should be: less absenteeism and turnover, much higher productivity and profitability. Something to make many leaders dream!

In retail and distribution, developing employee engagement can be a Sisyphean effort because of the large number of employees and high turnover. However, this is a real opportunity to create a sustainable competitive advantage in the market. Engaged teams provide three considerable benefits:

- > **The preference of customers**, thanks to sellers who want to satisfy them and offer them a quality experience
- > **Savings from** more productive and stable teams
- > **Accelerated innovation** by teams taking the initiative

Convinced that developing employee engagement must be one of retailers' strategic priorities and that virtuous models let you achieve this, we suggest that you consider a 3-stage questioning process.



MEASUREMENT

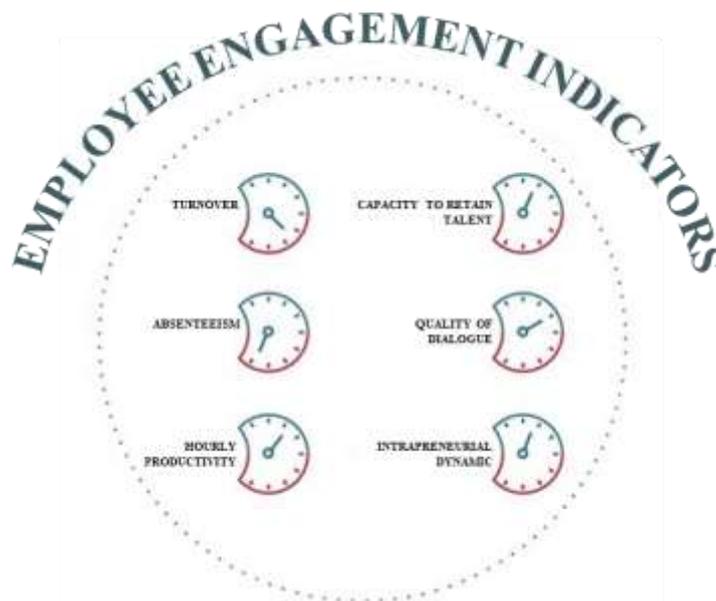
Do you measure the engagement of employees?

As engagement is becoming a strategic KPI, its measurement is essential to establish a diagnosis and take your company's pulse. Many questionnaires are available on the market and let you compare your business to others (Great Place to Work, Gallup, Barrett Values Centre's CRR survey...). Above all, it is about being ready to use them as an "engaging" starting point for an internal improvement process.

We recommend that all employees are interviewed in order to be able to make comparisons by population (hierarchical level, function, geographical area) and to identify critical points. A retailer specialising in household appliances thus highlighted a significant difference between the after-sales department and the rest of the organization; it has therefore prioritised the strategic projects already planned for this department to remedy it. According to the points identified, more qualitative listening procedures will deepen the diagnosis and will identify the employee experience and the progress levers that can be activated.

In parallel or prior to such a survey, other indicators available in the company must be observed: absenteeism rate, turnover, disparities in hourly productivity, difficulty in retaining talent, quality of social dialogue, intrapreneurial dynamic...

Enlightened with these indicators, senior management can then align itself with a diagnosis and define the improvement target.



ORGANIZATION MODEL

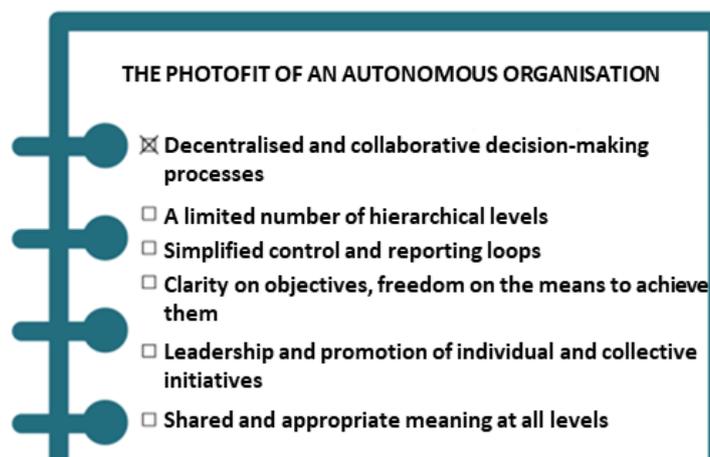
Evolve towards which model? Is there a winning model?

Are there some "ingredients" that are more effective than others for creating engagement, or more suitable organizations than others for creating the conditions for it? We are convinced that **organizations that promote employee empowerment and autonomy are more likely to create engagement** and, ultimately, performance. We call them autonomous organizations. Their operating principles are particularly relevant in the retail sector, where the customer relationship and the service are provided in a multiplied manner by a large network of employees that the company has every interest in "empowering".

Many winning examples can confirm this.

The vitality of the associated trade - built by nature on the association of responsible and autonomous traders - is an illustration: its growth exceeds that of the retail trade over the last 15 years and, in 2016, accounted for + 2.3% vs. 0.5%.

The dynamism of specialised brands in the Mulliez galaxy, such as Décathlon and Leroy Merlin, is another one. Ranked first and fourth respectively in the GPTW ranking of companies with more than 5,000 employees in France, they stand out by their outperformance in their market segments and their ability to create a lasting preference from customers. These results do not seem a coincidence: autonomy and initiative are at the heart of their management culture. They are distinguished by a clear degree of autonomy granted to stores and employees, participative and collaborative working methods, like Leroy Merlin's strategic vision process, and an open and motivating shareholding structure for employees (93% of Leroy Merlin's employees are shareholders).



