Retail Renewal

The COVID-19 pandemic is the most disruptive crisis to impact the global economy this century. Businesses of every size must respond to challenges never encountered before and act rapidly in order to thrive. As the retail sector transforms, each business will have to change how it operates. It begins with focusing on evolving customer habits, sharpening the Product & Service offer, improving the Pricing strategy and reorienting business Operations.

TPC, in collaboration with Richard Hyman, have developed a simple and effective approach to addressing these transformative challenges.

The Digital Transformation Context

The future has never been so uncertain. Nevertheless, for any leadership team wanting to be proactive, you must formulate a view to plan your future. The headline issues are essentially unchanged. Covid-19, lockdown and the economic aftermath (set to last years, not months) are accelerants of a process that has been unfolding for many years.

The process is all about structural change and the essential reset of the relationship between supply and demand. Overcapacity will remain the key driver of retail for years to come, defining deteriorating trading economics across the industry. This crisis will have moved online share of non-food spend from 30% (end 2019) to around 40% once the dust has settled in around 18 months. Digital transformation is no longer a slogan, a "nice to have" to reassure stakeholders the leadership team is doing something. The challenges of effective e-commerce will increasingly be about adding value and building a trading model that can make an acceptable return. This will become increasingly critical as store economics plummet, post crisis.

At the heart of the strategic challenge in digital transformation is the need to go beyond transactional excellence and add value through experiential functionality. This will be essential in order to build a competitively profitable model.

Simplifying the complex

Embrace the move forward

Every retailer and brand needs to continually evolve in this dynamic industry, but the recent crisis has significantly accelerated the pace of transformative change. Everyone is searching for ways to regain lost revenues and profits, to evolve to be better adapted to the 'new normal' and to be positioned to better cope with any future disruptions.

There is now a window of opportunity. An opportunity to accept and accelerate digital initiatives and transformation as a result of the dramatically accelerated digital shifts in consumer shopping behaviours and needs caused by Covid-19.

Given the vital need to conserve cash and rebuild the balance sheet, many businesses find themselves in a situation where they cannot afford to change, but also cannot afford to wait. This will require an approach that is agile, iterative, benefits led, and with quick ROI.

Our Retail Renewal transformation framework follows a modular and adaptable approach using logical building blocks and iterative change. These are the key activities that every Retailer needs to address in order to successfully re-launch, recover and transform. Innovation, AI and data science are at the heart of this and the entire approach is underpinned by a comprehensive and focused change management approach.

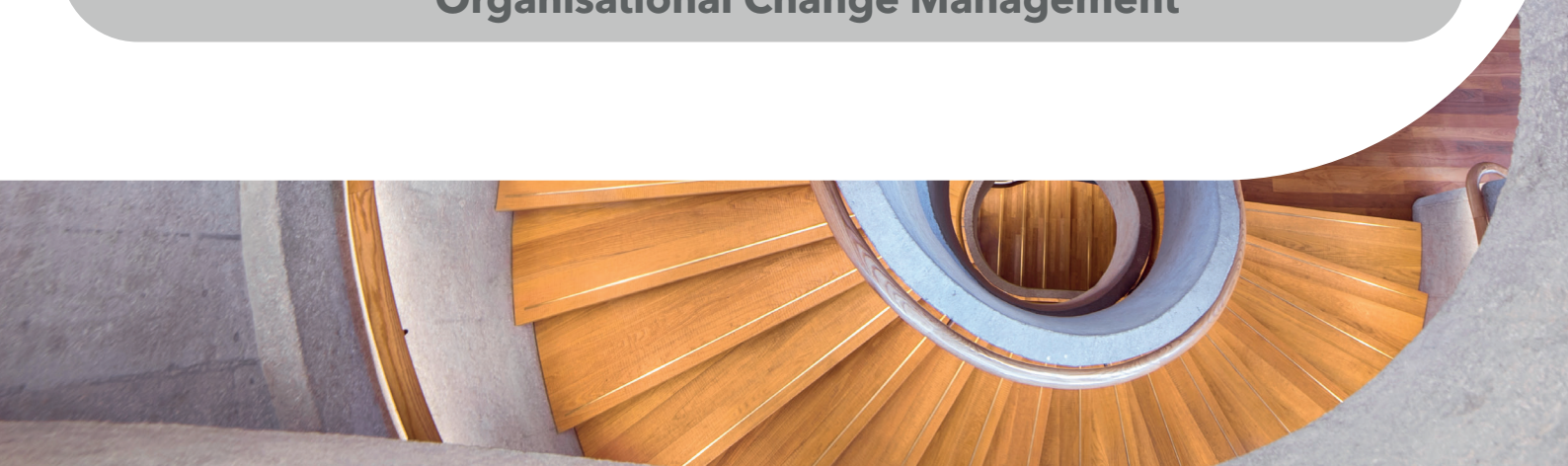**Digitally Transformed Operating Model**

