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A VIEW FROM THE TOP

A WRAP-UP OF CEOs'  
PERSPECTIVES FROM  
WORLD RETAIL  
CONGRESS

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WORLD RETAIL CONGRESS

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# INTRODUCTION

**World Retail Congress**, held in Barcelona (April 25-27, 2023), featured CEOs from the largest retailers - both on stage and in the audience.

VMLY&R COMMERCE was there to capture the conversations, the concerns, and the outlook for an industry that is key to Commerce.

**The event focused on a retail future that is:**

1. **RESILIENT** – in the face of turbulence, such as Covid-19 and the Ukraine War (and no doubt other ‘x’ factors to come)
2. **PURPOSEFUL** – particularly when it comes to environmental sustainability
3. **TRANSFORMATIONAL** – this meant different things to different retailers, from back-office to front-facing, to AI
4. **CUSTOMER-FOCUSED** – a constant, no matter the retailer

**And there was one other main point on the minds of the world’s leading retail CEOs:**

5. **TALENT** – where are the future leaders coming from, and how do we make retail a preferred career?

This document expands on each of these points to give readers a quick take on the key themes from the event.



# RESILIENCE

While all topics came through, arguably the most personal was **'resilience'**, with many speakers talking about the strain of Covid-19, war, and inflation. Curiously, there was a sense of lamentation – not least amongst Primark and the British Fashion Council – that the collaboration between retailers and governments to overcome the challenges of the pandemic have somewhat dissipated. That said, The Body Shop, AllBirds, and Mango all reinforced their commitment to sharing environmental insights with other brands, even their competitors.

**'Resilience' is as much about the industry banding together to face whatever challenges are on the horizon (and there will always be new ones), as it is about individual retailers surviving and thriving.**

# PURPOSE

**'Purpose' was dominated by sustainability.** Carrefour, Spar, and Albertsons implored the audience to flip the narrative around 'environmental, social, and governance' (ESG) being a sunk cost. They referenced the mountainous expense of food and energy waste and how measures like fridge doors or efficient lighting could enhance the brand's responsibility goals and save enormous amounts of money - directly impacting the bottom line. Yet, they also reinforced the need to educate customers about store experience changes.

Action, the discount retailer, determined that there is a role for players in the low-cost space, with sustainable timber and cotton sourcing as ways in. However, the firebrand commentator Scott Galloway claimed that most sustainability efforts are nothing more than virtue-signaling! He also called out the hypocrisy of Gen Z's demands on brands to reform whilst also choosing the ultra-fast fashion brand Shein - a reputed polluter - as one of their favourites. (The Chinese behemoth was present and referred to themselves as a "measurement company". Very Meta.)

# TRANSFORMATION



**Every retailer outlined the need for 'transformation' even if their perception of what it entailed varied.** Some see it as a back office, notably supply chain - indeed delivery company Ocado spends \$400m on research and development - whereas others see it as a customer-facing job. JD Sports asked the crowd to transform their thinking, asserting that there is no 'digital' and 'physical', as the path to purchase meanders through both.

Possibly wary of being caught in a hype cycle, AI was treated with some caution. Zalando is using it to enhance product recommendations and reduce returns. Others predict a role for AI across stock allocation, dynamic pricing, as well as personalised customer service videos. Speed was generally seen as pivotal for transformation: Oscar Salazar, co-founder of Uber, told the audience: "if you don't disrupt your business, someone else will". That said, Stuart Machin of Marks and Spencer suggested that sometimes transformation can be too quick - such as making all their cafes cashless, which is alien to some of their guests. **Change should always have the customer at heart.**



Being 'customer-focused' was mentioned in almost all talks - often obliquely. However, author Steve Dennis eulogised the need for compelling retail that has a clear mission, citing the collapse of Bed, Bath, and Beyond as an example of a confusing and uninspiring experience.

Mindy Grossman (of Nike and WW International fame) suggested looking at the lifestyle of the target audience, explaining how New Era Cap morphed from a hat company to one that combines commerce, gaming, and collectibles.

Michael Murray from The Frasers Group revealed a new loyalty scheme, their "version of Amazon Prime", to include unrivaled consumer benefits from across all brands within the group.

There was growing interest - not least from Sephora - in the notion of adequately addressing an increasingly diverse audience, from data to product.

# CUSTOMER FOCUS



**The key concern at World Retail Congress appeared to be talent - from shop floor to the C-suite.**

Consultancy SpencerStewart referenced a report in which senior HR leaders are worried about where the CEOs of the future are coming from; whereas the British Fashion Council cited the increasingly dangerous store environment for staff as a concern around retention.

Brunswick highlighted the barriers facing retailers - namely that young people do not know much about retail beyond stores; they prefer tech-based roles; and do not understand the breadth of opportunities. Leaders agreed that the way to combat this perception was to explain how the next generation can build a career in the industry and showcase the (ESG) purpose of the organisation.

On a positive note, The Body Shop showcased their open hiring scheme whereby anyone can put their name on a list and will get a job when they reach the top. Whilst it was initially questioned internally, 5,000 people have come through it and it is the source of pride!

# TALENT

# THE LAST WORD: OPTIMISM

What is clear is that there are a great many challenges facing CEOs of major retailers, many without obvious answers and the community wants help - Albertsons' Suzanne Long summing-up the task with: "you get all this business if you can solve this problem for us".

**The most pervasive sentiment though was that of optimism.** Chinese, European, and American companies all reported a return to pre-pandemic levels of activity and believe in the power of retail to inspire customers, contribute to the economy, and provide jobs.





# WORLD RETAIL CONGRESS EXTRA: STORES TO LOVE

**Physical retail was a core topic at World Retail Congress and the event crescendoed with a review of the world's most creative experiences.**

London's regenerated Battersea Power Station had two: Marks & Spencer was lauded for its digital and physical blend, with trial throughout. Then there was Zara's "luxury on a budget" with glamorous self-checkout. Across town, Gymshark's use of space – including the 'Sweat Room' in-store gym was noted. Whole Foods Wall Street features pay by palm, although it is not being used, but is a triumph of visual merchandising! H&M in Williamsburg is a concept store that changes every couple of months to represent lifestyles – currently yoga-focused. Aldi brings glamour to value with the 'Corner Store' in Melbourne, achieving the tricky feat of getting people to linger in a discount outlet. Mon Marche brings life into dark stores, with the kitchen on show for waiting take-out diners to see and cross-sell evident. Uniqlo Ginza in Tokyo is notable for its t-shirt gallery and jeans innovation centre. 'The Factory Store' from Freitag in Shanghai looks like a workshop and so, appropriately, consumers can construct their own bag. Lynk & Co. Düsseldorf is a car showroom with only one car that looks like a lounge!



**THANK YOU!**

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