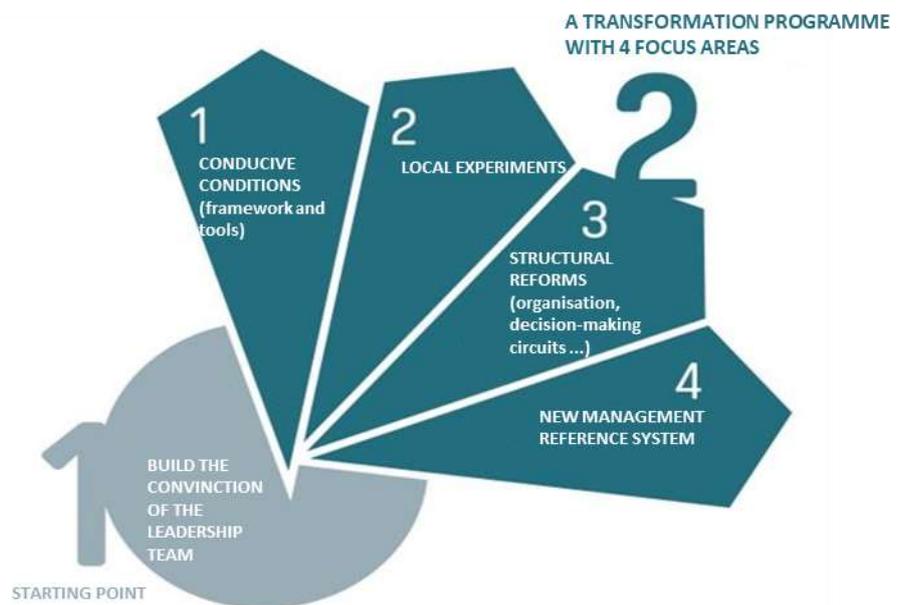
HOW?

Easy to say, not easy to do

When a brand has several thousand employees located in different parts of the world, demanding shareholders, a social body that is slow to mobilise and a set of strategic projects to conduct and make profitable, it is difficult for the leader to imagine him/herself in a transformation towards more engagement and autonomy without making it "one project too many".

As a starting point, the management team has to first of all adhere to this transformation to then create an adapted action plan.

The action plan to be defined will be all the more effective if it bets on complementary types of action. We have identified four must-haves:



> **The introduction of conducive conditions.** The question is not for the leader to answer all requests for improvement but to focus on those that solve the paradoxical requests. For example, secure Wi-Fi in stores for sales teams who are asked to use mobile tablets and do more and more sales online. Such actions seem to be common sense, but we urge every leader to identify them - with the help of feedback from employees - because unfortunately, they remain necessary in many situations.

> **Local experiments** to demonstrate, through proof, the good use of autonomy by a team. The store network is, of course, particularly suitable in a distribution network. Experimentation should make it possible to involve employees in the co-construction and testing of solutions, with an obligation to measure to prove their effectiveness... or to adapt them. Such systems require the support of middle management, such as the regional manager, who must position himself as a facilitator of actions and not a decision-maker or controller.

> **A new management reference system to deploy in the network.**

Management must necessarily change to move towards a model conducive to autonomy. Enlightened by learning from experiments, managers will be able

to accept a new reference system to sustain the autonomy of their employees over time.

> **Structural reforms** such as an organizational overhaul, the simplification of the decision-making circuits, the modification of the compensation scales or even the evolution of the shareholding arrangements. Note, such changes require pedagogy to bear fruit. A retailer who created functional decision-making committees to 'free up his organization' realised after a few months of operation... that the employees did not dare to make decisions! After clarification of their mandates and some application cases, the transfer took place.

CONCLUSION

Engagement: an inaccessible ideal, reserved for the chosen few? Let us say, rather, reserved for convinced leaders who are determined to produce the efforts that will make the difference in a competitive landscape in the process of standardisation. In the retail of tomorrow, the brands that will stand out will be those that will be able to ignite the human spark in the customer relationship!





MASTER THE OMNI-CHANNEL

#08/10

AN ESSENTIAL OF RETAIL



Concepts combining both digital and physical sales locations are becoming the “winning strategy”

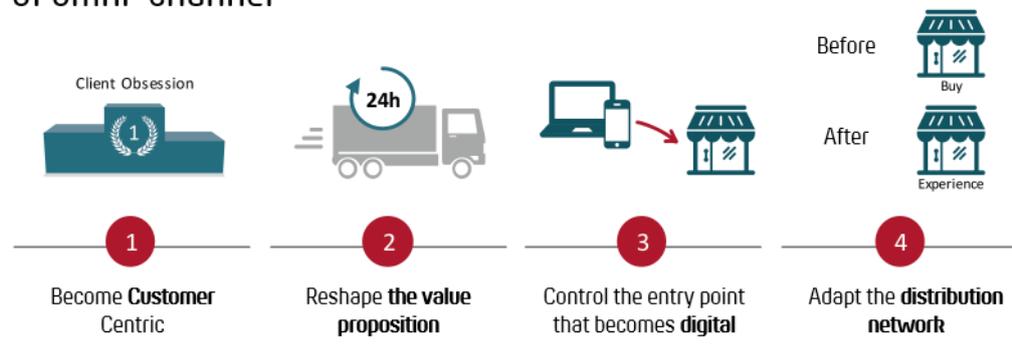
For the past 15 years, e-commerce has been growing steadily, while store closing announcements have followed one another (170 in 2018 for H&M). These new evolutions are just one facet of a profound upheaval that has shifted the center of gravity from the physical retail business to an omni-channel shopping experience.

Traditional distribution is expected to mutate into a phase of digitalization, while pure players are investing in the physical world, such as Amazon that recently bought the Wholefood brand and its 460 stores. We might also think of the Chinese giant Alibaba who invested more than 2 billion in Sun Art Retail Group (490 food stores in China). Alibaba already had a foothold in physical trade with the deployment of Hema Fresh, hyper-connected supermarkets. In France, we remember the recent merger of the Casino Group and Ocado, British champion of e-commerce food.

If companies can fear a dilution of their profitability, this transformation seems however inevitable in order to still exist tomorrow. The changes are accompanied by a necessary redistribution of the value chain and a change of standards in a world where consumer habits are evolving at high speed.

This finding is shared by most companies and their executive teams, but one question remains: once the target is defined, how can it be achieved? Some ideas...