AI & Data Science

| Plan to react | Stimulate Demand | Source Digitally | Convert Demand |

Organisational Change Management

Plan to react

· Retail is all about **planning** rather than reacting. Until now. You need to get comfortable with **learning as you go**, failing fast and adjusting your plans as a result

· Relying on previous history and expecting similar results will not work and so different approaches are needed which leverage

· **Machine Learning data science** approaches that are good at dealing with **ambiguity and continually learn.**

· Get ready to start trading again

Stimulate Demand

· We don't know how customers will react over the next few months. No one does. And as much as you might be struggling, so are your customers

· But there are things you can do to **encourage them to shop** with you, **generate cash** and reduce stock

· Use Machine Learning and AI to help you **better predict demand** and **maximise revenue & profit**

· Use a better understanding of the **psychology of pricing** to improve price perception and increase conversion

Source Digitally

· **Sourcing** product in an era of social distancing and varying lockdowns is increasingly challenging. Previous sources of supply are either broken or at short term risk of disruption. Increasing sustainability demands need to be met. **Alternative approaches** are needed

· The COVID-19 pandemic has forced the world to work more digitally, but you would be amazed at **what is already possible through 3D digital and virtual reality**

· **Leveraging 3D digital design and planning** will give you huge benefits and protect against future disruption. **Design and source product in days** not weeks, reduce sample creation costs dramatically, source products more sustainably

Convert Demand

· **Stimulating demand** is only half the battle; you need to make sure you **convert customers** when you get them. Physical stores are meticulously prepared and maintained. The same needs to be true for websites in order to **maximise conversion** Don't lose out on sales due to a poorly maintained website, out of place pricing and a weak shopping experience

· Use AI and automation technology to identify website issues and help you fix them. Eliminate broken links, fix missing messaging and illogical pricing. Maximise conversion

· Learn to use **3D digital assets** to help you deliver a **better shopping experience online**

Read on to learn more about specific intervention steps across all the areas covered above including business impacts and potential benefits. Contact us if you would like to discuss your needs in more detail.

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Plan to react

Re-plan your stock mix

Get the right stock, in the right place, at the right time.
Re-evaluate your current stock holding by location and use data science to understand the optimal stock mix across seasonal types and full price or markdown. *We have pre-built templates and data science tools to assess your stock situation within a matter of days, with plans to address the issues the following week.*

Increased availability
Decreased stock
Increased profitability

Get the right range for your customer

Range editing with the power of data-driven insights. The criteria determining optimal offer have changed and will continue to evolve long into the future as we develop a new normal.
Using data science alongside years of buying and merchandising experience, we can make space and ranging recommendations in a matter of weeks that will optimise your assortment.

Increased sales

Get smart forecasting to plan for changes in demand

When demand patterns change and there's no reliable history, it can be hard to get a good read for the future. Machine Learning (ML) can help solve this problem.
ML forecasts will give high levels of accuracy and then continue to improve as you navigate the new Retail world.
We can help you implement new ML demand forecasts in a few weeks, that will continue to 'learn' and improve in accuracy over time

Increased availability
Decreased stock
Increased profitability

Get Smart Replenishment to help stores

Ensure you are always maintaining target stock availability and minimising the threat of over stocks and under stocks.
Artificial Intelligence (AI) and Machine Learning (ML) can elevate the accuracy of your forecasting and replenishment, ensure optimal inventory in the right places to satisfy channel-based demand whilst reducing overall stock holdings by up to 30%
We can implement ML based replenishment in less than 4 weeks. These solutions continue to learn and improve over the lifetime of your products.