The 4 keys of success of omni-channel



BECOME CUSTOMER CENTRIC

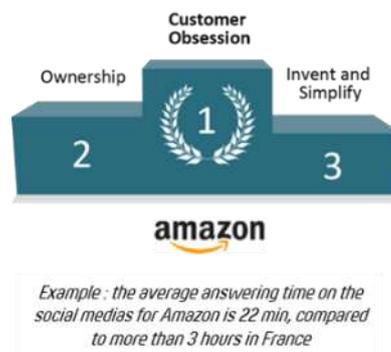
"Customer Obsession": this is Amazon's first value, present since the company's creation and resulting in having, for all services, customer-oriented performance monitoring indicators. The strength of the giant pure players is precisely to have established a close relationship with their customers.

The customer outdoes the offer

Firms have to position the user at the center, rethink usages and customer journey. Marketing managers must now firstly reason with a personae and a customer segmentation mindset, before thinking about collection structure and time to market.

Customer knowledge provided by real-time data and web tools becomes critical to understand buying habits and buying behaviors. Underestimating customer knowledge would mean to cut oneself off from one's customers. The quality of omni-channel interactions is crucial. At Maison du Monde, for example, a customer interacts up to 9 times with the brand – via the web, SMS, print – before buying.

In a world without much visibility – the entire buying options are not exposed clearly – the ability to customize the journey to meet a customer need in a prompt and appropriate way is fundamental.



RESHAPE THE VALUE PROPOSITION

Towards an offer combining products, contents and services

Under the pressure of digital, brands have seen the range of products exposed in stores, and visible at any moment, become a combined offer of products, contents and services with which the user, and not only the buyer, is put in contact via different spots (web, mobile, store) and 24/7.

In a world where competitors are a click away, the stakes for retailers are changing: besides the winning combination of the right offer, retailers must now address the need to offer personalized content and innovative services in an omni-channel approach. Content and interactions on social networks are part of the offer. And this offer of services is constantly evolving thanks to new technologies (data, virtual reality, 3D printing, express delivery...). “Premium” services are becoming a standard for consumers.

Catch me if you can...

The example of delivery services is a good illustration. Amazon has set high delivery standards: express delivery (within an hour in Paris on a selection of products with Amazon Prime Now), free delivery within one business day (for Amazon premium members), click & collect (in 30 minutes), transparency on the delivery of packages... These standards have become a norm that retailers need to aim for if they have not integrated them already.

It is therefore the very nature of distribution models that is profoundly transformed: from a push logic with purchasing centers and store networks to a customer relationship process push and pull logic, with sales, logistics and products becoming multichannel from one end to another. The store itself becomes the warehouse.

Next day delivery
expectations, a standard



Source : OC&C Consumer Survey, OC&C analysis

CONTROL THE ENTRY POINT THAT BECOMES DIGITAL

Establishing an efficient digital communication becomes essential

The digital native firms (brands that were born online such as Sézane or The French Slip) have understood the importance of a performing digital communication. They have made themselves known and have built a solid reputation via social networks and they are now pushing traditional retail players to invest in those new territories.

Beyond social networks, the entry point is largely via Google and Amazon (in the US, 50% of product searches are done directly on Amazon). The use of new digital channels (web, social networks, blogs) enables retailers both to acquire new customers (outside the catchment areas, customers with digital uses, younger), but also to retain existing customers.

This implies the need to acquire the right skills, to allocate resources (a brand that launches its sales online first spends about 15% of its revenues in web acquisitions), to rethink marketing strategies with continuity between online and offline, to target its presence on social networks, to make partnerships with influencers... But above all, this requires to at first master the basics of e-commerce, to have an innovative website, aspirational content... which for many distribution brands is still far from being acquired today.

The marketing budget must be cleverly divided between on and off (on average 30% of media budgets are invested in digital, which is still little given the growing perspectives). This distribution of budget depends on the objectives and the target. For some businesses, the print remains essential but must be reviewed by using the enhanced customer knowledge (e.g. targeted mini-catalog).

69% of in-store buyers have looked online prior to buying in store



Source : Observatoire du consommateur connecté Fevad / Médiamétrie, June 2016

ADAPT THE DISTRIBUTION NETWORK

We know the 60's slogan in the US "No parking, No business", inducing a store designed as a distribution center to which masses of customers rush for specials offers on Saturday afternoon. This model will be part of a bygone past on the medium term.

Which does not mean that the shops will disappear. On the contrary. While one can very well buy smartphones online, Apple has made its stores places of experience and services, be it online or offline. Similarly, Lululemon, the Canadian sportswear brand, organizes yoga and fitness classes in and around its stores in order to attract new amateur athletes.

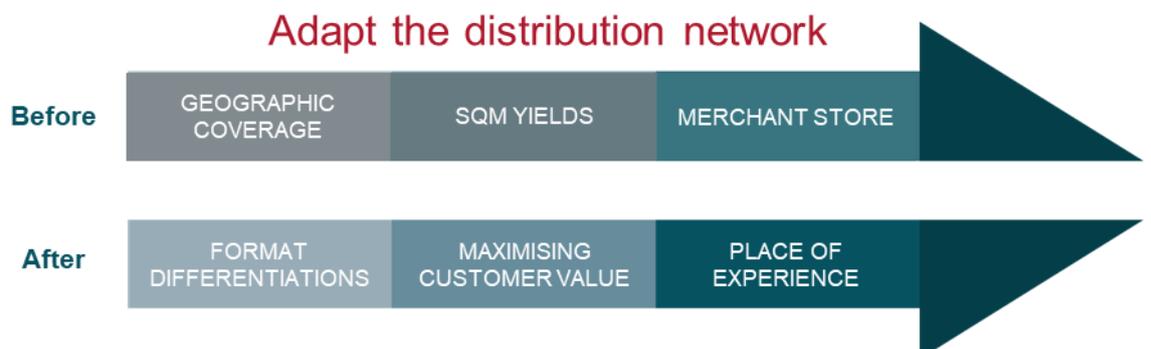
The best of both world

Stores are transformed, both in the very nature of the network (catchment area, number of sqm, layout...) and in their role. They become places where customers can access the offer in an immersive way (touch, try, taste, build), in which the roles and jobs are staged (Starbuck around the coffee) and where the customer lives a complete new experience (Eataly or Metro with Markt Halle).

All of these transformations take place with the help of the fluidity provided by digitalization. Which requires stores to adopt new practices:

- > Integrate new tasks related to online reservations, e-commerce order returns, etc. without degrading the quality of the attention paid to the client;
- > Enrich or even personalize customer support (on premium assisted sales) by providing the vendor with tools (customer knowledge, product training, mobile payment, etc.);
- > The store a relational role: animate "its customer community" as a community manager.

This requires a strong evolution of the professions within points of sale (training of sales staff, service offers, warehouse picking process, etc.) and on a central level, especially concerning the supply chain. Logistics are moving to a local level with for example the implementation of a one-stock logistic that ensures maximum product availability for the customer and inventory optimization.



CONCLUSION

The switch to an omni-channel model is a profound transformation. It requires a change in culture, method, ways of doing things and reflexes that can not be decreed from the outside because it starts with an internal awareness. It involves acquiring digital knowledge, changing technological architectures and instilling digital at the heart of all processes.

It is a long-term transformation, which spans over several years, to master both the fundamentals of e-commerce (too often neglected) and switch to an omni-channel value proposition. It is therefore obvious that a strong sponsorship at the level of the general management is a prerequisite.

Some key factors to be considered to lead this transformation:

- > Master the basics (powerful e-commerce platform, content, social networks...) before accelerating
- > Ensure transversality of the organization and break the silos between the web and the store
- > Make digital an asset for stores (avoid any negative perception)
- > Define usage cases and upstream customer journeys and ensure that they are respected
- > Set up an omnichannel control
- > Allocate new budgets for the marketing acquisition strategy, the production of rich content, in a logic of return on investment
- > Make the necessary technical investments:
 - > A powerful e-commerce platform
 - > Management of content and information produced through a brick PIM (Product Information Management)
 - > Inventory management and logistics management to meet the level of service expected by customers (real-time stock, etc.)
 - > The constitution of a unified 360° customer database
 - > Open and agile architecture (3 tiers)
- > Adopt a test and learn approach and work in agile mode to lead digital projects in a "digital" time.

But this change is not only a question of applications, method and technologies, but of a profound change of culture of a brand serving its customers, in a world that is now definitely omni-channel.



TOWARDS AN AUGMENTED RETAIL!

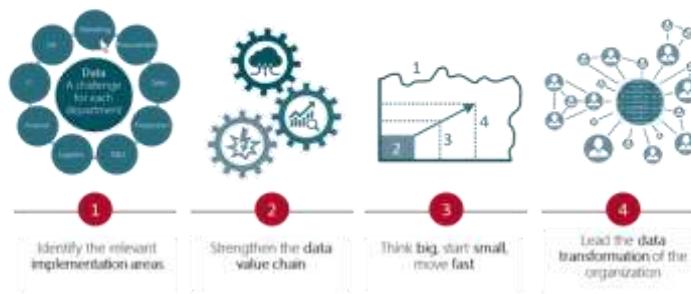
“
Data in retail: an asset to accelerate the transformation of your activities and practices

Business as usual: retailers have always used data. Considerable amounts of data are available to the retail industry: market studies & benchmarks, sales & client data, product information... and all of it in rather easy access, unlike in many other industries.

For 20 years data technologies have been accelerating and providing new ways to collect and use data. Today, retailers have access to an increased variety of data, particularly under the influence of e-commerce and connected technologies (mobile technology, RFID, IoT). Information systems have also been centralized in ERP, allowing for more consolidated and interlinked data. At the same time, data processing has moved up to a new dimension. Cloud computing has given a scalable access to computing and storage capabilities. Advanced statistical approaches are spreading, and artificial intelligence opens new and exciting opportunities to draw value from the exploitation of data.

The potential of data for retailers is tremendous. The challenge? Managing to integrate your data powerhouse nimbly into your existing activities and with the appropriate level of ambition. One requirement: do it without delay, as on the other side, tech and data hybrid retailers – the likes of Walmart-Google and Wholefoods-Amazon- make swift progress.

The four key success factors for activating data potential



IDENTIFY THE RELEVANT IMPLEMENTATION AREAS

No, data isn't the preserve of the CIO!

Most fruitful data approaches are driven by general management and relayed by all functional departments. So that tomorrow you can have an Augmented Marketing, an Augmented Supply chain, Augmented sales etc., each of your departments must identify its own implementation areas and use cases.

This increase in data capacities enables to radically optimize your organization practices or even to rethink your positioning through a deeper understanding of the interactions between the actors on your market.



STRENGTHEN THE DATA VALUE CHAIN

Once implementation areas are selected, you need to make sure your data value chain can meet expectations. This chain is composed of 3 steps, to be developed simultaneously:



1 Identify & collect the data you need: no more, no less

Do you have access to the data necessary to deliver your use cases? Is the data detailed, fresh and clear enough?

We are partly back from the big data's mistakes: the infamous Data lake, quickly becoming more of a Data swamp, when massive amounts of data were simply put in a repository with no vision for their use! It is better to be clear on the essential data needed to provide a first level of answer. Even with a limited data perimeter, a well-founded analysis can be used to deliver value. The insights can then be enriched by adding a more diverse and complete data set.



2 Analyze your data, gain insights and quickly identify which “Data muscles” you need to grow next

To make sense of your data, use the funnel principle. It is about approaching your use cases first with simple statistical tools, before potentially going for finer analysis where the investment is worth it. For instance, you may want to proceed on the use cases identified as the most relevant with elaborate protocols of machine learning or invest into tools dedicated to certain implementation areas (e.g. logistics, customer).

Complementary to the statistical and IT tools, also look at which skills your need to strengthen within your organization to be able to build and leverage your data- based insights.