Increased sales
Decreased total stock holding

Stimulate Demand

Cash Generation

Long Run ROI

Clear excess stock

Clearing excess stock efficiently and profitably is challenging when dealing with unusual demand patterns, depleted merchandising resources, and reliance on meaningless historical trade patterns. Data science based markdown approaches can solve this complex conundrum whilst also saving substantial amounts of time for merchandising teams.

We have a unique and well proven AI/ML Markdown approach with a 100% success rate in supporting retailers clear through stock whilst targeting increased margin performance and better sell through. Whether provided as a service or through our proprietary "Smart Tool" approach, our markdown offering blends in-house retail expertise with proven data science, AI driven automation and analytic techniques.

Increased sales
Increased profitability
Decreased stock

Promote effectively and generate cash

With demand suppressed, promotions are an effective way of stimulating customer spend and reducing stock. The current trading conditions may have thrown your plans out the window, but there is still a need for effective promotional tactics.

Using proven data science techniques and provided as a flexible service or as our small-footprint "Smart Tooling", we optimise line-level promotional prices in order to quickly generate cash sales, margin, or stock clearance, depending on your businesses' needs.

Increased sales
Increased profitability
Decreased stock

Improve price perception

Price matters, and never more so than today. Critically evaluate your products' value presentation, whilst using pricing psychology, to maximise the opportunities you have to stimulate demand and create a frictionless experience for your customers.

Our experienced pricing team can help you do this. When your products have the optimal price presentation, promotional messaging, and product description you can quickly realise significant sales gains across both offline and digital channels.

Increased sales
Increased profitability

Renew your price strategy

Price tooling and software are ideal for bottom line gains, but aren't always able to provide a pricing roadmap for the future aligned to your wider business and category objectives.

A robust pricing roadmap will help you know:

Which of your products need to have different pricing roles to maximise overall performance?

What is the optimal mix of, and best timings for, regular price and promotions?

Which of your customers should take centre stage in your pricing strategy?

Who are the competitors your customers benchmark you against?

We can help you drive a more strategic pricing approach that puts you in better control of sales and margins.

Source Digitally

▶ **Business Continuity**

📅 **Long Run ROI**

📶 **Cost Reduction**

Accelerate product design and creation

Reduce sample creation costs by utilizing inexpensive and highly flexible 3D digital samples. This can also help reduce the excessive strain that Prototype and Sample processes put on an already lengthy go to market calendar. In addition, visualizing and communicating product intent digitally, enables designers to make earlier and better product decisions allowing for shortened calendars and trend right product.

With our 3D Create approach, your team can review concept samples, market samples, fit samples, and perform sales meetings – all digitally. You may have accepted that there will be delays within your physical supply chain, but you may not have considered how impactful digital could be.

Digital sampling capabilities can be deployed internally or outsourced for product presentations in weeks, rather than months.

Improved first prototype approval rate by 80%
**Reduction in late adds by 50%**
Shortened prototype turnaround time from weeks to days

Plan your assortment digitally

Create and analyse accurate collections and assortments resulting in higher margins and better sell-through.

Visual line and assortment planning enables planners and merchants to better align offers to customers and consumers through improved colour stories, outfitting, and packaging. Improve your customer experience and enforce merch strategies for greater brand value.

Our 3D Plan approach will show you how to reuse digital assets from design and combine numerical data and imagery for effective product and collection presentations and sell ins.
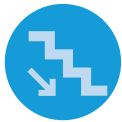
Reduced line volatility by 50%
Increased assortment creation speed by up to 25%
Potential increased sell-through by up to 5%

Source products sustainably

At the core of digitalization and virtualization is the significant reduction in the physical footprint of the industry. Less resources are needed to create prototypes and samples, less energy is used to transport them around the world, with less pre- and post-consumer environmental impact. We can help you quantify the waste involved in the product creation process and determine how digital processes impact your overall footprint.