3 Swing into action... iteratively

The implementation of the learnings is very often the main bottleneck in data approaches. The success of your data approach is based on the ability to transition to action. Otherwise you are stuck with a nice research project but there is no actual value creation. To achieve this, we systematically design our data approaches with a component of implementation and activation of organizations (process & governance, data visualization tools). This swing to action is all the more important as it allows to measure the results of your statistical model and gives you an edge to refine its structure and assumptions (creation of iterative design/implementation loops).

THINK BIG, START SMALL, MOVE FAST

Your data approach must align **short- and long-term goals**. And it is not an easy challenge! It is simultaneously necessary both to ensure quick results to feed the iterations on the solution with quick prototyping and to lay the foundations for a **long-term industrialized approach**. 4 golden rules need to be respected:

1. Be clear about the business question that the data model needs to answer: a well-posed problem is half-resolved

Piles of raw data bear no meaning, nor can they be used to address your business challenges. To make your data actionable, you have to look at them according to the business issue you want to solve. Your success therefore begins with a well-thought problem statement. For example, what does “optimize the in-store offer” means in your context? Is it about finding an optimal offer structure, the right refreshment rate for your assortment or even the appropriate clustering of your retail network...?

2. Think big when analyzing the issue

The right way to structure the reflection is to think big and envision the whole structure of the problem you are trying to solve. Then you may want to focus on one of the sub-parts of the challenge. On a pricing question for example, the statistical and econometric “big picture” analysis of data commands you to take into account prices, promotions and fidelity simultaneously, while mobilizing models of economic theory (game theory, price elasticity...).

The first lessons and scoping effort yielded by the high-level analysis will quickly allow you to target the priority levers to be investigated.

3. Keep ownership of your data and do not fragment it into silos

We have seen in the past companies choose to outsource the management of digital client data to external third-parties. It is an utter recipe for failure! It leads to guaranteed loss of control over the data and to a siloed approach in your data efforts (in this case a gap between digital and physical client knowledge and activation). In the short term you would lose efficiency in processing client data. In the long term, you are exposed to a far greater risk: disintermediation! Owning client data means holding client knowledge, hence the ability to control transactions (see. “platform economy” and its epitome in the retail area: Amazon).

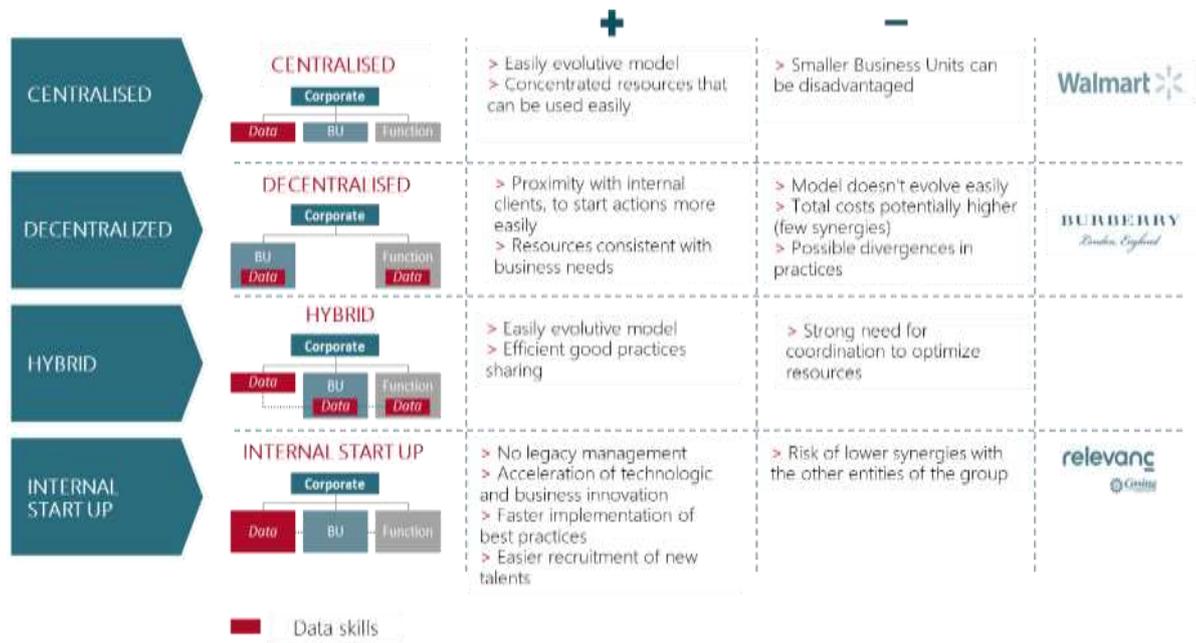
4. Start small and agile to move fast

To bring your data projects to life, nothing beats a collaborative approach bringing together statisticians, computer scientists and operational teams. Working with agile sprints following an initial qualification phase enables to work on use cases with a constant concern about value creation. Such an approach makes it possible to quickly validate the lessons learned, to adjust the method, to make the learning curve easier and to imagine closely related implementation areas.

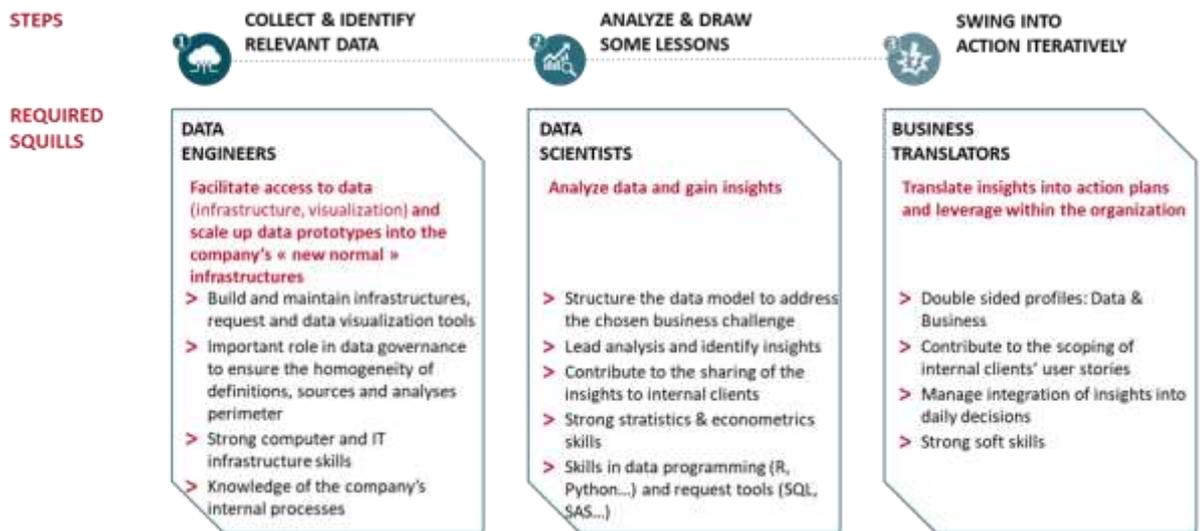
On the other hand, be careful not to confuse agile and anarchic: for example, be vigilant from the outset on your data governance. Common data processes, methods and language shared by all data users is paramount to ensure achievements are easy to share and scale.

LEAD THE DATA TRANSFORMATION OF THE ORGANIZATION

At Kea, we identify 4 options to structure your organization for data. Each retailer has to make its choices to get to a winning organization, according to its challenges, maturity and evolution trajectory.



Data organizations thrive upon the integration of professionals with a new set of skills and qualifications:



Spreading the data imperative throughout the company

Your company can only be data-oriented if all teams making decisions daily take ownership of the data: purchasers, category managers, supply chain managers... Hence the importance of cultural and behavioral evolution within companies, driven by the board and relayed by middle management while leaning on the operational leaders. The corporate values of companies excelling in terms of data management revolve around boldness, trust in data, rationality, pragmatism, creativity, culture of experimentation... And they build on each other's business know-how to identify, test and implement new and more effective data practices.

CONCLUSION

Data is an ideal angle to foster the transformation of activities and practices. It is an ambitious frontier that can act as a catalyst to foster company-wide efforts. In the retail industry, Data transformation is also a necessity to augment all the key functions (offer, pricing, sales, supply chain...) and prepare them to deal with the new market standards. Those augmented retailers are the ones equipped to succeed in an increasingly competitive retail arena. Tackling data seriously is also a way to refresh the strategic thinking of retailers about their value proposition and business-model, challenging the status quo with the concepts of platforms and marketplaces.

Starting from the big picture and then focusing in an opportunistic way on targeted data initiatives, you can embrace this journey. So do not differ, prepare to harness the power of Data for your business! Become data-ready!

GLOSSARY

Advanced Analytics / Advance statistics: a corpus of mathematical and computer tools to respond more accurately and more quickly to business issues in relation to approaches commonly disseminated in enterprises (e.g. from Excel to R, from the average by segment to multivariate clustering).

Agile: the Agile manifesto designates a set of principles and values from the software world to facilitate the project management and break with historical practices based on a sequential approach of the qualification, management and testing (called "V-Cycle") phases. From this manifesto are derived a corpus of agile methods (scrum, sprints, visual management, user stories...) constituting a toolbox particularly adapted for data projects.

Big Data : data analysis characterized by its Volume, Variety, Veracity, Velocity and the Value they generate ("5v", which are sometimes added to other dimensions such as Valence, namely the ability to match the data between them...); a lexicon which first occurrence dates back to 1997 and that has been significantly developed in the years 2010 to characterize data approaches based on the massive use of data. The term has been used extensively to motivate the use of destructured data with more or less convincing results. Today the concept is partly requisitioned (see Smart Data) and on the other hand knows a new youth with the rise of artificial intelligence (cf. artificial intelligence).

User stories: a simple description of the use of an application highlighting a user benefit. It can be present as follows: "as a planner/buyer/Marketing Director... I want feature/task/action... In order to add value/result".

Data lake: consolidating and data storing method resulting from a variety of sources; in particular, it allows the manipulation of unstructured data or at least makes the co-existence of data in different formats possible. The use of data lakes requires some computer and data know-how not to become anarchic and unusable in the feeding of user stories.

Data Management Platform: a data platform for consolidating, completing and using data, in general relating to customers and prospects. These systems find their natural application in customer knowledge and CRM or omnichannel sales management.

ERP: ERP tools also known as integrated management software can be used to create an integrated system to manage and monitor daily all the information and operational services of a company. They are often modular in their structure, but the data are interconnected according to established management rules so that they are in theory homogeneous throughout the system. The contribution of an ERP in a data approach lies in the standardization of the management, the consolidation and the administration of the different data types.

Data exposure: actions to collect and "clean" data to make them usable in the context of user stories.

Artificial Intelligence: ability of a machine to emulate an intelligence equivalent to that of a human; intelligence can be defined as the ability of an entity to function adequately in its environment being able to show anticipation. Making machines intelligent agents allows many applications: extract destructured data (visual and vocal recognition, natural language...), automating a data processing notably through the recognition of patterns (cf. Machine Learning), create expert systems or robots capable of performing actions or coordinating systems etc.

Internet Of Things (IOT): a set of sensors placed on physical objects and interconnected between them within a system. In doing so, each physical object returns a virtual image, digitalized and that can be analyzed and exploited. For individuals it is mainly about having access to a service through a simplified interface; users are then at the origin of a data related to the use of the object (e.g. physical activity data). For companies, applications of connected objects can meet multiple challenges: logistics (e.g. RFID), industrial (e.g. detection of fault signals in production equipment), security & customer service (e.g. anticipation of replacement parts need) etc.

Machine Learning: applications demonstrating the ability to independently or semi-autonomously adapt its analytical processes to gain relevance in the results; machine learning is a component of artificial intelligence.

Platform/Platform Economy: a platform is an intermediary operating in a market composed of different parts, the platform provides services or products to different groups of users each of them belonging to a different part. There is no longer customers and suppliers but users. Each user group values the level of users on other parts of the market: the more users on the other parts, the more important I value the product or service I am offered on the platform (effects of cross-network). The ability of a platform to create value depends on its control of user data (e.g. knowledge of "consumer" users' consumption habits to refine the search for relevant "supplier" users).