Our Sustainability Calculator will help you quantify Environmental and Financial Benefits. We can help you quantify and prioritize your shift toward more sustainable practices.

Reduced waste
Reduced emissions from samples transport

Convert Demand

▶ Business Continuity   **🖨 Cash Generation**

📅 Long Run ROI

📉 Cost Reduction

Convert more online shoppers

Physical stores are meticulously prepared and maintained. The same needs to be true for websites in order to maximise conversion.

We often see things that are broken, things that don't make sense, and things that confuse the customer such as;

· Products in the wrong category
· Missing Images, broken links
· Incorrect, or illegal, prices
· Incorrect promotions
· Poor product descriptions

We have developed a Digital Shop Assistant that walks the floor of your websites and check for all these issues enabling you to focus on fixing them.

Improved conversion rates
Increased sales
Better legal compliance

Understand competitor ranging and pricing

As we move into a new retail world, knowing the market, in real time, will be crucial.

Scraping services can get you information from your competitors' website to inform decisions on ranging and pricing. This can save hours of competition shopping for your team as well as creating a database of information that can be used to plan a market strategy more effectively.

We can assist through our intelligent scraping service which uses AI and Data Science to more accurately match comparable products, benchmark prices and aid you in determining when action needs to be taken.

Increased sales
Resource time saving

Organisational Change

This level of change is unprecedented, and your teams power the processes.

People matter too, they need to be ready.

Tools and processes can do a lot to improve an organisations efficiency and effectiveness – but this needs to be underpinned by the people that run them.

For more than 15 years, our sister company Change 4 Growth has delivered solutions that create meaningful, lasting improvements in employee engagement and organisational culture, creating happier, more productive employees and stronger leaders.

Being a change enabled organisation matters now more than ever.

Easing the pressure on internal teams through service based solutions

The pressure on internal resources as a result of workload and depleted teams cannot be understated. And the impact could be felt for many months to come.

Sometimes service-based solutions can offer the same benefits and returns on investment, but in situations where resource constraints mean there isn't the bandwidth to do them internally.

A good service will provide you with what you need but take most of the work and operational difficulties off your plate.

We are able to offer the following service based solutions:

3D Strike Team

Going from a non-digitally enabled organisation to one that operates with 3D design and planning can be a huge leap. Strike Teams can help you to outsource some of these activities to help start you on your 3D journey, but without huge investments or lengthy implementation timelines.

Markdown as a service

The benefits of improving markdown events through sound data science and AI are huge and obvious. But sometimes merchandising team time and resource pressures present a significant barrier to adoption.
Outsourcing the planning and optimisation of markdown prices means that this work is completed for you. Your teams are provided with a fully organised markdown offer which can then be reviewed and signed off before going live, with minimal time investment on your part

C Suite Advisory

The benefits of improving markdown in this environment are huge and obvious. But sometimes a lack of merchandising resource can make operationalising the results difficult.
In a growing digital world, some leaders are being forced to thing very differently. Having an experienced counsel, with a breadth of knowledge from working with countless Retailers in multiple parts of the industry can prove invaluable and help to steer both short term initiatives and strategic aims.

Promotions as a service

Following the same approach as markdown, planning promotions can take a lot of time and a lot of data crunching. Outsourcing this service means that the work is completely for you and your teams are provided with a fully considered promotional offer which can then be reviewed and signed off before going live, with minimal time investment on your part.

GET IN TOUCH

THOUGHT PROVOKING CONSULTING

Pricing

3D Transformation

Planning & Supply Chain

Business Transformation

Artificial Intelligence

Digital Shop Assistant

Simplifying the complex with leading-edge techniques and sustainable solutions.

We help organisations within the retail and food industry reach their goals by combining our broad experience with a collaborative working approach. Based in the UK and US, TPC is a specialty consultancy, helping retailers solve their business and technology problems with agile consulting solutions.

Find out more by visiting **www.thoughtprovokingconsulting.com**