Smart Data: use of data to answer a specific business question. In this concept the emphasis is placed more on the quality of the question and on the value created for the company than on the level of complexity of the mobilized data.



INVENTING THE RESPONSIBLE RETAILER OF TOMORROW



Responsible retailer: what are we talking about?

Resource scarcity, climate change, affirmation of responsible consumption, rise of counter-powers, investor pressure and regulatory constraints... Retail brands are increasingly exposed to the upheavals that are taking place on a global scale. **Profound changes in the business model will prevail: how can we get a head start today?**

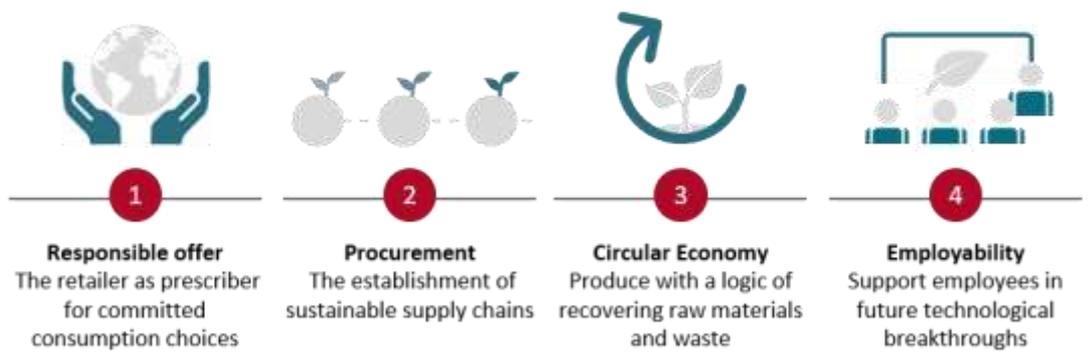
Retail plays a key role in society

As a prescriber of consumption choices, as a producer of goods and provider of services, but also as an employer, the sector has its share of responsibility to take. To fully assume this role means engaging in responsible transformation. It means **tackling CSR topics that go beyond simple regulatory compliance and innovating** to build models that can meet the new requirements.

What are the priorities for action?

We have selected **4 key topics** to work on as a priority to ensure the sustainability of your activities in the world of tomorrow and to build your responsible model.

Four key success factors
of CSR for a retailer



RESPONSIBLE OFFER: The retailer as prescriber for committed consumption choices



52 %

OF FRENCH PEOPLE BELIEVE THAT SUPERMARKETS DO NOT OFFER ENOUGH PRODUCTS THAT ARE GOOD FOR HEALTH

The retailer plays a central role: by the multitude of consumption choices it offers, it is the current and easy buying framework for most consumers throughout the country. It is therefore responsible for the products distributed in its stores; the case of infant milk contaminated with salmonella in November 2017 can serve as an example. Textile brands are not spared: the Greenpeace campaign to ban the use of toxic products in the production process has made more than 76 brands and suppliers, representing 15% of global textile production, commit to a complete detoxification of their supply chains by 2020. The examples are numerous and highlight the need for reassurance on the quality of consumed products. According to a 2017 LSA study, 52% of French respondents believe that supermarkets do not offer enough healthy products!

Products that are healthy and good for society: a new paradigm is being established

To meet this need, retailers are launching new concepts dedicated to healthy products, such as Franprix's Noé concept at the end of 2017, Auchan's selection of La vie en bleu products, based on their nutritional intake, and Carrefour's QR codes to verify the origin of products.

But consumers are also mobilising and checking the nutritional quality of their purchases themselves. An evidence for this is the success of the Yuka application, which allows consumers to scan products on the shelves, to analyse their health impacts and to receive recommendations on healthier alternatives, if necessary.



84 %

OF CONSUMERS DO WANT PRODUCT LABELS TO INDICATE THEIR IMPACT ON BIODIVERSITY

More broadly, the question of the selection of "responsible" products arises for retailers

84% of consumers do want product labels to indicate their impact on biodiversity. In addition, the French now estimate that the retail industry is the 4th most important player to act concretely in favor of sustainable development (6th in 2014, 5th in 2016), after the Government, citizens and the major brands of the fast-moving consumer goods industry.

The labels created by retailers have successfully opened a path. By offering a selection of responsible products, they help guide choices. E. Leclerc was the first retailer to get involved with the launch of the "conso responsable" label in 2011 and faced an important difficulty: the lack of readability of the offer that can prevent the consumer's commitment. Since then, retail Rs have engaged in collective thinking processes and in the identification of a common, readable and accessible framework. For example, the Ferme France initiative, launched in 2018 and bringing together Auchan and Terrena, aims to label the societal quality of products from agricultural production, a quality assessed based on objective and recognised criteria.

When will there be a collective label of this type for beauty brands?

Two issues therefore arise for retailers: on the one hand, **making responsible purchasing accessible**, both in terms of range of offer and price accessibility; on the other hand, **informing consumers about the benefits or impacts of the products they buy** by endeavouring to formulate **simple and pedagogical messages that are recognised and shared collectively** at industry or sector level.

4th

THE FRENCH NOW ESTIMATE THAT THE RETAIL INDUSTRY IS THE 4TH MOST IMPORTANT PLAYER TO ACT CONCRETELY IN FAVOR OF SUSTAINABLE DEVELOPMENT

PROCUREMENT: Establishment of sustainable sectors

It is now estimated that supply chains account for three-quarters of the environmental impact of shelf products. The fight to gain access to the raw material will have to replace competitive negotiation in the medium term. Recent tensions in organic food sectors are an illustration of this: in the face of a series of climatic hazards in 2016, major drops in milk and egg production have not kept pace with demand. Agriculture, transport, production: the challenges for sectors are multiple and a retailer alone does not have all the means of action to deal with it.

In this sense, **collective action is preferred** to engage in a sustainable sector approach. Two initiatives illustrate its success: Livelihoods, an investment fund full of many competing companies that leads, notably, large-scale sustainable procurement projects and Roadmap2zero, a grouping of textile actors who strive to reduce the impact of chemical inputs in the manufacturing process.

The influence that a retailer can have on its selection first requires the review of its private label products. On all channels, private labels accounted for one-third of household spending in 2016 and nearly 45% for consumer goods. But over the past five years, their relative weight has fallen sharply, due to the slowing down of the budget segment. Is not the "accountability" of these products the opportunity to give them a second wind and a new future?



SUSTAINABLE SUPPLY CHAINS

Livelihoods is an investment fund dedicated to sustainable transformation projects in agricultural sectors around the world. Through its action, practices that preserve our natural resources are encouraged and the living and working conditions of farming communities in poor countries are improved.

The fund is filled with companies such as Mars, Danone, Firmenich and Veolia, which are committed to buying the sectors' production over a period of 10 years.

- > **120 M€ invested in projects in Africa, Asia and Latin America**
- > **200 000 farmers converted to environmentally-friendly practices on a range of sectors (cocoa, palm oil, mint, vanilla, sugar, water...)**

CIRCULAR ECONOMY: A playground to innovate and revisit the brand's rationale

Produce with a logic of recovering raw materials and waste

The linear cycle of producing, consuming and disposing is no longer sustainable, given its impact on the environment. Every year, at least 8 million tonnes of plastic are dumped into the sea, the equivalent of the contents of one dustcart a minute! The circular economy is paving the way for the recovery of waste into a new raw material in production cycles or eco-design. The Kingfisher Group – in France, the Castorama brand – is providing an example of this new approach. In partnership with Veolia, a 100% recycled composite wood was co-developed from waste from in-store cutting and recycled plastics. Used industrially, it allowed the design and marketing in 2014 of a type of work top.

For retail brands, producing in a logic of recovering raw materials and waste is a playground for innovating for the benefit of the consumer.

From possession to use

Joining the circular economy also means taking into account the transition from possession to use: In 2017, 74% of consumers experienced pleasure in use rather than in possession. In partnership with Casino, the Seb Group took advantage of this trend in 2015 to launch a household appliance rental service.

For retailers, the circular economy is therefore an opportunity to revisit their “raison d'être” and to become a platform for services and intermediation.

EMPLOYABILITY: Prepare employees for technological breakthroughs in the future

According to INSEE, 3.1 million people worked in commerce in 2016, or 19% of employees in commercial sectors. As robotization and digitisation move forcibly into the retail industry through the rise of e-commerce and automated tills, even as far as Amazon's interaction-free concept store, the exact impacts on the labour market still remain uncertain. If studies vary as to the proportion of jobs threatened by these phenomena (from 10 to 50%), it nevertheless appears certain that a large number of them in commerce will be transformed in the future. In fact, the introduction of automatic tills in 2004 has led to a 10% reduction in the number of till operators over the last ten years.

Even if contraction is expected in retail jobs, mankind will remain at the centre of the retailer's organization and its relationship with consumers. The time has come for the rise of jobs around new technologies or even the experience and emotion in the store, especially in management functions. Supporting employees in these transformations is the responsibility of retailers. Some – such as Nocibé, Fnac or Etam – have already embarked on this path, with the launch of a training programme that leads to a certificate to address the challenges of digital change and skills upgrading.

Beyond training plans, demonstrating societal commitment

Your commitment to the return to work, in line with the challenges of your sector, can be one of the most powerful action levers. In this area, partnerships with actors from the specialised associations community allow you to bring your commitments to fruition and quickly make a difference. For example, the JVS (Social Joint Venture), a social integration structure created at the initiative of a company and an association, is one of the latest inspiring innovations...



THE JOINT SOCIAL VENTURE WORKING FOR THE RETURN TO WORK

Joint Social Ventures (JVS) are non-profit activities created at the initiative of an associative actor and a company and whose mission – whether social or societal – feeds on their complementary expertise.

In 2011, the ARES association and the logistics company, XPO logistics, were precursors by creating a SAS (simplified joint-stock company) for unemployed people with disabilities. This structure benefits from the business skills and financial and material support of XPO logistics, as well as from ARES's know-how in terms of integration. At the end of 2016, it had 70 employees, including 57 accompanied disabled workers, and had a turnover of €4 million.

The JVS is both a lever for engagement for a company's employees and an innovative response to societal challenges.

CONCLUSION

Becoming a responsible retailer is not only a question of survival but also a great opportunity to get ahead, by going beyond compliance. It gives you the means to innovate and reinvent your business.

Whether with your suppliers, competing companies or other sectors of activity, or even with the voluntary sector, the solutions to solve the complexity of the issues are considerable. It's up to you to take advantage of the association and co-construction, by combining trades and know-how with a multiplicity of horizons.

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AUTHORS

This booklet is a collective work from consultants of the consumer products & retail practice. They operate alongside retailers in France and worldwide. They deal with such matters as strategy, operational excellence, digital and managerial transformation:

- > Innovation and brand strategy
- > Go to market strategies, especially on emerging markets
- > Post-merger integrations: Europe, Latin America, the Middle East, Southeast Asia
- > Concept store development
- > Governance and structure
- > Distribution network performance
- > Industrial strategy
- > Supply chain and sourcing
- > IT strategy and process

The sectors of consumer products & retail, luxury and distribution account for 50% of its turnover in France



KEA GROUP

In our constantly changing world, you have to manage daily routine, shake things up, move forward, anticipate and set out the future of your business, all at once... In short, transform everything while relying on the commitment of all your employees and available technologies...

Our interdisciplinary Group works every day at your side to answer the questions that determine the future of your business.

- > **Kea & Partners**, for strategy and management,
- > **Tilt ideas**, for innovation, prospective and brand,
- > **KeaPrime**, for people development and coaching,
- > **Kea-Euclid**, for digital, strategy and products,
- > **Veltys**, for data intelligence and analytics,
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- > FMCG, Retail & Luxury
- > Industry
- > Services

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